# AL-AHLEIA INSURANCE COMPANY S.A.K.P. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

## 30 SEPTEMBER 2023

Building a better working world

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-AHLEIA INSURANCE COMPANY S.A.K.P.**

***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Ahleia Insurance Company S.A.K.P. (the "Parent Company") and its subsidiaries (collectively "the Group") as at 30 September 2023, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY (AL AIBAN AL OSAIMI & PARTNERS)

9 November 2023
Kuwait

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2023

| | | *Three months ended 30 September* | | *Nine months ended 30 September* | |
|---|---|---|---|---|---|
| | *Notes* | ***2023 KD*** | *2022 KD (Restated)* | ***2023 KD*** | *2022 KD (Restated)* |
| **Revenue:** | | | | | |
| Insurance revenue | 4 | **31,768,279** | 25,422,685 | **87,133,471** | 75,180,239 |
| Insurance service expenses | 4 | **(23,106,605)** | (20,291,237) | **(73,417,923)** | (63,830,255) |
| **Insurance service result before reinsurance contracts held** | | **8,661,674** | 5,131,448 | **13,715,548** | 11,349,984 |
| Amounts recoverable from reinsurers for incurred claims | 5 | **3,650,758** | 578,209 | **16,592,872** | 9,446,405 |
| Net expense from reinsurance contracts held | 5 | **(4,325,599)** | (4,166,833) | **(13,405,238)** | (14,173,609) |
| **Net (expense) income from reinsurance contracts held** | | **(674,841)** | (3,588,624) | **3,187,634** | (4,727,204) |
| **Insurance service result** | | **7,986,833** | 1,542,824 | **16,903,182** | 6,622,780 |
| Finance (expenses) income from insurance contracts issued | 4 | **(319,200)** | 670,456 | **(1,531,296)** | 3,096,924 |
| Finance income (expenses) from reinsurance contracts held | 5 | **111,994** | 139,537 | **600,975** | (365,966) |
| **Net insurance financial result** | | **7,779,627** | 2,352,817 | **15,972,861** | 9,353,738 |
| Net investment income | 6 | **3,594,361** | 2,128,765 | **9,596,527** | 7,677,405 |
| Rental income from investment properties | | **179,074** | 161,503 | **489,877** | 526,665 |
| Investment property operating expenses | | **(24,125)** | (26,606) | **(58,373)** | (61,576) |
| Unallocated general and administrative expenses | | **(5,366,189)** | (862,796) | **(9,451,398)** | (3,575,374) |
| Other income | | **160,748** | 295,192 | **761,985** | 419,138 |
| Forex exchange differences | | **(22,171)** | (571,133) | **(636,929)** | (1,145,747) |
| **PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KFAS, NLST, AND ZAKAT** | | **6,301,325** | 3,477,742 | **16,674,550** | 13,194,249 |
| Contribution to KFAS | | **(36,037)** | (38,061) | **(154,887)** | (125,349) |
| NLST | | **(91,949)** | (83,991) | **(389,854)** | (348,197) |
| Zakat | | **(36,780)** | (33,601) | **(155,942)** | (139,271) |
| **NET PROFIT FOR THE PERIOD** | | **6,136,559** | 3,322,089 | **15,973,867** | 12,581,432 |
| **Attributable to:** | | | | | |
| Equity holders of the Parent Company | | **5,800,392** | 3,281,720 | **15,235,282** | 12,122,011 |
| Non-controlling interests | | **336,167** | 40,369 | **738,585** | 459,421 |
| **PROFIT FOR THE PERIOD** | | **6,136,559** | 3,322,089 | **15,973,867** | 12,581,432 |
| **BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY** | 7 | **26.77 fils** | 15.14 fils | **70.31 fils** | 55.94 fils |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2023

| | *Three months ended 30 September* | | *Nine months ended 30 September* | |
|---|---|---|---|---|
| | ***2023 KD*** | *2022 KD (Restated)* | ***2023 KD*** | *2022 KD (Restated)* |
| Profit for the period | **6,136,559** | 3,322,089 | **15,973,867** | 12,581,432 |
| **Other comprehensive income (loss):** | | | | |
| *Items that are or may be subsequently reclassified to interim condensed consolidated statement of income:* | | | | |
| Share of other comprehensive income (loss) from associates | **2,163** | (202,223) | **275,509** | (175,416) |
| Reclassification to the interim condensed consolidated statement of income on disposal of available-for-sale financial assets | **-** | (869,163) | **-** | (2,511,562) |
| Exchange difference on translation on foreign operation | **252,780** | 403,928 | **432,150** | 842,211 |
| Impairment loss on available-for-sale financial assets | **-** | - | **-** | 237,386 |
| | **254,943** | (667,458) | **707,659** | (1,607,381) |
| *Items that will not subsequently reclassified to interim condensed consolidated statement of income:* | | | | |
| Change in fair value of financial assets at FVOCI | **(2,242,971)** | (145,496) | **(8,798,909)** | (1,789,960) |
| Other comprehensive loss for the period | **(1,988,028)** | (812,954) | **(8,091,250)** | (3,397,341) |
| Total comprehensive income for the period | **4,148,531** | 2,509,135 | **7,882,617** | 9,184,091 |
| **Attributable to:** | | | | |
| Equity holders of the Parent Company | **3,791,870** | 2,462,423 | **7,063,517** | 8,589,795 |
| Non-controlling interests | **356,661** | 46,712 | **819,100** | 594,296 |
| | **4,148,531** | 2,509,135 | **7,882,617** | 9,184,091 |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2023

| | Notes | **30 September 2023 KD** | *(Audited) 31 December 2022 KD (Restated)* | *30 September 2022 KD (Restated)* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalent | 8 | **9,324,479** | 7,405,610 | 14,111,146 |
| Term deposits | 8 | **162,011,812** | 146,580,971 | 133,862,740 |
| Other assets | | **8,656,134** | 5,169,844 | 5,497,093 |
| Insurance contract assets | 4 | **25,065** | 16,142,455 | 290,041 |
| Reinsurance contract assets | 5 | **52,534,762** | 56,617,900 | 46,125,230 |
| Debt instrument at amortised cost | | **37,495,248** | - | - |
| Available-for-sale financial assets | | - | 51,052,133 | 51,756,224 |
| Financial assets held to maturity | | - | 37,510,687 | 37,525,875 |
| Financial assets at fair value through other comprehensive income | | **17,114,568** | - | - |
| Financial assets at fair value through profit or loss | | **28,353,950** | 1,118,612 | 1,135,024 |
| Investment properties | | **11,817,412** | 11,816,347 | 11,817,573 |
| Loans secured by life insurance policies | | **61,907** | 63,607 | 60,207 |
| Investments in associates | | **25,096,478** | 22,614,088 | 22,041,861 |
| Property and equipment | | **3,307,273** | 3,271,042 | 3,291,410 |
| **TOTAL ASSETS** | | **355,799,088** | 359,363,296 | 327,514,424 |
| **LIABILITIES AND EQUITY** | | | | |
| **LIABILITIES** | | | | |
| Insurance contract liabilities | 4 | **192,184,854** | 177,935,512 | 171,361,419 |
| Reinsurance contract liabilities | 5 | **398,198** | 21,583,141 | 928,561 |
| Other liabilities | | **20,644,387** | 14,523,859 | 13,614,016 |
| **Total liabilities** | | **213,227,439** | 214,042,512 | 185,903,996 |
| **Equity** | | | | |
| Share capital | 9 | **22,050,000** | 22,050,000 | 22,050,000 |
| Statutory reserve | | **20,000,000** | 20,000,000 | 20,000,000 |
| Voluntary reserve | | **20,000,000** | 20,000,000 | 20,000,000 |
| Special Voluntary reserve | 10 | **18,000,000** | 18,000,000 | 17,000,000 |
| Treasury shares | 11 | **(1,278,932)** | (1,278,932) | (1,278,932) |
| Treasury shares reserve | | **1,474,675** | 1,474,675 | 1,474,675 |
| Cumulative changes in fair value reserve | | **(11,552,579)** | 9,265,630 | 9,581,225 |
| Foreign currency translation reserve | | **703,008** | 270,858 | 754,082 |
| Retained earnings | | **62,999,625** | 46,038,280 | 42,742,512 |
| Other reserves | | **1,399,845** | 1,454,565 | 1,397,405 |
| **Equity attributable to the equity holders of the Parent Company** | | **133,795,642** | 137,275,076 | 133,720,967 |
| Non-controlling interests | | **8,776,007** | 8,045,708 | 7,889,461 |
| **Total Equity** | | **142,571,649** | 145,320,784 | 141,610,428 |
| **TOTAL LIABILITIES AND EQUITY** | | **355,799,088** | 359,363,296 | 327,514,424 |

Ayman Abdullatif Al-Shayea
Chairman

Yousef Saad Al Saad
Chief Executive Officer

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2023

| | *Equity attributable to equity holders of the Parent Company* | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Share Capital KD* | *Statutory reserve KD* | *Voluntary reserve KD* | *Special voluntary reserve KD* | *Treasury Shares KD* | *Treasury shares reserve KD* | *Cumulative change in Fair value reserve KD* | *Foreign currency translation Reserve KD* | *Retained earnings KD* | *Other Reserves KD* | *Subtotal KD* | *Non-controlling Interests KD* | *Total equity KD* |
| Balance as at 1 January 2023 (audited) as previously reported | 22,050,000 | 20,000,000 | 20,000,000 | 18,000,000 | (1,278,932) | 1,474,675 | 9,265,630 | 270,858 | 46,278,186 | 1,454,565 | 137,514,982 | 7,971,878 | 145,486,860 |
| Impact of initial application of IFRS 17 (Note 2.1.1) | - | - | - | - | - | - | - | - | (239,906) | - | (239,906) | 73,830 | (166,076) |
| Balance as at 1 January 2023 after application of IFRS 17 (restated) | 22,050,000 | 20,000,000 | 20,000,000 | 18,000,000 | (1,278,932) | 1,474,675 | 9,265,630 | 270,858 | 46,038,280 | 1,454,565 | 137,275,076 | 8,045,708 | 145,320,784 |
| Impact of initial application of IFRS 9 (Note 2.1.1) | - | - | - | - | - | - | (12,432,464) | - | 10,612,099 | - | (1,820,365) | (32,915) | (1,853,280) |
| Balance as at 1 January 2023 (restated) | 22,050,000 | 20,000,000 | 20,000,000 | 18,000,000 | (1,278,932) | 1,474,675 | (3,166,834) | 270,858 | 56,650,379 | 1,454,565 | 135,454,711 | 8,012,793 | 143,467,504 |
| Profit for the period | - | - | - | - | - | - | - | - | 15,235,282 | - | 15,235,282 | 738,585 | 15,973,867 |
| Other comprehensive (loss) income for the period | - | - | - | - | - | - | (8,603,915) | 432,150 | - | - | (8,171,765) | 80,515 | (8,091,250) |
| Total comprehensive (loss) income for the period | - | - | - | - | - | - | (8,603,915) | 432,150 | 15,235,282 | - | 7,063,517 | 819,100 | 7,882,617 |
| Cash dividends (Note 12) | - | - | - | - | - | - | - | - | (8,667,866) | - | (8,667,866) | (107,342) | (8,775,208) |
| Change of ownership percentage of a subsidiary | - | - | - | - | - | - | - | - | - | (54,720) | (54,720) | 51,456 | (3,264) |
| Loss on disposal of financial assets at FVOCI | - | - | - | - | - | - | 218,170 | - | (218,170) | - | - | - | - |
| **As at 30 September 2023** | **22,050,000** | **20,000,000** | **20,000,000** | **18,000,000** | **(1,278,932)** | **1,474,675** | **(11,552,579)** | **703,008** | **62,999,625** | **1,399,845** | **133,795,642** | **8,776,007** | **142,571,649** |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2023

| | *Equity attributable to equity holders of the Parent Company* | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Share capital KD* | *Statutory reserve KD* | *Voluntary reserve KD* | *Special voluntary reserve KD* | *Treasury shares KD* | *Treasury shares reserve KD* | *Fair value reserve KD* | *Foreign currency translation reserve KD* | *Retained earnings KD* | *Other reserve KD* | *Subtotal KD* | *Non-controlling interests KD* | *Total equity KD* |
| Balance as at 1 January 2022 (audited) as previously reported | 22,050,000 | 20,000,000 | 20,000,000 | 17,000,000 | (1,278,932) | 1,474,675 | 13,955,652 | (88,129) | 37,571,878 | 242,563 | 130,927,707 | 9,904,128 | 140,831,835 |
| Impact of initial application of IFRS 17 (Note 2.1.1) | - | - | - | - | - | - | - | - | 633,005 | - | 633,005 | 51,111 | 684,116 |
| Balance as at 1 January 2022 (restated) | 22,050,000 | 20,000,000 | 20,000,000 | 17,000,000 | (1,278,932) | 1,474,675 | 13,955,652 | (88,129) | 38,204,883 | 242,563 | 131,560,712 | 9,955,239 | 141,515,951 |
| Profit for the period | - | - | - | - | - | - | - | - | 12,122,011 | - | 12,122,011 | 459,421 | 12,581,432 |
| Other comprehensive (loss) income for the period | - | - | - | - | - | - | (4,374,427) | 842,211 | - | - | (3,532,216) | 134,875 | (3,397,341) |
| Total comprehensive (loss) income for the period | - | - | - | - | - | - | (4,374,427) | 842,211 | 12,122,011 | - | 8,589,795 | 594,296 | 9,184,091 |
| Dividends (Note 12) | - | - | - | - | - | - | - | - | (7,584,382) | - | (7,584,382) | (82,128) | (7,666,510) |
| Change of ownership percentage of a subsidiary | - | - | - | - | - | - | - | - | - | 1,154,842 | 1,154,842 | (2,577,946) | (1,423,104) |
| As at 30 September 2022 | 22,050,000 | 20,000,000 | 20,000,000 | 17,000,000 | (1,278,932) | 1,474,675 | 9,581,225 | 754,082 | 42,742,512 | 1,397,405 | 133,720,967 | 7,889,461 | 141,610,428 |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

As at and for the period ended 30 September 2023

| | Notes | *Nine months ended 30 September* **2023** **KD** | *2022* *KD* *(Restated)* |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the period before contribution to Zakat, KFAS and NLST | | **16,674,550** | 13,194,249 |
| *Adjustments for:* | | | |
| Depreciation of property and equipment | | **102,537** | 99,189 |
| Investment income | 6 | **(9,596,527)** | (7,677,405) |
| Rental income from investment properties | | **(489,877)** | (526,665) |
| Provision of employees' end of service benefits | | **303,631** | 485,649 |
| | | **6,994,314** | 5,575,017 |
| *Changes in operating assets and liabilities:* | | | |
| Other assets | | **(290,643)** | (32,294) |
| Insurance contract assets | | **16,117,390** | 6,797,875 |
| Reinsurance contract assets | | **4,083,138** | 2,379,542 |
| Insurance contract liabilities | | **13,133,845** | 13,635,785 |
| Reinsurance contract liabilities | | **(21,184,943)** | (6,823,210) |
| Other liabilities | | **5,207,404** | (3,019,399) |
| Cash flows from operations | | **24,060,505** | 18,513,316 |
| Employees' end if service benefits paid | | **(54,350)** | (143,872) |
| Net cash flows from operating activities | | **24,006,155** | 18,369,444 |
| **INVESTING ACTIVITIES** | | | |
| Movement in time deposits | | **(15,430,841)** | (8,379,438) |
| Net movement of loan secured by life insurance policies | | **1,700** | - |
| Acquisition of non-controlling interest | | **(3,264)** | (1,423,104) |
| Net proceeds from sale of financial assets at fair value through OCI | | **31,709** | - |
| Purchase of available for sale financial assets | | - | (3,999,749) |
| Proceeds from available for sale financial assets | | - | 7,184,442 |
| Purchase of financial assets at fair value through profit or loss | | **(4,216,111)** | - |
| Proceed from sale of financial assets at fair value through profit or loss | | **897,672** | - |
| Purchase of property and equipment | | **(136,557)** | (56,447) |
| Investment income received | | **5,121,753** | 3,931,375 |
| Proceeds from investment in associates | | - | 392,586 |
| Purchase of financial assets held to maturity | | - | (5,191,314) |
| Proceeds from redemption of financial assets held to maturity | | - | 2,398,073 |
| Purchase of debt instruments at amortised cost | | **(22,811)** | - |
| Proceeds of debt instruments at amortised cost | | **20,925** | - |
| Rental income received | | **488,923** | 559,604 |
| Net cash flows used in investing activities | | **(13,246,902)** | (4,583,972) |
| **FINANCING ACTIVITY** | | | |
| Cash dividends paid | | **(8,812,039)** | (7,198,148) |
| Net cash flows used in financing activities | | **(8,812,039)** | (7,198,148) |
| Foreign currency exchange difference | | **(28,345)** | (127,102) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **1,918,869** | 6,460,222 |
| Cash and cash equivalents as at 1 January | | **7,405,610** | 7,650,924 |
| **CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER** | 8 | **9,324,479** | 14,111,146 |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

## 1 ACTIVITIES

The Parent Company is a Kuwaiti Shareholding Company registered in 1962 under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. The Parent Company is principally engaged in various insurance and reinsurance activities, as set forth in the Parent Company's Articles of Association. The Parent Company's head office is located at Ahmad Al-Jaber street and its registered postal address is P. O. Box 1602, Safat 13017, Kuwait.

The interim condensed consolidated financial information of Al-Ahleia Insurance Company S.A.K.P. (the "Parent Company") and its subsidiaries – Kuwait Reinsurance Company K.S.C.P., and Trade Union Holding CO. B.S.C. (Closed), Bahrain, (collectively, the "Group") for the nine-months period ended 30 September 2023 was authorized for issuance by the Board of Directors on 9 November 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 28 March 2023.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting. The interim condensed consolidated financial information is presented in Kuwaiti Dinars, which is the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

### 2.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the below.

In this interim condensed consolidated financial information, the Group has applied IFRS 17 and IFRS 9 for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *2.1.1 IFRS 17 Insurance Contracts*

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17 adopting the full retrospective approach. The nature of the changes in accounting policies can be summarised, as follows:

**2 BASIS OF PREPARATION (continued)**

**2.1 New standards, interpretations and amendments adopted by the Group (continued)**

***2.1.1 IFRS 17 Insurance Contracts (continued)***

***2.1.1.1 Changes to classification and measurement***

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

The key principles of IFRS 17 are that the Group:

- ➢ Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder
- ➢ Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards
- ➢ Divides the insurance and reinsurance contracts into groups it will recognise and measure
- ➢ Recognises and measures groups of insurance contracts at:
- \- A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information
  Plus
- \- An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- ➢ Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately.
- ➢ Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Under IFRS 17, the Group’s insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the General Model (GM) in IFRS 17.

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Group under IFRS 4 in the following key areas:

- ➢ The liability for remaining coverage (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- ➢ Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.

- ➢ Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these have formed part of the unexpired risk reserve provision).

- ➢ Measurement of the liability for incurred claims (LIC) (previously outstanding claims and incurred-but-not-reported (IBNR) reserves) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group’s obligation to pay other incurred insurance expenses.

- ➢ Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

## 2 BASIS OF PREPARATION (continued)

### 2.1 New standards, interpretations and amendments adopted by the Group (continued)

#### *2.1.1 IFRS 17 Insurance Contracts (continued)*

#### *2.1.1.1 Changes to classification and measurement (continued)*

The Group has determined that the majority of its insurance contracts qualify for the simplified approach. As a result, the Group has established its policy choice to account for its insurance contracts under the Premium Allocation Approach, where eligible.

The application of the PAA model is optional. This means that if the eligibility criteria are fulfilled for a certain group of insurance contracts, an entity can choose between measuring this group of contracts under the General Model (GM) or under the PAA.

The Group has determined that contracts are eligible for the PAA if they have a coverage period of one year or less (Criteria 1) or the liability for remaining coverage would not differ materially from the liability for remaining coverage under the GM in any of the given reporting periods (Criteria 2) or if the volatility in historical expectations was low, i.e. when expectations were stable over time (Criteria 3).

The Group's classification and measurement of insurance and reinsurance contracts is explained in Note 3.

#### *2.1.1.2 Changes to presentation and disclosure*

For presentation in the interim condensed consolidated statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of other comprehensive income have been changed significantly compared with last year. As follows:

**Previously reported under IFRS 4:**

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

**IFRS 17 requires separate presentation of:**

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

#### *2.1.1.3 Transition*

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, at transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

**2 BASIS OF PREPARATION (continued)**

**2.1 New standards, interpretations and amendments adopted by the Group (continued)**

***2.1.1 IFRS 17 Insurance Contracts (continued)***
***2.1.1.3 Transition (continued)***
***Full retrospective approach***
On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2021.

The Group estimates that, on adoption of IFRS 17, the impact of these changes is as follows:

| | Impact on equity for the year ended 31December 2021 *KD* | Impact on equity for the year ended 31 December 2022 *KD* |
|---|---|---|
| Impact on equity | 684,116 | (166,076) |

***2.1.2 IFRS 9 Financial Instruments***
IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Group has applied IFRS 9 using the modified retrospective approach and accordingly, the comparative periods have not been restated for the financial instruments within the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2023.

The nature of the changes in accounting policies can be summarised, as follows:

***2.1.2.1 Changes to classification and measurement***
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

*Business model assessment*
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are recognized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**2 BASIS OF PREPARATION (continued)**

**2.1 New standards, interpretations and amendments adopted by the Group (continued)**

***2.1.2 IFRS 9 Financial Instruments (continued)***

***2.1.2.1 Changes to classification and measurement (continued)***

*Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)*
The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

**Measurement categories of financial assets and liabilities**
The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income with no subsequent reclassification to the interim condensed consolidated statement of income.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

***Debt instruments at amortised cost***
A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses, if any.

## 2 BASIS OF PREPARATION (continued)

### 2.1 New standards, interpretations and amendments adopted by the Group (continued)

### 2.1.2 *IFRS 9 Financial Instruments (continued)*

#### *2.1.2.1 Changes to classification and measurement (continued)*

**Measurement categories of financial assets and liabilities (continued)**

***Equity instruments at FVOCI***
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to the interim condensed consolidated statement of income. Dividends are 13ecognized in interim condensed consolidated statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the interim condensed consolidated statement of changes in equity. The management classifies certain equity investments at FVOCI and are separately disclosed in the interim condensed consolidated statement of financial position.

***Financial assets at FVTPL***
The Group classifies financial assets fair value through profit and loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the interim condensed consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values and dividends are recorded in interim condensed consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are certain equity securities that have been acquired principally for the purpose of selling or repurchasing in the near term and certain debt instruments that failed the SPPI test.

#### *2.1.2.2 Impairment of financial assets*
The Group previously recognized impairment losses on financial assets based on incurred loss model, under IAS 39. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For the Group’s financial assets, the management has applied the standard’s simplified approach and has determined lifetime expected credit losses on these instruments. The management has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the counter parties and the economic environment.

The management considers a financial asset in default when the contractual payments are passing the default point. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

The adoption of the ECL requirements of IFRS 9 has resulted in change of impairment allowances in respect of the Group’s debt instruments. The increase in allowance was adjusted to retained earnings.

## 2 BASIS OF PREPARATION (continued)

### 2.1 New standards, interpretations and amendments adopted by the Group (continued)

### 2.1.2 *IFRS 9 Financial Instruments (continued)*

***2.1.2.3 Transition impact***

The impact of this change in accounting policy as at 1 January 2023 has resulted in an increase in retained earnings by KD 10,612,099 and a decrease in the cumulative changes in fair value by KD 12,432,464 as follows:

| | *Retained earnings KD* | *Cumulative changes in fair value KD* |
|---|---|---|
| Closing balance under IAS 39 (31 December 2022) | 46,038,280 | 9,265,630 |
| *Impact on reclassification and re-measurements of financial assets:* | | |
| Quoted equity investments | 2,669,534 | (2,669,534) |
| Unquoted equity investments | 6,423,387 | (6,629,000) |
| Managed funds | 3,261,694 | (3,261,694) |
| Unquoted bonds | (232,664) | - |
| *Impact on recognition of expected credit losses on financial assets:* | | |
| Allowance for impairment of trade receivables based on expected credit loss model | (1,400,000) | - |
| Allowance for impairment of Bonds based on expected credit loss model | (15,003) | - |
| Adjustments for NCI | (94,849) | 127,764 |
| Opening balance under IFRS 9 on date of initial application as of 1 January 2023 | 56,650,379 | (3,166,834) |

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2023.

| | *Original classification under IAS 39* | *Original carrying amount under IAS 39 KD* | *New classification under IFRS 9* | *Re-measurement /ECL / others KD* | *New carrying amount under IFRS 9 KD* |
|---|---|---|---|---|---|
| Bonds | HTM | 37,510,687 | Amortised cost | (15,003) | 37,495,684 |
| Unquoted equity investments | AFS | 14,269,211 | FVOCI | (33,735) | 14,235,476 |
| Quoted equity investments | AFS | 12,329,206 | FVTPL | 13,260 | 12,342,466 |
| Quoted equity investments | AFS | 9,595,277 | FVOCI | - | 9,595,277 |
| Managed funds | AFS | 2,858,810 | FVOCI | (417,802) | 2,441,008 |
| Managed funds | AFS | 11,999,629 | FVTPL | - | 11,999,629 |
| Insurance and reinsurance receivable | Receivable | 26,228,298 | Insurance Contract assets | (1,400,000) | 24,828,298 |

### 2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early adopted any standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial information. The Group intends to adopt these standards when they become effective.

## 3 INSURANCE AND REINSURANCE CONTRACTS

### *3.1 Classification*

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Group issues the following products

- non-life insurance to individuals and businesses. Non-life insurance products offered include but not limited to, property, marine, and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.
- annuity contracts and term life contracts with a surrender value.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

### *3.2 Separating components from insurance and reinsurance contracts*

The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

### *3.3 Level of Aggregation*

IFRS 17 requires the Group to determine the level of aggregation for applying its requirements.

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into two groups, as follows:
(i) any contracts that are onerous on initial recognition;
(ii) any remaining contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Historical information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

**3 INSURANCE AND REINSURANCE CONTRACTS (continued)**

***3.4 Recognition***

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

***3.5 Contract boundary***

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Or both of the following criteria are satisfied:

- The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

***3.6 Insurance contracts- Initial and subsequent measurement***

***3.6.1 Initial measurement***

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary. Or

- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

**3 INSURANCE AND REINSURANCE CONTRACTS (continued)**

***3.6 Insurance contracts- Initial and subsequent measurement (continued)***

***3.6.1 Initial measurement (continued)***

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

***3.6.2 Subsequent measurement***

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount 17ecognized as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

***3.7 Reinsurance contracts- Initial and subsequent measurement***

***3.7.1 Initial measurement***

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Group 17ecognized a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss 17ecognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses 17ecognized on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

**3 INSURANCE AND REINSURANCE CONTRACTS (continued)**

***3.7 Reinsurance contracts- Initial and subsequent measurement*** **(continued)**

***3.7.2 Subsequent measurement***

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Group has established a loss-recovery component, the Group subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

***3.8. Insurance acquisition cash flows***

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

All acquisition costs are to be deferred. The Group uses a systematic and rational method to allocate:

3 Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the interim condensed consolidated statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

***3.9 Insurance revenue***

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

***3.10 Insurance finance income and expense***

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group allocate insurance finance income or expenses on insurance contracts issued to profit or loss. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in P&L in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

## 3 INSURANCE AND REINSURANCE CONTRACTS (continued)

### *3.11 Net income or expense from reinsurance contracts held*

The Group presents separately on the face of the interim condensed consolidated statement of profit or loss, the amounts expected to be recovered from reinsurers, net of allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the interim condensed consolidated statement of profit or loss.

## 4 INSURANCE CONTRACT ASSETS/LIABILITIES

| **30 September 2023** | ***Liability for Remaining Coverage KD*** | ***Liability for Incurred claims KD*** | ***Total KD*** |
|---|---|---|---|
| Insurance contracts liabilities as at 1 January 2023 | **(5,973,923)** | **183,909,435** | **177,935,512** |
| Insurance contracts assets as at 1 January 2023 | **(16,893,474)** | **751,019** | **(16,142,455)** |
| **Insurance contracts (assets) liabilities as at 1 January 2023** | **(22,867,397)** | **184,660,454** | **161,793,057** |
| Insurance revenue | **(87,133,471)** | **-** | **(87,133,471)** |
| Incurred claims and other directly attributable expenses | - | **112,432,127** | **112,432,127** |
| Changes that relate to past service-Changes in FCF relating to LIC | **-** | **(47,424,703)** | **(47,424,703)** |
| Insurance acquisition cash flow assets impairment | **8,410,499** | - | **8,410,499** |
| Insurance service expenses | **8,410,499** | **65,007,424** | **73,417,923** |
| **Insurance service results** | **(78,722,972)** | **65,007,424** | **(13,715,548)** |
| Finance expenses from insurance contracts issued recognised in income statement | - | **1,531,296** | **1,531,296** |
| Foreign currency adjustments | **(26,297)** | **198,593** | **172,296** |
| **Total amounts recognized in profit or loss** | **(78,749,269)** | **66,737,313** | **(12,011,956)** |
| **Cash Flows:** | | | |
| Premium received | **91,698,508** | - | **91,698,508** |
| Claims and other directly attributable expenses paid | - | **(40,460,130)** | **(40,460,130)** |
| Insurance acquisition cash flows | **(8,859,690)** | - | **(8,859,690)** |
| Total cash flows | **82,838,818** | **(40,460,130)** | **42,378,688** |
| Insurance contract (assets) liabilities as at 30 September 2023 | **(18,777,848)** | **210,937,637** | **192,159,789** |
| Insurance contract liabilities as at 30 September 2023 | **(18,743,561)** | **210,928,415** | **192,184,854** |
| Insurance contract assets as at 30 September 2023 | **(34,287)** | **9,222** | **(25,065)** |
| **Insurance contract (assets) liabilities as at 30 September 2023** | **(18,777,848)** | **210,937,637** | **192,159,789** |

**4 INSURANCE CONTRACT ASSETS/LIABILITIES (continued)**

| 30 September 2022 (restated) | *Liability for Remaining Coverage KD* | *Liability for Incurred claims KD* | *Total KD* |
|---|---|---|---|
| Insurance contracts liabilities as at 1 January 2022 | (10,728,090) | 169,180,544 | 158,452,454 |
| Insurance contracts assets as at 1 January 2022 | (8,298,435) | 1,025,464 | (7,272,971) |
| Insurance contracts (assets) liabilities as at 1 January 2022 | (19,026,525) | 170,206,008 | 151,179,483 |
| Insurance revenue | (75,180,239) | - | (75,180,239) |
| Incurred claims and other directly attributable expenses | - | 88,105,463 | 88,105,463 |
| Changes that relate to past service-Changes in FCF relating to LIC | - | (29,397,890) | (29,397,890) |
| Insurance acquisition cash flow assets impairment | 5,122,682 | - | 5,122,682 |
| Insurance service expenses | 5,122,682 | 58,707,573 | 63,830,255 |
| Insurance service result | (70,057,557) | 58,707,573 | (11,349,984) |
| Finance income from insurance contracts issued recognised in income statement | - | (3,096,924) | (3,096,924) |
| Foreign currency adjustments | (50,474) | 458,980 | 408,506 |
| Total amounts recognized in profit or loss | (70,108,031) | 56,069,629 | (14,038,402) |
| Cash Flows: | | | |
| Premium received | 78,603,855 | - | 78,603,855 |
| Claims and other directly attributable expenses paid | - | (39,596,140) | (39,596,140) |
| Insurance acquisition cash flows | (5,077,418) | - | (5,077,418) |
| Total cash flows | 73,526,437 | (39,596,140) | 33,930,297 |
| Insurance contracts (assets) liabilities as at 30 September 2022 | (15,608,119) | 186,679,497 | 171,071,378 |
| Insurance contracts liabilities as at 30 September 2022 | (14,628,070) | 185,989,489 | 171,361,419 |
| Insurance contracts assets as at 30 September 2022 | (980,049) | 690,008 | (290,041) |
| Insurance contracts (assets) liabilities as at 30 September 2022 | (15,608,119) | 186,679,497 | 171,071,378 |

## 5 REINSURANCE CONTRACTS (ASSETS) LIABILITIES

| 30 September 2023 | *Reinsurance remaining coverage* *KD* | *Reinsurance incurred claims* *KD* | *Total* *KD* |
|---|---|---|---|
| Reinsurance contracts assets as at 1 January 2023 | **(5,040,606)** | **(51,577,294)** | **(56,617,900)** |
| Reinsurance contracts liabilities as at 1 January 2023 | **21,681,805** | **(98,664)** | **21,583,141** |
| **Reinsurance contracts liabilities (asset) as at 1 January 2023** | **16,641,199** | **(51,675,958)** | **(35,034,759)** |
| Reinsurance expenses | **13,405,238** | **-** | **13,405,238** |
| Incurred claims recovery | **-** | **20,120,841** | **20,120,841** |
| Changes that relate to past service-changes in the FCF relating to incurred claims recovery | **-** | **(37,034,149)** | **(37,034,149)** |
| Other incurred directly attributable expenses | **-** | **320,436** | **320,436** |
| **Net expense (income) from reinsurance contracts held** | **13,405,238** | **(16,592,872)** | **(3,187,634)** |
| Finance income from reinsurance contracts held | **-** | **(600,975)** | **(600,975)** |
| Foreign currency adjustments | **3,519** | **111,747** | **115,266** |
| Total amounts recognised in profit or loss | **13,408,757** | **(17,082,100)** | **(3,673,343)** |
| **Cash Flows:** | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | **(22,327,558)** | **-** | **(22,327,558)** |
| Recoveries from reinsurance | **-** | **9,219,532** | **9,219,532** |
| Other directly attributable expenses | **-** | **(320,436)** | **(320,436)** |
| Total cash flows | **(22,327,558)** | **8,899,096** | **(13,428,462)** |
| **Reinsurance contracts liabilities (asset) as at 30 September 2023** | **7,722,398** | **(59,858,962)** | **(52,136,564)** |
| Reinsurance contracts assets as at 30 September 2023 | **7,171,648** | **(59,706,410)** | **(52,534,762)** |
| Reinsurance contracts liabilities as at 30 September 2023 | **550,750** | **(152,552)** | **398,198** |
| **Reinsurance contracts liabilities (assets) as at 30 September 2023** | **7,722,398** | **(59,858,962)** | **(52,136,564)** |

**5 REINSURANCE CONTRACTS ASSETS (LIABILITIES) (continued)**

| 30 September 2022 (restated) | *Reinsurance remaining coverage KD* | *Reinsurance incurred claims KD* | *Total KD* |
|---|---|---|---|
| Reinsurance contracts assets as at 1 January 2022 | 4,460,478 | (52,972,960) | (48,512,482) |
| Reinsurance contracts liabilities as at 1 January 2022 | 8,353,108 | (453,205) | 7,899,903 |
| Reinsurance contracts (assets) liabilities 1 January 2022 | 12,813,586 | (53,426,165) | (40,612,579) |
| Reinsurance expenses | 14,173,609 | - | 14,173,609 |
| Incurred claims recovery | - | 933,048 | 933,048 |
| Changes that relate to past service-changes in the FCF relating to incurred claims recovery | - | (10,818,495) | (10,818,495) |
| Other incurred directly attributable expenses | - | 439,042 | 439,042 |
| Net (expense) income from reinsurance contracts held | 14,173,609 | (9,446,405) | 4,727,204 |
| Finance expense from reinsurance contracts held | - | 365,966 | 365,966 |
| Foreign currency adjustment | 10,143 | (15,438) | (5,295) |
| Total amounts recognised in profit or loss | 14,183,752 | (9,095,877) | 5,087,875 |
| Cash Flows: | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | (19,339,113) | - | (19,339,113) |
| Recoveries from reinsurance | - | 10,106,190 | 10,106,190 |
| Other directly attributable expenses | - | (439,042) | (439,042) |
| Total cash flows | (19,339,113) | 9,667,148 | (9,671,965) |
| Reinsurance contracts (liabilities) assets as at 30 September 2022 | 7,658,225 | (52,854,894) | (45,196,669) |
| Reinsurance contracts liabilities as at 30 September 2022 | 1,070,153 | (141,592) | 928,561 |
| Reinsurance contracts as assets at 30 September 2022 | 6,588,072 | (52,713,302) | (46,125,230) |
| Reinsurance contracts assets as at 30 September 2022 | 7,658,225 | (52,854,894) | (45,196,669) |

## 6 NET INVESTMENT INCOME

| | *Three months ended 30 September* | | *Nine months ended 30 September* | |
|---|---|---|---|---|
| | ***2023*** | *2022* | ***2023*** | *2022* |
| | ***KD*** | *KD* | ***KD*** | *KD* |
| Dividend income | **104,807** | 114,018 | **989,226** | 1,044,723 |
| Interest income | **2,457,177** | 1,381,677 | **6,963,352** | 3,565,011 |
| Income from funds | **227,189** | 287,350 | **363,869** | 650,743 |
| Gain on sale of available for sale financial assets | **-** | 869,163 | **-** | 2,511,562 |
| Net realized (loss) gain from financial assets at fair value through profit or loss | **33,076** | - | **82,969** | 352,849 |
| Unrealized loss from sale of financial assets at fair value through profit or loss | **(489,473)** | - | **(522,947)** | - |
| Gain on disposal of associates | **-** | - | **-** | 247,469 |
| Share of results of associates | **1,249,718** | (523,443) | **1,708,191** | (457,566) |
| Realised gain on sale of financial assets at fair value through profit or loss | **11,867** | - | **11,867** | - |
| Impairment loss on available-for-sale financial assets | **-** | - | **-** | (237,386) |
| | **3,594,361** | 2,128,765 | **9,596,527** | 7,677,405 |

## 7 BASIC AND DILUTED EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

| | *Three months ended 30 September* | | *Nine months ended 30 September* | |
|---|---|---|---|---|
| | ***2023*** | *2022 Restated* | ***2023*** | *2022 Restated* |
| | ***KD*** | *KD* | ***KD*** | *KD* |
| Profit for the period attributable to the equity holders of the Parent Company (KD) | **5,800,392** | 3,281,720 | **15,235,282** | 12,122,011 |
| Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares) | **216,696,640** | 216,696,640 | **216,696,640** | 216,696,640 |
| Basic and diluted earnings per share | **26.77 fils** | 15.14 fils | **70.31 fils** | 55.94 fils |

## 8 CASH AND CASH EQUIVALENTS

| | ***30 September 2023 KD*** | *(Audited) 31 December 2022 KD* | *30 September 2022 KD* |
|---|---|---|---|
| Term deposits | **164,642,562** | 147,348,351 | 133,862,740 |
| Bank balances and cash | **6,693,729** | 6,638,230 | 14,111,146 |
| **Cash and short-term deposits** | **171,336,291** | 153,986,581 | 147,973,886 |
| Term deposits with original maturities of more than three months | **(162,011,812)** | (146,580,971) | (133,862,740) |
| **Cash and cash equivalents** | **9,324,479** | 7,405,610 | 14,111,146 |

Term deposits amounting to KD 110,000 (31 December 2022: KD 110,000 and 30 September 2022: KD 110,000) are pledged as security to fulfill collateral requirements.

Term deposits include an amount of KD 7,095,000 related to the Parent Company held in State of Kuwait under lien to the Insurance Regulatory Unit (IRU) in accordance with insurance regulations of State of Kuwait (31 December 2022: KD 1,412,182 and 30 September 2022: KD 4,020,000).

## 9 SHARE CAPITAL

Issued and fully paid-up share capital consists of 220,500,000 shares of 100 fils each (31 December 2022: 220,500,000 shares of 100 fils and 30 September 2022: 220,500,000 shares of 100 fils each).

## 10 SPECIAL VOLUNTARY RESERVE

On 28 March 2023, the Ordinary Annual General Assembly of the shareholders of the Parent Company approved the transfer of an amount of KD 1,000,000 from the profit for the year ended 31 December 2022 to the special voluntary reserve.

## 11 TREASURY SHARES

| | ***30 September 2023*** | *(Audited) 31 December 2022* | *30 September 2022* |
|---|---|---|---|
| Number of treasury shares | **3,803,360** | 3,803,360 | 3,803,360 |
| Percentage of issued shares (%) | **1.72** | 1.72 | 1.72 |
| Cost (KD) | **1,278,932** | 1,278,932 | 1,278,932 |
| Market value (KD) | **2,205,949** | 1,894,073 | 1,814,203 |

Reserves amounting to KD 1,278,932 (31 December 2022: KD 1,278,932 and 30 September 2022: KD 1,278,932) equivalent to the cost of the treasury shares held, are not available for distribution during the holding period of such shares as per CMA guidelines.

The weighted average market price of the Parent Company’s shares for the period ended 30 September 2023 is 612 fils per share (31 December 2022: 510 fils per share and 30 September 2022: 525 fils per share).

**12 ANNUAL GENERAL ASSEMBLY**

The Annual General Assembly meeting of the shareholders of the Parent Company held on 28 March 2023 approved the consolidated financial statements for the year ended 31 December 2022 and approved the cash dividends of 40% totaling to KD 8,667,866 (31 December 2021: 35% totaling to KD 7,584,382) Accordingly, cash dividends were recorded as dividends payable in the Parent Company's recorded as of the date of the Ordinary Annual General Assembly and was paid to the shareholders as starting from the payment date of 18 April 2023 which was defined in accordance with Capital Market Authority regulations.

The Annual General Assembly of the shareholders of the Parent Company approved the transfer of an amount of KD 1,000,000 from the profit for the year ended 31 December 2022 to the special voluntary reserve.

## 13 SEGMENT INFORMATION

The Group operates in four segments: general risk insurance, life and medical insurance, reinsurance and investment. Within general risk insurance are Marine and Aviation, General Accidents and Fire and Motor.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with interim condensed consolidated statement of income.

The following are the details of these segments:

| *30 September 2023* | *Total general risk insurance KD* | *Life and medical insurance KD* | *Reinsurance KD* | *Investment and unallocated KD* | *Total KD* |
|---|---|---|---|---|---|
| **Segment revenue** | **17,315,276** | **17,615,487** | **52,202,708** | **9,596,527** | **96,729,998** |
| **Segment results** | **3,300,164** | **1,433,850** | **7,685,676** | **4,254,860** | **16,674,550** |

| | *Total general risk insurance KD* | *Life and medical insurance KD* | *Reinsurance KD* | *Investment and unallocated KD* | *Total KD* |
|---|---|---|---|---|---|
| **Total Assets** | **23,228,571** | **10,692,495** | **188,457,183** | **133,420,839** | **355,799,088** |
| **Total Liabilities** | **34,757,852** | **47,977,818** | **112,362,922** | **18,128,847** | **213,227,439** |

**13 SEGMENT INFORMATION (continued)**

| 31 December 2022 (restated) | *Total general risk insurance KD* | *Life and medical insurance KD* | *Reinsurance KD* | *Investments and Unallocated KD* | *Total KD* |
|---|---|---|---|---|---|
| Total Assets | 50,136,826 | 13,033,541 | 160,881,250 | 135,311,679 | 359,363,296 |
| Total Liabilities | 87,695,547 | 23,056,047 | 90,406,114 | 12,884,804 | 214,042,512 |

| 30 September 2022 (restated) | *Total general risk insurance KD* | *Life and medical insurance KD* | *Reinsurance KD* | *Investment and unallocated KD* | *Total KD* |
|---|---|---|---|---|---|
| Segment revenue | 19,239,842 | 13,129,802 | 42,810,595 | 7,677,405 | 82,857,644 |
| Segment results | 3,340,963 | 74,120 | 6,136,052 | 3,643,114 | 13,194,249 |

| | *Total general risk insurance KD* | *Life and medical insurance KD* | *Reinsurance KD* | *Investments and Unallocated KD* | *Total KD* |
|---|---|---|---|---|---|
| Total Assets | 23,123,608 | 10,065,035 | 160,553,410 | 133,772,371 | 327,514,424 |
| Total Liabilities | 39,996,371 | 42,294,363 | 92,380,285 | 11,232,977 | 185,903,996 |

## 14 RELATED PARTY DISCLOSURES

The Group has entered into various transactions with related parties, i.e. shareholders, Board of directors, key management personnel, associates and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the interim condensed consolidated statement of financial position:

| | ***Parent company's shareholders KD*** | ***Entities under common control KD*** | ***30 September 2023 KD*** | *(Audited) 31 December 2022 KD* | *30 September 2022 KD* |
|---|---|---|---|---|---|
| **Insurance activities** | | | | | |
| Insurance services receivable | **1,207,495** | **77,936** | **1,285,431** | 2,099,038 | 1,753,537 |
| Insurance service payable | **9,696** | **10** | **9,706** | 8,549 | 5,211 |

Transactions included in the interim condensed consolidated statement of income:

***Nine months period ended 30 September 2023***

| | ***Key Management and board members KD*** | ***Associates KD*** | ***Parent Company's shareholders KD*** | ***Others KD*** | ***Total KD*** |
|---|---|---|---|---|---|
| Gross premiums | **53,188** | **31,912** | **1,275,842** | **16,487** | **1,377,429** |
| Claims incurred | **-** | **63,520** | **150,538** | **47,397** | **261,455** |

*Nine months period ended 30 September 2022*

| | *Key management and board members KD* | *Associates KD* | *Parent Company's shareholders KD* | *Others KD* | *Total KD* |
|---|---|---|---|---|---|
| Gross premiums | 61,489 | 375,313 | 1,141,925 | 27,489 | 1,606,216 |
| Claims incurred | - | 234,510 | 230,272 | - | 464,782 |

**Compensation to key management personnel:**

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

| | *Nine months ended 30 September* | |
|---|---|---|
| | ***2023 KD*** | *2022 KD* |
| Short term employees' benefits | **767,312** | 724,806 |
| Employees' end of service benefit | **65,163** | 212,757 |
| | **832,475** | 937,563 |

On 21 February 2023, the Parent Company proposed board of directors' fees of KD 323,160 (2021: KD 298,039). This proposal was approved by the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders on 28 March 2023.

The subsidiary's board of directors has proposed directors' fees of KD 201,200 (2021: KD 206,500) and was approved of the subsidiary's Annual Ordinary General Assembly Meeting on 9 April 2023.

## 15 CAPITAL COMMITMENTS AND CONTINGENCIES

| | ***30 September 2023 KD*** | *(Audited) 31 December 2022 KD* | *30 September 2022 KD* |
|---|---|---|---|
| Letters of guarantee | **1,662,819** | 1,457,500 | 1,499,407 |
| Capital commitments | **3,740,294** | 2,747,125 | 3,190,360 |

**Contingencies**
The Group is subject to litigation in the normal course of its business. The Group based on legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's interim condensed consolidated income or interim condensed consolidated financial position.

## 16 FAIR VALUE MEASUREMENT

| | ***Fair value measurement using*** | | |
|---|---|---|---|
| **30 September 2023** | ***Quoted prices in active markets (Level 1) KD*** | ***Significant unobservable inputs (Level 3) KD*** | ***Total KD*** |
| ***Investments carried at fair value through other comprehensive income:*** | | | |
| Quoted equity securities | **8,594,756** | **-** | **8,594,756** |
| Unquoted equity securities | **-** | **6,154,549** | **6,154,549** |
| Unquoted managed funds | **-** | **2,365,263** | **2,365,263** |
| **Total** | **8,594,756** | **8,519,812** | **17,114,568** |
| ***Investments carried at fair value through profit or loss:*** | | | |
| Quoted equity securities | **14,160,284** | **-** | **14,160,284** |
| Unquoted equity securities | **-** | **1,120,770** | **1,120,770** |
| Unquoted managed funds | **-** | **13,072,896** | **13,072,896** |
| **Total** | **14,160,284** | **14,193,666** | **28,353,950** |

| 31 December 2022 *(Audited)* | *Quoted prices in active markets (Level 1) KD* | *Significant unobservable inputs (Level 3) KD* | *Total fair value KD* |
|---|---|---|---|
| *Available for sale investments:* | | | |
| Quoted equity securities | 21,924,484 | - | 21,924,484 |
| Unquoted equity securities | - | 8,567,414 | 8,567,414 |
| Unquoted managed funds | - | 14,440,636 | 14,440,636 |
| Total | 21,924,484 | 23,008,050 | 44,932,534 |
| Investments carried at fair value through profit or loss: | | | |
| Unquoted equity securities | - | 1,118,612 | 1,118,612 |

## 16 FAIR VALUE MEASUREMENT (continued)

| | *Fair value measurement using* | | |
|---|---|---|---|
| 30 September 2022 | *Quoted prices in active markets (Level 1) KD* | *Significant unobservable inputs (Level 3) KD* | *Total KD* |
| *Available for sale investments:* | | | |
| Quoted equity securities | 22,164,306 | - | 22,164,306 |
| Unquoted equity securities | - | 8,688,388 | 8,688,388 |
| Unquoted managed funds | - | 14,783,143 | 14,783,143 |
| Total | 22,164,306 | 23,471,531 | 45,635,837 |
| *Investments carried at fair value through profit or loss:* | | | |
| Unquoted equity securities | - | 1,135,024 | 1,135,024 |

Available for sale investments contain unquoted bonds carried at cost as at 31 December 2022 KD 6,119,599 (30 September 2022: KD 6,120,387).

| ***30 September 2023*** | ***As at 1 January 2023 KD*** | ***Transferred on transition of IFRS 9 KD*** | ***change recorded in the interim condensed consolidated statement of comprehensive income KD*** | ***Net result recorded in the interim condensed consolidated statement of income KD*** | ***Net purchases and disposals KD*** | ***As at 30 September 2023 KD*** |
|---|---|---|---|---|---|---|
| ***Investments carried at fair value through other comprehensive income:*** | | | | | | |
| Unquoted equity securities | - | **14,195,445** | **(8,040,896)** | - | - | **6,154,549** |
| Unquoted managed funds | - | **2,481,037** | **(87,677)** | - | **(28,097)** | **2,365,263** |
| | - | **16,676,482** | **(8,128,573)** | - | **(28,097)** | **8,519,812** |
| ***Investments carried at fair value through profit or loss:*** | | | | | | |
| Unquoted equity securities | **1,118,612** | - | - | | **2,158** | **1,120,770** |
| Unquoted managed funds | - | **11,999,628** | - | **357,829** | **715,439** | **13,072,896** |
| | **1,118,612** | **11,999,628** | - | **357,829** | **717,597** | **14,193,666** |

**16 FAIR VALUE MEASUREMENT (continued)**

| *31 December 2022 (Audited)* | *As at 1 January 2022 KD* | *change recorded in the consolidated statement of comprehensive income KD* | *Net result recorded in the consolidated statement of income KD* | *Net purchases and disposals KD* | *As at 31 December 2022 KD* |
|---|---|---|---|---|---|
| *Investments available for sale* | | | | | |
| Unquoted equity securities | 8,459,533 | 113,281 | (5,400) | - | 8,567,414 |
| Unquoted managed funds | 15,978,098 | (575,640) | (231,986) | (729,836) | 14,440,636 |
| | 24,437,631 | (462,359) | (237,386) | (729,836) | 23,008,050 |
| *Investments carried at fair value through profit or loss:* | | | | | |
| Unquoted equity securities | 753,534 | - | 352,849 | 12,229 | 1,118,612 |

| *30 September 2022* | *As at 1 January 2022 KD* | *change recorded in the interim condensed consolidated statement of comprehensive income KD* | *Net result recorded in the interim condensed consolidated statement of income KD* | *Net purchases and disposals KD* | *As at 30 September 2022 KD* |
|---|---|---|---|---|---|
| *Investments available for sale* | | | | | |
| Unquoted equity securities | 8,459,533 | 234,255 | (5,400) | - | 8,688,388 |
| Unquoted managed funds | 15,978,098 | (353,073) | (231,986) | (609,896) | 14,783,143 |
| | 24,437,631 | (118,818) | (237,386) | (609,896) | 23,471,531 |
| *Investments carried at fair value through profit or loss:* | | | | | |
| Unquoted equity securities | 753,534 | - | 352,849 | 28,641 | 1,135,024 |

There were no transfers between Level 1 and Level 3 fair value measurements during the nine months ended 30 September 2023.

**Reconciliation of recurring fair value measurement categorized within level 3 of the fair value hierarchy:**
Set out below are the significant unobservable inputs to valuation as at 30 September 2023:

| | ***Valuation technique*** | ***Significant unobservable inputs*** | ***Range*** | ***Sensitivity of the input to fair value*** |
|---|---|---|---|---|
| Unquoted equity securities | Price to book value | Discount for lack of marketability (DLOM) | 10% | An increase or (decrease) by 10% in the discount for lack of marketability & lack of control would result in (decrease) or increase in fair value by KD 852 thousand. |
| Unquoted managed funds | Adjusted net assets value | Discount for lack of marketability | 10% | An increase or (decrease) by 10% in the discount for lack of marketability would result in (decrease) increase in fair value by KD 1,419 thousand. |