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UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT – (UNAUDITED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF UNITED COOPERATIVE ASSURANCE COMPANY

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of United Cooperative Assurance Company (the "Company") as at 31 March 2024 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and a summary of material accounting policies and other explanatory notes. The Board of Directors is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of interim financial statements performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements 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, as endorsed in the Kingdom of Saudi Arabia, 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 financial statements is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

EMPHASIS OF MATTER

We draw attention to Note 2b to the accompanying interim condensed financial statements which indicates that the Company accumulated losses stand at SR 175.55 million being 43.89% of its capital (31 December 2023: SR 180.56 million being 45.14% of its capital). Further, the Company's solvency margin is 65% as of 31 March 2024, which is below the minimum solvency requirements as mandated by the Insurance Authority ("IA"). The ability of the Company to improve its financial performance and meet the minimum solvency margin requirements is dependent on the favourable outcome and realisation of the Company's planned measures and actions detailed further in Note 2. These events and conditions, along with other matters as set forth in Note 2 to the accompanying interim condensed financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

For Al-Bassam & Co.

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Jeddah: 19 May 2024
Corresponding to: 11 Dhul Qae'dah 1445H

البسام وشركاؤه محاسبون قانونيون
رقم الترخيص ٣٢٣/١١/٥٢٠
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C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
Crowe Solutions For Professional Consulting

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(All amounts in Saudi Riyals '000 unless otherwise stated)

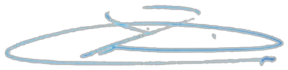
	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	5	**111,303**	122,279
Term deposits	6	**125,151**	101,041
Investments:			
Financial assets at fair value through profit or loss ("FVTPL")	7	**250**	246
Financial assets at fair value through other comprehensive income ("FVOCI")	7	**43,463**	43,463
Financial assets at amortised cost	7	**128,907**	130,113
Prepaid expenses and other assets		**44,368**	58,059
Reinsurance contract assets	8	**7,523**	-
Right-of-use assets		**4,705**	4,161
Property and equipment		**7,357**	7,343
Intangible assets		**27,329**	23,194
Goodwill		**78,400**	78,400
Statutory deposit	9	**59,989**	59,989
Accrued commission income on statutory deposit	9	**1,983**	1,558
TOTAL ASSETS		**640,728**	629,846
LIABILITIES			
Insurance contract liabilities	8	**304,444**	285,885
Reinsurance contract liabilities	8	**-**	27,709
Accrued expenses and other liabilities		**33,932**	20,352
Lease liabilities		**3,856**	3,777
Employee benefit obligations		**11,982**	11,543
Provision for zakat and income tax	10	**14,367**	13,867
Accrued income payable to Insurance Authority	9	**1,983**	1,558
TOTAL LIABILITIES		**370,564**	364,691
EQUITY			
Share capital	17	**400,000**	400,000
Accumulated losses		**(175,553)**	(180,562)
Fair value reserve for investments	15	**41,540**	41,540
TOTAL SHAREHOLDERS' EQUITY		**265,987**	260,978
Re-measurement reserve of employees benefit obligations		**4,177**	4,177
TOTAL EQUITY		**270,164**	265,155
TOTAL LIABILITIES AND EQUITY		**640,728**	629,846



Chief Financial Officer



Deputy Chief Executive Officer



Chairman

The accompanying notes 1 to 24 form an integral part of this interim condensed financial statements.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals '000 unless otherwise stated)

	Note	**Three-month period ended 31 March 2024 (Unaudited)**	Three-month period ended 31 March 2023 (Unaudited)
Insurance revenue	13	**249,607**	196,651
Insurance service expenses	13	**(182,731)**	(157,545)
Net expenses from reinsurance contracts	13	**(53,627)**	(52,872)
Insurance service result from Company's directly written business		**13,249**	(13,766)
Share of surplus from insurance pool		**1,236**	6,022
Total insurance service result		**14,485**	(7,744)
Commission income from financial assets not measured at FVTPL		**3,618**	2,000
Net gains on financial assets measured at FVTPL		**4**	729
Dividend income		**-**	-
Net investment income		**3,622**	2,729
Net finance (costs) / income from insurance contracts issued		**(528)**	795
Net finance income from reinsurance contracts held		**560**	226
Net insurance finance income / (costs)		**32**	1,021
Net insurance and investment result		**18,139**	(3,994)
Other (loss) / income		**(3,367)**	476
Other operating expenses		**(9,263)**	(6,361)
Profit / (loss) for the period attributable to the shareholders before zakat		**5,509**	(9,879)
Zakat and income tax expense	10	**(500)**	(81)
Net profit / (loss) for the period attributable to the shareholders		**5,009**	(9,960)
Basic and diluted earnings / (losses) per share (expressed in Saudi Riyals per share)	11	**0.13**	(0.25)

Chief Financial Officer | Deputy Chief Executive Officer | Chairman

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals '000 unless otherwise stated)

	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)
Net profit / (loss) for the period attributable to the shareholders	**5,009**	(9,960)
Items that will not be reclassified to the interim condensed statement of income in subsequent periods		
Other comprehensive income / (loss)	**-**	-
Total comprehensive income / (loss) for the period attributable to the shareholders	**5,009**	(9,960)

Chief Financial Officer | Deputy Chief Executive Officer | Chairman

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals '000 unless otherwise stated)

	Share capital	**Accumulated losses**	**Fair value reserve for investments**	**Re-measurement reserve of employees benefit obligations**	**Total**
Balance at 31 December 2023 (Audited)	**400,000**	**(180,562)**	**41,540**	**4,177**	**265,155**
Total comprehensive income for the period:					
Net profit for the period attributable to the shareholders	**-**	**5,009**	**-**	**-**	**5,009**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period attributable to the shareholders	**-**	**5,009**	**-**	**-**	**5,009**
Balance at 31 March 2024 (Unaudited)	**400,000**	**(175,553)**	**41,540**	**4,177**	**270,164**

	Share capital	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of employees benefit obligations	Total
Balance at 31 December 2022 (Audited)	400,000	(185,854)	37,780	4,225	256,151
Total comprehensive income for the period:					
Net loss for the period attributable to the shareholders	-	(9,960)	-	-	(9,960)
Other comprehensive income	-	-	-	-	
Total comprehensive loss for the period attributable to the shareholders	-	(9,960)	-	-	(9,960)
Balance at 31 March 2023 (Unaudited)	400,000	(195,814)	37,780	4,225	246,191

Chief Financial Officer | Deputy Chief Executive Officer | Chairman

The accompanying notes 1 to 24 form an integral part of this interim condensed financial statements.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals '000 unless otherwise stated)

	Note	**Three-month period ended 31 March 2024 (Unaudited)**	Three-month period ended 31 March 2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period attributable to the shareholders before zakat		**5,509**	(9,879)
Adjustments for non-cash items:			
Depreciation of property and equipment		**909**	1,111
Amortization of intangible assets		**260**	-
Depreciation of right-of-use assets		**409**	679
Finance costs on lease liabilities		**8**	53
Net impairment losses / (reversal) on financial assets		**-**	-
Unrealized loss on financial assets measured at FVTPL		**-**	-
Realized gain on investments measured at FVTPL		**(812)**	(1,995)
Commission income from investment measured at amortised cost		**-**	-
Provision for employees benefit obligations		**500**	338
		6,783	(9,693)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		**13,691**	(7,973)
Reinsurance contract assets		**(35,232)**	2,123
Insurance contract liabilities		**18,559**	6,460
Reinsurance contract liabilities		**-**	-
Accrued expenses and other liabilities		**13,580**	544
Cash generated from / (used in) operations		**17,381**	(8,539)
Zakat and income tax paid	10		-
Employees benefit obligations paid		**(61)**	-
Net cash generated from / (used in) operating activities		**17,320**	(8,539)
CASH FLOWS FROM INVESTING ACTIVITIES			
Term deposits		**(22,096)**	-
Payments for purchases of financial assets at amortised cost	7	**-**	-
Proceeds from sale of investments held at FVTPL	7	**-**	-
Commission income received from financial assets at amortised cost	7	**-**	350
Payments for purchases of property and equipment		**(923)**	(3,045)
Payments for purchases of intangible assets		**(4,395)**	(1,524)
Net cash (used in) / generated from investing activities		**(27,414)**	19,078
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		**(882)**	(1,041)
Net cash used in financing activities		**(882)**	(1,041)
Net (decrease) / increase in cash and cash equivalents		**(10,976)**	9,498
Cash and cash equivalents at the beginning of the period	5	**122,279**	83,964
Cash and cash equivalents at the end of the period	5	**111,303**	93,462

Chief Financial Officer | Deputy Chief Executive Officer | Chairman

The accompanying notes 1 to 24 form an integral part of this interim condensed financial statements.

1. General

(a) Legal status and principal activities

United Cooperative Assurance Company ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030179955 dated 6 Jamad-al-Thani 1429H, corresponding to 6 June 2008.

The registered office address of the Company is:

Al-Saedan Building;
King Fahd Road
P.O. Box 2041
Riyadh 11491
Kingdom of Saudi Arabia.

The activities of the Company are to transact cooperative insurance and reinsurance operations and related activities in the Kingdom of Saudi Arabia. On 29 Rabi Al Thani 1429H (5 May 2008), the Company received a license number (NMT/19/200812) from the Saudi Central Bank ("SAMA") which is currently valid up to 29 Dhul Hijja 1445H corresponding to 6 July 2024 to engage in insurance business in Saudi Arabia. The Company started its operations on 1 January 2009. On 11 February 2020 corresponding to 17 Jamad-ul-Thani 1441H, the Company has received SAMA approval upon the Company's request for the cancellation of its Reinsurance License. From the date of SAMA Approval, the Company has not assumed any reinsurance business.

From 23 November 2023 the Insurance Authority (IA) became the authorized regulator of the insurance industry in Saudi Arabia, however, laws and regulations issued previously by SAMA related to the insurance sector will remain in effect until further instructions are issued by the IA. The Company was listed on the Saudi Stock Exchange on 23 May 2007. The Company started its operations on 1 January 2009. The Company is fully owned by the general public and Saudi shareholders.

(b) Going concern assessment

The Company has accumulated losses of Saudi Riyals 175.6 million as of 31 March 2024 (31 December 2023: accumulated losses of Saudi Riyals 180.6 million). Further, the Company's solvency margin of 65% as at 31 March 2024 (31 December 2023: 60.6%) remains below the minimum solvency requirements as mandated by Insurance Authority (IA).

Under Article 68 2(b) of the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations"), when the solvency margin falls between 50% and 75% of the required margin, the Company shall restore its solvency margin to the required level. If the required solvency margin is not restored to its appropriate level for two consecutive quarters, the Company will be required by IA to immediately take all or any of the measures including formulate and provide the Authority with a corrective action plan to be taken and the period necessary to restore its solvency The Company received correspondence from IA requiring the Company to submit its rectification measures according to Article 68 of the Regulations. In response to IA's correspondence, the Company submitted its planned rectification measures which included a rights issue of Saudi Riyals 300 million (30 million new shares).

Management has formulated and implemented various performance improvement measures starting late 2022, as approved by the Company's Board of Directors, which, among others, include better pricing strategies for Motor segments. Such measures have resulted in better results and the Company has earned total profit for the period ended 31 March 2024 of Saudi Riyals 5 million (Profit for the year ended 31 December 2023 was Saudi Riyals 5.29 million). Management expects that this will further reflect positively in the operational results and cash flows for 2024 and the years to come. Further, the Company is actively exploring potential merger opportunities within the insurance sector. In the event that a mutually beneficial merger agreement cannot be reached, the Company intends to further increase its share capital by Saudi Riyals 300 million through rights issue which will further boost up its solvency ratio. However, management's assessment and realisation of its planned measures and actions outlined in the business plan is dependent on a number of factors, estimates and assumptions including the achievement of the projected improvement in the results of the Motor segment and achieving the desired solvency ratios. Accordingly, these events and conditions including realisation of planned measures and actions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as management believes that the Company will be both, able to continue its operations and meet its obligations, as they fall due within the next 12 months as reflected in the detailed business plan and projected cash flows for the years from 2024 to 2028. Further, management believes that it will be able to meet the solvency requirements based on the plan outlined above. Management continues to monitor performance indicators of all lines of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary.

2. Basis of preparation

(a) Statement of compliance

The interim condensed financial statements of the Company has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

As required by the Saudi Arabian Insurance Regulations "IA Implementation Regulations", the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Insurance Authority (IA) Implementation Regulations require a clear segregation of assets, liabilities, income and expenses of the insurance and shareholders operations. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts.

In preparing the Company's interim condensed financial statements in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealized gains and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

(b) Basis of measurement

The interim condensed financial statements is prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit or loss and fair value through other comprehensive income and defined benefits obligations, which are recognised at the present value of future obligation using Projected Unit Credit Method.

(c) Basis of presentation

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2023. The Company's interim condensed statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, term deposits, financial assets at FVTPL, prepaid expenses and other assets, accrued commission income on statutory deposit, accrued expenses and other liabilities, provision for zakat and accrued commission income payable. The following balances would generally be classified as non-current: financial assets at fair value through other comprehensive income, financial assets at amortised cost, right-of-use assets, property and equipment, intangible assets and statutory deposit. The balances which are of mixed in nature i.e. include both current and non-current portions include insurance contract liabilities, reinsurance contract assets / liabilities, lease liabilities and employee benefit obligations.

(d) Functional and presentation currency

This interim condensed financial statements is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company. All financial information presented in Saudi Riyals has been rounded to the nearest thousands, except where otherwise indicated.

(e) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company.

(f) Changes in products and services

During the three-month period ended 31 March 2024, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company.

3. Material accounting policies

The material accounting policies used in the preparation of this interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023, except as explained below.

3.1 New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

A number of other amended standards became applicable for the current reporting period i.e. for reporting periods beginning on or after 1 January 2024. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

Interpretation	Description	Effective date
Amendment to IFRS 16 'Leases' ("IFRS 16") – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Annual periods beginning on or after 1 January 2024
Amendment to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures ("IFRS 7") – Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024

3.2 New standards, amendments and interpretations not yet applied by the Company

Certain new standards and interpretations issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new standards and interpretations on its interim condensed financial statements, however, no material impact is expected. The Company intends to adopt these interpretations when they are effective.

Interpretation	Description	Effective date
Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025.

4. Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In preparing the interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2023.

5. Cash and cash equivalents

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Bank balances	**70,637**	82,024
Short term deposits	**40,682**	40,271
Less: Expected credit loss	**(16)**	(16)
	111,303	122,279

Cash at banks is placed with counterparties with sound credit ratings. As at 31 March 2024, deposits were placed with the local bank with original maturity of less than three months from the date of placement and earned commission income ranges from 5.50% to 6.15% (31 December 2023: 5.75% to 6.15%).

6. Term deposits

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Term deposits	**122,096**	100,000
Accrued commission income	**3,055**	1,041
Expected credit loss	**-**	-
Balance at end of the year	**125,151**	101,041

The term deposits represent deposits held with the local commercial banks and earn commission at market rates. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of more than three-months and less than twelve-months. As of 31 March 2024, the deposit yield commission rate of 6% (31 December 2023: 6%).

The gross carrying amount of term deposits represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

7. Investments

a) Investments are classified as follows:

	Note	**31 March 2024 (Unaudited)**	31 December 2023 (Audited)
Measured at fair value through profit or loss ("FVTPL")	7.1	**250**	246
Financial assets at amortised cost	7.2	**128,907**	130,113
Financial assets at fair value through other comprehensive income	7.3	**43,463**	43,463
		172,620	173,822

7. Investments – (continued)

7.1 Financial assets at fair value through profit or loss ("FVTPL")

Movement in investment in discretionary portfolio is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the period / year	**246**	23,890
Disposal during the period / year	**-**	(24,385)
Gain on disposal of investment during the period / year	**-**	727
Changes in fair value of investments	**4**	14
Balance at end of the period / year	**250**	246

FVTPL includes investments managed by a fund manager under the discretionary portfolio of investments where all such investments are carried at fair value as provided by the Fund managers. The fund manager keeps such investments in various equity and real estate funds.

7.2 Financial assets at amortised cost

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Saudi Government Sukuk – (note 7.2.1)	**128,907**	130,113
Expected credit loss	**128,907**	130,113
Net amount – total	**-**	-
	128,907	130,113

7.2.1 This represents the Company's investment in Saudi Government Sukuks. This represent 1 Sukuk at a face value of SAR 100 per Sukuk with a coupon rate of 4.64% per annum. This Sukuk have a maturity duration of 30 years commencing from 2019 to 2049. The Company has earned commission income of SAR 1.2 million during the period (31 March 2023: SAR 3.9 million).

7.3 Financial assets at fair value through other comprehensive income ("FVOCI")

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	**43,463**	39,703
Changes in fair value of investments	**-**	3,760
Balance at end of the year	**43,463**	43,463

This above represents the Company's 3.45% (31 December 2023: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value.

8. Insurance and reinsurance contracts

8.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

	Medical	**Motor-Comprehensive**	**Motor-TPL**	**Energy**	**Engineering**	**Others**	**Total**
As at 31 March 2024 – (Unaudited)							
Insurance contracts							
Insurance contract assets	**-**	**17,342**	**-**	**-**	**-**	**5,529**	**22,871**
Insurance contract liabilities	**(64,623)**	**-**	**(204,332)**	**(44,554)**	**(13,806)**		**(327,315)**
	(64,623)	**17,342**	**(204,332)**	**(44,554)**	**(13,806)**	**5,529**	**(304,444)**
Reinsurance contracts							
Reinsurance contract assets	**12,825**	**-**	**-**	**43,579**	**-**	**-**	**56,404**
Reinsurance contract liability	**-**	**(17,100)**	**(8,986)**	**-**	**(19,892)**	**(2,903)**	**(48,881)**
	12,825	**(17,100)**	**(8,986)**	**43,579**	**(19,892)**	**(2,903)**	**7,523**

	Medical	Motor-Comprehensive	Motor-TPL	Energy	Engineering	Others	Total
As at 31 December 2023 – (Audited)							
Insurance contracts							
Insurance contract assets	-	-	-	-	-	629	629
Insurance contract liabilities	(47,034)	(10,822)	(206,564)	(13,077)	(9,017)	-	(286,514)
	(47,034)	(10,822)	(206,564)	(13,077)	(9,017)	629	(285,885)
Reinsurance contracts							
Reinsurance contract assets	-	-	-	5,959	-	8,386	14,345
Reinsurance contract liability	(496)	(10,286)	(5,340)	-	(25,932)	-	(42,054)
	(496)	(10,286)	(5,340)	5,959	(25,932)	8,386	(27,709)

8. Insurance and reinsurance contracts – (continued)

8.2 Analysis by remaining coverage and incurred claims

8.2.1 Insurance contracts

	As at 31 March 2024 – (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	**55,629**	**4,510**	**215,888**	**9,858**	**285,885**
Insurance contract assets – opening	**-**	**-**	**-**	**-**	**-**
Opening balance – net	**55,629**	**4,510**	**215,888**	**9,858**	**285,885**
Insurance revenue	**(249,607)**	**-**	**-**	**-**	**(249,607)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses*	**-**	**-**	**160,651**	**(1,455)**	**159,196**
Reversal on onerous contracts	**-**	**5,050**	**-**	**-**	**5,050**
Changes that relate to past service	**-**	**-**	**(9,715)**	**-**	**(9,715)**
Insurance acquisition cashflows amortization	**28,200**	**-**	**-**	**-**	**28,200**
Insurance service expenses	**28,200**	**5,050**	**150,936**	**(1,455)**	**182,731**
Finance cost from insurance contracts	**-**	**-**	**528**	**-**	**528**
Total changes in the statement of income	**(221,407)**	**5,050**	**151,464**	**(1,455)**	**(66,348)**
Cashflows					
Premiums received	**272,086**	**-**	**-**	**-**	**272,086**
Claims and other incurred insurance service expenses	**-**	**-**	**(164,348)**	**-**	**(164,348)**
Insurance acquisition cashflows paid	**(22,831)**	**-**	**-**	**-**	**(22,831)**
Total cash inflows / (outflows)	**249,255**	**-**	**(164,348)**	**-**	**84,907**
Insurance contracts					
Insurance contract liabilities – closing	**83,477**	**9,560**	**203,004**	**8,403**	**304,444**
Insurance contract assets – closing	**-**	**-**	**-**	**-**	**-**
Closing balance – net	**83,477**	**9,560**	**203,004**	**8,403**	**304,444**

*This includes surplus distribution of Saudi Riyals Nil for the period ended 31 March 2024 (31 December 2023: Saudi Riyals 0.8 million).

8. Insurance and reinsurance contracts – (continued)

8.2 Analysis by remaining coverage and incurred claims – (continued)

8.2.1 Insurance contracts – (continued)

	As at 31 December 2023 – (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	166,833	50,517	203,520	18,945	439,815
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	166,833	50,517	203,520	18,945	439,815
Insurance revenue	(1,061,771)	-	-	-	(1,061,771)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	538,597	(9,086)	529,511
Reversal of onerous contracts	-	(46,007)	-	-	(46,007)
Changes that relate to past service	-	-	28,707	-	28,707
Insurance acquisition cashflows amortisation	113,111	-	-	-	113,111
Insurance service expenses	113,111	(46,007)	567,304	(9,086)	625,322
Finance cost from insurance contracts	-	-	4,709	-	4,709
Total changes in the statement of income	(948,660)	(46,007)	572,013	(9,086)	(431,740)
Cashflows					
Premiums received	941,489	-	-	-	941,489
Claims and other incurred insurance service expenses	-	-	(559,645)	(1)	(559,646)
Insurance acquisition cashflows paid	(104,033)	-	-	-	(104,033)
Total cash inflows	837,456	-	(559,645)	(1)	277,810
Insurance contracts					
Insurance contract liabilities – closing	55,629	4,510	215,888	9,858	285,885
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	55,629	4,510	215,888	9,858	285,885

8 Insurance and reinsurance contracts – (continued)

8.2 Analysis by remaining coverage and incurred claims – (continued)

8.2.2 Reinsurance contracts held

	As at 31 March 2024 – (Unaudited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	-	-	(35,682)	(2,870)	(38,552)
Reinsurance contract liabilities – opening	66,261	-	-	-	66,261
Opening balance – net	66,261	-	(35,682)	(2,870)	27,709
Allocation of reinsurance premium	72,809	-	-	-	72,809
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(10,325)	(1,054)	(11,379)
Loss-recovery on onerous underlying contracts	-	(877)	-	-	(877)
Changes that relate to past service	-	-	(6,926)	-	(6,926)
Amounts recoverable from reinsurers – net	-	(877)	(17,251)	(1,054)	(19,182)
Finance income from reinsurance contracts	-	-	(560)	-	(560)
Total changes in the statement of income	72,809	(877)	(17,811)	(1,054)	53,067
Cashflows					
Premiums ceded and acquisition cashflows paid	(119,859)	-	-	-	(119,859)
Fixed commission received	-	-	-	-	-
Recoveries from reinsurance	15,319	-	16,241	-	31,560
Total cash outflows	(104,540)	-	16,241	-	(88,299)
Reinsurance contracts					
Reinsurance contract assets – closing	-	(877)	(37,252)	(3,924)	(42,053)
Reinsurance contract liabilities – closing	34,530	-	-	-	34,530
Closing balance – net	34,530	(877)	(37,252)	(3,924)	(7,523)

8 Insurance and reinsurance contracts – (continued)

8.2 Analysis by remaining coverage and incurred claims – (continued)

8.2.2 Reinsurance contracts held – (continued)

	As at 31 December 2023 – (Audited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding Loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(76,119)	(12,472)	(48,952)	(9,843)	(147,386)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(76,119)	(12,472)	(48,952)	(9,843)	(147,386)
Allocation of reinsurance premium	426,585	-	-	-	426,585
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(63,681)	6,973	(56,708)
Loss-recovery on onerous underlying contracts	-	12,472	-	-	12,472
Changes that relate to past service	-	-	26,983	-	26,983
Amounts recoverable from reinsurers – net	-	12,472	(36,698)	6,973	(17,253)
Finance expense from reinsurance contracts	-	-	(2,016)	-	(2,016)
Total changes in the statement of income	426,585	12,472	(38,714)	6,973	407,316
Cashflows					
Premiums ceded and acquisition cashflows paid	(316,325)	-	2	-	(316,323)
Fixed commission received	-	-	-	-	-
Recoveries from reinsurance	32,120	-	51,982	-	84,102
Total cash (outflows) / inflows	(284,205)	-	51,984	-	(232,221)
Reinsurance contracts					
Reinsurance contract assets – closing	-	-	(35,682)	(2,870)	(38,552)
Reinsurance contract liabilities – closing	66,261	-	-	-	66,261
Closing balance – net	66,261	-	(35,682)	(2,870)	27,709

9. Statutory deposit

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Statutory deposit – (noted 9.1)	**60,000**	60,000
Less: Expected credit loss	**(11)**	(11)
Balance at the end of the period / year	**59,989**	59,989

9.1 In compliance with Article 58 of the Implementing Regulations of Insurance Authority (IA), the Company has deposited 10% of its share capital amounting to SR 60 million as at 31 March 2024 (31 December 2023: SR 60 million) in a bank designated by SAMA. The Company cannot withdraw this deposit without IA approval. Commission accruing on this deposit is payable to IA. In accordance with instructions received from IA vide their circular dated 1 March 2016, the Company has disclosed the commission due on the statutory deposit as an asset and a liability in these interim condensed financial statements.

Accrued income on this deposit is payable to Insurance Authority (IA) amounting to Saudi Riyals 1.98 million (31 December 2023: Saudi Riyals 1.55 million) and this deposit cannot be withdrawn without approval from IA.

10. Zakat and income tax

Significant components of zakat base of the Company attributable to the Saudi shareholders, which are subject to adjustment under zakat and income tax regulations, are shareholders' equity at the beginning of the year, adjusted net income and certain other items. Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the Zakat, Tax and Customs Authority ("ZATCA") could be different from the declaration filed by the Company.

a. Movements in provision during the period / year

	31 March 2024	31 December 2023
Zakat	**(Unaudited)**	(Audited)
Balance at the beginning of the period / year	**12,567**	11,508
Charge for the period / year	**500**	4,270
Paid during the period / year	**-**	(3,211)
Balance at the end of the period / year	**13,067**	12,567

	31 March 2024	31 December 2023
Income Tax	**(Unaudited)**	(Audited)
Balance at the beginning of the period / year	**1,300**	1,300
Charge for the period / year	**-**	-
Paid during the period / year	**-**	-
Balance at the end of the period / year	**1,300**	1,300
Total	**14,367**	13,867

Zakat is payable at 2.578% of the approximate zakat base (excluding adjusted net profit for the year) and 2.5% of adjusted net profit for the period / year attributable to Saudi shareholders.

10. Zakat and income tax – (continued)

a. Status of zakat assessments

The Company submitted the Zakat declaration for the year ended 31 December 2023 and obtained the necessary Zakat certificate.

The Zakat is applicable on 99.89% (2023: 99%) of the shareholders while income tax on 0.11% (2023: 1%) of the shareholders. The Company has filed its zakat and income tax declarations for the periods ended 31 December 2009 to 2022 and obtained restricted zakat and tax certificates. The following are the detailed outstanding assessments as of the date of the financial statements:

Assessment years 2005, 2006, 2007 and 2008

During 2017, the Company received the zakat assessments for the years 2005 to 2008 from the ZATCA with regards to the insurance operations transferred from UCA Insurance Bahrain BSC claiming zakat liability amounting to SAR 6.01 million and withholding tax liability amounting to SAR 16.09 million. Management has filed an objection against the above assessments and is confident of receiving a favorable outcome. Further, the Company has issued a bank guarantee in favor of ZATCA amounting to SAR 22.09 million (2023: SAR 22.09 million) against such assessments (see note 15). Management is of the view that any additional liability as a result of these assessments will eventually be charged to the shareholders of the UCA Insurance Bahrain BSC.

Assessment years 2009 – 2011

The Company has filed its Zakat/tax declarations for the years ended 31 December 2009 to 2011 and obtained the necessary Zakat/tax certificates. The ZATCA issued the amended assessment based on the decision of the Preliminary Objection Committee and claimed additional Zakat and tax and withholding tax for a total of SAR 27.1 million. The Company had finalized its Zakat, tax and withholding tax status for the said years.

Assessment years 2012 and 2013

During the year 2018, ZATCA had issued assessments for the years 2012 and 2013 claiming additional zakat and income tax liability amounting to SAR 15.84 million. The Company will escalate the case to the GSTC in order to assign a hearing session and will proceed for final settlement with the Dispute Resolution Committee and expect to settle about SAR 7.05 million.

Assessment years 2014 to 2020

The Company has filed its Zakat/tax declarations for the years ended 31 December 2014 to 2020 and obtained the necessary Zakat/tax certificates.

ZATCA finalized studying the Zakat and tax returns for the said year's and they are considered finalized.

Assessment years 2021 and 2022

The Company has filed the Zakat and Tax returns up to the years 2021 and 2022 and obtained the necessary certificates. ZATCA has not finalized studying the Company's returns for the said years till to date.

VAT assessment

On 25 August 2020, the Company received an assessment from ZATCA to pay additional principal VAT of SAR 12.28 million for the years 2018 and 2019 as well as additional fines of SAR 20.25 million for those years. In order to avoid incurring additional fines based on ZATCA's initiative the Company paid the principal VAT on 28 October 2020 without prejudice to its position and objected to the items issued for the evaluation. On 20 February 2021, the Company filed an appeal with the General Secretariat of Tax Committees (GSTC) against the decision of the ZATCA for which management is confident of a favorable outcome. The objected items are zero rated supplies, self-invoicing, and reinsurance commission.

The fines imposed on the assessments amounting to SAR 20.25 million for the years 2018 and 2019 were subsequently canceled as the Company has taken advantage of ZATCA's initiative to stabilize the economy and boost the private sector.

The Company has booked a provision against VAT on zero rated supplies. On other objected items, the Company is confident that these will be recovered through input claim in the VAT return and from reinsurer.

On 23 April 2024, UCA submitted seven appeals to the Lower Court of the GSZTCC regarding VAT assessments made by ZATCA on certain commission incomes received by UCA from non-resident reinsurers. The total VAT amount in dispute is SAR 2.8 million. The cases are currently in the memo-exchange phase, and the first hearing is anticipated to occur by the end of Q3 2024.

At this juncture, while it is challenging to predict the outcomes of these cases with absolute certainty, recent developments and the strength of the technical arguments presented suggest that a favorable resolution is more likely than not, particularly at the stages involving the Higher Court and TVDAC.

11. Basic and diluted earnings / (losses) per share

Earnings per share for the three-month period ended 31 March 2024 and 2023 has been calculated by dividing the net profit for the respective periods attributable to the shareholders by the weighted average number of ordinary shares at the reporting date. Diluted earnings per share is not applicable to the Company.

The basic and diluted earnings per share is calculated as follows:

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Net profit / (loss) for the period attributable to the shareholders	**5,009**	(9,960)
Weighted average number of ordinary shares	**40,000**	40,000
Basic and diluted earnings per share	**0.13**	(0.25)

12. Commitments and contingencies

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Letters of guarantee issued in favour of ZATCA	**22,096**	22,096
Letters of guarantee issued in favour of non-government customers	**300**	300
	22,396	22,396

a) The Company has capital commitments outstanding as at 31 March 2024 amounting to SAR 15.85 million (31 December 2023: SAR 16.61 million) in respect of software development project.

b) As at 31 March 2024, the Company's bankers have given guarantees to non-government customers amounting to SAR 0.3 million (2023: SAR 0.30 million) in respect of motor insurance and to ZATCA amounting to SAR 22.09 (2023: SAR 22.09 million) in respect of a disputed assessment order (also refer note 10) which is deposited with a bank and is included in term deposits. The Company cannot withdraw this deposit without ZATCA approval.

c) Refer Note 10 for contingencies pertaining to zakat and income tax assessments.

13. Insurance revenue and expenses

An analysis of insurance revenue, insurance expenses and net income / (expenses) from reinsurance contracts held by portfolio of contracts for the periods ended 31 March 2024 and 31 March 2023 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance and reinsurance contract balances reconciliation.

For the three-month period ended 31 March 2024 – (Unaudited)

	Medical	Motor-Comprehensive	Motor-TPL	Energy	Engineering	Others	Total
Insurance revenue from contracts measured under PAA	**24,746**	**35,226**	**114,739**	**21,826**	**46,669**	**6,401**	**249,607**
Insurance revenue – total	**24,746**	**35,226**	**114,739**	**21,826**	**46,669**	**6,401**	**249,607**
Incurred claims and other incurred insurance service expenses*	**(33,570)**	**(32,999)**	**(89,937)**	**(1,723)**	**(756)**	**(211)**	**(159,196)**
(Losses) / reversal of losses on onerous contracts	**(5,728)**	**622**	**56**	**-**	**-**	**-**	**(5,050)**
Changes that relate to past service	**394**	**3,380**	**13,827**	**(7,796)**	**(582)**	**492**	**9,715**
Insurance acquisition cash flows amortization	**(3,883)**	**(3,414)**	**(11,764)**	**(1,794)**	**(6,837)**	**(508)**	**(28,200)**
Insurance service expenses – total	**(42,787)**	**(32,411)**	**(87,818)**	**(11,313)**	**(8,175)**	**(227)**	**(182,731)**
Allocation of reinsurance premium paid – contracts measured under the PAA	**(3,598)**	**1,654**	**(13,086)**	**(21,146)**	**(32,543)**	**(4,090)**	**(72,809)**
Amounts recoverable from reinsurers							
Claims recovered and other directly attributable expenses	**11,478**	**223**	**(485)**	**737**	**(175)**	**478**	**12,256**
Loss-recovery on onerous underlying contracts	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes to amounts recoverable for incurred claims	**708**	**1,291**	**(2,632)**	**7,480**	**547**	**(468)**	**6,926**
Amounts recoverable from reinsurers – net	**12,186**	**1,514**	**(3,117)**	**8,217**	**372**	**10**	**19,182**
Net (expenses) / income from reinsurance contracts – total	**8,588**	**3,168**	**(16,203)**	**(12,929)**	**(32,171)**	**(4,080)**	**(53,627)**
Insurance service result from Company's directly written business	**(9,453)**	**5,983**	**10,718**	**(2,416)**	**6,323**	**2,094**	**13,249**
Share of surplus from insurance pools	**457**	**-**	**-**	**-**	**-**	**779**	**1,236**
Total insurance service result	**(8,996)**	**5,983**	**10,718**	**(2,416)**	**6,323**	**2,873**	**14,485**

*This includes surplus distribution of Saudi Riyals Nil for the period ended 31 March 2024.

13. Insurance revenue and expenses – (continued)

For the three-month period ended 31 March 2023 – (Unaudited)

	Medical	Motor-Comprehensive	Motor-TPL	Energy	Engineering	Others	Total
Insurance revenue from contracts measured under PAA	24,611	37,518	64,467	(1,304)	64,334	7,025	196,651
Insurance revenue – total	24,611	37,518	64,467	(1,304)	64,334	7,025	196,651
Incurred claims and other incurred insurance service expenses*	(25,145)	(39,699)	(58,416)	(13)	(2,558)	2,079	(123,752)
(Losses) / reversal of losses on onerous contracts	(2,559)	(6,416)	6,730	13	-	-	(2,232)
Changes that relate to past service	(351)	(5,087)	(13,900)	384	(2,359)	1,878	(19,435)
Insurance acquisition cash flows amortisation	(2,898)	(1,946)	(2,842)	(288)	(3,724)	(428)	(12,126)
Insurance service expenses – total	(30,953)	(53,148)	(68,428)	96	(8,641)	3,529	(157,545)
Allocation of reinsurance premium paid – contracts measured under the PAA	(771)	(8,647)	(11,363)	1,738	(50,170)	(1,495)	(70,708)
Amounts recoverable from reinsurers							
Claims recovered and other directly attributable expenses	649	11,543	9,638	833	1,564	(3,216)	21,011
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-
Changes to amounts recoverable for incurred claims	(89)	(875)	(2,849)	(405)	2,454	(1,411)	(3,175)
Amounts recoverable from reinsurers – net	560	10,668	6,789	428	4,018	(4,627)	17,836
Net (expenses) / income from reinsurance contracts – total	(211)	2,021	(4,574)	2,166	(46,152)	(6,122)	(52,872)
Insurance service result from Company's directly written business	(6,553)	(13,609)	(8,535)	958	9,541	4,432	(13,766)
Share of surplus from insurance pools	1,827	-	-	-	-	4,195	6,022
Total insurance service result	(4,726)	(13,609)	(8,535)	958	9,541	8,627	(7,744)

*This includes surplus distribution of Saudi Riyals Nil for the period ended 31 March 2023.

14. Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them (affiliated entities). Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period / year and the related balances:

	Nature of Transactions	Transactions for the period ended	
Entities controlled, jointly controlled or significantly influenced by member of board of directors		**31 March 2024 (Unaudited)**	31 March 2023 (Unaudited)
Haji Hussien Ali Reza	Premium written	**3,592**	3,930
	Payments received and claims paid	**(198)**	(101)
Saudi Bin Laden – Group	Premium written	**48,857**	56,167
	Payments received and claims paid	**(46,499)**	(42,085)
Construction Produce Company	Premium written	**86**	801
	Payments received and claims paid	**(242)**	(627)

Related party balances

	Balance receivable / (payable) as at	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Premium receivable		
Haji Hussein Ali Reza	**6,035**	2,641
Saudi Bin Laden – Group	**46,503**	44,145
Construction Product Company	**6,127**	6,283
	58,665	53,069
Other balances		
United Commercial Agencies	**4**	4
	4	4

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise directors, top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The due from and due to balances of related parties are unsecured, interest free and repayable in cash on demand. Compensation to key management personnel is based on employment terms.

The following table shows the compensation of the key management personnel for the period:

	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Salaries and other allowances	**1,960**	1,591
End of service indemnities	**175**	100
	2,135	1,691
Remuneration to those charged with governance	**886**	653

15. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in these financial statements.

a) Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data. The Company ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the period end.

b) Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

31 March 2024 – (Unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	**-**	**-**	**43,463**	**43,463**
Investment measured at fair value through profit or loss (FVTPL)				
Discretionary portfolio	**250**		**-**	**250**
	250	**-**	**43,463**	**43,713**

31 December 2023 – (Audited)	Level 1	Level 2	Level 3	Total
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	43,463	43,463
Investment measured at fair value through profit or loss (FVTPL)				
Discretionary portfolio	246	-	-	246
	246	-	43,463	43,709

15. Fair values of financial instruments – (continued)

b) Carrying amounts and fair value – (continued)

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. Najm investments, are as follows:

- **Discounted cashflows ("DCF") method:** The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate ("WACC"). The value derived from such an analysis results into a value for the enterprise (the "Enterprise Value"). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the "Equity Value"), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabahas and other investments, are subtracted from the Enterprise Value; and

- **Market multiples method:** The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

A weight of 60% and 40% are then applied to the fair values determined under both methods, to arrive at the total equity valuation of Najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

Cash and cash equivalents, term deposits, statutory deposit, accrued income on statutory deposits, corporate sukuks and the financial labilities except employee benefit obligations are measured at amortized cost.

There were no transfers between levels of the fair value hierarchy for the period ended 31 March 2024 and year ended 31 December 2023. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements.

c) Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	**43,463**	39,703
Fair value gain	**-**	3,760
Balance at the end of the period / year	**43,463**	43,463

15. Fair values of financial instruments – (continued)

d) The below table shows significant unobservable inputs used in the valuation of level 3 investments and their respective sensitivities.

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	**31 March 2024 (Unaudited)**	31 December 2023 (Audited)	**31 March 2024 (Unaudited)**	31 December 2023 (Audited)	
Unquoted equity investment in Najm	**43,463**	43,463	Earnings growth factor	Earnings growth factor	6.9%	6.9%	Reducing the Earnings growth factor to 5%, would decrease the fair value by SAR 0.8 million. (2023: Reducing the Earnings growth factor to 5%, would decrease the fair value by SAR 0.8 million)
			WACC	WACC	16.5%	16.5%	Increasing the WACC by 100 basis points, would decrease the fair value by SAR 1.2 million. (2023: SAR 1.2 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by SAR 0.7 million. (2023: SAR 0.7 million)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

e) Valuation process

The Company uses the services of a third-party valuation expert to perform the valuation of investment in Najm required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee and the Audit Committee. Discussions of valuation processes and results are held between the CFO, AC, Investment Committee and the Finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal value growth rate is derived from publicly available databases.
- Earnings growth factors for unlisted equity securities are estimated based on such Company's own historical results.

16. Risk management

Risk governance
The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors of the Company. The Company is exposed to insurance, reinsurance, regulatory framework, credit, liquidity, foreign currency, commission rate, and market risk.

Risk management structure:
A cohesive organizational structure is established within the Company in order to identify, assess, monitor, and control risks.

Board of directors:
The apex of risk governance is the centralized oversight of Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Audit committee and internal audit department:
The internal audit department performs risk assessments with senior management annually. The internal audit department examines both adequacy of procedures and the Company's compliance with the procedures through regular audits. Audit findings and recommendations are reported directly to the Audit Committee.

Senior management:
Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Risk management committee:
The Board of Directors of the Company has constituted a Risk Management Committee, which oversees the risk management function of the Company and report to Board on a periodic basis. This committee operates under framework established by the Board of Directors.

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

The risks under all insurance contracts issued, reinsurance contracts held by the Company and the risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2023.

17. Capital management

Objectives are set by the Board of Directors Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders or issue shares.

17. Capital management – (continued)

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by Insurance Authority (IA) previously known as SAMA in Article 66 of the Insurance Implementing Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per Insurance Implementing Regulations:

- Minimum Capital Requirement
- Premium Solvency Margin
- Claims Solvency Margin

The equity as at 31 March 2024 consists of paid-up share capital of SAR 400 million, accumulated losses of SAR 175.55 million, fair value revaluation reserve of SAR 41.54 million and remeasurement reserve of employees benefit obligations of 4.17 million (31 December 2023: paid-up share capital of SAR 400 million, accumulated losses of SAR 180.56 million, fair value revaluation reserve of SAR 41.54 million and remeasurement reserve of employees benefit obligations of 4.17 million), in the statement of financial position.

The amendment made to the Co-operative Insurance Companies Law in accordance with the Royal Decree (M/12) dated 23/1/1443H (corresponding to 01/09/2021) requires the minimum capital of insurance companies to be Saudi Riyals 300 million by 15 December 2024.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements as at 31 March 2024.

18. Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

The Board of Directors of the Company monitor the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors, for the Company as a whole. Furthermore, the Company operates in one geographical area i.e. Kingdom of Saudi Arabia

Accordingly, segmental analysis of the statement of income and other comprehensive income and statement of financial position is not carried out as the CODM considers the Company to be a single operating segment based on the nature of its operations and products. However, the Company has disclosed its insurance related balances/results by product lines, which are determined based on the disaggregation principles of IFRS 17. These include insurance contract liabilities/assets, reinsurance contract assets/liabilities, insurance service results and insurance finance income/expenses. Refer Notes 8 and 13 for such analysis.

18. Operating segments – (continued)

For the three-month period ended 31 March 2024 – (Unaudited)	**Medical**	**Motor**	**Energy**	**Engineering**	**Others**	**Total**
Insurance revenue	**24,746**	**149,965**	**21,826**	**46,669**	**6,401**	**249,607**
Insurance service expenses	**(42,787)**	**(120,229)**	**(11,313)**	**(8,175)**	**(227)**	**(182,731)**
Net expenses from reinsurance contracts	**8,588**	**(13,035)**	**(12,929)**	**(32,171)**	**(4,080)**	**(53,627)**
Insurance service result from Company's directly written business	**(9,453)**	**16,701**	**(2,416)**	**6,323**	**2,094**	**13,249**
Share of surplus from insurance pools	**457**	**-**	**-**	**-**	**779**	**1,236**
Total insurance service result	**(8,996)**	**16,701**	**(2,416)**	**6,323**	**2,873**	**14,485**
Commission income from financial assets not measured at FVTPL						**3,618**
Net gains on investments measured at FVTPL						**4**
Net investment return						**3,622**
Net finance costs from insurance contracts	**(450)**	**372**	**(54)**	**(207)**	**(189)**	**(528)**
Net finance income from reinsurance contracts	**40**	**255**	**50**	**148**	**67**	**560**
Net insurance finance costs	**(410)**	**627**	**(4)**	**(59)**	**(122)**	**32**
Net insurance and investment result						**18,139**
Other loss						**(3,367)**
Other operating expenses						**(9,263)**
Profit for the period attributable to the shareholders before zakat						**5,509**
Zakat and income tax						**(500)**
Net profit for the period attributable to the shareholders						**5,009**

18. Operating segments – (continued)

For the three-month period ended 31 March 2023 – (Unaudited)	Medical	Motor	Energy	Engineering	Others	Total
Insurance revenue	24,611	101,985	(1,304)	64,334	7,025	196,651
Insurance service expenses	(30,953)	(121,576)	96	(8,641)	3,529	(157,545)
Net (expenses) / income from reinsurance contracts	(211)	(2,553)	2,166	(46,152)	(6,122)	(52,872)
Insurance service result from Company's directly written business	(6,553)	(22,144)	958	9,541	4,432	(13,766)
Share of surplus from insurance pools	1,827	-	-	-	4,195	6,022
Total insurance service result	(4,726)	(22,144)	958	9,541	8,627	(7,744)
Commission income from financial assets not measured at FVTPL						2.000
Net gains on investments measured at FVTPL						729
Net investment return						2,729
Net finance income from insurance contracts	296	(60)	44	190	325	795
Net finance income from reinsurance contracts	128	(44)	-	99	43	226
Net insurance finance costs	424	(104)	44	289	368	1,021
Net insurance and investment result						(3,994)
Other income						476
Other operating expenses						(6,361)
Loss for the period attributable to the shareholders before zakat						(9,879)
Zakat and income tax						(81)
Net loss for the period attributable to the shareholders						(9,960)

18. Operating segments – (continued)

As at 31 March 2024 – (Unaudited)

	Medical	Motor	Energy	Engineering	Others	Total
Assets						
Reinsurance contract assets	**12,825**	**(26,086)**	**43,579**	**(19,892)**	**(2,903)**	**7,523**
Unallocated assets	**-**	**-**	**-**	**-**	**633,205**	**633,205**
Total assets						**640,728**
Liabilities						
Insurance contract liabilities	**64,623**	**186,990**	**44,554**	**13,806**	**(5,529)**	**304,444**
Unallocated liabilities	**-**	**-**	**-**	**-**	**66,120**	**66,120**
Total liabilities						**370,564**

As at 31 December 2023 (Audited)

	Medical	Motor	Energy	Engineering	Others	Total
Assets						
Reinsurance contract assets	-	-	-	-	-	-
Unallocated assets	-	-	-	-	629,846	629,846
Total assets						629,846
Liabilities						
Insurance contract liabilities	47,034	217,386	13,077	9,017	(629)	285,885
Reinsurance contract liabilities	496	15,626	(5,959)	25,932	(8,386)	27,709
Unallocated liabilities	-	-	-	-	51,097	51,097
Total liabilities						364,691

19. Surplus distribution

As required by the Implementing Regulations and the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders payable	10%
	100%

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

20. Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of IA and are not calculated as per the requirements of IFRS 17.

	For the three-month period ended 31 March 2024 (Unaudited)			
Breakdown of GWP	**Medical**	**Motor**	**Others**	**Total**
Retail	**-**	**141,707**	**4**	**141,711**
Very small	**3,576**	**664**	**2,097**	**6,337**
Small	**5,717**	**1,392**	**4,171**	**11,280**
Medium	**9,710**	**272**	**1,321**	**11,303**
Corporate	**35,517**	**56,063**	**129,584**	**221,164**
Total	**54,520**	**200,098**	**137,177**	**391,795**

20. Gross written premium – (continued)

	For the three-month period ended 31 March 2023 (Unaudited)			
Breakdown of GWP	Medical	Motor	Others	Total
Retail	15,423	127,158	31	142,612
Very small	2,851	2,332	705	5,888
Small	12,615	4,187	4,865	21,667
Medium	11,867	523	1,046	13,436
Corporate	15,703	140,700	69,072	225,475
Total	58,459	274,900	75,719	409,078

21. Net written premium

Details relating to net written premium are disclosed below to comply with the requirements of IA and are not calculated as per the requirements of IFRS 17.

	For the three-month period ended 31 March 2024 (Unaudited)			
Item	**Medical**	**Motor**	**Others**	**Total**
Gross written premium	**54,520**	**200,098**	**137,177**	**391,795**
Reinsurance premium ceded – globally (including excess of loss)	**(2,463)**	**(9,398)**	**(130,917)**	**(142,778)**
Reinsurance premium ceded – locally (including excess of loss)	**(1,103)**	**(1,754)**	**(4,048)**	**(6,905)**
Net written premium - total	**50,954**	**188,946**	**2,212**	**242,112**

	For the three-month period ended 31 March 2023 (Unaudited)			
Item	Medical	Motor	Others	Total
Gross written premium	58,459	274,900	75,719	409,078
Reinsurance premium ceded – globally (including excess of loss)	(609)	(2,041)	(69,834)	(72,484)
Reinsurance premium ceded – locally (including excess of loss)	(107)	(101)	(5,263)	(5,471)
Net written premium - total	57,743	272,758	622	331,123

22. Change in presentation of comparative information

During the year ended 31 December 2023, the Company changed the presentation of share of surplus from insurance pools in the financial statements. The co-insurance arrangements, in which the Company is a participant, are insurance contracts as defined in IFRS 17. Given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the condensed statement of income. Previously, share of surplus from insurance pools were presented as part of "other income" in the condensed statement of income.

Accordingly, the Company has reclassified the comparative information for the period ended 31 March 2023 to conform to the current period presentation and the share of surplus from insurance pools amounting to SAR 6 million for the three-month period ended 31 March 2023, has been presented separately in the interim condensed statement of income.

This above change has had no impact on the interim condensed statement of financial position as at 31 March 2024 and the related interim condensed statements of changes in equity and cash flows for the three-month period then ended, or any financial performance indicators including basic and diluted earnings per share.

23. Subsequent events

The Company announces that it has received a notice of fire incident in Factory owned by United Ink Production Co. Ltd. located at the Industrial area in Jeddah City which occurred on 2 May 2024 corresponding to 23 Shawwal 1445H. The Company has appointed a loss adjustor licensed by the Insurance Authority to assess the damage resulting from the fire. Further, the Company would like to clarify the damaged property, insured by the United Cooperative Assurance (UCA), has been reinsured with local and international reinsurance companies, and it is expected that the financial impact on the Company from the claim will be limited, and the extent of the damage will become clear after finalization of the relative inspections and investigations.

Except for subsequent event mentioned elsewhere in this interim condensed financial statements, there are no other significant subsequent event occurred between 31 March 2024 and the date of approval of these interim condensed financial statements, which may have material impact on these interim condensed financial statements.

24. Approval of the interim condensed financial statements

The interim condensed financial statements has been approved by the Board of Directors on 11 May 2024, corresponding to 3 Dhul Qae'dah 1445H.