

**MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month and six-month periods ended 30 June 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Malath Cooperative Insurance Company (the "Company") as at 30 June 2022 and the related interim condensed statements of income and other comprehensive income for the three month and six month periods then ended and the interim condensed statements of changes in equity and cash flows for the six month period ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these 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 Information Performed by the Independent Auditor of the Entity", that is 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 that are 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 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.
P. O. Box 69658
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Kingdom of Saudi Arabia



Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337



**23 August 2022
(25 Muharram 1444H)**

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting
P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia



Abdullah M. Al Azem
Certified Public Accountant
License No. 335



MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	30 June	31 December
		2022	2021
		(Unaudited)	(Audited)
		SR (000)	
ASSETS			
Cash and cash equivalents	4	368,795	479,381
Murabaha deposits	5	189,179	129,113
Premiums and reinsurers' receivable - net	6	267,457	218,884
Reinsurers' share of unearned premiums	7b	28,092	14,487
Reinsurers' share of outstanding claims	7a	96,148	90,130
Reinsurers' share of claims incurred but not reported	7a	25,409	20,802
Deferred policy acquisition costs	7d	27,510	25,618
Deferred excess of loss premiums		92	83
Available-for-sale investments	8	160,588	161,626
Investment in associates	9	13,112	-
Investment held to maturity		17,844	19,724
Prepayments and other assets		34,899	56,479
Property and equipment		4,456	4,846
Statutory deposit		75,000	75,000
Accrued commission income on statutory deposit		10,445	10,167
TOTAL ASSETS		1,319,026	1,306,340



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	30 June 2022 (Unaudited) SR (000)	31 December 2021 (Audited)
LIABILITIES			
Policyholders claims payable		5,771	33,535
Accrued and other liabilities		112,691	94,763
Reinsurance balances payable		49,191	25,809
Unearned premiums	7b	429,366	427,085
Unearned reinsurance commission	7c	6,246	3,488
Outstanding claims	7a	79,464	59,549
Claims incurred but not reported (IBNR)	7a	222,147	209,110
Additional premium reserve	7a	20,687	28,412
Other technical reserves	7a	4,869	4,432
Employees' end-of-service benefits		19,360	20,154
Accumulated surplus		1,008	1,008
Provision for zakat	10	19,842	17,252
Accrued commission income payable to SAMA		10,445	10,167
TOTAL LIABILITIES		981,087	934,764
EQUITY			
Share capital	11	500,000	500,000
Statutory reserve	13	2,131	2,131
Accumulated losses		(151,844)	(120,408)
Fair value reserve for available-for-sale investments		(1,100)	529
Re-measurement reserve of defined benefit obligation		(11,248)	(10,676)
TOTAL EQUITY		337,939	371,576
TOTAL LIABILITIES AND EQUITY		1,319,026	1,306,340
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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
For the three-month and six-month periods ended 30 June 2022

	Note	Three-months period ended 30 June		Six-months period ended 30 June	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		SR (000)		SR (000)	
REVENUES					
Gross premiums written	7b	197,505	195,905	483,899	486,235
Reinsurance premiums ceded					
- Local		(1,495)	(1,016)	(3,964)	(3,008)
- International (includes premium ceded through local broker)		(9,395)	(7,889)	(40,051)	(32,133)
		(10,890)	(8,905)	(44,015)	(35,141)
Excess of loss expenses		(2,020)	(3,084)	(4,031)	(8,311)
Net premiums written		184,595	183,916	435,853	442,783
Movement in unearned premiums, net		39,665	2,344	11,324	(85,832)
Net premiums earned	7b	224,260	186,260	447,177	356,951
Reinsurance commissions	7c	3,710	4,190	7,073	6,787
Other underwriting income		1,386	65	1,850	497
NET REVENUES		229,356	190,515	456,100	364,235
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(186,578)	(159,728)	(384,325)	(358,949)
Reinsurers' share of claims paid		88	6,026	4,124	11,383
Net claims paid		(186,490)	(153,702)	(380,201)	(347,566)
Movement in outstanding claims, net		(2,037)	3,391	(13,898)	38,532
Movement in claims incurred but not reported, net		2,351	(6,131)	(8,430)	7,479
Movement in additional premium reserve		3,488	(3,368)	7,725	8,915
Movement in other technical reserves		(50)	(67)	(437)	222
Net claims incurred		(182,738)	(159,877)	(395,241)	(292,418)
Policy acquisition costs	7d	(16,066)	(16,037)	(32,804)	(29,559)
Other underwriting expenses		(9,126)	4,198	(17,277)	(5,679)
TOTAL UNDERWRITING COSTS AND EXPENSES		(207,930)	(171,716)	(445,322)	(327,656)
NET UNDERWRITING INCOME		21,426	18,799	10,778	36,579


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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
For the three-month and six-month periods ended 30 June 2022

	Note	Three-months period ended 30 June		Six-months period ended 30 June	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		SR (000)	SR (000)	SR (000)	SR (000)
Net underwriting income carried forward		21,426	18,799	10,778	36,579
OTHER INCOME / (EXPENSES)					
Reversal / (Provision) for doubtful debts	6	437	(10,494)	(2,160)	(8,926)
Salaries and staff related costs		(21,154)	(19,258)	(40,653)	(38,678)
Other general and administrative expenses		(11,200)	(13,229)	(24,290)	(21,184)
Investment income		6,805	7,928	19,541	14,461
Other income		(250)	7,655	86	9,853
Share of profit from investment in associate		-	-	11,762	-
TOTAL OTHER EXPENSES		(25,362)	(27,398)	(35,714)	(44,474)
Net loss for the period		(3,936)	(8,599)	(24,936)	(7,895)
Surplus attributed to insurance operations		-	-	-	-
Net loss attributable to shareholders before zakat		(3,936)	(8,599)	(24,936)	(7,895)
Zakat charge for the period	10	(3,250)	(3,245)	(6,500)	(6,489)
Net loss attributable to shareholders' operations		(7,186)	(11,844)	(31,436)	(14,384)
Earnings per share	11				
Basic and diluted earnings per share		(0.14)	(0.24)	(0.63)	(0.29)
Weighted average number of shares in issue throughout the period (thousands)		50,000	50,000	50,000	50,000


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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2022

	Three-months period ended 30 June		Six-months period ended 30 June	
Note	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR (000)		SR (000)	
Net loss for the period attributable to shareholders	(7,186)	(11,844)	(31,436)	(14,384)
Other comprehensive income:				
<i>Items that may be reclassified to statements of income in subsequent periods</i>				
-Change in fair value of available-for-sale investments, net	(7,936)	(619)	(1,629)	333
<i>Items that will not be reclassified to statements of income in subsequent years</i>				
-Re-measurement loss on end of service benefits from investment in associate 9	-	-	(572)	-
Total comprehensive loss for the period attributable to shareholders	(15,122)	(12,463)	(33,637)	(14,051)
Net income attributable to insurance	-	-	-	-
Other comprehensive income attributable to insurance operations	-	-	-	-
Total comprehensive income attributable to insurance operations	-	-	-	-
Total comprehensive loss for the period	(15,122)	(12,463)	(33,637)	(14,051)

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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six-month periods ended 30 June 2022

				Fair value reserve for available- for-sale investments	Re- measurement reserve of employees' end-of-service benefits	Total equity
Note	Share capital	Statutory reserve	Accumulated losses	(SR 000)		
Balance at 01 January 2022 (Audited)	500,000	2,131	(120,408)	529	(10,676)	371,576
Net loss for the period	-	-	(31,436)	-	-	(31,436)
Unrealized gain on available- for-sale investments, net	-	-	-	(1,629)	-	(1,629)
Re-measurement loss on end of service benefits from investment in associate 9	-	-	-	-	(572)	(572)
Total comprehensive loss	-	-	(31,436)	(1,629)	(572)	(33,637)
Balance at 30 June 2022 (Unaudited)	500,000	2,131	(151,844)	(1,100)	(11,248)	337,939
Balance at 01 January 2021 (Audited)	500,000	2,131	(34,748)	673	(7,596)	460,460
Net loss for the period	-	-	(14,384)	-	-	(14,384)
Unrealized gain on available-for-sale investments	-	-	-	333	-	333
Total comprehensive loss	-	-	(14,384)	333	-	(14,051)
Balance at 30 June 2021 (Unaudited)	500,000	2,131	(49,132)	1,006	(7,596)	446,409


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**MALATH COOPERATIVE INSURANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month periods ended 30 June 2022

		Six-months period ended 30 June	
	Note	2022 (Unaudited) SR (000)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period before zakat		(24,936)	(7,895)
Adjustments for non-cash items:			
Depreciation of property and equipment		949	837
Gain on disposal of available-for-sale investment		(7,517)	(2,067)
Provision for employees' end-of-service benefits		1,961	2,615
Share of profit from investment in associate		(11,762)	-
Reversal of zakat provision		-	(5,388)
Provision for doubtful debts	6	2,160	8,926
Changes in operating assets and liabilities:			
Premiums and reinsurers' receivable		(50,733)	(104,087)
Reinsurers' share of unearned premiums		(13,605)	(5,318)
Reinsurers' share of outstanding claims		(6,018)	2,947
Reinsurers' share of claims incurred but not reported		(4,607)	2,292
Deferred policy acquisition costs		(1,892)	(9,656)
Deferred excess of loss premiums		(9)	(83)
Prepayments and other assets		21,580	(18,466)
Policyholders claims payable		(27,764)	44,651
Accrued expenses and other liabilities		17,928	9,380
Reinsurance balances payable		23,382	21,153
Unearned premiums		2,281	91,150
Unearned reinsurance commission		2,758	1,106
Outstanding claims		19,915	(41,479)
Claims incurred but not reported		13,037	(9,771)
Additional premium reserve		(7,725)	(8,915)
Other technical reserves		437	(222)
Accumulated surplus		-	(4,658)
Accrued reinsurance balance		-	(2,409)
Cash used in operations		(50,180)	(35,357)
Zakat paid	10	(3,910)	(8,585)
Employees' end-of-service benefits paid		(2,755)	(1,656)
Net cash used in operating activities		(56,845)	(45,598)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net additions of Murabaha deposits		(60,066)	(100,000)
Proceeds from sale of available-for-sale investments		16,539	14,878
Additions of property and equipment		(559)	(1,238)
Additions to investment held to maturity		-	(9,374)
Proceeds from matured investments held to maturity		1,880	-
Additions to available-for-sale investments	8	(11,535)	(3,206)
Net cash used in investing activities		(53,741)	(98,940)
Net change in cash and cash equivalents		(110,586)	(144,538)
Cash and cash equivalents at the beginning of the period	4	479,381	560,070
Cash and cash equivalents at the end of the period	4	368,795	415,532
Supplemental non-cash information:			
Change in fair value of available-for-sale investments		(1,629)	333
Commission income on statutory deposit		278	234

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

**MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Malath Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/60 and incorporated on 21 Rabi Al-Awal 1428H corresponding to 9 April 2007 under Commercial Registration No. 1010231787. The Company’s head office is situated at Mohammad Bin Abdelaziz Street, P.O. Box 99763, Riyadh 11625, and Kingdom of Saudi Arabia.

The objectives of the Company are to engage in providing insurance and related services in accordance with its by-laws and the applicable regulations in the Kingdom of Saudi Arabia (KSA).

2 BASIS OF PREPARATION

(a) Basis of presentation and measurement

These interim condensed financial information (interim condensed financial statements) of the Company as at and for the period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia by Saudi Organization for Certified Public Accountants (SOCPA).

These interim condensed financial statements are prepared under the going concern concept and the historical cost convention, except for the measurement at fair value of available-for-sale investments and employees' end of service benefits measured at present value of future obligations using projected unit credit method. The Company’s interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Available-for-sale investments, Property and equipment, Statutory deposit, Accrued income on statutory deposit, Employees' end-of-service benefits and Accrued commission income payable to Saudi Central Bank ("SAMA"). All other financial statement line items balances would generally be classified as current. The Company presents its interim condensed statement of financial position in order of liquidity. As required by the law on Supervision of Co-operative Insurance Companies, the Company maintains separate books of accounts for Insurance Operations and Shareholders’ Operations and presents the interim condensed financial statements accordingly (Note 19). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed statement of financial position, interim condensed statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 19 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs as endorsed in KSA. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, interim condensed statements of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level interim condensed financial statements in compliance with IFRSs 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 and transactions 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.

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

2 BASIS OF PREPARATION (continued)

(b) Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyals (SR), which is also the functional currency of the Company. All financial information has been rounded off to the nearest thousand, unless otherwise stated.

(c) Critical accounting judgments, estimates and assumptions

The preparation of the interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed financial statements:

i) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of Claims Incurred But Not Reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claim estimates are reassessed for adequacy and changes are made to the provision.

The provision for IBNR is an estimation of claims which are expected to be reported subsequent to the date of interim condensed statement of financial position, for which the insured event has occurred prior to the date of interim condensed statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary has also used a segmentation approach including analyzing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

ii) Impairment of available-for-sale investments

The Company determines that investments are impaired when there has been a significant or prolonged decline in the fair values of the financial assets below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

**MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

2 BASIS OF PREPARATION (continued)

(c) Critical accounting judgments, estimates and assumptions (continued)

iii) *Impairment of receivables*

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

iv) *Fair value of financial instruments*

Fair values of available-for-sale investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

v) *Deferred policy acquisition costs*

Certain acquisition costs related to sale of policies are recorded as deferred acquisition costs and are amortized over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment.

vi) *Premium deficiency reserve*

Estimation of the premium deficiency reserve is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary looks at the claims and premiums relationship which is expected to be realized in the future.

vii) *Investments in associates*

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Judgment is required, particularly where the Company owns shareholding and voting rights and existence of significant indulgence by evidence in one or more of the following ways :

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in policy-making processes.
- (c) material transactions between the entity and its investee;
- (d) interchange of managerial personnel; or
- (e) provision of essential technical information

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any standard (interpretation) or amendments that has been issued but which are not yet effective.

MALATH COOPERATIVE INSURANCE COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the three-month and six-month periods ended 30 June 2022****3 SIGNIFICANT ACCOUNTING POLICIES (continued)****a) Amendment to standards and interpretations**

There are no new standards issued, however, certain amendments to standards and interpretations which are effective from 1 January 2022 and were listed in the Company's annual financial statements of 31 December 2021, but they do not have any impact on the interim condensed financial statements of the Company.

b) Standards issued but not yet effective

The Company has chosen not to early adopt the amendments and revisions to the IFRSs, which have been published and are mandatory for compliance for the Company with effect from future dates.

STANDARD/	DESCRIPTION	EFFECTIVE FROM
IFRS 9	Financial Instruments (refer below)	1-Jan-20
IFRS 17	Insurance Contracts (refer below)	1-Jan-23

a. IFRS 9 - Financial Instruments

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company is using the exemptions available to insurers to defer the implementation of IFRS 9 until implementation of IFRS 17. The impact of the adoption of IFRS 9 on the Company's interim condensed financial statements will, to a large extent, have to take into account the interaction with the IFRS 17 "Insurance contracts". At present the Company has not fully assessed the effects of adoption of IFRS 9.

b. IFRS 17 - Insurance Contracts**Overview**

This standard has been published in May, 2017. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features, provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- i- embedded derivatives, if they meet certain specified criteria;
- ii- distinct investment components; and
- iii- any promise to transfer distinct goods or non-insurance services.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

b. IFRS 17 - Insurance Contracts (continued)

Effective date

The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4 is currently for reporting periods beginning on or after January 1, 2023. This is a deferral of 2 year compared to the previous date of January 1, 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the Standard on its effective date.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Impact

The Company carried out assessment for ascertaining the impact of the application and implementation of IFRS 17 on results of the financial year 2018. The Company has also undertaken an initial operational impact gap analysis and currently undergoing through detailed operational and financial impact assessment along with working on planning and design phase to enable the Company to establish required system and processes under IFRS 17. Key gaps and their impact noted so far are as follows:

Major areas of design phase	Summary of progress
Governance and control framework	The Company has put in place a comprehensive IFRS 17 governance program which includes establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders.
Operational area	The Company has finalized of designing operational aspects of the design phase which includes establishing comprehensive data policy and data dictionary and architectural designs for various sub-systems.
Technical and financial area	The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders.
Assurance plan	The Company is working along with its other stakeholders to finalize the assurance plan for transitional and post-implementation periods.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity in which the Company has significant influence (but not control), over financial and operating policies and which is neither a subsidiary nor a joint venture. Investments in associates are carried in the statement of financial position at cost, plus post acquisition changes in the Company's share of net assets of the associate, less any impairment in the value of individual investments. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. At each reporting date, the Company determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in the statement of income, as the case may be

At each reporting date, the Company determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the consolidated statement of income, as the case may be.

On derecognition the difference between the carrying amount of investment in the associate and the fair value of the consideration received is recognized in the statement of income.

4 CASH AND CASH EQUIVALENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	SR (000)	
Insurance operations		
Cash in banks	33,736	37,074
Cash on hand	19	19
Short term Murabaha deposits	204,152	170,726
	237,907	207,819
Shareholders' operations		
Cash in banks	59,080	141,930
Short term Murabaha deposits	71,808	129,632
	130,888	271,562
Total cash and cash equivalents	368,795	479,381

Short term Murabaha deposits have original maturity of less than three months from the date of acquisition and are subject to an average commission rate of 3.84% per annum as at 30 June 2022 per annum (31 December 2021: 1.73%). The carrying amounts disclosed above are not materially different from their fair values at the date of the interim condensed statement of financial position.

Cash at bank includes an amount of SR 6.1 million (Note 20) (2021: SR 732 thousand) that pertains to the company's share of Inherent Defect Insurance (IDI) portfolio.

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5 MURABAHA DEPOSITS

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Insurance operations		
Murabaha deposits	144,483	129,113
Shareholders' operations		
Murabaha deposits	44,696	-
Total Murabaha deposits	189,179	129,113

Murabaha deposits have an original maturity of more than three months from the date of acquisition and are subject to an average commission rate of 2.78% per annum as at 30 June 2022 (31 December 2021: 1.57% per annum).

The carrying amounts disclosed above are not materially different from their fair values at the date of the interim condensed statement of financial position.

6 PREMIUMS AND REINSURERS' RECEIVABLE - NET

Receivables comprise amounts due from the following:

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Policyholders	273,633	233,414
Reinsurers	7,155	1,396
Insurance companies	23,662	11,581
Agents and brokers	8,741	16,067
	313,191	262,458
Less:		
Provision for doubtful receivables - insurance	(45,462)	(43,287)
Provision for doubtful receivables - reinsurers	(272)	(287)
	(45,734)	(43,574)
	267,457	218,884

The movement in the provision for doubtful receivables is as follows:

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Balance at the beginning of the period/year	43,574	36,528
Provision made during the period/year	2,160	7,046
Balance at the end of the period/year	45,734	43,574

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7 TECHNICAL RESERVES

a) Outstanding claims and reserves

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Outstanding claims	79,464	59,549
Claims incurred but not reported (IBNR)	222,147	209,110
Additional premium reserves	20,687	28,412
Other technical reserves	4,869	4,432
	327,167	301,503
Reinsurers' share of outstanding claims	(96,148)	(90,130)
Reinsurers' share of claims incurred but not reported	(25,409)	(20,802)
	(121,557)	(110,932)
Net outstanding claims and reserves	205,610	190,571

b) Unearned premiums

	30 June 2022 (Unaudited)		
	Gross	Reinsurers' share	Net
	SR (000)		
Unearned premiums at beginning of the period	427,085	(14,487)	412,598
Premiums written during the period	483,899	(48,046)	435,853
Premiums earned during the period	(481,618)	34,441	(447,177)
Unearned premiums at end of the period	429,366	(28,092)	401,274
	31 December 2021 (Audited)		
	Gross	Reinsurers' share	Net
	SR (000)		
Unearned premiums at beginning of the year	330,974	(17,051)	313,923
Premiums written during the year	942,107	(64,720)	877,387
Premiums earned during the year	(845,996)	67,284	(778,712)
Unearned premiums at end of the year	427,085	(14,487)	412,598

c) Unearned reinsurance commission

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Balance at beginning of the period/year	3,488	4,001
Commission received during the period/year	9,831	7,810
Commission earned during the period/year	(7,073)	(8,323)
Balance at end of the period/year	6,246	3,488

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7 TECHNICAL RESERVES (continued)

d) Deferred policy acquisition costs

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Balance at beginning of the period/year	25,618	20,117
Paid during the period/year	34,696	71,331
Amortized during the period/year	(32,804)	(65,830)
Balance at end of the period/year	27,510	25,618

8 AVAILABLE-FOR-SALE INVESTMENTS

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Insurance operations		
Quoted		
Equity shares	2,810	6,269
Unquoted		
Funds	51,611	50,114
Equity shares	5,115	5,115
	59,536	61,498
Shareholders' operations		
Quoted		
Equity shares	67,027	65,898
Unquoted		
Funds	31,125	30,430
Equity shares	2,900	3,800
	101,052	100,128
Total available for sale investments	160,588	161,626

The fair values of the unquoted mutual funds computed above are based on the latest reported of net assets value as at the reporting date. Unquoted equity shares in shareholders' operations which is carried at cost due to absence of active market or other means of reliably measuring its fair value. An impairment review is performed at each reporting date.

During the period ending at June 30, 2022, the investment in Najm insurance services has been reclassified from 'available for sale investment' to 'investment in associates' (Refer Note 9).

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8 AVAILABLE-FOR-SALE INVESTMENTS (continued)

Movement in the investments balance is as follows:

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Insurance operations		
Balance at beginning of the period / year at cost	60,110	53,976
Addition during the period / year	-	12,669
Transfer to shareholder investment during the period / year	-	(1,219)
Disposals during the period / year	(3,603)	(5,316)
Balance at end of the period / year at cost	56,507	60,110
Unrealized gain on available-for-sale investments	3,029	1,388
Balance at end of the period / year at fair value	59,536	61,498
Shareholders' operations		
Balance at beginning of the period / year at cost	100,987	61,909
Addition during the period / year	11,535	57,963
Transfer from policyholder investment during the period / year	-	1,219
Value of investment reclassified to investment in associate (Note 9)	(1,923)	-
Disposals during the period / year	(5,419)	(20,104)
Balance at end of the period / year at cost	105,180	100,987
Unrealized loss on available-for-sale investments	(4,128)	(859)
Balance at end of the period / year at fair value	101,052	100,128

9 INVESTMENT IN ASSOCIATES

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Balance at beginning of the period / year	-	-
Value of investment reclassified from available for sale	1,923	-
Share of investee's net assets	10,212	-
Share of profit for the period / year	977	-
Balance at end of the period / year	13,112	-

The investment in associate is solely for shareholders' operation (2021:Nil). The Company exercised significant influence over the investee on 27 January 2022 by representation on the investee's Board of Directors. due to that event the equity method was applied to account for the investment from the event date. That results in increases in the investment to the extent of the interest in the associate's net assets. The company holds 3.45% ownership interest.

The investee summarized financial information as follow:

Najm Insurance services (incorporated in Saudi Arabia)

Total			Total	
assets	Total liabilities	Net assets	comprehensive income	As of / for
957,431	577,358	380,072	28,318	March 31, 2022
901,696	549,942	351,754	57,562	Dec 31, 2021

The financial information of December 31, 2021 and March 31, 2022 is based on latest available management accounts for the respective period.

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10 PROVISION FOR ZAKAT

a) Zakat payable

The movement in zakat payable during the period/year was as follows:

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	SR (000)	
Balance at beginning of the period/year	17,252	20,374
Charge for the period/year	6,500	12,810
Reversal of zakat provision during the period/year	-	(5,855)
Payments during the period/year	(3,910)	(10,077)
Balance at end of the period/year	19,842	17,252

b) Status of assessments

The Company had filed the Zakat return for the years 2016 to 2020 and received a temporary Zakat certificate. Assessments have been received from ZATCA to date in respect of these years. For the year 2021, the Company has filed the Zakat return before deadline of April 30, 2022 and received temporary Zakat certificate.

c) Status of appeals

The years from 2016 to 2018: On December 27, 2020, the ZATCA raised its assessments for those years claiming additional zakat liability of Saudi Riyals 3.3 million, then the company has appealed against such assessment within the legally prescribed period. As result, ZATCA has partially accepted the company's appeal and issued a revised assessment for the company's favor which resulted an overpaid amount of Saudi Riyals 1.5 million for the company. However, the company has decided to escalate the case to the GSTC and the case still under the GSTC committees' study.

The years 2019 & 2020: On September 30, 2021, the Zakat, Tax and Customs Authority ("ZATCA") raised its assessments for those years claiming additional zakat liability of Saudi Riyals 5.2 million, then the company has appealed against such assessment within the legally prescribed period. As result, ZATCA has partially accepted the company's appeal and issued a revised assessment through which the additional zakat liability has reduced to Saudi Riyals 4.9 million knowing that the company has already settled along with the appeal an amount of Saudi Riyals 1.3 million which represents 25% of the disputed additional zakat liability as per the original assessment to fulfil the formality conditions of appeal submission stated in the zakat regulations, and the company has escalated its appeal case to the GSTC and the case still under the GSTC committees' study.

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11 SHARE CAPITAL

As at 31 March 2022 and 31 December 2021, the issued and paid up share capital of the Company amounts to SR 500 million, divided into 50 million ordinary shares of SR 10 each.

12 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period have been calculated by dividing the total net income for the period by the weighted average number of shares in issue throughout the period.

The basic and diluted earning per share are as follows:

	Six-months period ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Basic and diluted earnings per share	(0.63)	(0.29)
Weighted average number of shares throughout the period (thousands)	50,000	50,000

13 STATUTORY RESERVE

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital and such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

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14 CAPITAL MANAGEMENT

Objectives are set by the 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 amount of dividends paid to shareholders or issue new shares.

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. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin requirements, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The fair values of all other financial assets and liabilities which are carried at cost, are not significantly different from the carrying values included in these financial statements, since the current market rates for similar financial instruments are not significantly different from the contracted rates, and on account of the short duration of the assets and liabilities.

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15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table summarizes the financial assets recorded at fair value as of 30 June 2022 and 31 December 2021 by level of the fair value hierarchy. There are no transfers among the levels during the period. Also refer to note 8.

As at 30 June 2022 (Unaudited)

	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>SR (000)</u>				
Financial assets:					
Available-for-sale investments					
Insurance operations					
Equity securities	7,925	2,810	-	5,115	7,925
Mutual Funds	51,611	-	-	51,611	51,611
Shareholders' operations					
Equity securities	69,927	67,027	-	2,900	69,927
Mutual Funds/Sukuks	31,125	-	-	31,125	31,125
	<u>160,588</u>	<u>69,837</u>	<u>-</u>	<u>90,751</u>	<u>160,588</u>

As at 31 December 2021 (Audited)

	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>SR (000)</u>				
Financial assets:					
Available-for-sale investments					
Insurance operations					
Equity securities	11,384	6,269	-	5,115	11,384
Mutual Funds	50,114	-	-	50,114	50,114
Shareholders' operations					
Equity securities	69,698	65,898	-	3,800	69,698
Mutual Funds/Sukuks	30,430	-	-	30,430	30,430
	<u>161,626</u>	<u>72,167</u>	<u>-</u>	<u>89,459</u>	<u>161,626</u>

16 COMMITMENTS AND CONTINGENCIES

a. Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position for the current reporting period.

b. Contingent liabilities

The Company's contingent liabilities are as follows:

	<u>30 June</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>SR (000)</u>	
Letters of guarantee	23,387	20,974

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17 RELATED PARTY TRANSACTIONS

Related parties represent transactions with Najm the investment in associate, 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. Pricing policies and terms of these transactions are mutually agreed and are approved by the Company's management.

The following are the details of the major related party transactions during the period and the related balances:

	Six-months period ended	
	2022	2021
	(Unaudited)	(Unaudited)
	SR (000)	
Remuneration paid to Board of Directors	800	3,726
Board of Directors' and Committees meeting fees	110	245

Remuneration and compensation of key management personnel:

	Six-months period ended	
	2022	2021
	(Unaudited)	(Unaudited)
	SR (000)	
Salaries and allowances	3,871	3,396
End of service indemnities	252	202

	Six-months period ended	
	2022	2021
	(Unaudited)	(Unaudited)
	SR (000)	
Payments of Najm Fees	13,751	22,960
Collection of Manafth	4,930	1,954

18 SEGMENT INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include income from investments, income from Murabaha deposits, other income, general and administrative expenses, and provision for doubtful debts.

Segment results do not include commission on short-term Murabaha deposits. Segment assets do not include insurance operations' cash and cash equivalents, Murabaha deposits, available for sale investments, premium and reinsurers' receivable net, prepayments and other assets and property and equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include reinsurance balances payable, policyholders claims payable, accrued and other liabilities, accumulated surplus and due to related parties. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premiums and reinsurers' receivable and depreciation on the property and equipment) are not reported to Chief Executive Officer under related segments and are monitored on a centralized basis.

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18 SEGMENT INFORMATION (continued)

Operating segment	Six-months period ended 30 June 2022 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR (000)			
Revenues				
Gross premiums written				
-Individuals	6,121	84,195	7	90,323
-Very small enterprises	2,486	908	3	3,397
-Small enterprises	36,768	20,161	563	57,492
-Medium enterprises	61,078	10,161	3,515	74,754
-Corporates	188,737	21,404	47,792	257,933
	<u>295,190</u>	<u>136,829</u>	<u>51,880</u>	<u>483,899</u>
Reinsurance premiums ceded				
- Local	-	-	(3,964)	(3,964)
- International	(6)	-	(40,045)	(40,051)
	<u>(6)</u>	<u>-</u>	<u>(44,009)</u>	<u>(44,015)</u>
Excess of loss expenses				
- Local	(271)	(196)	(76)	(543)
- International	(271)	(2,485)	(732)	(3,488)
	<u>(542)</u>	<u>(2,681)</u>	<u>(808)</u>	<u>(4,031)</u>
Net premiums written	<u>294,642</u>	<u>134,148</u>	<u>7,063</u>	<u>435,853</u>
Movement in unearned premiums, net	<u>(81,387)</u>	<u>93,908</u>	<u>(1,197)</u>	<u>11,324</u>
Net premiums earned	<u>213,255</u>	<u>228,056</u>	<u>5,866</u>	<u>447,177</u>
Reinsurance commissions	-	-	7,073	7,073
Other underwriting income	746	65	1,039	1,850
Net revenues	<u>214,001</u>	<u>228,121</u>	<u>13,978</u>	<u>456,100</u>
Underwriting costs and expenses				
Gross claims paid	(123,836)	(262,287)	1,798	(384,325)
Reinsurers' share of claims paid	844	5,384	(2,104)	4,124
Net claims paid	<u>(122,992)</u>	<u>(256,903)</u>	<u>(306)</u>	<u>(380,201)</u>
Movement in outstanding claims, net	(28,741)	14,346	497	(13,898)
Movement in claims incurred but not reported, net	(7,568)	1,050	(1,912)	(8,430)
Movement in additional premium reserve	(3,474)	11,043	156	7,725
Movement in other technical reserves	(162)	16	(291)	(437)
Net claims incurred	<u>(162,937)</u>	<u>(230,448)</u>	<u>(1,856)</u>	<u>(395,241)</u>
Policy acquisition costs	(13,601)	(14,551)	(4,652)	(32,804)
Other underwriting expense	(196)	(17,069)	(12)	(17,277)
Total underwriting costs and expenses	<u>(176,734)</u>	<u>(262,068)</u>	<u>(6,520)</u>	<u>(445,322)</u>
Net underwriting income / (cost)	<u>37,267</u>	<u>(33,947)</u>	<u>7,458</u>	<u>10,778</u>
Unallocated revenue				31,389
Unallocated expenses				(67,103)
Total loss before Zakat for the period				<u>(24,936)</u>

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18 SEGMENT INFORMATION (Continued)

Operating segment	Six-months period ended 30 June 2021 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR (000)			
Revenues				
Gross premiums written				
-Individuals	311	106,653	174	107,138
-Very small enterprises	1,105	1,030	33	2,168
-Small enterprises	18,521	10,294	413	29,228
-Medium enterprises	35,300	8,106	3,332	46,738
-Corporates	171,970	92,767	36,226	300,963
	<u>227,207</u>	<u>218,850</u>	<u>40,178</u>	<u>486,235</u>
Reinsurance premiums ceded				
- Local	-	-	(3,008)	(3,008)
- International	(65)	-	(32,068)	(32,133)
	<u>(65)</u>	<u>-</u>	<u>(35,076)</u>	<u>(35,141)</u>
Excess of loss expenses				
- Local	(215)	(581)	(112)	(908)
- International	(284)	(5,820)	(1,299)	(7,403)
	<u>(499)</u>	<u>(6,401)</u>	<u>(1,411)</u>	<u>(8,311)</u>
Net premiums written	226,643	212,449	3,691	442,783
Movement in unearned premiums, net	(64,135)	(21,572)	(125)	(85,832)
Net premiums earned	162,508	190,877	3,566	356,951
Reinsurance commissions	-	-	6,787	6,787
Other underwriting income	175	88	234	497
Net revenues	<u>162,683</u>	<u>190,965</u>	<u>10,587</u>	<u>364,235</u>
Underwriting costs and expenses				
Gross claims paid	(159,159)	(186,966)	(12,824)	(358,949)
Reinsurers' share of claims paid	1,368	873	9,142	11,383
Net claims paid	<u>(157,791)</u>	<u>(186,093)</u>	<u>(3,682)</u>	<u>(347,566)</u>
Movement in outstanding claims, net	22,533	12,466	3,533	38,532
Movement in IBNR, net	13,847	(6,823)	455	7,479
Movement in additional premium reserve	4,079	5,381	(545)	8,915
Movement in other technical reserve	289	(142)	75	222
Net claims incurred	<u>(117,043)</u>	<u>(175,211)</u>	<u>(164)</u>	<u>(292,418)</u>
Policy acquisition costs	(11,604)	(13,383)	(4,572)	(29,559)
Other underwriting expense	-	(5,679)	-	(5,679)
Total underwriting costs and expenses	<u>(128,647)</u>	<u>(194,273)</u>	<u>(4,736)</u>	<u>(327,656)</u>
Net underwriting income / (cost)	<u>34,036</u>	<u>(3,308)</u>	<u>5,851</u>	<u>36,579</u>
Unallocated revenue				24,314
Unallocated expenses				(68,788)
Total loss before Zakat for the period				<u>(7,895)</u>

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

18 SEGMENT INFORMATION (continued)

Operating segment	As at 30 June 2022 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR (000)			
Assets				
Reinsurer's share of unearned premiums	12	-	28,080	28,092
Reinsurers' share of outstanding claims	2,768	22,202	71,178	96,148
Reinsurers' share of claims incurred but not report	-	-	25,409	25,409
Deferred policy acquisition costs	14,704	9,073	3,733	27,510
Segment assets	17,484	31,275	128,400	177,159
Unallocated assets				1,141,867
Total assets				1,319,026
Liabilities				
Unearned premiums	236,131	160,592	32,643	429,366
Unearned reinsurance commission	-	-	6,246	6,246
Outstanding claims	60,758	(57,713)	76,419	79,464
Claims incurred but not reported (IBNR)	41,945	151,434	28,768	222,147
Additional premium reserves	3,704	15,965	1,018	20,687
Other technical reserves	532	2,434	1,903	4,869
Segment liabilities	343,070	272,712	146,997	762,779
Unallocated liabilities				218,308
Total equity				337,939
Total liabilities and equity				1,319,026

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For the three-month and six-month periods ended 30 June 2022

18 SEGMENT INFORMATION (continued)

Operating segment	As at 31 December 2021 (Audited)			
	Medical	Motor	Property & casualty	Total
	SR (000)			
Assets				
Reinsurers' share of outstanding claims	2,685	18,221	69,224	90,130
Reinsurers' share of IBNR	-	-	20,802	20,802
Reinsurers' share of unearned premiums	7	-	14,480	14,487
Deferred policy acquisition costs	10,000	13,417	2,201	25,618
Segment assets	12,692	31,638	106,707	151,037
Unallocated assets				1,155,303
Total assets				1,306,340
Liabilities				
Unearned premiums	154,739	254,500	17,846	427,085
Unearned reinsurance commission	-	-	3,488	3,488
Outstanding claims	31,935	(47,348)	74,962	59,549
Claims incurred but not reported	34,377	152,484	22,249	209,110
Additional premium reserves	230	27,008	1,174	28,412
Other technical reserves	370	2,450	1,612	4,432
Segment liabilities	221,651	389,094	121,331	732,076
Unallocated liabilities and surplus				202,688
Total equity				371,576
Total liabilities and equity				1,306,340

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

18 SEGMENT INFORMATION (continued)

	Three-months period ended 30 June 2022 (Unaudited)			
Operating segment	Medical	Motor	Property & casualty	Total
	SR (000)			
Revenues				
Gross premiums written				
-Individuals	6,036	36,342	-	42,378
-Very small enterprises	1,018	248	3	1,269
-Small enterprises	16,632	9,981	301	26,914
-Medium enterprises	28,399	4,046	2,098	34,543
-Corporates	74,561	6,466	11,374	92,401
	126,646	57,083	13,776	197,505
Reinsurance premiums ceded				
- Local	-	-	(1,495)	(1,495)
- International	(3)	-	(9,392)	(9,395)
	(3)	-	(10,887)	(10,890)
Excess of loss expenses				
- Local	(138)	(98)	(38)	(274)
- International	(138)	(1,243)	(366)	(1,747)
	(276)	(1,341)	(403)	(2,020)
Net premiums written	126,367	55,742	2,486	184,595
Movement in unearned premiums, net	(11,082)	49,736	1,011	39,665
Net premiums earned	115,285	105,478	3,497	224,260
Reinsurance commissions	-	-	3,710	3,710
Other underwriting income	516	32	838	1,386
Net revenues	115,801	105,510	8,045	229,356
Underwriting costs and expenses				
Gross claims paid	(59,780)	(129,850)	3,052	(186,578)
Reinsurers' share of claims paid	(1,429)	4,584	(3,067)	88
Net claims paid	(61,209)	(125,266)	(15)	(186,490)
Movement in outstanding claims, net	(12,857)	10,738	82	(2,037)
Movement in IBNR, net	(3,340)	7,751	(2,060)	2,351
Movement in additional premium reserve	1,342	1,921	225	3,488
Movement in other technical reserve	(72)	124	(102)	(50)
Net claims incurred	(76,136)	(104,732)	(1,870)	(182,738)
Policy acquisition costs	(7,154)	(6,456)	(2,456)	(16,066)
Other underwriting expense	(196)	(8,920)	(10)	(9,126)
Total underwriting costs and expenses	(83,486)	(120,108)	(4,336)	(207,930)
Net underwriting income / (cost)	32,315	(14,598)	3,709	21,426
Unallocated revenue				6,556
Unallocated expenses				(31,918)
Total loss before Zakat for the period				(3,936)

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For the three-month and six-month periods ended 30 June 2022

18 SEGMENT INFORMATION (Continued)

Operating segment	Three-months period ended 30 June 2021 (Unaudited)			
	Medical	Motor	Property & casualty	Total
	SR (000)			
Revenues				
Gross premiums written				
-Individuals	126	52,793	98	53,017
-Very small enterprises	339	356	-	695
-Small enterprises	6,732	6,184	258	13,174
-Medium enterprises	14,011	2,407	1,852	18,270
-Corporates	64,836	37,394	8,519	110,749
	<u>86,044</u>	<u>99,134</u>	<u>10,727</u>	<u>195,905</u>
Reinsurance premiums ceded				
- Local	-	-	(1,016)	(1,016)
- International	(9)	-	(7,880)	(7,889)
	<u>(9)</u>	<u>-</u>	<u>(8,896)</u>	<u>(8,905)</u>
Excess of loss expenses				
- Local	(125)	(181)	(64)	(370)
- International	(125)	(2,017)	(572)	(2,714)
	<u>(250)</u>	<u>(2,198)</u>	<u>(636)</u>	<u>(3,084)</u>
Net premiums written	85,785	96,936	1,195	183,916
Movement in unearned premiums, net	(1,622)	2,951	1,015	2,344
Net premiums earned	84,163	99,887	2,210	186,260
Reinsurance commissions	-	-	4,190	4,190
Other underwriting income	45	10	10	65
Net revenues	<u>84,208</u>	<u>99,897</u>	<u>6,410</u>	<u>190,515</u>
Underwriting costs and expenses				
Gross claims paid	(61,002)	(93,099)	(5,627)	(159,728)
Reinsurers' share of claims paid	350	873	4,803	6,026
Net claims paid	<u>(60,652)</u>	<u>(92,226)</u>	<u>(824)</u>	<u>(153,702)</u>
Movement in outstanding claims, net	(655)	2,273	1,773	3,391
Movement in IBNR, net	(2,726)	(3,284)	(121)	(6,131)
Movement in additional premium reserve	(3,104)	(936)	672	(3,368)
Movement in other technical reserve	(32)	(68)	33	(67)
Net claims incurred	<u>(67,169)</u>	<u>(94,241)</u>	<u>1,533</u>	<u>(159,877)</u>
Policy acquisition costs	(5,919)	(7,369)	(2,749)	(16,037)
Other underwriting expense		4,198		4,198
Total underwriting costs and expenses	<u>(73,088)</u>	<u>(97,412)</u>	<u>(1,216)</u>	<u>(171,716)</u>
Net underwriting income	<u>11,120</u>	<u>2,485</u>	<u>5,194</u>	<u>18,799</u>
Unallocated revenue				15,583
Unallocated expenses				(42,981)
Total loss before Zakat for the period				<u>(8,599)</u>

**MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION

19.1 Interim condensed statement of financial position

	Insurance Operations		Shareholders' Operations		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	SR (000)					
ASSETS						
Cash and cash equivalents	237,907	207,819	130,888	271,562	368,795	479,381
Murabaha deposits	144,483	129,113	44,696	-	189,179	129,113
Premiums and reinsurers' receivable - net	267,457	218,884	-	-	267,457	218,884
Reinsurers' share of unearned premiums	28,092	14,487	-	-	28,092	14,487
Reinsurers' share of outstanding claims	96,148	90,130	-	-	96,148	90,130
Reinsurers' share of claims incurred but not reported	25,409	20,802	-	-	25,409	20,802
Deferred policy acquisition costs	27,510	25,618	-	-	27,510	25,618
Deferred excess of loss premiums	92	83	-	-	92	83
Available-for-sale investments	59,536	61,498	101,052	100,128	160,588	161,626
Investment in associates	-	-	13,112	-	13,112	-
Investment held to maturity	10,000	10,000	7,844	9,724	17,844	19,724
Prepayments and other assets	34,193	53,932	706	2,547	34,899	56,479
Property and equipment	4,456	4,846	-	-	4,456	4,846
Statutory deposit	-	-	75,000	75,000	75,000	75,000
Accrued commission income on statutory deposit	-	-	10,445	10,167	10,445	10,167
	935,283	837,212	383,743	469,128	1,319,026	1,306,340
Due (to) / from insurance operations	-	-	(7,331)	(58,804)	(7,331)	(58,804)
TOTAL ASSETS	935,283	837,212	376,412	410,324	1,311,695	1,247,536

**MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)

19.1 Interim condensed statement of financial position (continued)

	Insurance Operations		Shareholders' Operations		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	SR (000)					
LIABILITIES						
Policyholders claims payable	5,771	33,535	-	-	5,771	33,535
Accrued expenses and other liabilities	112,152	92,722	539	2,041	112,691	94,763
Reinsurance balances payable	49,191	25,809	-	-	49,191	25,809
Unearned premiums	429,366	427,085	-	-	429,366	427,085
Unearned reinsurance commission	6,246	3,488	-	-	6,246	3,488
Outstanding claims	79,464	59,549	-	-	79,464	59,549
Claims incurred but not reported (IBNR)	222,147	209,110	-	-	222,147	209,110
Additional premium reserve	20,687	28,412	-	-	20,687	28,412
Other technical reserves	4,869	4,432	-	-	4,869	4,432
Employees' end-of-service benefits	19,360	20,154	-	-	19,360	20,154
Accumulated surplus	1,008	1,008	-	-	1,008	1,008
Provision for zakat	-	-	19,842	17,252	19,842	17,252
Accrued commission income payable to SAMA	-	-	10,445	10,167	10,445	10,167
	950,261	905,304	30,826	29,460	981,087	934,764
Due (from) / to shareholders' operations	(7,331)	(58,804)	-	-	(7,331)	(58,804)
TOTAL LIABILITIES	942,930	846,500	30,826	29,460	973,756	875,960
EQUITY						
Share capital	-	-	500,000	500,000	500,000	500,000
Statutory reserve	-	-	2,131	2,131	2,131	2,131
Accumulated losses	-	-	(151,844)	(120,408)	(151,844)	(120,408)
Fair value reserve for available-for-sale investments	3,029	1,388	(4,129)	(859)	(1,100)	529
Re-measurement reserve of defined benefit obligation	(10,676)	(10,676)	(572)	-	(11,248)	(10,676)
TOTAL EQUITY	(7,647)	(9,288)	345,586	380,864	337,939	371,576
TOTAL LIABILITIES AND EQUITY	935,283	837,212	376,412	410,324	1,311,695	1,247,536

**MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

**19 SUPPLEMENTARY INFORMATION (continued)
19.2 Interim condensed statement of income (continued)**

	Six-months period ended 30 June (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022
			SR (000)		2021
REVENUES					
Gross premiums written	483,899	486,235	-	-	483,899
Reinsurance premiums ceded					486,235
- Local	(3,964)	(3,008)	-	-	(3,964)
- International (includes premium ceded through local broker)	(40,051)	(32,133)	-	-	(40,051)
	(44,015)	(35,141)	-	-	(44,015)
Excess of loss expenses	(4,031)	(8,311)	-	-	(4,031)
Net premiums written	435,853	442,783	-	-	435,853
Movement in unearned premiums, net	11,324	(85,832)	-	-	11,324
Net premiums earned	447,177	356,951	-	-	447,177
Reinsurance commissions	7,073	6,787	-	-	7,073
Other underwriting income	1,850	497	-	-	1,850
NET REVENUES	456,100	364,235	-	-	456,100
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(384,325)	(358,949)	-	-	(384,325)
Reinsurers' share of claims paid	4,124	11,383	-	-	4,124
	(380,201)	(347,566)	-	-	(380,201)
Net claims paid	(380,201)	(347,566)	-	-	(347,566)
Movement in outstanding claims, net	(13,898)	38,532	-	-	(13,898)
Movement in claims incurred but not reported, net	(8,430)	7,479	-	-	(8,430)
Movement in additional premium reserve	7,725	8,915	-	-	7,725
Movement in other technical reserves	(437)	222	-	-	(437)
Net claims incurred	(395,241)	(292,418)	-	-	(395,241)
Policy acquisition costs	(32,804)	(29,559)	-	-	(32,804)
Other underwriting expense	(17,277)	(5,679)	-	-	(17,277)
TOTAL UNDERWRITING COSTS AND EXPENSES	(445,322)	(327,656)	-	-	(445,322)
NET UNDERWRITING INCOME	10,778	36,579	-	-	10,778
					36,579

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)

19.2 Interim condensed statement of income (continued)

	Six-months period ended 30 June (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022 2021
			SR (000)		
Net underwriting income carried forward	10,778	36,579	-	-	10,778 36,579
OTHER INCOME / (EXPENSES), NET					
Provision for doubtful debts	(2,160)	(8,926)	-	-	(2,160) (8,926)
Salaries and staff related costs	(40,653)	(38,678)	-	-	(40,653) (38,678)
Other general and administrative expenses	(22,957)	(16,951)	(1,333)	(4,233)	(24,290) (21,184)
Investment income	6,979	6,358	12,562	8,103	19,541 14,461
Other income	86	4,658	-	5,195	86 9,853
Share of profit from investment in associate	-	-	11,762	-	11,762 -
TOTAL OTHER (EXPENSES) / INCOME, NET	(58,705)	(53,539)	22,991	9,065	(35,714) (44,474)
Total (loss) / income for the period	(47,927)	(16,960)	22,991	9,065	(24,936) (7,895)
Surplus attributed to insurance operations	-	-	-	-	- -
Net (loss) / income attributable to shareholders before Zakat charge for the period	(47,927)	(16,960)	22,991	9,065	(24,936) (7,895)
	-	-	(6,500)	(6,489)	(6,500) (6,489)
Net (loss) / income attributable to shareholders' operations	(47,927)	(16,960)	16,491	2,576	(31,436) (14,384)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)

19.3 Interim condensed statement of comprehensive income

	Six-months period ended 30 June (Unaudited)				
	Insurance Operations		Shareholders' Operations		
	2022	2021	2022	2021	2022
			SR (000)		Total
Net loss for the period	-	-	(31,436)	(14,384)	(31,436) (14,384)
Other comprehensive income:					
Items that may be reclassified to statement of income in subsequent periods:					
- Change in fair value of available-for-sale investments, net	1,641	(150)	(3,270)	483	(1,629) 333
Items that will not be reclassified to statements of income in subsequent years					
-Re-measurement loss on end of service benefits from investment in associate	-	-	(572)	-	(572) -
Total comprehensive income / (loss) for the period	1,641	(150)	(35,278)	(13,901)	(33,637) (14,051)
Total comprehensive income attributable to insurance operations	-	-	-	-	- -
Total comprehensive income / (loss) attributable to shareholders	1,641	(150)	(35,278)	(13,901)	(33,637) (14,051)

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For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)
19.2 Interim condensed statement of income (continued)

	Three-months period ended 30 June (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022
	SR (000)				
REVENUES					
Gross premiums written	197,505	195,905	-	-	197,505
Reinsurance premiums ceded					
- Local	(1,495)	(1,016)	-	-	(1,495)
- International (includes premium ceded through local broker)	(9,395)	(7,889)	-	-	(9,395)
	(10,890)	(8,905)	-	-	(10,890)
Excess of loss expenses	(2,020)	(3,084)	-	-	(2,020)
Net premiums written	184,595	183,916	-	-	184,595
Movement in unearned premiums, net	39,665	2,344	-	-	39,665
Net premiums earned	224,260	186,260	-	-	224,260
Reinsurance commissions	3,710	4,190	-	-	3,710
Other underwriting income	1,386	65	-	-	1,386
NET REVENUES	229,356	190,515	-	-	229,356
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(186,578)	(159,728)	-	-	(186,578)
Reinsurers' share of claims paid	88	6,026	-	-	88
	(186,490)	(153,702)	-	-	(186,490)
Net claims paid	(2,037)	3,391	-	-	(2,037)
Movement in outstanding claims, net	2,351	(6,131)	-	-	2,351
Movement in claims incurred but not reported, net	3,488	(3,368)	-	-	3,488
Movement in additional premium reserve	(50)	(67)	-	-	(50)
Movement in other technical reserves	(182,738)	(159,877)	-	-	(182,738)
Net claims incurred	(16,066)	(16,037)	-	-	(16,066)
Policy acquisition costs	(9,126)	4,198	-	-	(9,126)
Other underwriting expense	(207,930)	(171,716)	-	-	(207,930)
TOTAL UNDERWRITING COSTS AND EXPENSES	21,426	18,799	-	-	21,426
NET UNDERWRITING INCOME					
			-	-	18,799

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)

19.2 Interim condensed statement of income (continued)

	Three-months period ended 30 June (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022 2021
	SR (000)				
Net underwriting income carried forward	21,426	18,799	-	-	21,426 18,799
OTHER INCOME / (EXPENSES), NET					
Reversal / (Provision) for doubtful debts	437	(10,494)	-	-	437 (10,494)
Salaries and staff related costs	(21,154)	(19,258)	-	-	(21,154) (19,258)
Other general and administrative expenses	(10,155)	(9,268)	(1,045)	(3,961)	(11,200) (13,229)
Investment income	3,413	2,946	3,392	4,982	6,805 7,928
Other income	(250)	2,460	-	5,195	(250) 7,655
TOTAL OTHER (EXPENSES) / INCOME, NET	(27,709)	(33,614)	2,347	6,216	(25,362) (27,398)
Total (loss) / income for the period	(6,283)	(14,815)	2,347	6,216	(3,936) (8,599)
Surplus attributed to insurance operations	-	-	-	-	- -
Net (loss) / income attributable to shareholders before	(6,283)	(14,815)	2,347	6,216	(3,936) (8,599)
Zakat charge for the period	-	-	(3,250)	(3,245)	(3,250) (3,245)
Net (loss) / income attributable to shareholders' operations	(6,283)	(14,815)	(903)	2,971	(7,186) (11,844)

**MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)

19.3 Interim condensed statement of comprehensive income

	Three-months period ended 30 June (Unaudited)				
	Insurance Operations	Shareholders' Operations			Total
	2022	2021	2022	2021	2021
			SR (000)		
Net loss for the period	-	-	(7,186)	(11,844)	(11,844)
Other comprehensive income:					
Items that may be reclassified to statement of income in subsequent periods:					
- Change in fair value of available-for-sale investments, net	1,414	(150)	(9,350)	(469)	(619)
Total comprehensive income / (loss) for the period	1,414	(150)	(16,536)	(12,313)	(12,463)
Total comprehensive income attributable to insurance operations	-	-	-	-	-
Total comprehensive income / (loss) attributable to shareholders	1,414	(150)	(16,536)	(12,313)	(12,463)

**MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)

19.4 Interim condensed statement of cash flows

	Six-months period ended 30 June (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022
	SR (000)				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss for the period before zakat	-	-	(24,936)	(7,895)	(24,936)
Adjustments for non-cash items:					
Depreciation of property and equipment	949	837	-	-	949
Gain on disposal of available-for-sale investment	(319)	-	(7,198)	(2,067)	(7,517)
Provision for employees' end-of-service benefits	1,961	2,615	-	-	1,961
Share of profit from investment in associate	-	-	(11,762)	-	(11,762)
Provision for doubtful debts	2,160	8,926	-	-	2,160
Reversal of zakat provision	-	-	-	(5,388)	-
Changes in operating assets and liabilities:					
Premiums and reinsurers' receivable	(50,733)	(104,087)	-	-	(50,733)
Reinsurers' share of unearned premiums	(13,605)	(5,318)	-	-	(13,605)
Reinsurers' share of outstanding claims	(6,018)	2,947	-	-	(6,018)
Reinsurers' share of claims incurred but not reported	(4,607)	2,292	-	-	(4,607)
Deferred policy acquisition costs	(1,892)	(9,656)	-	-	(1,892)
Deferred excess of loss premiums	(9)	(83)	-	-	(9)
Prepayments and other assets	19,739	(14,123)	1,841	(4,343)	21,580
Policyholders claims payable	(27,764)	44,651	-	-	(27,764)
Accrued expenses and other liabilities	19,430	9,231	(1,502)	149	17,928
Reinsurance balances payable	23,382	21,153	-	-	23,382
Unearned premiums	2,281	91,150	-	-	2,281
Unearned reinsurance commission	2,758	1,106	-	-	2,758
Outstanding claims	19,915	(41,479)	-	-	19,915
Claims incurred but not reported	13,037	(9,771)	-	-	13,037
Additional premium reserve	(7,725)	(8,915)	-	-	(7,725)
Other technical reserves	437	(222)	-	-	437
Accumulated surplus	-	(4,658)	-	-	-
Accrued reinsurance balance	-	(2,409)	-	-	-
Cash used in operations	(6,623)	(15,813)	(43,557)	(19,544)	(50,180)
					(35,357)

**MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

19 SUPPLEMENTARY INFORMATION (continued)

19.4 Interim condensed statement of cash flows (continued)

Note

	Six-months period ended 30 June (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2021
			SR (000)		
Due to insurance operations	-	-	(51,473)	20,936	(51,473)
Due from shareholders' operations	51,473	(20,936)	-	-	51,473
Zakat paid	-	-	(3,910)	(8,585)	(8,585)
Employees' end-of-service benefits paid	(2,755)	(1,656)	-	-	(2,755)
Net cash generated from / (used in) operating activities	42,095	(38,405)	(98,940)	(7,193)	(45,598)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net additions of Murabaha deposits	(15,370)	-	(44,696)	(100,000)	(100,000)
Proceeds from sale of available-for-sale investments	3,922	1,336	12,617	13,542	14,878
Additions of property and equipment	(559)	(1,238)	-	-	(1,238)
Additions to investment held to maturity	-	-	-	(9,374)	(9,374)
Proceeds from matured investments held to maturity	-	-	1,880	-	-
Additions to available-for-sale investments	-	(1,327)	(11,535)	(1,879)	(3,206)
Net cash used in investing activities	(12,007)	(1,229)	(41,734)	(97,711)	(98,940)
Net change in cash and cash equivalents	30,088	(39,634)	(140,674)	(104,904)	(144,538)
Cash and cash equivalents at the beginning of the period	207,819	203,466	271,562	356,604	560,070
Cash and cash equivalents at the end of the period	237,907	163,832	130,888	251,700	415,532
Supplemental non-cash information:					
Change in fair value of available-for-sale investments	1,641	(150)	(3,270)	483	333
Commission income on statutory deposit	-	-	278	234	234

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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20 INSURANCE PORTFOLIO SHARE

On June 25, 2020 the Company, signed the Inherent Defect Insurance (IDI) shared agreement with 12 other participating insurance companies relating to inherent defects insurance provides coverage against post usage detected defects in buildings and constructions. Malath as a leading company to manages the IDI portfolio on behalf of the participating insurance companies and will exclusively be entitled to management fees of managing the portfolio to be earned over the period of validity of the IDI agreement that is ending at June 24, 2025.

The participating insurance companies will account on their financials the IDI portfolio assets, liabilities, revenues and expenses relating to their share in the portfolio in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Malath has reported its share of the IDI transaction under the Property and Causality Segment.

21 COMPARATIVE FIGURES

Certain comparative figures have been reclassified and regrouped to conform with the current year's presentation to these financial statements.

22 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors on Muharram 18, 1444 H corresponding to August 16, 2022.