

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

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

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

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

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

For the three-month and nine-month periods ended 30 September 2023

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF 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 of 30 September 2023, and the related interim condensed statements of income and comprehensive income for the three and nine-month periods ended 30 September 2023, and the related interim condensed statement of changes in equity and interim condensed statement of cash flows for the nine-month period then ended, 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") as 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 ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, 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 are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

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Date: 13 November 2023

Corresponding to: 29 Rabi' al-Thani 1445H



MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands Saudi Riyal unless otherwise stated)

As at 30 September 2023

	Notes	30 September	31 December	1 January
		2023	2022	2022
		(Unaudited)	(Unaudited)	(Unaudited)
			Restated	Restated
ASSETS				
Cash and cash equivalents	5	139,335	338,139	479,373
Murabaha deposits	6	277,556	154,140	129,075
Reinsurance contract assets	7.3	108,371	127,860	105,907
Investments	8	221,579	206,982	217,817
Prepayments and other assets		94,583	93,061	36,404
Property and equipment		4,310	4,114	4,846
Statutory deposit		74,986	74,986	74,986
Accrued commission income on statutory deposit		3,205	10,778	10,167
TOTAL ASSETS		923,925	1,010,060	1,058,575
LIABILITIES				
Accrued expenses and other liabilities		18,695	31,825	37,101
Insurance contract liabilities	7.3	471,364	574,067	581,065
Provision for employees' end-of-service benefits		19,384	17,149	20,154
Provision for zakat	9	28,337	23,631	17,252
Accrued commission income payable to SAMA		3,205	10,778	10,167
TOTAL LIABILITIES		540,985	657,450	665,739
EQUITY				
Share capital	10	500,000	500,000	500,000
Statutory reserve	12	2,131	2,131	2,131
Accumulated losses		(145,153)	(174,543)	(134,200)
Investments fair value reserve		34,835	33,895	35,581
Re-measurement losses on defined benefit plans		(8,873)	(8,873)	(10,676)
TOTAL EQUITY		382,940	352,610	392,836
TOTAL LIABILITIES AND EQUITY		923,925	1,010,060	1,058,575
Commitments and contingencies	15			


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME

(All amounts are in thousands Saudi Riyal unless otherwise stated)

For the three-month and nine-month periods ended 30 September 2023

	Notes	Three-months period ended 30 September		Nine-months period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited) Restated	2023 (Unaudited)	2022 (Unaudited) Restated
REVENUES					
Insurance service revenue	7.1	227,396	240,027	712,259	721,334
Insurance Service Expenses	7.1	(206,966)	(237,513)	(627,869)	(763,000)
Insurance service result before reinsurance contracts held		20,430	2,514	84,390	(41,666)
Allocation of reinsurance premiums	7.2	(16,885)	(20,293)	(43,615)	(47,661)
Amounts recoverable from reinsurance	7.2	(23,779)	19,832	(17,795)	33,683
Net expenses from reinsurance contracts held		(40,664)	(461)	(61,410)	(13,978)
Insurance service result		(20,234)	2,053	22,980	(55,644)
Investment income on financial assets at amortised cost		4,580	4,347	15,415	17,823
Investment income on financial assets at FVTPL		(2,129)	7,604	9,333	13,559
Net credit impairment losses on financial assets		-	-	(24)	(37)
Other investment income		-	52	-	1,692
Net investment income		2,451	12,003	24,724	33,037
Finance expenses from insurance contracts issued	7.1	(3,957)	(3,086)	(11,809)	(5,437)
Finance income from reinsurance contracts held	7.2	1,017	544	2,791	1,585
Net insurance finance expenses		(2,940)	(2,542)	(9,018)	(3,852)
Net insurance and investment result		(20,723)	11,514	38,686	(26,459)
OTHER INCOME / (EXPENSES)					
Other operating expenses		(5,214)	(5,906)	(16,386)	(16,908)
Other income		5,249	148	13,840	234
TOTAL OTHER INCOME / (EXPENSES)		35	(5,758)	(2,546)	(16,674)
Net (loss) / income attributable to shareholders before zakat		(20,688)	5,756	36,140	(43,133)
Zakat charge for the period	9	(2,250)	(2,165)	(6,750)	(8,665)
Net (loss) / income attributable to shareholders' operations		(22,938)	3,591	29,390	(51,798)
Earnings / (loss) per share					
Basic and diluted (loss) / earnings per share		(0.46)	0.07	0.59	(1.04)
Weighted average number of shares issued throughout the period (thousands)		50,000	50,000	50,000	50,000

A.K.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands Saudi Riyal unless otherwise stated)

For the three-month and nine-month periods ended 30 September 2023

	Three-months period ended 30 September		Nine-months period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited) Restated	2023 (Unaudited)	2022 (Unaudited) Restated
Net (loss) / income attributable to shareholders' operations	(22,938)	3,591	29,390	(51,798)
Other comprehensive income:				
<i>Items that will not be recycled to statements of income in subsequent years</i>				
Change in fair value of financial investments at FVTOCI	404	(351)	940	(812)
Total other comprehensive income / (loss) for the period	404	(351)	940	(812)
Total comprehensive (loss) / income for the period	(22,534)	3,240	30,330	(52,610)


A.K. CHIEF FINANCIAL OFFICE


CHIEF EXECUTIVE OFFICER


DIRECTOR

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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands Saudi Riyal unless otherwise stated)

For the Nine-month period ended 30 September 2023

	Share capital	Statutory reserve	Accumulated losses	Investments fair value reserve	Re-measurement losses on defined benefit plans	Total equity
2023						
Restated balance at 1 January 2023 (Unaudited) (Note 4)	500,000	2,131	(174,543)	33,895	(8,873)	352,610
Net income for the period	-	-	29,390	-	-	29,390
Change in fair value of financial investments at FVTOCI	-	-	-	940	-	940
Total comprehensive income	-	-	29,390	940	-	30,330
Balance at 30 September 2023	500,000	2,131	(145,153)	34,835	(8,873)	382,940
2022						
Balance at 31 December 2021 (Audited)	500,000	2,131	(120,408)	529	(10,676)	371,576
Impact on initial application of IFRS 17 (Note 4)	-	-	(15,147)	-	-	(15,147)
Impact on initial application of IFRS 9 (Note 4)	-	-	1,355	35,052	-	36,407
Restated balance at 1 January 2022 (unaudited)	500,000	2,131	(134,200)	35,581	(10,676)	392,836
Net loss for the period	-	-	(51,798)	-	-	(51,798)
Change in fair value of financial investments at FVTOCI	-	-	-	(812)	-	(812)
Total comprehensive loss	-	-	(51,798)	(812)	-	(52,610)
Balance at 30 September 2022 (Unaudited)	500,000	2,131	(185,998)	34,769	(10,676)	340,226


A.Y. **CHIEF FINANCIAL OFFICER**


CHIEF EXECUTIVE OFFICER


DIRECTOR

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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

For the Nine-month period ended 30 September 2023

		Nine-months period ended 30 September	
		2023	2022
			(Unaudited)
Notes	(Unaudited)		Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period before zakat		36,140	(43,133)
Adjustments for:			
Other investment income		-	(1,640)
Depreciation of property and equipment		1,475	1,447
Investment income on financial assets at FVTPL		(9,333)	(9,073)
Finance expenses from insurance contracts issued	7.1	11,809	5,437
Finance income from reinsurance contracts held	7.2	(2,791)	(1,585)
Net credit impairment losses on financial assets		24	37
Provision for employees' end-of-service benefits		3,969	2,965
Changes in operating assets and liabilities:			
Reinsurance contract assets		22,280	(96,788)
Prepayments and other assets		(1,522)	(13,286)
Accrued expenses and other liabilities		(13,380)	44,288
Insurance contract liabilities		(114,512)	49,895
Cash used in operations		(65,841)	(61,436)
Zakat paid		(2,044)	(3,910)
Employees' end-of-service benefits paid		(1,734)	(3,408)
Net cash used in operating activities		(69,619)	(68,754)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net placement to Murabaha deposits		(123,416)	(117,807)
Net (addition to) / proceeds from financial assets		(4,098)	13,354
Addition to property and equipment		(1,671)	(608)
Net cash used in investing activities		(129,185)	(105,061)
Net change in cash and cash equivalents		(198,804)	(173,815)
Cash and cash equivalents at the beginning of the period	5	338,139	479,373
Cash and cash equivalents at the end of the period	5	139,335	305,558
Supplemental non-cash information:			
Change in fair value of financial investments at FVTOCI		940	(812)
Commission income on statutory deposit		(7,573)	278

A.K.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

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MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

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) Statement of compliance

The interim condensed financial statements have 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 pronouncement issued by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”). This is the first set of the Company’s interim condensed financial statements in which IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant accounting policies are described in Note 3.

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments carried at fair value through profit and loss (FVTPL) and investments carried at fair value through other comprehensive income (FVTOCI), liabilities for defined benefit obligations recorded at the present value using the projected unit credit method and liabilities for incurred claim (LIC) and assets for incurred claim (AIC) recorded at the present value of the current discount rates. The Company’s interim condensed statement of financial position is presented in order of liquidity. The current and non-current classification of the assets and liabilities have not changed since the year ended 31 December 2022.

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 2022. The risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2022 except as mentioned in note 4.

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

2 BASIS OF PREPARATION (continued)

(b) Functional and presentation currency

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

(d) Critical accounting judgments, estimates and assumptions

The preparation of the 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 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:

Insurance Contracts

The company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include risk adjustment ("RA") and liability for incurred claims – estimate of future cash flows. Refer to note 3 for further details.

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 influence 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

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except as mentioned below.

IFRS 17 Insurance Contracts

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except as mentioned below and in note 3(b): a) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Amendments to IFRS 3 Reference to the Conceptual Framework These amendments had no impact on the interim condensed financial statements of the Company. b) Significant accounting policies, including key judgments and estimates i) IFRS 17 – accounting policies, including key judgments and estimates.

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”). the Company has applied the full retrospective approach to each group of insurance contracts. the Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims (“LIC”) and Liability for Remaining Coverage (“LRC”).

Unit of account and measurement model

All insurance contracts within segment line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (quarter cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. the Company uses judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. The liability for remaining coverage includes:

- Fulfilment cash flows which are comprised of:
 - Discounted estimates of future cash flows.; and
 - A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided

The premium allocation approach (“PAA”) is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Company uses the PAA for measuring contracts with a coverage period of one year or less. the Company is adopting the PAA measurement model for the measurement of LRC for the whole PMI business. This is principally based on the eligibility test for fulfilment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

Initial and subsequent measurement of groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the LIC, comprising the fulfilment cash flows (“FCF”) related to past service allocated at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premium receipts recognized as insurance revenue for the services provided in the period; and
- d) increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on management's assessment, there are no investment components within insurance contracts issued.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

The Company holds quota share reinsurance contract that provide coverage on insurance contracts for claims incurred during an accident year and are accounted for under the PAA since the Company does not expect significant variability in the fulfillment cash flows that would affect the measurement of the liability for remaining coverage under general measurement model. For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The Company is presenting income/ expense from reinsurance as a net line item in the interim condensed statement of income.

Liability for Incurred Claims "LIC" the Company estimates the liability for incurred claims and expenses as the fulfillment cash flows related to incurred claims and expenses. The fulfillment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfill its obligation under the insurance contracts, including a risk adjustment for non-financial risk. the Company presents the entire change in risk adjustment as part of insurance service results.

The Company establishes insurance claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported ("IBNR") and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as claim type.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

the Company has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less. Likewise, the Company has decided not to discount the LIC for the time value of money as most of the claims incurred are expected to be settled within a 12-month period. An insignificant portion of the LIC is expected to be carried over beyond 12 months, with an immaterial impact on LIC and statement of income. the Company will regularly monitor the time it takes in settling claims from the date they are incurred.

Contract boundary

the Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

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For the three-month and nine-month periods ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

Insurance acquisition costs and directly attributable expenses

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

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the insurance contracts. the Company allocates the attributable costs based on a number of drivers.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses. the Company amortizes the insurance acquisition costs over the contract period.

Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. the Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims for the period.
- b. other incurred directly attributable expenses.
- c. insurance acquisition cash flows amortization.
- d. changes that relate to past service – changes in the FCF relating to the LIC.
- e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Onerous contract

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the interim condensed statement of income in insurance service expense. The loss component is then amortized to condensed interim statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as fulfilment insurance contracts. It has been chosen a confidence level of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

ii) IFRS 9 – accounting policies, including key judgments and estimates.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9.

Financial assets

Classification On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

Financial assets at amortized cost

Debt Instruments:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

The asset is held within a business model whose objective is achieved by collecting contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

Financial assets at FVTOCI

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

the asset is held within a business model whose objective is achieved by both collecting contractual cash flows the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognized in the statement of income.

For an equity investment that is not held for trading, the Company may irrecoverably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by- instrument basis on initial recognition.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates.

Financial assets at FVTPL

All other financial assets are classified measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the application of those policies in practice.

whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.

how the performance of the portfolio is evaluated and reported to the Company's management.

the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed

how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

For the purpose of the assessment of whether contractual cash flows are solely payments of principal and interest, principal is the fair value of the financial asset on initial recognition. Interest is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in condensed interim statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.

FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in condensed interim statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to condensed interim statement of income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the condensed interim statement of income and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the condensed interim statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value interim statement of income as investment income when the Company's right to receive payments is established.

Overview of Expected Credit Loss ("ECL") principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates.

The Company recognizes an impairment allowances for ECL on the following financial instruments that are not measured at fair value

Financial assets that are debt instruments

Deposits and bank balances

Other receivables balance

No impairment loss is recognized on equity instruments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

debt investment securities that are determined to have low credit risk at the reporting date; and

Other financial instruments on which credit risk has not increased significantly since their initial recognition

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company.

Staging of financial asset

The Company categorizes its investments portfolio classified as amortized cost and FVTOCI into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;

Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

Credit impaired financial asset

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event (more than 90 days);
- it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates.

Financial assets – Impairment (continued)

- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Definition of default

In assessing whether an issuer is in default, the Company considers indicators that are:

- qualitative- e.g., breaches of covenant.
- quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

For the investment portfolio, a generalized approach is used, where assets are classified under 3 different stages based on the SICR criteria: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolio, a simplified approach is used, for which staging is not required, based on a lifetime ECL computation.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD')

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD')

The exposure at default is an estimate of the exposure at a future default date.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates.

ECL methodology and measurement (continued).

While estimating the ECL, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyzes the relationship between key economic trends with the estimate of PD. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVTOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Financial liabilities

Classification and derecognition of financial liabilities:

The Company classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate. A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of income. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9

As stated in note 2, this is the Company's first interim condensed financial statements prepared in accordance with the requirements of IFRS 17 and IFRS 9.

The accounting policies set out in note 3 have been applied in preparing the interim condensed financial statements for the period ended 30 September, 2023 and 30 September, 2022 and in the preparation of an opening IFRS 17 and IFRS 9 statement of financial position at 1 January, 2022 (the Company's date of transition) and 31 December 2022.

In preparing its opening IFRS 17 and IFRS 9 statement of financial position, the Company has adjusted amounts reported previously in financial statements under IFRS 4 and IAS 39.

Reclassification impact on the interim condensed statement of financial position on adoption of IFRS 17

Presentation changes in the interim condensed statement of financial position are introduced by IFRS 17. The previously reported line items: premiums receivable - net, deferred policy acquisition costs, insurance operations' surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, claims handling reserve are presented together by portfolio on a single line called insurance contract liabilities. The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or liabilities.

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately

Remeasurement impact on the interim condensed statement of financial position on adoption of IFRS 17

Impact on Equity:

Drivers of Changes in Equity	Impact on equity on transition to IFRS 17 on 1 January 2022
Changes in measurement of insurance contract liabilities	(23,459)
Changes in measurement of reinsurance contract assets	8,312
Total Impact	(15,147)

MALATH COOPERATIVE INSURANCE COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the three-month and nine-month periods ended 30 September 2023****4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)****Remeasurement impact on the interim condensed statement of financial position on adoption of IFRS 17**

Impact on liabilities:

Drivers of Changes in insurance contracts liabilities	Impact on liabilities on transition to IFRS 17 on 1 January 2022
Risk adjustment	15,356
Loss component on onerous contracts	7,150
Discounting impact	(2,899)
Others	3,852
Total Impact	23,459

Impact on assets:

Drivers of Changes in reinsurance contracts assets	Impact on assets on transition to IFRS 17 on 1 January 2022
Risk adjustment	8,094
Discounting impact	(943)
Others	1,161
Total Impact	8,312

Reclassification impact on the interim condensed statement of financial position on adoption of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities, inclusive of the expected credit losses, as at 1 January 2022

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4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

a) Classification and Measurement of financial instruments

	IAS 39		IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Financial Assets				
Cash and cash equivalents	Amortised cost	479,381	Amortised cost	479,373
Murabaha deposits	Amortised cost	129,113	Amortised cost	129,075
<u>Available for sale investments</u>				
Equity Securities	AFS	59,762	FVTPL	10,542
Funds	AFS	96,604	FVTPL	154,027
Equity Securities	AFS	5,260	FVTOCI	44,302
Investments in sukuks	Held to Maturity	7,494	FVTPL	7,494
<u>Held to maturity investment</u>				
Investment in Sukuks	Held to Maturity	12,230	Amortised cost	5,200
<u>Statutory Deposit</u>	Amortised cost	75,000	Amortised cost	74,986
Total financial assets		864,844		904,999

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For the three-month and nine-month periods ended 30 September 2023

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

b) Reconciliation of statement of financial position from IAS 39 to IFRS 9

	IAS 39 carrying amount	Reclassification	Remeasurement	IFRS 9 carrying amount
	31 December 2021			1 January 2022
<i>Cash and cash equivalents</i>				
Opening balance	479,381	-	-	479,381
Remeasurement: ECL allowance	-	-	(8)	(8)
	479,381	-	(8)	479,373
<i>Murabaha Deposits</i>				
Opening balance	129,113	-	-	129,113
Remeasurement: ECL allowance	-	-	(38)	(38)
	129,113	-	(38)	129,075
<i>Available for sale financial assets</i>				
Opening balance	161,626	-	-	161,626
To: Investments measure at FVTPL	-	(120,421)	-	(120,421)
To: Investments measure at FVTOCI	-	(16,205)	-	(16,205)
To: Investments measure at amortised cost	-	(25,000)	-	(25,000)
	161,626	(161,626)	-	-

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**For the three-month and nine-month periods ended 30 September 2023****4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)***b) Reconciliation of statement of financial position from IAS 39 to IFRS 9 (continued)*

	<u>IAS 39 carrying 31 December 2021</u>	<u>Reclassification</u>	<u>Remeasurement</u>	<u>IFRS 9 carrying amount 1 January 2022</u>
<i>Investments measured at FVTPL</i>				
Opening balance	-	-	-	-
From: Available for sale financial assets	-	170,860	-	170,860
	<u>-</u>	<u>170,860</u>	<u>-</u>	<u>170,860</u>
<i>Investments measured at FVTOCI</i>				
Opening balance	-	-	-	-
From: Available for sale financial assets	-	5,260	36,497	41,757
	<u>-</u>	<u>5,260</u>	<u>36,497</u>	<u>41,757</u>
<i>Investments measured at amortised cost</i>				
Opening balance	19,724	(7,494)	-	12,230
From: Available for sale financial assets	-	-	(10)	(10)
Remeasurement: ECL allowance	-	-	(20)	(20)
	<u>19,724</u>	<u>(7,494)</u>	<u>(30)</u>	<u>12,200</u>
<i>Statutory deposits as amortised cost</i>				
Opening balance	75,000	-	-	75,000
Remeasurement: ECL allowance	-	-	(14)	(14)
	<u>75,000</u>	<u>-</u>	<u>(14)</u>	<u>74,986</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
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4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)
Reconciliation of interim condensed statement of financial position as at 1 January 2022.

ASSETS	1 January 2022 (Unaudited)						Restated As at January 1, 2022
	Pre-adoption of IFRS 17 &	IFRS 17		IFRS 9		*Other remeasurement	
		Reclassification	Remeasurement	Reclassification	Remeasurement		
Cash and cash equivalents	479,381	-	-	-	(8)	-	479,373
Murabaha deposits	129,113	-	-	-	(38)	-	129,075
Premiums and reinsurers' receivable - net	218,884	(218,884)	-	-	-	-	-
Reinsurers' share of unearned premiums	14,487	(14,487)	-	-	-	-	-
Reinsurers' share of outstanding claims	90,130	(90,130)	-	-	-	-	-
Reinsurers' share of claims incurred but not reported	20,802	(20,802)	-	-	-	-	-
Deferred policy acquisition costs	25,618	(25,618)	-	-	-	-	-
Deferred excess of loss premiums	83	(83)	-	-	-	-	-
Reinsurance contracts asset	-	97,707	8,200	-	-	-	105,907
Financial assets at FVTPL	-	-	-	163,860	-	-	163,860
Financial assets at FVTOCI	-	-	-	5,260	36,497	-	41,757
Financial assets at amortised cost – net	-	-	-	12,230	(30)	-	12,200
Available-for-sale investments	161,626	-	-	(161,626)	-	-	-
Investment held to maturity	19,724	-	-	(19,724)	-	-	-
Prepayments and other assets	104,857	(68,453)	-	-	-	-	36,404
Property and equipment	4,846	-	-	-	-	-	4,846
Statutory deposit	75,000	-	-	-	(14)	-	74,986
Accrued commission income on statutory deposit	10,167	-	-	-	-	-	10,167
TOTAL ASSETS	1,354,718	(340,750)	8,200	-	36,407	-	1,058,575

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Reconciliation of interim condensed statement of financial position as at 1 January 2022.

	1 January 2022 (Unaudited)						Restated As at January 1, 2022
	Pre-adoption of IFRS 17 &	IFRS 17 Reclassification	IFRS 17 Remeasurement	IFRS 9 Reclassification	IFRS 9 Remeasurement	*Other remeasurement	
LAIBILITIES							
Policyholders claims payable	81,913	(81,913)	-	-	-	-	-
Accrued expenses and other liabilities	94,763	(57,662)	-	-	-	-	37,101
Reinsurance balances payable	25,809	(25,809)	-	-	-	-	-
Unearned premiums	427,085	(427,085)	-	-	-	-	-
Unearned reinsurance commission	3,488	(3,488)	-	-	-	-	-
Outstanding claims	59,549	(59,549)	-	-	-	-	-
Claims incurred but not reported (IBNR)	209,110	(209,110)	-	-	-	-	-
Additional premium reserve	28,412	(28,412)	-	-	-	-	-
Other technical reserves	4,432	(4,432)	-	-	-	-	-
Insurance contract liabilities	-	558,028	23,037	-	-	-	581,065
Employees' end-of-service benefits	20,154	-	-	-	-	-	20,154
Provision for zakat	17,252	-	-	-	-	-	17,252
Surplus distribution payable	1,008	(1,008)	-	-	-	-	-
Accrued commission income payable to SAMA	10,167	-	-	-	-	-	10,167
TOTAL LIABILITIES	983,142	(340,440)	23,037	-	-	-	665,739
EQUITY							
Share capital	500,000	-	-	-	-	-	500,000
Statutory reserve	2,131	-	-	-	-	-	2,131
Accumulated losses	(120,408)	-	(15,147)	1,445	(90)	-	(134,200)
Investments fair value reserve	529	-	-	(1,445)	36,497	-	35,581
Re-measurement reserve of defined benefit obligation	(10,676)	-	-	-	-	-	(10,676)
TOTAL EQUITY	371,576	-	(15,147)	-	36,407	-	392,836
TOTAL LIABILITIES AND EQUITY	1,354,718	(340,440)	7,890	-	36,407	-	1,058,575

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Reconciliation of interim condensed statement of financial position as at 31 December 2022.

	31 December 2022 (Unaudited)						Restated As at December 31, 2022
	Pre-adoption of IFRS 17 &	IFRS 17		IFRS 9		*Other remeasurement	
		Reclassification	Remeasurement	Reclassification	Remeasurement		
ASSETS							
Cash and cash equivalents	342,270	-	-	-	(3)	(4,128)	338,139
Murabaha deposits	155,126	-	-	-	(37)	(949)	154,140
Premiums and reinsurers' receivable - net	246,395	(246,395)	-	-	-	-	-
Reinsurers' share of unearned premiums	20,683	(20,683)	-	-	-	-	-
Reinsurers' share of outstanding claims	130,493	(130,493)	-	-	-	-	-
Reinsurers' share of claims incurred but not reported	9,197	(9,197)	-	-	-	-	-
Deferred policy acquisition costs	29,434	(29,434)	-	-	-	-	-
Deferred excess of loss premiums	92	(92)	-	-	-	-	-
Reinsurance contracts asset	-	121,234	6,625	-	-	-	127,860
Financial assets at FVTPL	-	-	-	148,691	-	-	148,691
Financial assets at FVTOCI	-	-	-	17,336	25,784	-	43,120
Financial assets at amortised cost – net	-	-	-	15,205	(34)	-	15,171
Available-for-sale investments	158,533	-	-	(158,533)	-	-	-
Investment held to maturity	22,699	-	-	(22,699)	-	-	-
Prepayments and other assets	167,301	(74,240)	-	-	-	-	93,061
Property and equipment	4,114	-	-	-	-	-	4,114
Statutory deposit	75,000	-	-	-	(14)	-	74,986
Accrued commission income on statutory deposit	10,778	-	-	-	-	-	10,778
TOTAL ASSETS	1,372,115	(389,299)	6,625	-	25,696	(5,077)	1,010,060

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For the three-month and nine-month periods ended 30 September 2023

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Reconciliation of interim condensed statement of financial position as at 31 December 2022.

	31 December 2022 (Unaudited)						Restated As at December 31, 2022
	Pre-adoption of IFRS 17 &	IFRS 17		IFRS 9		*Other remeasurement	
		Reclassification	Remeasurement	Reclassification	Remeasurement		
LAIBILITIES							
Policyholders claims payable	72,305	(72,305)	-	-	-	-	-
Accrued expenses and other liabilities	118,429	(86,604)	-	-	-	-	31,825
Reinsurance balances payable	38,973	(38,973)	-	-	-	-	-
Unearned premiums	420,888	(420,888)	-	-	-	-	-
Unearned reinsurance commission	4,686	(4,686)	-	-	-	-	-
Outstanding claims	75,520	(75,520)	-	-	-	-	-
Claims incurred but not reported (IBNR)	243,285	(243,285)	-	-	-	-	-
Additional premium reserve	4,985	(4,985)	-	-	-	-	-
Other technical reserves	4,028	(4,028)	-	-	-	-	-
Insurance contract liabilities	-	561,614	12,453	-	-	-	574,067
Employees' end-of-service benefits	17,149	-	-	-	-	-	17,149
Provision for zakat	23,631	-	-	-	-	-	23,631
Surplus distribution payable	1,008	(1,008)	-	-	-	-	-
Accrued commission income payable to SAMA	10,778	-	-	-	-	-	10,778
TOTAL LIABILITIES	1,035,665	(390,668)	12,453	-	-	-	657,450
EQUITY							
Share capital	500,000	-	-	-	-	-	500,000
Statutory reserve	2,131	-	-	-	-	-	2,131
Accumulated losses	(148,723)	-	(9,536)	(16,196)	(88)	-	(174,543)
Investments fair value reserve	(7,513)	-	-	15,624	25,784	-	33,895
Re-measurement reserve of defined benefit obligation	(9,445)	-	-	572	-	-	(8,873)
TOTAL EQUITY	336,450	-	(9,536)	-	25,696	-	352,610
TOTAL LIABILITIES AND EQUITY	1,372,115	(390,668)	2,917	-	25,696	-	1,010,060

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For the three-month and nine-month periods ended 30 September 2023

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Remeasurement impact on interim condensed statement of comprehensive income on adoption of IFRS 17 for the period ended 30 September 2022.

	30 September 2022 (Unaudited)						Restated
	Pre-adoption of IFRS 17 &	IFRS 17 Reclassification	IFRS 17 Remeasurement	IFRS 9 Reclassification	IFRS 9 Remeasurement	*Other remeasurement	
REVENUES							
Gross premiums written	745,819	(745,819)	-	-	-	-	-
Reinsurance premiums ceded	(57,378)	57,378	-	-	-	-	-
Excess of loss expenses	(11,285)	11,285	-	-	-	-	-
Net premiums written	677,156	(677,156)	-	-	-	-	-
						-	
Movement in unearned premiums, net	(16,825)	16,825	-	-	-	-	-
Net premiums earned	660,331	(660,331)	-	-	-	-	-
						-	
Reinsurance commissions	9,921	(9,921)	-	-	-	-	-
Other underwriting income	12,688	(12,688)	-	-	-	-	-
NET REVENUES	682,940	(682,940)	-	-	-	-	-
Insurance revenue	-	721,334	-	-	-	-	721,334
Insurance service expense and finance cost	-	(768,437)	-	-	-	-	(768,437)
Net insurance service result	-	(47,103)	-	-	-	-	(47,103)
Allocation of reinsurance premiums	-	(47,661)	-	-	-	-	(47,661)
Amounts recoverable from reinsurance and finance income	-	35,268	-	-	-	-	35,268
Net expenses from reinsurance contracts held	-	(12,393)	-	-	-	-	(12,393)

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Remeasurement impact on interim condensed statement of comprehensive income on adoption of IFRS 17 for the period ended 30 September 2022

	30 September 2022 (Unaudited)						
	Pre-adoption of IFRS 17 &	IFRS 17		IFRS 9		*Other remeasurement	Restated
		Reclassification	Remeasurement	Reclassification	Remeasurement		
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(559,737)	559,737	-	-	-	-	-
Reinsurers' share of claims paid	7,819	(7,819)	-	-	-	-	-
Net claims paid	(551,918)	551,918	-	-	-	-	-
Movement in outstanding claims, net	(24,709)	24,709	-	-	-	-	-
Movement in claims incurred but not reported, net	(12,618)	12,618	-	-	-	-	-
Movement in additional premium reserve	16,741	(16,741)	-	-	-	-	-
Movement in other technical reserves	97	(97)	-	-	-	-	-
Net claims incurred	(572,407)	572,407	-	-	-	-	-
Policy acquisition costs	(53,732)	53,732	-	-	-	-	-
Other underwriting expenses	(22,923)	22,923	-	-	-	-	-
Total underwriting costs	(649,062)	649,062	-	-	-	-	-
Investment income on financial assets at amortised cost	-	-	-	17,823	-	-	17,823
Investment income on financial assets at FVTPL	-	-	-	13,559	-	-	13,559
Net credit impairment losses on financial assets	-	-	-	-	(37)	-	(37)
Other investment income	-	-	-	1,692	-	-	1,692
Net investment income	-	-	-	33,074	(37)	-	33,037
Net insurance and investment result	-	(93,374)	-	33,074	(37)	-	(26,459)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2023
4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)
Remeasurement impact on interim condensed statement of comprehensive income on adoption of IFRS 17 for the period ended 30 September 2022. (continued)

	30 September 2022 (Unaudited)						Restated
	Pre-adoption of IFRS 17 &	IFRS 17		IFRS 9		*Other remeasurement	
		Reclassification	Remeasurement	Reclassification	Remeasurement		
OTHER INCOME / (EXPENSES)							
Provision for doubtful debts	(4,510)	4,510	-	-	-	-	-
Salaries and staff related costs	(60,433)	60,433	-	-	-	-	-
Other general and administrative expenses	(33,623)	33,623	-	-	-	-	-
Investment income	28,623	(28,623)	-	-	-	-	-
Share of profit from investment in associate	11,890	(11,890)	-	-	-	-	-
Other income	234	-	-	-	-	-	234
Other operating expenses	-	(16,908)	-	-	-	-	(16,908)
Total other expenses, net	(57,819)	41,145	-	-	-	-	(16,674)
Net income loss for the period	(23,941)	(52,229)	-	33,074	(37)	-	(43,133)
Net loss attributable to shareholders before zakat	(23,941)	(52,229)	-	33,074	(37)	-	(43,133)
Zakat charge for the period	(8,665)	-	-	-	-	-	(8,665)
Net loss attributable to shareholders' operations	(32,606)	(52,229)	-	33,074	(37)	-	(51,798)

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**For the three-month and nine-month periods ended 30 September 2023****4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)****Remeasurement impact on interim condensed statement of comprehensive income on adoption of IFRS 17 for the period ended 30 September 2022. (continued)**

	30 September 2022 (Unaudited)						Restated
	Pre-adoption	IFRS 17		IFRS 9		*Other	
	of IFRS 17 &	Reclassification	Remeasurement	Reclassification	Remeasurement	remeasurement	
Net loss for the period attributable to shareholders	(32,606)	(52,229)	-	33,074	(37)	-	(51,798)
Items that will be recycled to statements of income in subsequent years							
Change in fair value of available-for-sale investments, net	(138)	-	-	138	-	-	-
Items that will not be recycled to statements of income in subsequent years							
Change in fair value of financial investments at FVTOCI	-	-	-	(812)	-	-	(812)
Re-measurement loss on end of service benefits from investment in associate	(572)	-	-	572	-	-	-
Total other comprehensive income for the period	(710)	-	-	(102)	-	-	(812)
Total comprehensive loss for the period	(33,316)	(52,229)	-	32,972	(37)	-	(52,610)

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS

For the nine-months periods ended 30 September 2023

5 CASH AND CASH EQUIVALENTS

	30 September 2023 (Unaudited)	31 December 2022 (Unaudited) Restated	01 January 2022 (Unaudited) Restated
	2023	2022	2022
Insurance operations			
Cash in banks	46,731	171,164	37,074
Cash on hand	19	19	19
Short term murabaha deposits	-	65,435	170,726
Less: Impairment allowance	-	(2)	(5)
	46,750	236,616	207,814
Shareholders' operations			
Cash in banks	16,730	80,902	141,930
Short term murabaha deposits	75,856	20,622	129,632
Less: Impairment allowance	(1)	(1)	(3)
	92,585	101,523	271,559
Total cash and cash equivalents	139,335	338,139	479,373

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 5.43% per annum as at 30 September 2023 (31 December 2022: 4.27%) (1 Jan 2022: 1.73%).

Cash and cash equivalents includes an amount of SR 10 million 30 September 2023 (2022: SR 9.2 million) that pertains to the Company's share of Inherent Defect Insurance (IDI) portfolio.

6 MURABAHA DEPOSITS

	30 September 2023 (Unaudited)	31 December 2022 (Unaudited) Restated	01 January 2022 (Unaudited) Restated
	2023	2022	2022
Insurance operations			
Murabaha deposits	201,075	132,909	129,113
Less: Impairment allowance	(55)	(32)	(38)
	201,020	132,877	129,075
Shareholders' operations			
Murabaha deposits	76,544	21,268	-
Less: Impairment allowance	(8)	(5)	-
	76,536	21,263	-
Total Murabaha deposits	277,556	154,140	129,075

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 5.21% per annum as at 30 September 2023 (31 December 2022: 3.49%) (1 January 2022: 1.57% per annum).

Murabaha deposits includes an amount of nil as at 30 September 2023 (2022: SR 2.1 million) that pertains to the Company's share of Inherent Defect Insurance (IDI) portfolio.

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NOTES TO THE FINANCIAL STATEMENTS

For the Nine-month period ended 30 September 2023

7 INSURANCE AND REINSURANCE CONTRACTS

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA and GMM

	September 30 2023 (Unaudited) - Medical				
	Liability for remaining		Liability for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
<u>Premium allocation approach</u>					
Opening insurance contract liabilities	86,357	1,213	135,022	4,901	227,493
Insurance revenue	(392,122)	-	-	-	(392,122)
Insurance service expense					
Incurred claims	-	-	358,507	(4,077)	354,430
Other incurred insurance service expenses	-	-	31,804	-	31,804
Insurance acquisition amortization	46,664	-	-	-	46,664
(Reversals) / losses on onerous contracts	-	(810)	-	-	(810)
Changes that relate to past service	-	-	(16,741)	4,349	(12,392)
	46,664	(810)	373,570	272	419,696
Total insurance service result	(345,458)	(810)	373,570	272	27,574
Finance costs	-	-	5,977	167	6,144
Cash flows					
Premium received	355,616	-	-	-	355,616
Claims and other expenses paid	-	-	(346,144)	-	(346,144)
Acquisition cash flows paid	(32,393)	-	-	-	(32,393)
Total cash flows	323,223	-	(346,144)	-	(22,921)
Net closing balance	64,122	403	168,425	5,339	238,289
	September 30 2023 (Unaudited) - Motor				
	Liability for remaining		Liability for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
<u>Premium allocation approach</u>					
Opening insurance contract liabilities	126,288	11,797	58,696	1,434	198,215
Insurance revenue	(261,891)	-	-	-	(261,891)
Insurance service expense					
Incurred claims	-	-	196,034	(1,654)	194,380
Other incurred insurance service expenses	-	-	25,669	-	25,669
Insurance acquisition amortization	46,889	-	-	-	46,889
(Reversals) / losses on onerous contracts	-	(11,797)	-	-	(11,797)
Changes that relate to past service	-	-	(29,299)	1,096	(28,203)
	46,889	(11,797)	192,404	(558)	226,938
Total insurance service result	(215,002)	(11,797)	192,404	(558)	(34,953)
Finance costs	-	-	2,298	43	2,341
Cash flows					
Premium received	122,392	-	-	-	122,392
Claims and other expenses paid	-	-	(204,476)	-	(204,476)
Acquisition cash flows paid	(23,226)	-	-	-	(23,226)
Total cash flows	99,166	-	(204,476)	-	(105,310)
Net closing balance	10,452	-	48,922	919	60,293

7 INSURANCE AND REINSURANCE CONTRACTS

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA and GMM

	September 30 2023 (Unaudited) - Property & Casualty				
	Liability for remaining		Liability for incurred claims		Total
<u>Premium allocation approach</u>	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
Opening insurance contract liabilities	(6,464)	6	134,067	8,609	136,218
Insurance revenue	(57,781)	-	-	-	(57,781)
Insurance service expense					
Incurred claims	-	-	30,321	(5,730)	24,591
Other incurred insurance service expenses	-	-	3,954	-	3,954
Insurance acquisition amortization	12,029	-	-	-	12,029
(Reversals) / losses on onerous contracts	-	20	-	-	20
Changes that relate to past service	-	-	(57,705)	1,064	(56,641)
	12,029	20	(23,430)	(4,666)	(16,047)
Total insurance service result	(45,752)	20	(23,430)	(4,666)	(73,828)
Finance costs	-	-	3,115	197	3,312
Cash flows					
Premium received	77,351	-	-	-	77,351
Claims and other expenses paid	-	-	23,010	-	23,010
Acquisition cash flows paid	(17,021)	-	-	-	(17,021)
Total cash flows	60,330	-	23,010	-	83,340
Net closing balance	8,114	26	136,762	4,141	149,042

	Present value of Future Cash Flows	Risk Adjustment	CSM	Total
<u>General measurement model</u>				
Opening insurance contract liabilities	(4,739)	588	16,292	12,141
Insurance revenue	(465)	-	-	(465)
Insurance service expense				
incurred expenses - current service	(8,121)	-	8,840	719
Contracts initially recognized in the period		-	-	-
Experience adjustment - arising from premiums received in the period that relate to future service	-	493	-	493
Total insurance service result	(8,586)	493	8,840	747
Finance costs				-
Cash flows				
Premium received	11,061	-	-	11,061
Claims and other expenses paid	(208)	-	-	(208)
Total cash flows	10,853	-	-	10,853
Net closing balance	(2,473)	1,081	25,132	23,740
Total closing balance of insurance contract liability				471,364

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For the Nine-month period ended 30 September 2023

7 INSURANCE AND REINSURANCE CONTRACTS

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA and GMM (continued)

	December 31, 2022 (Restated) - Medical				
	Liability for remaining		Liability for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	58,187	661	84,780	2,817	146,445
Insurance revenue	(457,404)				(457,404)
Insurance service expense					
Incurred claims	-	-	402,838	(2,765)	400,073
Other incurred insurance service expenses	-	-	30,397	-	30,397
Insurance acquisition amortization	51,573	-	-	-	51,573
(Reversals) / losses on onerous contracts	-	552	-	-	552
Changes that relate to past service	-	-	(65,377)	-	(65,377)
Total insurance service result	(405,831)	552	367,858	(2,765)	(40,186)
Finance costs	-	-	3,420	120	3,540
Cash flows					
Premium received	557,208	-	-	-	557,208
Claims and other expenses paid	-	-	(321,036)	-	(321,036)
Acquisition cash flows paid	(123,207)	-	-	-	(123,207)
Total cash flows	434,001	-	(321,036)	-	112,965
Net closing balance	86,357	1,213	135,022	172	222,764

	December 31, 2022 (Restated) - Motor				
	Liability for remaining		Liability for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	191,628	34,901	108,532	1,995	337,056
Insurance revenue	(415,196)				(415,196)
Insurance service expense					
Incurred claims	-	-	476,220	(609)	475,611
Other incurred insurance service expenses	-	-	43,947	-	43,947
Insurance acquisition amortization	57,795	-	-	-	57,795
(Reversals) / losses on onerous contracts	-	(22,854)	-	-	(22,854)
Changes that relate to past service	-	-	(87,961)	-	(87,961)
Total insurance service result	(357,401)	(22,854)	432,206	(609)	51,342
Finance costs	-	-	2,574	49	2,623
Cash flows					
Premium received	350,486	-	-	-	350,486
Claims and other expenses paid	-	-	(464,616)	-	(464,616)
Acquisition cash flows paid	(58,425)	-	-	-	(58,425)
Total cash flows	292,061	-	(464,616)	-	(172,555)
Net closing balance	126,288	12,047	78,696	1,435	218,466

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NOTES TO THE FINANCIAL STATEMENTS

For the Nine-month period ended 30 September 2023

7 INSURANCE AND REINSURANCE CONTRACTS
7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA and GMM (continued)

	December 31, 2022 (Restated) - Property & Casualty				
	Liability for remaining		Liability for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	(9,650)	-	96,033	10,544	96,927
Insurance revenue	(97,907)				(97,907)
Insurance service expense					
Incurred claims	-	-	85,008	2,559	87,567
Other incurred insurance service expenses	-	-	4,082	-	4,082
Insurance acquisition amortization	41,558	-	-	-	41,558
(Reversals) / losses on onerous contracts	-	(244)	-	-	(244)
Changes that relate to past service	-	-	(41,256)	-	(41,256)
	41,558	(244)	47,834	2,559	91,707
Total insurance service result	(56,349)	(244)	47,834	2,559	(6,200)
Finance costs	-	-	2,645	234	2,879
Cash flows					
Premium received	100,802	-	-	-	100,802
Claims and other expenses paid	-	-	(32,445)	-	(32,445)
Acquisition cash flows paid	(41,267)	-	-	-	(41,267)
Total cash flows	59,535	-	(32,445)	-	27,090
Net closing balance	(6,464)	(244)	114,067	13,337	120,696

	December 31, 2022 (Restated)			
	Present value of Future Cash Flows	Risk Adjustment	CSM	Total
<i>General measurement model</i>				
Opening insurance contract liabilities	(206)	-	843	637
Insurance revenue	(554)	-	-	(554)
Insurance service expense				
incurred expenses - current service	192	-	-	192
Contracts initially recognized in the period	(15,882)	-	15,294	(588)
Experience adjustment - arising from premiums received in the period that relate to future service	-	588	-	588
Total insurance service result	(16,244)	588	15,294	(362)
Finance costs	(1)	-	155	154
Cash flows				
Premium received	11,880	-	-	11,880
Claims and other expenses paid	-	-	-	-
Acquisition cash flows paid	(168)	-	-	(168)
Total cash flows	11,712	-	-	11,712
Net closing balance	(4,739)	588	16,292	12,141
Total closing balance of insurance contract liability				574,067

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

For the Nine-month period ended 30 September 2023

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA and GMM

	September 30, 2023 (Unaudited) - Medical				
	Assets for remaining		Assets for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
<u>Premium allocation approach</u>					
Opening reinsurance contract assets	10	-	4,404	-	4,414
Reinsurance service expense	(2,407)	-	-	-	(2,407)
Claims recovered	-	-	2,900	-	2,900
Changes that relate to past service: Changes related to LIC	-	-	748	-	748
Recovery / (Reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(2,407)	-	3,648	-	1,241
Finance income	-	-	-	-	-
Cash flows					
Premiums ceded paid net of commission	(2,703)	-	-	-	(2,703)
Recoveries from reinsurance	-	-	(843)	-	(843)
Total cash flows	(2,703)	-	(843)	-	(3,546)
Net closing balance	(5,100)	-	7,209	-	2,109

	September 30, 2023 (Unaudited) - Motor				
	Assets for remaining		Assets for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
<u>Premium allocation approach</u>					
Opening reinsurance contract assets	-	-	28,328	-	28,328
Reinsurance service expense	(4,735)	-	-	-	(4,735)
Claims recovered	-	-	4,783	-	4,783
Changes that relate to past service: Changes related to LIC	-	-	803	-	803
Recovery / (Reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(4,735)	-	5,586	-	851
Finance income	-	-	-	-	-
Cash flows					
Premiums ceded paid net of commission	8,009	-	-	-	8,009
Recoveries from reinsurance	-	-	(9,962)	-	(9,962)
Total cash flows	8,009	-	(9,962)	-	(1,953)
Net closing balance	3,274	-	23,952	-	27,226

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For the Nine-month period ended 30 September 2023

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA and GMM

	September 30, 2023 (Unaudited) - Property & Casualty				
	Assets for remaining		Assets for incurred claims		Total
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
Premium allocation approach					
Opening reinsurance contract assets	(22,900)	3	108,831	6,673	92,607
Reinsurance service expense	(36,570)	-	-	-	(36,570)
Claims recovered	-	-	21,718	-	21,718
Changes that relate to past service: Changes related to LIC	-	-	(45,480)	-	(45,480)
Recovery / (Reversal) on losses on onerous contracts	-	10	-	-	10
Net expense from reinsurance contracts held	(36,570)	10	(23,762)	-	(60,322)
Finance income	-	-	2,804	172	2,976
Cash flows					
Premiums ceded paid net of commission	57,127	-	-	-	57,127
Recoveries from reinsurance	-	-	(25,385)	-	(25,385)
Total cash flows	57,127	-	(25,385)	-	31,742
Net closing balance	(2,343)	13	62,488	3,570	63,728

	Present value of Future Cash Flows	Risk Adjustment	CSM	Total
Opening reinsurance contract assets	(10,699)	(546)	13,756	2,511
Other changes on current services	328			328
Contracts initially recognized in the period - future service	5,144	(277)	(4,867)	-
Net revenues from reinsurance contracts held	5,472	(277)	(4,867)	328
Finance (cost) / income	(158)		(27)	(186)
Cash flows				
Net ceded premium	12,655	-	-	12,655
Total cash flows	12,655	-	-	12,655
Net closing balance	7,270	(823)	8,861	15,308
Total closing balance of reinsurance contract assets				108,371

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For the Nine-month period ended 30 September 2023

7 INSURANCE AND REINSURANCE CONTRACTS (continued)
7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA and GMM (continued)

	December 31, 2022 (Restated) - Medical				
	Assets for remaining		Assets for incurred claims		Total
<u>Premium allocation approach</u>	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
Opening reinsurance contract assets	7	-	2,685	-	2,692
Reinsurance service expense	(3,973)	-	-	-	(3,973)
Claims recovered	-	-	1,719	-	1,719
Changes that relate to past service: Changes related to LIC	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous	-	-	-	-	-
Net expense from reinsurance contracts held	(3,973)	-	1,719	-	(2,254)
Finance income	-	-	-	-	-
Cash flows					
Premiums paid net of ceding commission	3,976	-	-	-	3,976
Recoveries from reinsurance	-	-	-	-	-
Other directly attributable expenses paid	-	-	-	-	-
Total cash flows	3,976	-	-	-	3,976
Net closing balance	10	-	4,404	-	4,414
	December 31, 2022 (Restated) - Motor				
	Assets for remaining		Assets for incurred claims		Total
<u>Premium allocation approach</u>	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment	
Opening reinsurance contract assets	-	-	18,221	-	18,221
Reinsurance service expense	(9,635)	-	-	-	(9,635)
Claims recovered	-	-	10,107	-	10,107
Changes that relate to past service: Changes related to LIC	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous	-	-	-	-	-
Net expense from reinsurance contracts held	(9,635)	-	10,107	-	472
Finance income	-	-	-	-	-
Cash flows					
Premiums paid net of ceding commission	9,635	-	-	-	9,635
Recoveries from reinsurance	-	-	-	-	-
Other directly attributable expenses paid	-	-	-	-	-
Total cash flows	9,635	-	-	-	9,635
Net closing balance	-	-	28,328	-	28,328

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NOTES TO THE FINANCIAL STATEMENTS

For the Nine-month period ended 30 September 2023

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA and GMM (continued)

	December 31, 2022 (Restated) - Property & Casualty			
	Assets for remaining		Assets for incurred claims	
	Excluding Loss component	Loss Component	Present value of Future Cash Flows	Risk Adjustment
<i>Premium allocation approach</i>				
Opening reinsurance contract assets	(14,739)	-	91,359	8,094
Reinsurance service expense	(52,679)	-	-	-
Claims recovered	-	-	12,886	-
Changes that relate to past service: Changes related to LIC	-	-	12,671	(1,611)
Effect of changes in the risk of reinsurers non-performance	-	-	(27)	-
Changes that relate to future service (i.e., losses on onerous	-	3	-	-
Net expense from reinsurance contracts held	(52,679)	3	25,530	(1,611)
Finance income	-	-	2,265	190
Cash flows				
Premiums paid net of ceding commission	44,518	-	-	-
Recoveries from reinsurance	-	-	(10,323)	-
Other directly attributable expenses paid	-	-	-	-
Total cash flows	44,518	-	(10,323)	-
Net closing balance	(22,900)	3	108,831	6,673

	December 31, 2022 (Restated)			
	Present value of Future Cash Flows	Risk Adjustment	CSM	Total
<i>General measurement model</i>				
Opening reinsurance contract assets	(347)	-	627	280
Other changes on current services	156	-	-	156
Contracts initially recognized in the period - future service	(12,455)	(546)	13,001	-
Net expense from reinsurance contracts held	(12,299)	(546)	13,001	156
Finance income	(104)	-	127	24
Cash flows				
Ceded premium	2,644	-	-	2,644
Commission and management fees	(593)	-	-	(593)
Total cash flows	2,051	-	-	2,051
Net closing balance	(10,699)	(546)	13,756	2,511
Total closing balance of reinsurance contract assets				127,860

7.3 The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	September 30, 2023		December 31, 2022		January 2022 01, (Unaudited)	
Insurance contracts issued						
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Medical	-	238,289	-	222,764	-	146,445
Motor	-	60,293	-	218,466	-	337,056
Property & Casualty	-	172,782	-	132,837	-	97,564
Total insurance contracts issued	-	471,364	-	574,067	-	581,065
Reinsurance contracts held						
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Medical	2,109	-	4,414	-	2,692	-
Motor	27,226	-	28,328	-	18,221	-
Property & Casualty	79,036	-	95,118	-	84,994	-
Total reinsurance contracts held	108,371	-	127,860	-	105,907	-

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8 INVESTMENTS

	September 30 (Unaudited)	December 31 (Unaudited) Restated	January 1 (Unaudited) Restated
	2023	2022	2022
Insurance operations			
Financial assets mandatorily measured at FVTPL	73,329	64,770	61,251
Financial assets measured at FVTOCI	133	149	247
Financial assets at amortised cost – net	4,860	5,182	9,984
	78,322	70,101	71,482
Shareholders' operations			
Financial assets mandatorily measured at FVTPL	98,901	93,576	102,609
Financial assets measured at FVTOCI	44,169	42,971	41,510
Financial assets at amortised cost – net	187	334	2,216
	143,257	136,881	146,335
Total investments	221,579	206,982	217,817

a) Investments measured at FVTPL comprise of the following:

	September 30 (Unaudited)	December 31 (Unaudited) Restated	January 1 (Unaudited) Restated
	2023	2022	2022
Insurance operations			
Funds	73,329	64,770	61,251
Shareholders' operations			
Equity	93,854	43,823	52,577
Funds	5,047	49,753	50,032
Total financial assets at FVTPL	172,230	158,346	163,860

b) Investments measured at FVTOCI comprise of the following:

	September 30 (Unaudited)	December 31 (Unaudited) Restated	January 1 (Unaudited) Restated
	2023	2022	2022
Insurance operations			
Equity	133	149	247
Shareholders' operations			
Equity	44,169	42,971	41,510
Total financial assets at FVTOCI	44,302	43,120	41,757

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For the Nine-month period ended 30 September 2023

8 INVESTMENTS (continued)

b) Investments measured at amortised cost comprise of the following:

	September 30 (Unaudited)	December 31 (Unaudited) Restated	January 1 (Unaudited) Restated
	2023	2022	2022
Insurance operations			
Sukuks	4,880	5,200	10,000
Impairment allowance	(20)	(18)	(16)
	4,860	5,182	9,984
Shareholders' operations			
Sukuks	200	350	2,230
Impairment allowance	(13)	(16)	(14)
	187	334	2,216
Total investments	5,047	5,516	12,200

b) Movement in impairment allowance for investments at amortised cost for the period is as follows:

	September 30 2023 (unaudited)		
	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired
Opening balance	34	-	-
Impairment / (reversal) during the period	(1)	-	-
Closing balance	33	-	-

	December 31 2022 (Unaudited) Restated		
	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired
Opening balance	30	-	-
Impairment / (reversal) during the period	4	-	-
Closing balance	34	-	-

MALATH COOPERATIVE INSURANCE COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the three-month and nine-month periods ended 30 September 2023****9 PROVISION FOR ZAKAT****a) Zakat payable**

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

	30 September 2023 (Unaudited)	31 December 2022 (Unaudited)
Balance at beginning of the period / year	23,631	17,252
Charge for the period / year	6,750	10,288
Payments during the period / year	(2,044)	(3,909)
Balance at end of the period / year	28,337	23,631

b) Status of assessments

The Company had filed the zakat returns up to 2022 and received a temporary Zakat certificate. Assessments have been received from ZATCA to date in respect of these years.

c) Status of appeals

• **The years from 2016 to 2018:** On December 27, 2020, ZATCA raised its assessments claiming additional zakat liability of SAR 3.3 million. The Company has appealed against such assessment, where ZATCA has partially accepted the Company's appeal and issued a revised assessment for the Company's favor which resulted an overpaid amount of SAR 1.5 million for the Company. However, the Company has decided to escalate the case to the GSTC. During August 2022, the Committee for Resolution of Tax Violations and Disputes ("CRTVD") (which is the first level of the GSTC committees) has issued its ruling which resulted in increasing the overpaid amount to SAR 2.8 million for the company. Knowing that the above mentioned CRTVD ruling is not final given that both ZATCA and the Company have escalated the case to the Appellate Committee for Tax Violations and Disputes Resolution ("ACTVDR") (Which is the second and final level of GSTC committees), and the hearing session is awaiting.

• **The years 2019 & 2020:** On September 30, 2021, ZATCA raised its assessments claiming additional zakat liability of SAR 5.2 million. The Company has appealed against such assessment, where ZATCA has partially accepted the Company's appeal and issued a revised assessment through which the additional zakat liability has been reduced to SAR 5 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. However, the Company has decided to escalate the case to the GSTC. During September 2022, CRTVD has issued its ruling which resulted in reducing the zakat liability to SAR 3.7 million. Knowing that the above mentioned CRTVD ruling is not final given that both ZATCA and the Company have escalated the case to the ACTVDR, and the hearing session is awaiting.

MALATH COOPERATIVE INSURANCE COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the three-month and nine-month periods ended 30 September 2023****9 PROVISION FOR ZAKAT (continued)****d) Status of VAT assessment**

On 29 November 2022, the Zakat, Tax and Customs Authority (“ZATCA”) raised an assessment based on the tax audit conducted with respect to Value Added Tax (“VAT”) for the tax periods from January 2018 to December 2020 (36 tax periods) (“assessed tax periods”). In the said assessment, the ZATCA is of the view that Malath Cooperative Insurance Company (“the Company”) had underdeclared its VAT liability for the assessed tax periods for a number of items.

The items include: reinsurers’ share of claims paid, recoveries received on accidents from other insurance companies, differences between Financial Statement and VAT returns, exclusion of bad debt adjustment, exclusion of investment income from the Company’s Exempt supplies, exclusion of purchases that do not qualify for Article 53 of the VAT Implementing Regulations, exclusion of zero-rated sales for January 2020 tax period, exclusion of sales adjustment for January 2020 tax period, exclusion of purchases where the amount on the invoice does not match the amount in the statement provided by the Company, and the recalculation of the partial exemption ratio.

The total assessed VAT liability for the assessed tax periods is SAR 7.7 million. The ZATCA had also applied late payment and incorrect filing penalties on the Company however given that the Company paid the assessed VAT liability during the ZATCA’s penalty exemption initiative and therefore the Company is eligible for penalty exemption/waiver and it is following up with the ZATCA to confirm the

Considering the assessed items, the Company understands that it has good grounds supported by the VAT legislation in the Kingdom of Saudi Arabia (“KSA”) and the guidance issued by the ZATCA and therefore the Company submitted objection letters for all the assessed tax periods through the ZATCA portal on 27 January 2023, objecting on the assessment released by the ZATCA.

10 SHARE CAPITAL

As at 30 September 2023 and 31 December 2022, 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.

11 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:

	Nine-months period ended	
	30 September	
	2023	2022
		(Unaudited)
	(Unaudited)	Restated
Basic and diluted earnings / (loss) per share (SR)	0.59	(1.04)
Weighted average number of shares throughout the period (thousands)	50,000	50,000

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

12 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.

13 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.

14 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).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table summarizes the financial assets recorded at fair value as of 30 September 2023 and 31 December 2022 by level of the fair value hierarchy. There are no transfers among the levels during the period. Some equity financial investment are reported at cost, where their fair value are not materially different from the carrying value.

As at 30 September 2023 (Unaudited)

	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value:					
Financial assets mandatorily measured at FVTPL	172,230	-	57,148	112,679	169,827
Financial assets measured at FVTOCI	44,302	4,598	-	39,704	44,302
	<u>216,532</u>	<u>4,598</u>	<u>57,148</u>	<u>152,383</u>	<u>214,129</u>

As at 31 December 2022 (Unaudited) Restated

	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value:					
Financial assets mandatorily measured at FVTPL	158,346	-	41,946	106,745	148,691
Financial assets measured at FVTOCI	43,120	149	-	42,971	43,120
	<u>201,466</u>	<u>149</u>	<u>41,946</u>	<u>149,716</u>	<u>191,811</u>

15 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 September</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Letters of guarantee	13,932	13,493

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**For the three-month and nine-month periods ended 30 September 2023****16 RELATED PARTY TRANSACTIONS**

Related parties represent transactions with directors and key management personnel of the Company.

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

	Nine-months period ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Board of directors' and committees meeting fees	335	201
key management personnel compensations	5,070	5,617

17 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, other income or expense and general and administrative expenses.

Segment results do not include commission on short-term Murabaha deposits. Segment assets do not include insurance operations' cash and cash equivalents, investments, prepayments, other assets and property and equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include accrued expenses and other liabilities, as well as end of service liabilities. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to Chief Executive Officer under related segments and are monitored on a centralized basis.

	Three-months period ended on '30 September 2023			
	(Unaudited)			
Operating segment	Medical	Motor	Property & casualty	Total
Gross premiums written:				
-Individuals	1,981	49,097	997	52,075
-Very small enterprises	1,724	177	-	1,901
-Small enterprises	11,185	5,430	1,247	17,862
-Medium enterprises	10,284	245	17,850	28,379
-Corporates	88,831	4,691	4,928	98,450
	114,005	59,640	25,022	198,667
	Three-months period ended on '30 September 2022			
	(Unaudited)			
Operating segment	Medical	Motor	Property & casualty	Total
Gross premiums written:				
-Individuals	2,178	95,988	41	98,207
-Very small enterprises	1,159	276	-	1,435
-Small enterprises	17,553	10,102	595	28,250
-Medium enterprises	24,968	1,911	5,220	32,099
-Corporates	74,252	17,151	10,526	101,929
	120,110	125,428	16,382	261,920

MALATH COOPERATIVE INSURANCE COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the three-month and nine-month periods ended 30 September 2023****17 SEGMENT INFORMATION**

Nine-months period ended on '30 September 2023				
(Unaudited)				
Operating segment	Medical	Motor	Property & casualty	Total
Gross premiums written:				
-Individuals	7,701	163,606	4,663	175,970
-Very small enterprises	5,220	828	-	6,048
-Small enterprises	33,037	20,246	2,873	56,155
-Medium enterprises	33,358	2,524	44,803	80,685
-Corporates	333,999	15,970	26,808	376,777
	413,315	203,174	79,147	695,635
Nine-months period ended on '30 September 2022				
(Unaudited)				
Operating segment	Medical	Motor	Property & casualty	Total
Gross premiums written:				
-Individuals	8,299	180,183	48	188,530
-Very small enterprises	3,645	1,184	3	4,832
-Small enterprises	54,321	30,263	1,158	85,742
-Medium enterprises	86,046	12,072	8,735	106,853
-Corporates	262,989	38,555	58,318	359,862
	415,300	262,257	68,262	745,819

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
For the Nine-months periods ended 30 September 2023

17 SEGMENT INFORMATION (contunied)

30 September 2023						
(Unaudited)						
Operating segment	Medical	Motor	Property & casualty	Insurance Operations	Shareholders' Operations	Total
Assets						
Reinsurance contract assets	2,109	27,226	79,036	108,371	-	108,371
Unallocated assets	-	-	-	381,743	425,731	807,474
Total assets	2,109	27,226	79,036	490,114	425,731	915,845
Liabilities						
Insurance contract liabilities	238,289	60,293	172,782	471,364	-	471,364
Unallocated liabilities and insurance operations` surplus	-	-	-	18,750	425,731	444,481
Total liabilities and insurance operations` surplus	238,289	60,293	172,782	490,114	425,731	915,845
31 December 2022						
(Restated)						
Operating segment	Medical	Motor	Property & casualty	Insurance Operations	Shareholders' Operations	Total
Assets						
Reinsurance contract assets	4,414	28,328	95,117	127,860	-	127,860
Unallocated assets	-	-	-	480,511	401,689	882,200
Total assets	4,414	28,328	95,117	608,371	401,689	1,010,060
Liabilities						
Insurance contract liabilities	250,510	183,779	139,778	574,067	-	574,067
Unallocated liabilities and insurance operations` surplus	-	-	-	37,350	398,643	435,993
Total liabilities and insurance operations` surplus	250,510	183,779	139,778	611,417	398,643	1,010,060

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
For the Nine-months periods ended 30 September 2023

17 SEGMENT INFORMATION (continued)

	30 September 2023					
17 SEGMENT INFORMATION (continued)	Three- months period ended on '30 September 2023					
	(Unaudited)					
Operating segment	Medical	Motor	Property & casualty	Insurance Operations	Shareholders' Operations	Total
Insurance revenue	123,446	83,951	19,999	227,396	-	227,396
Insurance service expense	(162,353)	(81,238)	36,625	(206,966)	-	(206,966)
Insurance service result before reinsurance contracts held	(38,907)	2,713	56,624	20,430	-	20,430
Allocation of reinsurance premiums	(1,937)	(1,583)	(13,365)	(16,885)	-	(16,885)
Amounts recoverable from reinsurance	2,218	2,050	(28,047)	(23,779)	-	(23,779)
Net revenues / (expenses) from reinsurance contracts held	281	467	(41,412)	(40,664)	-	(40,664)
Insurance service result	(38,626)	3,180	15,212	(20,234)	-	(20,234)
Finance expenses from insurance contracts issued	(2,186)	(710)	(1,061)	(3,957)	-	(3,957)
Finance income from reinsurance contracts held	-	-	1,017	1,017	-	1,017
Net insurance finance expenses	(2,186)	(710)	(44)	(2,940)	-	(2,940)
Unallocated income	-	-	-	9,976	(2,276)	7,700
Unallocated expenses	-	-	-	(5,169)	(45)	(5,214)
Net income before zakat	(40,812)	2,470	15,168	(18,367)	(2,321)	(20,688)
Net income attributable to shareholders before zakat						-
						(20,688)

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
For the Nine-months periods ended 30 September 2023

17 SEGMENT INFORMATION (continued)

17 SEGMENT INFORMATION (continued)

	30 September 2023					
	Three- months period ended on '30 September 2022					
	(Restated)					
Operating segment	Medical	Motor	Property & casualty	Insurance Operations	Shareholders' Operations	Total
Insurance revenue	128,410	97,355	14,262	240,027	-	240,027
Insurance service expense	(104,445)	(113,350)	(19,718)	(237,513)	-	(237,513)
Insurance service result before reinsurance contracts held	23,965	(15,995)	(5,456)	2,514	-	2,514
Allocation of reinsurance premiums	(3,168)	(2,938)	(14,187)	(20,293)	-	(20,293)
Amounts recoverable from reinsurance	845	(1,700)	20,687	19,832	-	19,832
Net revenues / (expenses) from reinsurance contracts held	(2,323)	(4,638)	6,500	(461)	-	(461)
Insurance service result	21,642	(20,633)	1,044	2,053	-	2,053
Finance expenses from insurance contracts issued	(1,439)	(779)	(868)	(3,086)	-	(3,086)
Finance income from reinsurance contracts held	-	-	544	544	-	544
Net insurance finance expenses	(1,439)	(779)	(324)	(2,542)	-	(2,542)
Unallocated income	-	-	-	8,090	4,061	12,151
Unallocated expenses	-	-	-	(5,602)	(304)	(5,906)
Net income before zakat	20,203	(21,412)	720	1,999	3,757	5,756
Net income attributable to shareholders before zakat						<u><u>5,756</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Nine-months periods ended 30 September 2023

17 SEGMENT INFORMATION (continued)

30 September 2023

17 SEGMENT INFORMATION (continued)

Nine- months period ended on '30 September 2023

(Unaudited)

Operating segment

	Medical	Motor	Property & casualty	Insurance Operations	Shareholders' Operations	Total
Insurance service revenue	392,122	261,891	58,246	712,259	-	712,259
Insurance Service Expenses	(416,231)	(226,938)	15,300	(627,869)	-	(627,869)
Insurance service result before reinsurance contracts held	(24,109)	34,953	73,546	84,390	-	84,390
Allocation of reinsurance premiums	(2,407)	(4,735)	(36,473)	(43,615)	-	(43,615)
Amounts recoverable from reinsurance	3,648	5,586	(27,029)	(17,795)	-	(17,795)
Net revenues / (expenses) from reinsurance contracts held	1,241	851	(63,502)	(61,410)	-	(61,410)
Insurance service result	(22,868)	35,804	10,044	22,980	-	22,980
Finance expenses from insurance contracts issued	(6,144)	(2,341)	(3,324)	(11,809)	-	(11,809)
Finance income from reinsurance contracts held	-	-	2,791	2,791	-	2,791
Net insurance finance expenses	(6,144)	(2,341)	(533)	(9,018)	-	(9,018)
Unallocated income	-	-	-	27,974	10,590	38,564
Unallocated expenses	-	-	-	(11,773)	(4,613)	(16,386)
Net income before zakat	(29,012)	33,463	9,511	30,163	5,977	36,140
Net income attributable to shareholders before zakat						36,140

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
For the Nine-months periods ended 30 September 2023

17 SEGMENT INFORMATION (continued)

17 SEGMENT INFORMATION (continued)

	30 September 2023					
	Nine- months period ended on '30 September 2022					
	(Restated)					
Operating segment	Medical	Motor	Property & casualty	Insurance Operations	Shareholders' Operations	Total
Insurance service revenue	342,954	328,157	50,223	721,334	-	721,334
Insurance service expenses	(307,585)	(423,776)	(31,639)	(763,000)	-	(763,000)
Insurance service result before reinsurance contracts held	35,369	(95,619)	18,584	(41,666)	-	(41,666)
Allocation of reinsurance premiums	(3,710)	(5,619)	(38,332)	(47,661)	-	(47,661)
Amounts recoverable from reinsurance	1,772	7,665	24,246	33,683	-	33,683
Net revenues / (expenses) from reinsurance contracts held	(1,938)	2,046	(14,086)	(13,978)	-	(13,978)
Insurance service result	33,431	(93,573)	4,498	(55,644)	-	(55,644)
Finance expenses from insurance contracts issued	(1,618)	(1,763)	(2,056)	(5,437)	-	(5,437)
Finance income from reinsurance contracts held	-	-	1,585	1,585	-	1,585
Net insurance finance expenses	(1,618)	(1,763)	(471)	(3,852)	-	(3,852)
Unallocated income	-	-	-	16,879	16,392	33,271
Unallocated expenses	-	-	-	(15,271)	(1,637)	(16,908)
Net income before zakat	31,813	(95,336)	4,027	(57,888)	14,755	(43,133)
Net income attributable to shareholders before zakat						<u><u>(43,133)</u></u>

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION

18.1 Interim condensed statement of financial position

	Insurance Operations			Shareholders' Operations			Total		
	30 Sep 2023	31 Dec 2022	1 Jan 2022	30 Sep 2023	31 Dec 2022	1 Jan 2022	30 Sep 2023	31 Dec 2022	1 Jan 2022
	(Unaudited)) Restated	(Unaudited) Restated	(Unaudited) Restated	(Unaudited)) Restated	(Unaudited) Restated	(Unaudited) Restated	(Unaudited)) Restated	(Unaudited) Restated	(Unaudited) Restated
ASSETS									
Cash and cash equivalents	46,750	236,616	207,814	92,585	101,523	271,559	139,335	338,139	479,373
Murabaha deposits	201,020	132,877	129,075	76,536	21,263	-	277,556	154,140	129,075
Reinsurance contract assets	108,371	127,860	105,907	-	-	-	108,371	127,860	105,907
Investments	78,322	70,101	71,482	143,257	136,881	146,335	221,579	206,982	217,817
Prepayments and other assets	51,341	36,803	33,857	43,242	56,258	2,547	94,583	93,061	36,404
Property and equipment	4,310	4,114	4,846	-	-	-	4,310	4,114	4,846
Statutory deposit	-	-	-	74,986	74,986	74,986	74,986	74,986	74,986
Accrued commission income on statutory deposit	-	-	-	3,205	10,778	10,167	3,205	10,778	10,167
	490,114	608,371	552,981	433,811	401,689	505,594	923,925	1,010,060	1,058,575
Due (to) / from insurance operations	-	-	-	(8,080)	(3,046)	(74,010)	(8,080)	(3,046)	(74,010)
TOTAL ASSETS	490,114	608,371	552,981	425,731	398,643	431,584	915,845	1,007,014	984,565

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)

18.1 Interim condensed statement of financial position (continued)

	Insurance Operations			Shareholders' Operations			Total		
	30 Sep	31 Dec	1 Jan	30 Sep	31 Dec	1 Jan	30 Sep	31 Dec	1 Jan
	2023	2022	2022	2023	2022	2022	2023	2022	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited) Restated
LIABILITIES									
Accrued expenses and other liabilities	16,453	29,192	35,060	2,242	2,633	2,041	18,695	31,825	37,101
Insurance contract liabilities	471,364	574,067	581,065	-	-	-	471,364	574,067	581,065
Employees' end-of-service benefits	19,384	17,149	20,154	-	-	-	19,384	17,149	20,154
Provision for zakat	-	-	-	28,337	23,631	17,252	28,337	23,631	17,252
Accrued return on statutory deposit payable to SAMA	-	-	-	3,205	10,778	10,167	3,205	10,778	10,167
	507,201	620,408	636,279	33,784	37,042	29,460	540,985	657,450	665,739
Due (from) / to shareholders' operations	(8,080)	(3,046)	(74,010)	-	-	-	-	(3,046)	(74,010)
TOTAL LIABILITIES	499,121	617,362	562,269	33,784	37,042	29,460	540,985	654,404	591,729
EQUITY									
Share capital	-	-	-	500,000	500,000	500,000	500,000	500,000	500,000
Statutory reserve	-	-	-	2,131	2,131	2,131	2,131	2,131	2,131
Accumulated losses	-	-	-	(145,153)	(174,543)	(134,200)	(145,153)	(174,543)	(134,200)
Investments fair value reserve	(134)	(118)	1,388	34,969	34,013	34,193	34,835	33,895	35,581
Re-measurement losses on defined benefit plans	(8,873)	(8,873)	(10,676)	-	-	-	(8,873)	(8,873)	(10,676)
TOTAL EQUITY	(9,007)	(8,991)	(9,288)	391,947	361,601	402,124	382,940	352,610	392,836
TOTAL LIABILITIES AND EQUITY	490,114	608,371	552,981	425,731	398,643	431,584	915,845	1,007,014	984,565

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)
18.2 Interim condensed statement of income (continued)

	Three-months period ended 30 September					
	Insurance Operations		Shareholders' Operations		Total	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated
REVENUES						
Insurance service revenue	227,396	240,027	-	-	227,396	240,027
Insurance Service Expenses	(206,966)	(237,513)	-	-	(206,966)	(237,513)
Insurance service result before reinsurance contracts held	20,430	2,514	-	-	20,430	2,514
Allocation of reinsurance premiums	(16,885)	(20,293)	-	-	(16,885)	(20,293)
Amounts recoverable from reinsurance	(23,779)	19,832	-	-	(23,779)	19,832
Net revenues / (expenses) from reinsurance contracts held	(40,664)	(461)	-	-	(40,664)	(461)
Insurance service result	(20,234)	2,053	-	-	(20,234)	2,053
Investment income on financial assets at amortised cost	3,752	3,786	828	561	4,580	4,347
Investment income on financial assets at FVTPL	975	4,104	(3,104)	3,500	(2,129)	7,604
Net credit impairment losses on financial assets	-	-	-	-	-	-
Other investment income	-	52	-	-	-	52
Net investment income	4,727	7,942	(2,276)	4,061	2,451	12,003
Finance expenses from insurance contracts issued	(3,957)	(3,086)	-	-	(3,957)	(3,086)
Finance income from reinsurance contracts held	1,017	544	-	-	1,017	544
Net insurance finance expenses	(2,940)	(2,542)	-	-	(2,940)	(2,542)
Net insurance and investment result	(18,447)	7,453	(2,276)	4,061	(20,723)	11,514

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)**18.2 Interim condensed statement of income (continued)**

	Three-months period ended 30 September					
	Insurance Operations		Shareholders' Operations		Total	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated
Net insurance and investment result	(18,447)	7,453	(2,276)	4,061	(20,723)	11,514
OTHER INCOME / (EXPENSES)						
Other operating expenses	(5,169)	(5,602)	(45)	(304)	(5,214)	(5,906)
Other income	5,249	148	-	-	5,249	148
TOTAL OTHER (EXPENSES) / INCOME	80	(5,454)	(45)	(304)	35	(5,758)
Net income / (loss) attributable to shareholders before zakat	(18,367)	1,999	(2,321)	3,757	(20,688)	5,756
Zakat charge for the period	-	-	(2,250)	(2,165)	(2,250)	(2,165)
Net income / (loss) attributable to shareholders' operations	(18,367)	1,999	(4,571)	1,592	(22,938)	3,591

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)**18.3 Interim condensed statement of comprehensive income**

	Three-months period ended 30 September					
	Insurance Operations		Shareholders' Operations		Total	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated
Net income / (loss) for the period	(18,367)	-	(4,571)	3,591	(22,938)	3,591
Other comprehensive income:						
Items that will not be recycled to statements of income in subsequent years						
Change in fair value of financial investments at FVTOCI	(26)	(204)	430	(147)	404	(351)
Total comprehensive income / (loss) for the period	(18,393)	(204)	(4,141)	3,444	(22,534)	3,240
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
Total comprehensive income / (loss) attributable to shareholders	(18,393)	(204)	(4,141)	3,444	(22,534)	3,240

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income (continued)

	Nine-months period ended 30 September					
	Insurance Operations		Shareholders' Operations		Total	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated
REVENUES						
Insurance service revenue	712,259	721,334	-	-	712,259	721,334
Insurance Service Expenses	(627,869)	(763,000)	-	-	(627,869)	(763,000)
Insurance service result before reinsurance contracts held	84,390	(41,666)	-	-	84,390	(41,666)
Allocation of reinsurance premiums	(43,615)	(47,661)	-	-	(43,615)	(47,661)
Amounts recoverable from reinsurance	(17,795)	33,683	-	-	(17,795)	33,683
Net revenues / (expenses) from reinsurance contracts held	(61,410)	(13,978)	-	-	(61,410)	(13,978)
Insurance service result	22,980	(55,644)	-	-	22,980	(55,644)
Investment income on financial assets at amortised cost	11,131	10,765	4,284	7,058	15,415	17,823
Investment income on financial assets at FVTPL	3,019	5,850	6,314	7,709	9,333	13,559
Net credit impairment losses on financial assets	(16)	(22)	(8)	(15)	(24)	(37)
Other investment income	-	52	-	1,640	-	1,692
Net investment income	14,134	16,645	10,590	16,392	24,724	33,037
Finance expenses from insurance contracts issued	(11,809)	(5,437)	-	-	(11,809)	(5,437)
Finance income from reinsurance contracts held	2,791	1,585	-	-	2,791	1,585
Net insurance finance expenses	(9,018)	(3,852)	-	-	(9,018)	(3,852)
Net insurance and investment result	28,096	(42,851)	10,590	16,392	38,686	(26,459)

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)**18.2 Interim condensed statement of income (continued)**

	Nine-months period ended 30 September					
	Insurance Operations		Shareholders' Operations		Total	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated
Net insurance and investment result	28,096	(42,851)	10,590	16,392	38,686	(26,459)
OTHER INCOME / (EXPENSES)						
Other operating expenses	(11,773)	(15,271)	(4,613)	(1,637)	(16,386)	(16,908)
Other income	13,840	234	-	-	13,840	234
TOTAL OTHER (EXPENSES) / INCOME	2,067	(15,037)	(4,613)	(1,637)	(2,546)	(16,674)
Total income / (loss) for the period	30,163	(57,888)	5,977	14,755	36,140	(43,133)
Zakat charge for the period	-	-	(6,750)	(8,665)	(6,750)	(8,665)
Net income / (loss) attributable to shareholders' operations	30,163	(57,888)	(773)	6,090	29,390	(51,798)

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)**18.3 Interim condensed statement of comprehensive income**

	Nine-months period ended 30 September					
	Insurance Operations		Shareholders' Operations		Total	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated
Net income / (loss) for the period	-	-	29,390	3,591	29,390	3,591
Other comprehensive income:						
Items that will not be recycled to statements of income in subsequent years						
Change in fair value of financial investments at FVTOCI	(16)	(60)	956	(752)	940	(812)
Total comprehensive income / (loss) for the period	(16)	(60)	30,346	2,839	30,330	2,779
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
Total comprehensive income / (loss) attributable to shareholders	(16)	(60)	30,346	2,839	30,330	2,779

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)

18.4 Interim condensed statement of cash flows

	Nine-months period ended 30 September					
	Insurance Operations		Shareholders' Operations		Total	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated	(Unaudited)	(Unaudited) Restated
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income / (loss) for the period before zakat	-	-	36,140	(43,133)	36,140	(43,133)
Adjustments for:						
Other investment income	-	-	-	(1,640)	-	(1,640)
Depreciation of property and equipment	1,475	1,447	-	-	1,475	1,447
Investment income on financial assets at FVTPL	(3,019)	(1,364)	(6,314)	(7,709)	(9,333)	(9,073)
Finance expenses from insurance contracts issued	11,809	5,437	-	-	11,809	5,437
Finance income from reinsurance contracts held	(2,791)	(1,585)	-	-	(2,791)	(1,585)
Net credit impairment losses on financial assets	16	22	8	15	24	37
Provision for employees' end-of-service benefits	3,969	2,965	-	-	3,969	2,965
Changes in operating assets and liabilities:						
Reinsurance contract assets	22,280	(96,788)	-	-	22,280	(96,788)
Prepayments and other assets	(14,538)	(14,500)	13,016	1,214	(1,522)	(13,286)
Accrued expenses and other liabilities	(12,739)	45,789	(641)	(1,501)	(13,380)	44,288
Insurance contract liabilities	(114,512)	49,895	-	-	(114,512)	49,895
Cash generated from / (used in) operations	(108,050)	(8,682)	42,209	(52,754)	(65,841)	(61,436)

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

18 SUPPLEMENTARY INFORMATION (continued)

18.4 Interim condensed statement of cash flows (continued)

18.4 Interim condensed statement of cash flows (continued)		Nine-months period ended 30 September						
		Insurance Operations		Shareholders' Operations		Total		
		2023	2022	2023	2022	2023	2022	
		Due to/from insurance operations	(5,034)	53,702	5034	(53,702)	-	-
		Zakat paid	-	-	(2,044)	(3,910)	(2,044)	(3,910)
		Employees' end-of-service benefits paid	(1,734)	(3,408)	-	-	(1,734)	(3,408)
		Net cash generated from / (used in) operating activities	(114,818)	41,612	45,199	(110,366)	(69,619)	(68,754)
CASH FLOWS FROM INVESTING ACTIVITIES								
		Net placement to Murabaha deposits	(68,143)	(42,206)	(55,273)	(75,601)	(123,416)	(117,807)
		Net (addition to) / proceeds from financial assets	(5,234)	2,545	1,136	10,809	(4,098)	13,354
		Addition to property and equipment	(1,671)	(608)	-	-	(1,671)	(608)
		Net cash used in investing activities	(75,048)	(40,269)	(54,137)	(64,792)	(129,185)	(105,061)
		Net change in cash and cash equivalents	(189,866)	1,343	(8,938)	(175,158)	(198,804)	(173,815)
	5	Cash and cash equivalents at the beginning of the period	236,616	207,814	101,523	271,559	338,139	479,373
	5	Cash and cash equivalents at the end of the period	46,750	209,157	92,585	96,401	139,335	305,558
Supplemental non-cash information:								
		Change in fair value of financial investments at FVTOCI	(16)	(60)	956	(752)	940	(812)
		Commission income on statutory deposit	-	-	(7,573)	278	(7,573)	278

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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19 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.

20 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors on 23 Rabi- II, 1445 H corresponding to 07 November, 2023.