

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

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

**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

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

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**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the three-months periods ended 31 March 2022**

<b>INDEX</b>	<b>Page</b>
Independent auditors' review report	1
Interim condensed statement of financial position	2 - 3
Interim condensed statement of income	4 - 5
Interim condensed statement of comprehensive income	6
Interim condensed statement of changes in equity	7
Interim condensed statement of cash flows	8
Notes to the interim condensed financial statements	9 - 35

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

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

**INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of Malath Cooperative Insurance Company (the "Company") as at 31 March 2022 and the related interim condensed statement of income, other comprehensive income, changes in equity and cash flows for the three months period ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**SCOPE OF REVIEW**

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

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.  
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Kingdom of Saudi Arabia



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May 25, 2022  
(Shawwal 24, 1443H)



**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2022**

	Note	<b>31 March</b>	<b>31 December</b>
		<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>SR (000)</b>	
<b>ASSETS</b>			
Cash and cash equivalents	4	375,324	479,381
Murabaha deposits	5	219,483	129,113
Premiums and reinsurers' receivable - net	6	262,344	218,884
Reinsurers' share of unearned premiums	7b	33,345	14,487
Reinsurers' share of outstanding claims	7a	90,891	90,130
Reinsurers' share of claims incurred but not reported	7a	25,956	20,802
Deferred policy acquisition costs	7d	31,489	25,618
Deferred excess of loss premiums		1,836	83
Available-for-sale investments	8	168,091	161,626
Investment in associates	9	13,112	-
Investment held to maturity		19,724	19,724
Prepayments and other assets		32,057	56,479
Property and equipment		4,534	4,846
Statutory deposit		75,000	75,000
Accrued commission income on statutory deposit		10,306	10,167
<b>TOTAL ASSETS</b>		<b>1,363,492</b>	<b>1,306,340</b>



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

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

**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2022**

	Note	31 March 2022 (Unaudited) SR (000)	31 December 2021 (Audited)
<b>LIABILITIES</b>			
Policyholders claims payable		17,542	33,535
Accrued and other liabilities		80,674	94,763
Reinsurance balances payable		52,536	25,809
Unearned premiums	7b	474,284	427,085
Unearned reinsurance commission	7c	7,374	3,488
Outstanding claims	7a	72,170	59,549
Claims incurred but not reported (IBNR)	7a	225,045	209,110
Additional premium reserve	7a	24,175	28,412
Other technical reserves	7a	4,819	4,432
Employees' end-of-service benefits		19,997	20,154
Accumulated surplus		1,008	1,008
Provision for zakat	10	20,502	17,252
Accrued commission income payable to SAMA		10,306	10,167
<b>TOTAL LIABILITIES</b>		<b>1,010,432</b>	<b>934,764</b>
<b>EQUITY</b>			
Share capital	11	500,000	500,000
Statutory reserve	13	2,131	2,131
Accumulated losses		(144,659)	(120,408)
Fair value reserve for available-for-sale investments		6,836	529
Re-measurement reserve of defined benefit obligation		(11,248)	(10,676)
<b>TOTAL EQUITY</b>		<b>353,060</b>	<b>371,576</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,363,492</b>	<b>1,306,340</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	16		

  
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**DIRECTOR**

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**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
**For the three-months periods ended 31 March 2022**

	Note	Three-months period ended 31 March	
		2022	2021
		(Unaudited)	(Unaudited)
		SR (000)	
<b>REVENUES</b>			
Gross premiums written	7b	286,394	290,330
Reinsurance premiums ceded			
- Local		(2,469)	(1,992)
- International (includes premium ceded through local broker)		(30,656)	(24,244)
		(33,125)	(26,236)
Excess of loss expenses		(2,011)	(5,227)
<b>Net premiums written</b>		251,258	258,867
Movement in unearned premiums, net		(28,341)	(88,176)
<b>Net premiums earned</b>	7b	222,917	170,691
Reinsurance commissions	7c	3,363	2,597
Other underwriting income		464	432
<b>NET REVENUES</b>		226,744	173,720
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid		(197,747)	(199,221)
Reinsurers' share of claims paid		4,036	5,357
<b>Net claims paid</b>		(193,711)	(193,864)
Movement in outstanding claims, net		(11,861)	35,141
Movement in claims incurred but not reported, net		(10,781)	13,610
Movement in additional premium reserve		4,237	12,283
Movement in other technical reserves		(387)	289
<b>Net claims incurred</b>		(212,503)	(132,541)
Policy acquisition costs	7d	(16,738)	(13,522)
Other underwriting expenses		(8,151)	(9,877)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		(237,392)	(155,940)
<b>NET UNDERWRITING (EXPENSE) / INCOME</b>		(10,648)	17,780

  
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**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
**For the three-months periods ended 31 March 2022**

	Note	<b>Three-months period ended 31 March</b>	
		<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>SR (000)</b>	
Net underwriting (expenses) / income carried forward		(10,648)	17,780
<b>OTHER INCOME / (EXPENSES)</b>			
(Provision) / reversal for doubtful debts	6	(2,597)	1,568
Salaries and staff related costs		(19,499)	(19,420)
Other general and administrative expenses		(13,090)	(7,955)
Investment income		12,736	6,533
Other income		335	2,198
Share of profit from investment in associate		11,762	-
<b>TOTAL OTHER EXPENSES</b>		<b>(10,353)</b>	<b>(17,076)</b>
<b>Net (loss) / income for the period</b>		<b>(21,001)</b>	<b>704</b>
Surplus attributed to insurance operations		-	-
<b>Net (loss) / income attributable to shareholders before zakat</b>		<b>(21,001)</b>	<b>704</b>
Zakat charge for the period	10	(3,250)	(3,244)
<b>Net loss attributable to shareholders' operations</b>		<b>(24,251)</b>	<b>(2,540)</b>
<b>Earnings / (loss) per share</b>	11		
Basic and diluted earnings per share (Saudi Riyals)		(0.49)	(0.05)
Weighted average number of shares in issue throughout the period (thousands)		50,000	50,000

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DIRECTOR

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**MALATH COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**For the three-months periods ended 31 March 2022**

Note	Three-months period ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	SR (000)	
Net loss for the period attributable to shareholders	(24,251)	(2,540)
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to statements of income in subsequent periods</i>		
-Change in fair value of available-for-sale investments, net	6,307	952
<i>Items that will not be reclassified to statements of income in subsequent years</i>		
-Re-measurement loss on end of service benefits from investment in associate	(572)	-
<b>Total comprehensive loss for the period attributable to shareholders</b>	<b>(18,516)</b>	<b>(1,588)</b>
Net income attributable to insurance operations	-	-
Other comprehensive income attributable to insurance operations	-	-
<b>Total comprehensive income attributable to insurance operations</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b>(18,516)</b>	<b>(1,588)</b>

  
  
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**MALATH COOPERATIVE INSURANCE COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

**For the three-months period ended 31 March 2022**

	Note	Share capital	Statutory reserve	Accumulated losses	Fair value reserve for available-for-sale investments	Re-measurement reserve of employees' end-of-service benefits	Total equity
		(SR 000)					
<b>Balance at 01 January 2022 (Audited)</b>		<b>500,000</b>	<b>2,131</b>	<b>(120,408)</b>	<b>529</b>	<b>(10,676)</b>	<b>371,576</b>
<b>Net loss for the period</b>		-	-	<b>(24,251)</b>	-	-	<b>(24,251)</b>
<b>Unrealized gain on available-for-sale investments</b>		-	-	-	<b>6,307</b>	-	<b>6,307</b>
<b>Re-measurement loss on end of service benefits from investment in associate</b>	9	-	-	-	-	<b>(572)</b>	<b>(572)</b>
<b>Total comprehensive loss</b>		-	-	<b>(24,251)</b>	<b>6,307</b>	<b>(572)</b>	<b>(18,516)</b>
<b>Balance at 31 March 2022 (Unaudited)</b>		<b>500,000</b>	<b>2,131</b>	<b>(144,659)</b>	<b>6,836</b>	<b>(11,248)</b>	<b>353,060</b>
<b>Balance at 01 January 2021 (Audited)</b>		<b>500,000</b>	<b>2,131</b>	<b>(34,748)</b>	<b>673</b>	<b>(7,596)</b>	<b>460,460</b>
<b>Net loss for the period</b>		-	-	<b>(2,540)</b>	-	-	<b>(2,540)</b>
<b>Unrealized gain on available-for-sale investments</b>		-	-	-	<b>952</b>	-	<b>952</b>
<b>Total comprehensive loss</b>		-	-	<b>(2,540)</b>	<b>952</b>	-	<b>(1,588)</b>
<b>Balance at 31 March 2021 (Unaudited)</b>		<b>500,000</b>	<b>2,131</b>	<b>(37,288)</b>	<b>1,625</b>	<b>(7,596)</b>	<b>458,872</b>

  
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**MALATH COOPERATIVE INSURANCE COMPANY**  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**For the three-months period ended 31 March 2022**

		Three-months period ended 31	
Note		2022	2021
		(Unaudited)	(Unaudited)
		SR (000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Net (loss) / income for the period before zakat	(21,001)	704
<b>Adjustments for non-cash items:</b>			
	Depreciation of property and equipment	459	405
	Gain on disposal of available-for-sale investment	(6,366)	-
	Provision for employees' end-of-service benefits	1,351	1,432
	Share of profit from investment in associate	(11,762)	-
6	Provision / (reversal) for doubtful debts	2,597	(1,568)
<b>Changes in operating assets and liabilities:</b>			
	Premiums and reinsurers' receivable	(46,057)	(87,388)
	Reinsurers' share of unearned premiums	(18,858)	(13,326)
	Reinsurers' share of outstanding claims	(761)	6,515
	Reinsurers' share of claims incurred but not reported	(5,154)	2,047
	Deferred policy acquisition costs	(5,871)	(12,389)
	Deferred excess of loss premiums	(1,753)	(2,805)
	Prepayments and other assets	24,422	(1,003)
	Policyholders claims payable	(15,993)	30,667
	Accrued expenses and other liabilities	(14,086)	(5,018)
	Reinsurance balances payable	26,727	25,247
	Unearned premiums	47,199	101,502
	Unearned reinsurance commission	3,886	2,934
	Outstanding claims	12,621	(41,655)
	Claims incurred but not reported	15,935	(15,657)
	Additional premium reserve	(4,237)	(12,283)
	Other technical reserves	387	(289)
	Accumulated surplus	-	(2,198)
	<b>Cash used in operations</b>	<b>(16,315)</b>	<b>(24,126)</b>
	Employees' end-of-service benefits paid	(1,508)	(641)
	<b>Net cash used in operating activities</b>	<b>(17,823)</b>	<b>(24,767)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Net additions of Murabaha deposits	(90,370)	(50,000)
	Proceeds from sale of available-for-sale investments	13,334	2,785
	Additions of property and equipment	(147)	(928)
	Additions to investment held to maturity	-	(7,494)
8	Additions to available-for-sale investments	(9,050)	(54)
	<b>Net cash used in investing activities</b>	<b>(86,233)</b>	<b>(55,691)</b>
	<b>Net change in cash and cash equivalents</b>	<b>(104,056)</b>	<b>(80,458)</b>
4	Cash and cash equivalents at the beginning of the period	479,381	560,070
4	<b>Cash and cash equivalents at the end of the period</b>	<b>375,324</b>	<b>479,612</b>
<b>Supplemental non-cash information:</b>			
	Change in fair value of available-for-sale investments	6,307	952
	Commission income on statutory deposit	139	116

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

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

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

**2 BASIS OF PREPARATION**

**(a) Basis of presentation and measurement**

These interim condensed financial information (interim condensed financial statements) of the Company as at and for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia by Saudi Organization for Certified Public Accountants (SOCPA).

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**2 BASIS OF PREPARATION (continued)**

**(a) Basis of presentation and measurement (continued)**

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

**(b) Functional and presentation currency**

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

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

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

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

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

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

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

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

**ii) *Impairment of available-for-sale investments***

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

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

**For the three-months periods ended 31 March 2022**

**2 BASIS OF PREPARATION (continued)**

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

**iii) *Impairment of receivables***

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

**iv) *Fair value of financial instruments***

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

**v) *Deferred policy acquisition costs***

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

**vi) *Premium deficiency reserve***

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

**vii) *Investments in associates***

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

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



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a) Amendment to standards and interpretations**

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

**b) Standards issued but not yet effective**

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

<b>STANDARD/</b>	<b>DESCRIPTION</b>	<b>EFFECTIVE FROM</b>
IFRS 16 (amendment)	Amendments to IFRS 16	1-Jun-21
IFRS 9	Financial Instruments (refer below)	1-Jan-20
IFRS 17	Insurance Contracts (refer below)	1-Jan-23

**a. Amendments to IFRS 16 - COVID-19 Related Rent Concessions**

The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequences of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

**b. IFRS 9 - Financial Instruments**

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

**c. IFRS 17 - Insurance Contracts**

**Overview**

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. IFRS 17 - Insurance Contracts (continued)**

**Effective date**

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

**Transition**

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

**Impact**

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

**b. IFRS 17 - Insurance Contracts (continued)**

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments in associates**

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

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

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

**4 CASH AND CASH EQUIVALENTS**

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
<b>Insurance operations</b>		
Cash in banks	<b>13,035</b>	37,074
Cash on hand	<b>19</b>	19
Short term Murabaha deposits	<b>217,475</b>	170,726
	<b>230,529</b>	207,819
<b>Shareholders' operations</b>		
Cash in banks	<b>12,533</b>	141,930
Short term Murabaha deposits	<b>132,262</b>	129,632
	<b>144,795</b>	271,562
<b>Total cash and cash equivalents</b>	<b>375,324</b>	479,381

Short term Murabaha deposits have original maturity of less than three months from the date of acquisition and are subject to an average commission rate of 3.94% per annum as at 31 March 2022 per annum (31 December 2021: 1.73%). The carrying amounts disclosed above are not materially different from their fair values at the date of the interim condensed statement of financial position.

Cash at bank includes an amount of SR 3.3 million (Note 20) (2021: SR 732 thousand) that pertains to the company's share of Inherent Defect Insurance (IDI) portfolio.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**5 MURABAHA DEPOSITS**

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
<b>Insurance operations</b>		
Murabaha deposits	<b>139,483</b>	129,113
<b>Shareholders' operations</b>		
Murabaha deposits	<b>80,000</b>	-
Total Murabaha deposits	<b>219,483</b>	129,113

Murabaha deposits have an original maturity of more than three months from the date of acquisition and are subject to an average commission rate of 2.79% per annum as at 31 March 2022 (31 December 2021: 1.57% per annum).

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

**6 PREMIUMS AND REINSURERS' RECEIVABLE - NET**

Receivables comprise amounts due from the following:

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Policyholders	<b>265,630</b>	233,414
Reinsurers	<b>4,287</b>	1,396
Insurance companies	<b>21,789</b>	11,581
Agents and brokers	<b>16,809</b>	16,067
	<b>308,515</b>	262,458
Less:		
Provision for doubtful receivables - insurance	<b>(45,857)</b>	(43,287)
Provision for doubtful receivables - reinsurers	<b>(314)</b>	(287)
	<b>(46,171)</b>	(43,574)
	<b>262,344</b>	218,884

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

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Balance at the beginning of the period/year	<b>43,574</b>	36,528
Provision made during the period/year	<b>2,597</b>	7,046
Balance at the end of the period/year	<b>46,171</b>	43,574

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**7 TECHNICAL RESERVES**

**a) Outstanding claims and reserves**

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Outstanding claims	<b>72,170</b>	59,549
Claims incurred but not reported (IBNR)	<b>225,045</b>	209,110
Additional premium reserves	<b>24,175</b>	28,412
Other technical reserves	<b>4,819</b>	4,432
	<b>326,209</b>	301,503
Reinsurers' share of outstanding claims	<b>(90,891)</b>	(90,130)
Reinsurers' share of claims incurred but not reported	<b>(25,956)</b>	(20,802)
	<b>(116,847)</b>	(110,932)
Net outstanding claims and reserves	<b>209,362</b>	190,571

**b) Unearned premiums**

	<b>31 March 2022 (Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>
	<b>SR (000)</b>		
Unearned premiums at beginning of the period	<b>427,085</b>	<b>(14,487)</b>	<b>412,598</b>
Premiums written during the period	<b>286,394</b>	<b>(35,136)</b>	<b>251,258</b>
Premiums earned during the period	<b>(239,195)</b>	<b>16,278</b>	<b>(222,917)</b>
Unearned premiums at end of the period	<b>474,284</b>	<b>(33,345)</b>	<b>440,939</b>
	<b>31 December 2021 (Audited)</b>		
	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>
	<b>SR (000)</b>		
Unearned premiums at beginning of the year	330,974	(17,051)	313,923
Premiums written during the year	942,107	(64,720)	877,387
Premiums earned during the year	(845,996)	67,284	(778,712)
Unearned premiums at end of the year	427,085	(14,487)	412,598

**c) Unearned reinsurance commission**

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Balance at beginning of the period/year	<b>3,488</b>	4,001
Commission received during the period/year	<b>7,224</b>	7,810
Commission earned during the period/year	<b>(3,338)</b>	(8,323)
Balance at end of the period/year	<b>7,374</b>	3,488



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**7 TECHNICAL RESERVES (continued)**

**d) Deferred policy acquisition costs**

	<b>31 March</b>	31 December
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Audited)
	<b>SR (000)</b>	
Balance at beginning of the period/year	<b>25,618</b>	20,117
Incurred during the period/year	<b>22,609</b>	71,331
Amortized during the period/year	<b>(16,738)</b>	(65,830)
Balance at end of the period/year	<b>31,489</b>	25,618

**8 AVAILABLE-FOR-SALE INVESTMENTS**

	<b>31 March</b>	31 December
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Audited)
	<b>SR (000)</b>	
<b>Insurance operations</b>		
<b>Quoted</b>		
Equity shares	<b>2,893</b>	6,269
<b>Unquoted</b>		
Funds	<b>50,114</b>	50,114
Equity shares	<b>5,115</b>	5,115
	<b>58,122</b>	61,498
<b>Shareholders' operations</b>		
<b>Quoted</b>		
Equity shares	<b>76,639</b>	65,898
<b>Unquoted</b>		
Funds	<b>30,430</b>	30,430
Equity shares	<b>2,900</b>	3,800
	<b>109,969</b>	100,128
<b>Total available for sale investments</b>	<b>168,091</b>	161,626

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

During the period ending at March31, 2022. Najm insurance services investment has been reclassified from 'available for sale investment' to 'investment in associates' (Refer Note 9).

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the three-months periods ended 31 March 2022

**8 AVAILABLE-FOR-SALE INVESTMENTS (continued)**

Movement in the investments balance is as follows:

	<b>31 March</b>	31 December
	<b>2022</b>	2021
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
<b>Insurance operations</b>		
Balance at beginning of the year	<b>61,498</b>	53,976
Addition during the year	-	12,669
Transfer to shareholder investment during the year	-	(1,219)
Disposals during the year	<b>(3,603)</b>	(5,316)
Unrealized gain on available-for-sale investments	<b>227</b>	1,388
Balance at end of the period/year	<b>58,122</b>	61,498
<b>Shareholders' operations</b>		
Balance at beginning of the year	<b>100,128</b>	62,582
Addition during the year	<b>9,050</b>	57,963
Transfer from policyholder investment during the year	-	1,219
Value of investment reclassified to investment in associate (Note 9)	<b>(1,923)</b>	-
Disposals during the year	<b>(3,365)</b>	(20,104)
Unrealized gain / (loss) on available-for-sale investments	<b>6,079</b>	(1,532)
Balance at end of the year	<b>109,969</b>	100,128

**9 INVESTMENT IN ASSOCIATES**

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

The investment in associate is solely for shareholders' operation (2021:Nil). The Company obtained significant influence on 27 January 2022 on the basis of representation on Board of Directors of the investee and as required by standard, an investor will generally begin to use the equity method when it first acquires or it increases its interest in the associate or joint venture such that significant influence or joint. The company holds 3.45% ownership interest.

The investee summarized financial information as follow:

**Najm Insurance services (incorporated in Saudi Arabia)**

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**10 PROVISION FOR ZAKAT**

**a) Zakat payable**

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

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR (000)</b>	
Balance at beginning of the period/year	<b>17,252</b>	20,374
Charge for the period/year	<b>3,250</b>	12,810
Reversal of zakat provision during the period/year	-	(5,855)
Payments during the period/year	-	(10,077)
Balance at end of the period/year	<b>20,502</b>	17,252

**b) Status of assessments**

The Company had filed the Zakat return for the years 2016 to 2018 and received a temporary Zakat certificate. No assessments have been received from GAZT to date in respect of these years. For the year 2020, the Company has filed the Zakat return before extended deadline of July 31, 2021 and received temporary Zakat certificate.

**c) Status of appeals**

**Zakat years 2007 to 2010:** The Zakat, Tax & Customs Authority ("ZATCA") raised its assessments for those years claiming additional zakat liability of Saudi Riyals 8.7 million and withholding tax liability of Saudi Riyals 12.2 million in addition to the related delay penalties of 1% for each 30 delay days calculated from the due date till settling such due amounts. The Company has filed an appeal against such additional liabilities to ZATCA then the case has been transferred to the Preliminary Appeal Committee ("PAC") which has rejected the major items therefore the Company has submitted a letter of guarantee to ZATCA for zakat, withholding tax and related delay penalties amounting to Saudi Riyals 31.81 million and appealed the PAC ruling to the Higher Appeal Committee ("HAC") which has been replaced by the new tax committees under General Secretary of Tax Committees ("GSTC"). Then the company has submitted a request to the settlement committee at ZATCA and reached to a settlement agreement for those years to settle an amount of Saudi Riyals 3.3 million for zakat and Saudi Riyals 12.2 million for withholding tax. The company has settled such agreed amounts.

**Zakat years 2011 to 2015:** The ZATCA raised its assessments for those years claiming additional zakat liability of Saudi Riyals 8 million and withholding tax liability of Saudi Riyals 10.2 million in addition to the related delay penalties of 1% for each 30 delay days calculated from the due date till settling such due amounts. The Company has filed an appeal against such additional liabilities to ZATCA then the case has been transferred to the Preliminary Appeal Committee ("PAC") which has been replaced by the new tax committees under General Secretary of Tax Committees ("GSTC"). Then the company has submitted a request to the settlement committee at ZATCA and reached to a settlement agreement for those years to settle an amount of Saudi Riyals 4.1 million for zakat and Saudi Riyals 10.2 million for withholding tax. The company has settled such agreed amounts.

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**10 PROVISION FOR ZAKAT (continued)**

**c) Status of appeals (continued)**

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

**11 SHARE CAPITAL**

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

**12 BASIC AND DILUTED EARNINGS PER SHARE**

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

The basic and diluted earning per share are as follows:

	<b>Three-months period ended</b>	
	<b>31 March</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Basic and diluted earnings per share (Saudi Riyals)	<b>(0.49)</b>	(0.05)
Weighted average number of shares throughout the period (thousands)	<b>50,000</b>	50,000

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**13 STATUTORY RESERVE**

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

**14 CAPITAL MANAGEMENT**

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves.

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

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

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

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

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

**As at 31 March 2022 (Unaudited)**

	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>SR (000)</u>				
<b>Financial assets:</b>					
<b>Available-for-sale investments</b>					
<b>Insurance operations</b>					
Equity securities	8,008	2,893	-	5,115	8,008
Mutual Funds	50,114	-	-	50,114	50,114
<b>Shareholders' operations</b>					
Equity securities	79,539	76,639	-	2,900	79,539
Mutual Funds/Sukuks	30,430	-	-	30,430	30,430
	<u>168,091</u>	<u>79,532</u>	<u>-</u>	<u>88,559</u>	<u>168,091</u>

**As at 31 December 2021 (Audited)**

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

**16 COMMITMENTS AND CONTINGENCIES**

**a. Legal proceedings and regulations**

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

**b. Contingent liabilities**

The Company's contingent liabilities are as follows:

	<u>31 March</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>SR (000)</u>	
Letters of guarantee	23,166	20,974

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**17 RELATED PARTY TRANSACTIONS**

Related parties represent transactions with Najm the investment in associate, major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are mutually agreed and are approved by the Company's management.

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

	<b>Three-months period ended</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR (000)</b>	
Remuneration paid to Board of Directors	-	1,750
Board of Directors' and Committees meeting fees	25	111

Remuneration and compensation of key management personnel:

	<b>Three-months period ended</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR (000)</b>	
Salaries and allowances	1,743	1,656
End of service indemnities	126	111

	<b>Three-months period ended</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR (000)</b>	
Paid Najm Fees	5,988	2,314
Collection of Manafth	1,421	-

**18 SEGMENT INFORMATION**

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**18 SEGMENT INFORMATION (continued)**

Operating segment	Three-months period ended 31 March 2022 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
<b>Revenues</b>					
Gross premiums written					
-Individuals	85	47,853	7	-	47,945
-Very small enterprises	1,468	660	-	-	2,128
-Small enterprises	20,136	10,180	262	-	30,578
-Medium enterprises	32,679	6,115	1,417	-	40,211
-Corporates	114,176	14,938	36,418	-	165,532
	<u>168,544</u>	<u>79,746</u>	<u>38,104</u>	<u>-</u>	<u>286,394</u>
Reinsurance premiums ceded					
- Local	-	-	(2,469)	-	(2,469)
- International	(3)	-	(30,653)	-	(30,656)
	<u>(3)</u>	<u>-</u>	<u>(33,122)</u>	<u>-</u>	<u>(33,125)</u>
Excess of loss expenses					
- Local	(133)	(98)	(38)	-	(270)
- International	(133)	(1,242)	(366)	-	(1,742)
	<u>(266)</u>	<u>(1,340)</u>	<u>(405)</u>	<u>-</u>	<u>(2,011)</u>
<b>Net premiums written</b>	<u>168,275</u>	<u>78,406</u>	<u>4,577</u>	<u>-</u>	<u>251,258</u>
Movement in unearned premiums, net	<u>(70,305)</u>	<u>44,172</u>	<u>(2,208)</u>	<u>-</u>	<u>(28,341)</u>
<b>Net premiums earned</b>	<u>97,970</u>	<u>122,578</u>	<u>2,369</u>	<u>-</u>	<u>222,917</u>
Reinsurance commissions	-	-	3,363	-	3,363
Other underwriting income	230	33	201	-	464
<b>Net revenues</b>	<u>98,200</u>	<u>122,611</u>	<u>5,933</u>	<u>-</u>	<u>226,744</u>
<b>Underwriting costs and expenses</b>					
Gross claims paid	(64,056)	(132,437)	(1,254)	-	(197,747)
Reinsurers' share of claims paid	2,273	800	963	-	4,036
<b>Net claims paid</b>	<u>(61,783)</u>	<u>(131,637)</u>	<u>(291)</u>	<u>-</u>	<u>(193,711)</u>
Movement in outstanding claims, net	(15,883)	3,607	415	-	(11,861)
Movement in claims incurred but not report	(4,228)	(6,701)	148	-	(10,781)
Movement in additional premium reserve	(4,816)	9,122	(69)	-	4,237
Movement in other technical reserves	(90)	(108)	(189)	-	(387)
<b>Net claims incurred</b>	<u>(86,800)</u>	<u>(125,717)</u>	<u>14</u>	<u>-</u>	<u>(212,503)</u>
Policy acquisition costs	(6,447)	(8,095)	(2,196)	-	(16,738)
Other underwriting expense	-	(8,149)	(2)	-	(8,151)
<b>Total underwriting costs and expenses</b>	<u>(93,247)</u>	<u>(141,961)</u>	<u>(2,184)</u>	<u>-</u>	<u>(237,392)</u>
<b>Net underwriting income</b>	<u>4,953</u>	<u>(19,350)</u>	<u>3,749</u>	<u>-</u>	<u>(10,648)</u>
Unallocated revenue					24,833
Unallocated expenses					(35,186)
<b>Total income for the period</b>					<u>(21,001)</u>

**MALATH COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**
**For the three-months periods ended 31 March 2022**
**18 SEGMENT INFORMATION (Continued)**

Operating segment	Three-months period ended 31 March 2021 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Total
	SR (000)				
Revenues					
Gross premiums written					
-Individuals	185	53,860	76	-	54,121
-Very small enterprises	766	674	33	-	1,473
-Small enterprises	11,789	4,110	155	-	16,054
-Medium enterprises	21,289	5,700	1,479	-	28,468
-Corporates	107,134	55,373	27,707	-	190,214
	<u>141,163</u>	<u>119,717</u>	<u>29,450</u>	<u>-</u>	<u>290,330</u>
Reinsurance premiums ceded					
- Local	-	-	(1,992)	-	(1,992)
- International	(56)	-	(24,188)	-	(24,244)
	<u>(56)</u>	<u>-</u>	<u>(26,180)</u>	<u>-</u>	<u>(26,236)</u>
Excess of loss expenses					
- Local	(90)	(400)	(48)	-	(538)
- International	(160)	(3,802)	(727)	-	(4,689)
	<u>(250)</u>	<u>(4,202)</u>	<u>(775)</u>	<u>-</u>	<u>(5,227)</u>
Net premiums written	140,857	115,515	2,495	-	258,867
Movement in unearned premiums, net	(62,513)	(24,523)	(1,140)	-	(88,176)
Net premiums earned	78,344	90,992	1,355	-	170,691
Reinsurance commissions	-	-	2,597	-	2,597
Other underwriting income	130	78	224	-	432
Net revenues	<u>78,474</u>	<u>91,070</u>	<u>4,176</u>	<u>-</u>	<u>173,720</u>
<b>Underwriting costs and expenses</b>					
Gross claims paid	(98,157)	(93,866)	(7,198)	-	(199,221)
Reinsurers' share of claims paid	1,018	-	4,339	-	5,357
Net claims paid	(97,139)	(93,866)	(2,859)	-	(193,864)
Movement in outstanding claims, net	23,187	10,193	1,761	-	35,141
Movement in IBNR, net	16,573	(3,539)	576	-	13,610
Movement in additional premium reserve	7,183	6,317	(1,217)	-	12,283
Movement in other technical reserve	321	(74)	42	-	289
Net claims incurred	(49,875)	(80,969)	(1,697)	-	(132,541)
Policy acquisition costs	(5,685)	(6,014)	(1,823)	-	(13,522)
Other underwriting expense	-	(9,877)	-	-	(9,877)
Total underwriting costs and expenses	<u>(55,560)</u>	<u>(96,860)</u>	<u>(3,520)</u>	<u>-</u>	<u>(155,940)</u>
Net underwriting income	<u>22,914</u>	<u>(5,790)</u>	<u>656</u>	<u>-</u>	<u>17,780</u>
Unallocated revenue					8,731
Unallocated expenses					(25,807)
Total income for the period					<u>704</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**18 SEGMENT INFORMATION (continued)**

<b>Operating segment</b>	<b>As at 31 March 2022 (Unaudited)</b>				
	<b>Medical</b>	<b>Motor</b>	<b>Property &amp; casualty</b>	<b>Protection &amp; savings</b>	<b>Total</b>
	<b>SR (000)</b>				
<b>Assets</b>					
Reinsurer's share of unearned premiums	6	-	33,339	-	33,345
Reinsurers' share of outstanding claims	2,690	18,374	69,828	-	90,891
Reinsurers' share of claims incurred but not	12	-	25,944	-	25,956
Deferred policy acquisition costs	15,275	11,555	4,659	-	31,489
<b>Segment assets</b>	<b>17,983</b>	<b>29,929</b>	<b>133,769</b>	<b>-</b>	<b>181,681</b>
Unallocated assets					1,181,811
<b>Total assets</b>					<b>1,363,492</b>
<b>Liabilities</b>					
Unearned premiums	225,043	210,328	38,913	-	474,284
Unearned reinsurance commission	-	-	7,374	-	7,374
Outstanding claims	47,823	(50,803)	75,150	-	72,170
Claims incurred but not reported (IBNR)	38,617	159,185	27,243	-	225,045
Additional premium reserves	5,046	17,886	1,243	-	24,175
Other technical reserves	460	2,558	1,801	-	4,819
<b>Segment liabilities</b>	<b>316,989</b>	<b>339,154</b>	<b>151,724</b>	<b>-</b>	<b>807,867</b>
Unallocated liabilities					202,565
Total equity					353,060
<b>Total liabilities and equity</b>					<b>1,363,492</b>



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**18 SEGMENT INFORMATION (continued)**

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**19 SUPPLEMENTARY INFORMATION**

**19.1 Interim condensed statement of financial position**

	<b>Insurance Operations</b>		<b>Shareholders' Operations</b>		<b>Total</b>	
	<b>31 March</b>	31 December	<b>31 March</b>	31 December	<b>31 March</b>	31 December
	<b>2022</b>	2021	<b>2022</b>	2021	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)
	<b>SR (000)</b>					
<b>ASSETS</b>						
Cash and cash equivalents	<b>230,529</b>	207,819	<b>144,795</b>	271,562	<b>375,324</b>	479,381
Murabaha deposits	<b>139,483</b>	129,113	<b>80,000</b>	-	<b>219,483</b>	129,113
Premiums and reinsurers' receivable - net	<b>262,344</b>	218,884	-	-	<b>262,344</b>	218,884
Reinsurers' share of unearned premiums	<b>33,345</b>	14,487	-	-	<b>33,345</b>	14,487
Reinsurers' share of outstanding claims	<b>90,891</b>	90,130	-	-	<b>90,891</b>	90,130
Reinsurers' share of claims incurred but not reported	<b>25,956</b>	20,802	-	-	<b>25,956</b>	20,802
Deferred policy acquisition costs	<b>31,489</b>	25,618	-	-	<b>31,489</b>	25,618
Deferred excess of loss premiums	<b>1,836</b>	83	-	-	<b>1,836</b>	83
Available-for-sale investments	<b>58,122</b>	61,498	<b>109,969</b>	100,128	<b>168,091</b>	161,626
Investment in associates	-	-	<b>13,112</b>	-	<b>13,112</b>	-
Investment held to maturity	<b>10,000</b>	10,000	<b>9,724</b>	9,724	<b>19,724</b>	19,724
Prepayments and other assets	<b>29,393</b>	53,932	<b>2,664</b>	2,547	<b>32,057</b>	56,479
Property and equipment	<b>4,534</b>	4,846	-	-	<b>4,534</b>	4,846
Statutory deposit	-	-	<b>75,000</b>	75,000	<b>75,000</b>	75,000
Accrued commission income on statutory deposit	-	-	<b>10,306</b>	10,167	<b>10,306</b>	10,167
	<b>917,923</b>	837,212	<b>445,570</b>	469,128	<b>1,363,492</b>	1,306,340
Due (to) / from insurance operations	-	-	<b>(52,102)</b>	(58,804)	<b>(52,102)</b>	(58,804)
<b>TOTAL ASSETS</b>	<b>917,923</b>	837,212	<b>393,467</b>	410,324	<b>1,311,390</b>	1,247,536

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**19 SUPPLEMENTARY INFORMATION (continued)**

**19.1 Interim condensed statement of financial position (continued)**

	Insurance Operations		Shareholders' Operations		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	SR (000)					
<b>LIABILITIES</b>						
Policyholders claims payable	17,542	33,535	-	-	17,542	33,535
Accrued expenses and other liabilities	80,136	92,722	538	2,041	80,674	94,763
Reinsurance balances payable	52,536	25,809	-	-	52,536	25,809
Unearned premiums	474,284	427,085	-	-	474,284	427,085
Unearned reinsurance commission	7,374	3,488	-	-	7,374	3,488
Outstanding claims	72,170	59,549	-	-	72,170	59,549
Claims incurred but not reported (IBNR)	225,045	209,110	-	-	225,045	209,110
Additional premium reserve	24,175	28,412	-	-	24,175	28,412
Other technical reserves	4,819	4,432	-	-	4,819	4,432
Employees' end-of-service benefits	19,997	20,154	-	-	19,997	20,154
Accumulated surplus	1,008	1,008	-	-	1,008	1,008
Provision for zakat	-	-	20,502	17,252	20,502	17,252
Accrued commission income payable to SAMA	-	-	10,306	10,167	10,306	10,167
	979,086	905,304	31,346	29,460	1,010,432	934,764
Due (from) / to shareholders' operations	(52,102)	(58,804)	-	-	(52,102)	(58,804)
<b>TOTAL LIABILITIES</b>	<b>926,984</b>	<b>846,500</b>	<b>31,346</b>	<b>29,460</b>	<b>958,330</b>	<b>875,960</b>
<b>EQUITY</b>						
Share capital	-	-	500,000	500,000	500,000	500,000
Statutory reserve	-	-	2,131	2,131	2,131	2,131
Accumulated losses	-	-	(144,659)	(120,408)	(144,659)	(120,408)
Fair value reserve for available-for-sale investments	1,615	1,388	5,221	(859)	6,836	529
Re-measurement reserve of defined benefit obligation	(10,676)	(10,676)	(572)	-	(11,248)	(10,676)
<b>TOTAL EQUITY</b>	<b>(9,061)</b>	<b>(9,288)</b>	<b>362,121</b>	<b>380,864</b>	<b>353,060</b>	<b>371,576</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>917,923</b>	<b>837,212</b>	<b>393,467</b>	<b>410,324</b>	<b>1,311,390</b>	<b>1,247,536</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**19 SUPPLEMENTARY INFORMATION (continued)**

**19.2 Interim condensed statement of income (continued)**

	Three-months period ended 31 March (Unaudited)					
	Insurance Operations		Shareholders' Operations		Total	
	2022	2021	2022	2021	2022	2021
	SR (000)					
<b>REVENUES</b>						
Gross premiums written	286,394	290,330	-	-	286,394	290,330
Reinsurance premiums ceded						
- Local	(2,469)	(1,992)	-	-	(2,469)	(1,992)
- International (includes premium ceded through local broker)	(30,656)	(24,244)	-	-	(30,656)	(24,244)
	(33,125)	(26,236)	-	-	(33,125)	(26,236)
Excess of loss expenses	(2,011)	(5,227)	-	-	(2,011)	(5,227)
<b>Net premiums written</b>	<b>251,258</b>	<b>258,867</b>	<b>-</b>	<b>-</b>	<b>251,258</b>	<b>258,867</b>
Movement in unearned premiums, net	(28,341)	(88,176)	-	-	(28,341)	(88,176)
<b>Net premiums earned</b>	<b>222,917</b>	<b>170,691</b>	<b>-</b>	<b>-</b>	<b>222,917</b>	<b>170,691</b>
Reinsurance commissions	3,363	2,597	-	-	3,363	2,597
Other underwriting income	464	432	-	-	464	432
<b>NET REVENUES</b>	<b>226,744</b>	<b>173,720</b>	<b>-</b>	<b>-</b>	<b>226,744</b>	<b>173,720</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(197,747)	(199,221)	-	-	(197,747)	(199,221)
Reinsurers' share of claims paid	4,036	5,357	-	-	4,036	5,357
<b>Net claims paid</b>	<b>(193,711)</b>	<b>(193,864)</b>	<b>-</b>	<b>-</b>	<b>(193,711)</b>	<b>(193,864)</b>
Movement in outstanding claims, net	(11,861)	35,141	-	-	(11,861)	35,141
Movement in claims incurred but not reported, net	(10,781)	13,610	-	-	(10,781)	13,610
Movement in additional premium reserve	4,237	12,283	-	-	4,237	12,283
Movement in other technical reserves	(387)	289	-	-	(387)	289
<b>Net claims incurred</b>	<b>(212,503)</b>	<b>(132,541)</b>	<b>-</b>	<b>-</b>	<b>(212,503)</b>	<b>(132,541)</b>
Policy acquisition costs	(16,738)	(13,522)	-	-	(16,738)	(13,522)
Other underwriting expense	(8,151)	(9,877)	-	-	(8,151)	(9,877)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(237,392)</b>	<b>(155,940)</b>	<b>-</b>	<b>-</b>	<b>(237,392)</b>	<b>(155,940)</b>
<b>NET UNDERWRITING (EXPENSE) / INCOME</b>	<b>(10,648)</b>	<b>17,780</b>	<b>-</b>	<b>-</b>	<b>(10,648)</b>	<b>17,780</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**19 SUPPLEMENTARY INFORMATION (continued)**

**19.2 Interim condensed statement of income (continued)**

	Three-months period ended 31 March (Unaudited)					
	Insurance Operations		Shareholders' Operations		Total	
	2022	2021	2022	2021	2022	2021
	SR (000)					
Net underwriting (expenses) / income carried forward	(10,648)	17,780	-	-	(10,648)	17,780
<b>OTHER INCOME / (EXPENSES), NET</b>						
(Provision) / reversal for doubtful debts	(2,597)	1,568	-	-	(2,597)	1,568
Salaries and staff related costs	(19,499)	(19,420)	-	-	(19,499)	(19,420)
Other general and administrative expenses	(12,802)	(7,683)	(288)	(272)	(13,090)	(7,955)
Investment income	3,566	3,412	9,170	3,121	12,736	6,533
Other income	335	2,198	-	-	335	2,198
Share of profit from investment in associate	-	-	11,762	-	11,762	-
<b>TOTAL OTHER (EXPENSES) / INCOME, NET</b>	<b>(30,997)</b>	<b>(19,925)</b>	<b>20,644</b>	<b>2,849</b>	<b>(10,353)</b>	<b>(17,076)</b>
<b>Total (loss) / income for the period</b>	<b>(41,645)</b>	<b>(2,145)</b>	<b>20,644</b>	<b>2,849</b>	<b>(21,001)</b>	<b>704</b>
Surplus attributed to insurance operations	-	-	-	-	-	-
<b>Net (loss) / income attributable to shareholders before zakat</b>	<b>(41,645)</b>	<b>(2,145)</b>	<b>20,644</b>	<b>2,849</b>	<b>(21,001)</b>	<b>704</b>
Zakat charge for the period	-	-	(3,250)	(3,244)	(3,250)	(3,244)
<b>Net income/(loss) attributable to shareholders' operations</b>	<b>(41,645)</b>	<b>(2,145)</b>	<b>17,394</b>	<b>(395)</b>	<b>(24,251)</b>	<b>(2,540)</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the three-months periods ended 31 March 2022

**19 SUPPLEMENTARY INFORMATION (continued)**

**19.3 Interim condensed statement of comprehensive income**

	Three-months period ended 31 March (Unaudited)					
	Insurance Operations		Shareholders' Operations		Total	
	2022	2021	2022	2021	2022	2021
	SR (000)					
Net loss for the period	-	-	(24,251)	(2,540)	(24,251)	(2,540)
Other comprehensive income:						
Items that may be reclassified to statement of income in subsequent periods:						
- Change in fair value of available-for-sale investments, net	227	-	6,080	952	6,307	952
Items that will not be reclassified to statements of income in subsequent years						
-Re-measurement loss on end of service benefits from investment in associate	-	-	(572)	-	(572)	-
Total comprehensive income / (loss) for the period	227	-	(18,744)	(1,588)	(18,516)	(1,588)
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
Total comprehensive income / (loss) attributable to shareholders	227	-	(18,744)	(1,588)	(18,516)	(1,588)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**19 SUPPLEMENTARY INFORMATION (continued)**

**19.4 Interim condensed statement of cash flows**

	Three-months period ended 31 March (Unaudited)					
	Insurance Operations		Shareholders' Operations		Total	
	2022	2021	2022	2021	2022	2021
	SR (000)					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) / income for the period before zakat	-	-	(21,001)	704	(21,001)	704
<b>Adjustments for non-cash items:</b>						
Depreciation of property and equipment	459	405	-	-	459	405
Gain on disposal of available-for-sale investment	(319)	-	(6,047)	-	(6,366)	-
Provision for employees' end-of-service benefits	1,351	1,432	-	-	1,351	1,432
Share of profit from investment in associate	-	-	(11,762)	-	(11,762)	-
Provision / (reversal) for doubtful debts	2,597	(1,568)	-	-	2,597	(1,568)
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' receivable	(46,057)	(87,388)	-	-	(46,057)	(87,388)
Reinsurers' share of unearned premiums	(18,858)	(13,326)	-	-	(18,858)	(13,326)
Reinsurers' share of outstanding claims	(761)	6,515	-	-	(761)	6,515
Reinsurers' share of claims incurred but not reported	(5,154)	2,047	-	-	(5,154)	2,047
Deferred policy acquisition costs	(5,871)	(12,389)	-	-	(5,871)	(12,389)
Deferred excess of loss premiums	(1,753)	(2,805)	-	-	(1,753)	(2,805)
Prepayments and other assets	24,539	(1,256)	(117)	253	24,422	(1,003)
Policyholders claims payable	(15,993)	30,667	-	-	(15,993)	30,667
Accrued expenses and other liabilities	(12,586)	(4,119)	(1,500)	(899)	(14,086)	(5,018)
Reinsurance balances payable	26,727	25,247	-	-	26,727	25,247
Unearned premiums	47,199	101,502	-	-	47,199	101,502
Unearned reinsurance commission	3,886	2,934	-	-	3,886	2,934
Outstanding claims	12,621	(41,655)	-	-	12,621	(41,655)
Claims incurred but not reported	15,935	(15,657)	-	-	15,935	(15,657)
Additional premium reserve	(4,237)	(12,283)	-	-	(4,237)	(12,283)
Other technical reserves	387	(289)	-	-	387	(289)
Accumulated surplus	-	(2,198)	-	-	-	(2,198)
<b>Cash generated from / (used in) operations</b>	<b>24,111</b>	<b>(24,184)</b>	<b>(40,427)</b>	<b>58</b>	<b>(16,315)</b>	<b>(24,126)</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**19 SUPPLEMENTARY INFORMATION (continued)**

**19.4 Interim condensed statement of cash flows (continued)**

19.4 Interim condensed statement of cash flows (continued)		Three-months period ended 31 March (Unaudited)					
		Insurance Operations		Shareholders' Operations		Total	
	Note	2022	2021	2022	2021	2022	2021
		SR (000)					
Due to insurance operations		-	-	(6,702)	4,641	(6,702)	4,641
Due from shareholders' operations		6,702	(4,641)	-	-	6,702	(4,641)
Zakat paid		-	-	-	-	-	-
Employees' end-of-service benefits paid		(1,508)	(641)	-	-	(1,508)	(641)
Net cash generated from / (used in) operating activities		29,305	(29,466)	(47,129)	4,699	(17,823)	(24,767)
CASH FLOWS FROM INVESTING ACTIVITIES							
Net additions of Murabaha deposits		(10,370)	50,000	(80,000)	(100,000)	(90,370)	(50,000)
Proceeds from sale of available-for-sale investments		3,922	1,335	9,412	1,450	13,334	2,785
Additions of property and equipment		(147)	(928)	-	-	(147)	(928)
Additions to investment held to maturity		-	-	-	(7,494)	-	(7,494)
Additions to available-for-sale investments	8	-	(54)	(9,050)	-	(9,050)	(54)
Net cash (used in) / generated from investing activities		(6,595)	50,353	(79,638)	(106,044)	(86,233)	(55,691)
Net change in cash and cash equivalents		22,710	20,887	(126,767)	(101,345)	(104,057)	(80,458)
Cash and cash equivalents at the beginning of the period	4	207,819	203,466	271,562	356,604	479,381	560,070
Cash and cash equivalents at the end of the period	4	230,529	224,353	144,795	255,259	375,324	479,612
Supplemental non-cash information:							
Change in fair value of available-for-sale investments		227	-	6,080	952	6,307	952
Commission income on statutory deposit		-	-	139	116	139	116
Transfer of investment from policyholder to shareholder		-	1,219	-	(1,219)	-	-



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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-months periods ended 31 March 2022**

**20 INSURANCE PORTFOLIO SHARE**

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

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

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

**21 COMPARATIVE FIGURES**

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

**22 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements were approved by the Board of Directors on Shawwal 16, 1443 H corresponding to May 17, 2022.