

**Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait**

**Interim condensed consolidated financial information
for the three months ended 31 March 2021
(Unaudited)
and Independent Auditor's Review Report**

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Interim condensed consolidated financial information
for the three months ended 31 March 2021
(Unaudited)
and Independent Auditor's Review Report

Contents	Page No.
Independent auditor's review report	-
Interim condensed consolidated statement of financial position (unaudited)	1
Interim condensed consolidated statement of profit or loss (unaudited)	2
Interim condensed consolidated statement of other comprehensive income (unaudited)	3
Interim condensed consolidated statement of changes in equity (unaudited)	4
Interim condensed consolidated statement of cash flows (unaudited)	5
Notes to the interim condensed consolidated financial information (unaudited)	6 – 20

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**Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait**

Independent Auditor's Report to the Board of Directors

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Wethaq Takaful Insurance Company (K.S.C.P) (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 March 2021 and the interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months period then ended.

The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

Except as stated in the next section, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

- The interim condensed consolidated financial information for the period ended 31 March 2021 includes the amount due from the policyholders of KD 6,304,900 (KD 6,310,596 – 31 December 2020) and Qard Hassan to policyholders amounting to KD 1,463,111 (KD 1,463,111 – 31 December 2020) after deducting the provision made for these balances amounting to KD 434,640 and KD 162,500 respectively (KD 434,574 and KD 162,500 respectively – 31 December 2020). The management did not consider the impairment of such balances as at 31 December 2020 and 31 March 2021 as required under the International Financial Reporting Standards. Qualified opinion was expressed in the audited consolidated financial statements for the year ended 31 December 2020 regarding this matter. We were unable to complete our review of these balances as at 31 March 2021. Had we been able to complete our review of such balances, matters might have come to our attention indicating that adjustments might have been necessary to the interim condensed consolidated financial information.
- The interim condensed consolidated financial information includes the policyholders' assets, which include accounts and other receivables and premiums receivable of KD 1,856,902 (KD 3,192,521 – 31 December 2020) and KD 1,659,366 (KD 1,514,824 – 31 December 2020) respectively, representing balances brought forward from previous years. The management did not consider the impairment thereof as required under the International Financial Reporting Standards. Qualified opinion was expressed in the audited consolidated financial statements for the year ended 31 December 2020 regarding this matter. We were unable to complete our review of these balances as at 31 March 2021. Had we been able to complete our review of such balances, matters might have come to our attention indicating that adjustments might have been necessary to the interim condensed consolidated financial information.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS (34) "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

**Ali Mohamed Al-Hamad**

License No. 111-A

Ali Al-Hamad & Partners

Independent member of Baker Tilly International




State of Kuwait, 10 May 2021

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Interim condensed consolidated statement of financial position (unaudited)
As at 31 March 2021
(All amounts are in Kuwaiti Dinar)

		31 March 2021	31 December 2020	31 March 2020
		(Unaudited)	(Audited)	(Unaudited)
	Note			
Assets				
Cash at banks		468	11,169	15,216
Investment deposits		217,358	196,585	159,580
Financial assets at fair value through other comprehensive income	5	955,255	931,764	1,014,119
Financial assets at fair value through profit or loss	6	215,068	223,337	159,857
Amount due from policyholders	7	6,304,900	6,310,596	6,363,530
Qard Hassan to policyholders	8	1,463,111	1,463,111	1,463,111
Investment properties	9	2,828,384	2,828,384	2,775,070
Property and equipment		6,313	6,415	1,118
Accounts and other receivables		15,688	9,340	16,627
Total assets		12,006,545	11,980,701	11,968,228
Equity and liabilities				
Equity				
Share capital		11,025,000	11,025,000	11,025,000
Share premium		7,340,937	7,340,937	7,340,937
Treasury shares		(50,489)	(50,489)	(50,489)
Treasury shares reserve		3,508	3,508	3,508
Statutory reserve		388,139	388,139	388,139
Voluntary reserve		388,139	388,139	388,139
Fair value reserve		(330,728)	(354,218)	(271,864)
Foreign currency translation reserve		15	153	(2,050)
Employees' stock option plan reserve		65,964	65,964	65,964
Accumulated losses		(6,915,643)	(6,917,421)	(7,000,464)
Total equity		11,914,842	11,889,712	11,886,820
Liabilities				
Accounts and other payables		91,703	90,989	81,408
Total liabilities		91,703	90,989	81,408
Total equity and liabilities		12,006,545	11,980,701	11,968,228


Abdulrahman Khalifa Al-Shayji
Chairman


Abdullah Meshari Ahmed Al-Humaidhi
Vice Chairman

The notes on pages 6 to 19 form an integral part of this interim condensed consolidated financial information

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Interim condensed consolidated statement of profit or loss (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

	Note	Three-month period ended 31 March (Unaudited)	
		2021	2020
Revenue			
Rental income		18,090	101,618
Dividend income		-	2,520
Income from investment deposits		2,929	2,060
Change in fair value of investment properties	9	-	(136,000)
Change in fair value of financial assets at fair value through profit or loss		(8,269)	(67,446)
Management fees from policyholders		3,868	55,708
Foreign currency gains		-	4,578
Other income		2,777	10,692
		<u>19,395</u>	<u>(26,270)</u>
Expenses			
Rental costs		-	(43,553)
Loss on disposal of subsidiary		-	(1,282,478)
General and administrative expenses		(17,617)	(8,386)
		<u>(17,617)</u>	<u>(1,334,417)</u>
Profit / (loss) for the period		<u>1,778</u>	<u>(1,360,687)</u>
Basic and diluted earnings / (loss) per share (Fils)	16	<u>0.02</u>	<u>(12.4)</u>

The notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information

**Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait**

**Interim condensed consolidated statement of other comprehensive income (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)**

	Three-month period ended 31 March (Unaudited)	
	2021	2020
Profit/ (loss) for the period	1,778	(1,360,687)
<i>Other comprehensive loss:</i>		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	23,490	(83,910)
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>		
Exchange differences arising from translation of foreign operations	(138)	(2,050)
Other comprehensive income / (loss)	23,352	(85,960)
Total comprehensive income / (loss) for the period	25,130	(1,446,647)

The notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Interim condensed consolidated statement of changes in equity (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Employees' stock option plan reserve	Accumulated losses	Total Equity
Balance as at 1 January 2020	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(442,170)	(1,282,478)	65,964	(5,385,561)	12,050,989
Loss for the period	-	-	-	-	-	-	-	-	-	(1,360,687)	(1,360,687)
Other comprehensive loss for the period	-	-	-	-	-	-	(83,910)	(2,050)	-	-	(85,960)
Total comprehensive loss for the period	-	-	-	-	-	-	(83,910)	(2,050)	-	(1,360,687)	(1,446,647)
Loss on sale of investments	-	-	-	-	-	-	254,216	-	-	(254,216)	-
Disposal of subsidiary	-	-	-	-	-	-	-	1,282,478	-	-	1,282,478
Balance as at 31 March 2020	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(271,864)	(2,050)	65,964	(7,000,464)	11,886,820
Balance as at 1 January 2021	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(354,218)	153	65,964	(6,917,421)	11,889,712
Net profit for the period	-	-	-	-	-	-	-	-	-	1,778	1,778
Comprehensive income for the period	-	-	-	-	-	-	23,490	(138)	-	-	23,352
Total comprehensive income for the period	-	-	-	-	-	-	23,490	(138)	-	1,778	25,130
Balance as at 31 March 2021	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(330,728)	15	65,964	(6,915,643)	11,914,842

The notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information

**Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait**

Interim condensed consolidated statement of cash flows (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

	Three-month period ended 31 March (Unaudited)	
	2021	2020
	KD	KD
Cash flows from operating activities:		
Profit / (loss) for the period	1,778	(1,360,687)
Adjustments for:		
Change in fair value of financial assets at fair value through profit or loss	8,269	67,446
Change in fair value of investment properties	-	136,000
Loss on disposal of subsidiary	-	1,282,478
Depreciation	5,194	-
Income from investment deposits	(2,929)	(2,060)
Dividend income	-	(2,520)
	12,312	120,657
Changes in operating assets and liabilities:		
Accounts and other receivables	(6,348)	(10,025)
Accounts and other payables	577	54,110
Amount due from policyholders	5,696	(70,549)
Net cash generated from operating activities	12,237	94,193
Cash flows from investing activities:		
Dividends	-	2,520
Income from investment deposits	2,929	2,060
Purchase of property and equipment	-	(1,118)
Proceeds from sale of financial assets at fair value through other comprehensive income	(5,094)	14,967
Movement in investment deposits	(20,773)	(107,580)
Net cash used in investing activities	(22,938)	(89,151)
(Decrease)/ increase in cash at banks	(10,701)	5,042
Cash at banks at beginning of the period	11,169	10,174
Cash at banks at end of the period	468	15,216

The notes on pages 6 to 20 form an integral part of this interim condensed consolidated financial information

1- Incorporation and activities

Wethaq Takaful Insurance Company ("the Parent Company") is a Kuwaiti Public Shareholding Company that was incorporated on 31 July 2000 and is registered under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. The amendments were registered in the Commercial Register under No. 82421 on 11 June 2014. The shares of the Parent Company were listed on Boursa Kuwait on 20 December 2004. The Company is supervised by Central Bank of Kuwait and Capital Markets Authority.

The Parent Company is a subsidiary of the Investment Dar Company – (K.S.C.C) (the Ultimate Parent Company).

The objectives for which the Parent Company is incorporated are as follows:
First: Carry on all Takaful, mutual and retakaful insurance business of all forms in accordance with the provisions of Islamic Sharia and governing laws.

Second: To achieve its above mentioned objectives and as per its Articles of Association, the Parent Company shall have authority to conduct the following business and acts as Board of Directors deems appropriate:

- a) Acquire and gain the right to all or any part of moveable or immovable properties, as it deems necessary, or any privileges that the company believes to be necessary or appropriate for its business or required for growing its funds.
- b) Carry out transactions and enter into all contracts with all legal dispositions as it deems necessary and suitable to achieve and facilitate its objectives on the conditions it elects.
- c) Purchase, sell, mortgage, lease, replace, possess or endorse in any manner whatsoever any lands, real estate properties, securities, sukuk, stocks or any other moveable or real estate property, or sell, lease, mortgage or dispose of all or part of the company's moveable or real estate property and funds.
- d) Provide advisories and conduct technical studies in insurance or reinsurance industry for companies and other entities directly interested in engaging in Takaful insurance or reinsurance business.
- e) Act as valuer or appraiser in insurance industry and agent for insurance or reinsurance companies to perform all activities that are consistent with the Islamic Sharia after obtaining the necessary licenses.
- f) Invest all or part of the company's moveable property or real estate properties in different sectors as it deems appropriate in accordance with governing laws and resolutions.
- g) Merge with, incorporate or participate in incorporating and subscribing for shares in companies, buy and sell companies, shares and support them in any form in line with the company's objectives as per applicable laws.
- h) Utilize the financial surpluses available with the company through investing the same in financial portfolios managed by specialized companies and entities.

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021

(All amounts are in Kuwaiti Dinar)

The Parent Company may carry out the above-mentioned businesses in the State of Kuwait or abroad directly or through agency. The Parent Company may have an interest or participate in any way with the entities that engage in similar business that help it achieve its objectives in Kuwait or abroad and it may establish, participate, purchase, merge with such entities or annex them.

Takaful is an Islamic alternative to conventional insurance and investment programs, based on the mutual funds concept, where each policyholder will receive his share in the surplus arising from the insurance activities, in accordance with the Parent Company's articles of association and the approval of Fatwa and Sharia Supervisory Board.

The Parent Company conducts business on behalf of the policyholders and advances funds to the policyholders' operations as and when required. The shareholders are responsible for liabilities incurred by policyholders in the event the policyholders' fund is in deficit and the operations are liquidated.

The Parent Company holds the physical custody and title of all assets related to the policyholders' and shareholders' operations. Such assets and liabilities together with the results of policyholders' lines of business are disclosed in the following notes.

The Parent Company maintains separate books of accounts for policyholders and shareholders. Income and expenses clearly attributable to either activity are recorded in the respective accounts. Management and the Board of Directors determine the basis of allocation of expenses from joint operations.

All takaful insurance and investment activities are conducted in accordance with Islamic Sharia, as approved by Fatwa and Sharia Supervisory Board.

The address of the Parent Company's registered office is at Shaq, Khaled Ibn Al-Waleed Street, City Tower, Floor 11.

The interim condensed consolidated financial information for the three-month period ended 31 March 2021 was authorized for issue by the Board of Directors of the Parent Company on 10 May 2021.

2- Basis of presentation and significant accounting policies

2-1 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with IAS (34), "Interim Financial Reporting". The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 31 March 2021 are not necessarily indicative of results that may be expected for the year ending 31 December 2021. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2020.

2-2 Significant accounting policies

The accounting policies used in preparing the interim condensed consolidated financial information are similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2020 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as follows:

2-2-1 New and revised IFRS adopted by the Group

The amendments to the International Financial Reporting Standards, which are effective for the annual accounting period beginning from 1 January 2021, which mainly include the impact in accordance with paragraph 30 of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, specific disclosure requirements apply for standards and interpretations issued but not yet effective had no material impact on the accounting policies, financial position or performance of the Group.

3- Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets 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
- Level3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

The below table presents analysis of the captions recorded at fair value by level of the fair value hierarchy:

	31 March 2021			Total
	Level 1	Level 2	Level 3	
<u>Shareholders</u>				
<i>Financial assets at fair value through profit or loss</i>				
• Local quoted securities	215,068	-	-	215,068
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	403,061	-	-	403,061
• Local unquoted securities	-	-	79,040	79,040
• Managed portfolios	-	-	220,708	220,708
• Managed funds	-	-	252,444	252,444
	<u>618,129</u>	<u>-</u>	<u>552,192</u>	<u>1,170,321</u>
<u>Policyholders</u>				
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	-	-	113,625	113,625
• Foreign unquoted securities	15,905	-	-	15,905
	<u>15,905</u>	<u>-</u>	<u>113,625</u>	<u>129,530</u>

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Shareholders				
<i>Investments at fair value through profit or loss</i>				
Local quoted securities held through managed portfolios	223,337	-	-	223,337
<i>Investments at fair value through other comprehensive income</i>				
• Local quoted securities	231,358	-	-	231,358
• Local unquoted securities	-	-	278,708	278,708
• Managed portfolios	-	-	156,138	156,138
• Managed funds	-	-	265,560	265,560
	<u>454,695</u>	<u>-</u>	<u>700,406</u>	<u>1,155,101</u>
Policyholders				
<i>Investments at fair value through profit or loss</i>				
• Managed funds	-	-	-	-
<i>Investments at fair value through other comprehensive income</i>				
• Local quoted securities	-	-	113,625	113,625
• Managed portfolios	14,511	-	-	14,511
	<u>14,511</u>	<u>-</u>	<u>113,625</u>	<u>128,136</u>

As at 31 December, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that the fair values of its financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

During the period, there were no transfers between Level 1, Level 2 and Level 3.

4- Judgment and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Investment properties

The Group's management determined the fair value of investment properties using internal studies. This requires the management to assess different factors to arrive at best estimate of the property value.

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

5- Financial assets at fair value through other comprehensive income

	31 March 2021 (unaudited)	31 December 2020 (audited)	31 March 2020 (unaudited)
Local quoted securities	403,061	231,358	162,556
Local unquoted securities *	79,040	278,708	592,996
Managed portfolios	220,708	156,138	-
Managed funds	252,446	265,560	258,567
	955,255	931,764	1,014,119

* The Parent Company is currently updating the fair value inputs for the local unquoted securities, and it's expected to finalize the evaluation during the current year.

6- Financial assets at fair value through profit or loss

	31 March 2021 (unaudited)	31 December 2020 (audited)	31 March 2020 (unaudited)
Local quoted securities	215,068	223,337	159,857
	215,068	223,337	159,857

7- Amount due from policyholders

	31 March 2021 (unaudited)	31 December 2020 (audited)	31 March 2020 (unaudited)
Opening balance at beginning of period/ year	6,745,170	6,727,555	6,292,981
Management fees (Repayments) from policyholders during period/ year	(5,696)	17,615	70,549
Net movements during period/ year	6,739,540	6,745,170	6,363,530
Expected credit loss	(434,640)	(434,574)	-
Closing balance at the end of period/ year	6,304,900	6,310,596	6,363,530

Amounts due from policy holders represent net movements in policyholders' account for the net fund transfers from and to their account in addition to the management fees from policyholders, and advances funds to the policyholders' operations as and when required. In accordance with the Parent Company's Articles of Association, shareholders are entitled to management fees from policyholders up to 20% of the total premiums written and investment income. In its meeting held on 21 June 2017, the Board of Directors resolved to calculate management fees at 20% of the net profit instead of 20% of revenue as a right to shareholders in the results of policyholders starting from 1 April 2017 until further notice, to settle the Qard Hassan balance (Note 8) in such a way that ensures continuity of the Takaful insurance activity of the policyholders.

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

8- Qard Hassan to policyholders

In line with the Articles of Association, policyholders' net deficit from insurance activities has been covered by Qard Hassan from the shareholders. Qard Hassan provided by shareholders to the policyholders will be settled through the expected surplus from insurance activities in future years.

9- Investment properties

	31 March 2021 (unaudited)	31 December 2020 (audited)	31 March 2020 (unaudited)
Carrying amount at the beginning of the period/ year	2,828,384	2,911,070	2,911,070
Change in fair value during the period/ year	-	(82,686)	(136,000)
Carrying amount at the end of period/ year	2,828,384	2,828,384	2,775,070

- The investment property in Egypt amounting to KD 2,697,378 (31 December 2020: KD 2,697,378 and 31 March 2020: KD 2,588,388) is registered in the name of one of the Parent Company's directors, who provided an irrevocable general power of attorney in favor of the Group.
- The above investment properties include a right of use of hotel apartments in Zamzam Tower in Holly Mecca in the Kingdom of Saudi Arabia amounting to KD 131,006 (31 December 2020: KD 131,006 and 31 March 2020: KD 186,682).

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

10- Consolidated policyholders' results by line of business and funds

Consolidated policyholders' results by line of business for the three-month period ended 31 March 2021 (unaudited) are as follows:

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	26,571	786,122	216,956	14,725	1,044,374
Gross revenue	15,146	340,323	24,348	6,832	386,649
Net surplus/ (deficit) from takaful insurance operations	4,832	30,153	8,264	(11,953)	31,296
Investments and other income	260	449	7,498	185	8,392
Net surplus/ (deficit) by line of business	5,092	30,602	15,762	(11,768)	39,688
Income from leasing activities					20,741
Expenses related to leasing activities					(41,090)
Management fees to Company's shareholders					(3,868)
Net surplus transferred to policyholders					15,471
Other comprehensive income for the period					
Net change in fair value arising during the period					1,394
Total other comprehensive income					16,865

The three-month period ended 31 March 2020 (unaudited):

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	98,435	960,671	982,157	41,610	2,082,873
Gross revenue	25,998	634,013	33,163	53,764	746,938
Net surplus/ (deficit) from takaful insurance operations	13,869	270,113	(82,084)	24,592	226,490
Investments and other income	1,991	19,433	19,867	842	42,133
Net surplus/ (deficit) by line of business	15,860	289,546	(62,217)	25,434	268,623
Income from leasing activities					37,090
Expenses related to leasing activities					(37,745)
Management fees to Company's shareholders					(55,708)
Net surplus transferred to policyholders					212,260
Other comprehensive income for the period					
Net change in fair value arising during the period					(5,302)
Total other comprehensive income					206,958

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

11- Policyholders' assets, liabilities and fund

	31 March 2021	31 December 2020	31 March 2020
	(unaudited)	(audited)	(unaudited)
Assets			
Cash and cash equivalents	65,628	93,039	166,637
Investment deposits	1,078,492	1,093,492	1,326,000
Accounts and other receivables	1,856,902	3,192,521	1,026,021
Premiums receivable	1,659,366	1,514,824	1,820,804
Financial assets at fair value through other comprehensive income	129,531	128,136	125,040
Due from related parties	-	11,377	-
Goodwill	409,766	409,766	409,766
Reinsurance share of outstanding claims	2,360,557	1,507,960	1,717,017
Retakaful contribution receivables	1,483,613	1,479,326	2,344,648
Leasehold land	277,750	277,750	277,750
Intangible assets	-	16,628	-
Equipment	115,032	130,320	166,364
Total assets	9,436,637	9,855,139	9,380,047
Liabilities and Policyholders' fund			
Liabilities			
Accounts and other payables	5,838,384	6,919,779	7,652,048
Outstanding claims reserve	3,202,656	2,453,035	
Unearned premiums	835,950	954,472	1,313,507
Incurred but not reported claims reserve	94,096	89,646	27,708
Provision for unallocated claim settlement expenses	43,255	34,821	-
Lease payables	17,019	17,019	-
Amount due to shareholders	6,739,540	6,745,170	6,798,104
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
Total liabilities	18,396,511	18,839,553	17,416,978
Policyholders' fund			
Policyholders' fund balance as at the beginning of the period/ year	(8,814,631)	(8,083,989)	(8,083,987)
Net surplus/ (deficit) of policyholders for the period/ year	15,471	(738,317)	212,260
	(8,799,160)	(8,822,306)	(7,871,727)
Fair value reserve at the beginning of the period/ year	(162,108)	(159,902)	(159,902)
Change in fair value during the period/ year	1,394	(2,206)	(5,302)
Fair value reserve at the end of the period/ year	(160,714)	(162,108)	(165,204)
Total policyholders' fund as at the end of the period/ year	(8,959,874)	(8,984,414)	(8,036,931)
Total liabilities and policyholders' fund	9,436,637	9,855,139	9,380,047

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

12- Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Shareholders		
Interim condensed consolidated statement of profit or loss		
Salaries and other short-term benefits	3,750	3,750
	31 March 2021 (unaudited)	31 December 2020 (audited)
<i>Interim condensed consolidated statement of financial position</i>		31 March 2020 (unaudited)
Financial assets at fair value through other comprehensive income	955,255	931,764
	763,977	

Financial assets at fair value through other comprehensive income above include the Group's investments in the shares of subsidiaries of the Ultimate Parent Company (Investment Dar Company) amounting to KD 623,661 (31 December 2020: KD 615,042 and 31 March 2020: KD 763,977).

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Policyholders		
Key management compensation:		
Salaries and other short-term benefits	34,844	45,306
End of service benefits	2,842	3,480
	<u>37,686</u>	<u>48,786</u>

13- Segment reporting

	Investment	Takaful insurance	Unallocated	Total
Shareholders				
Three months ended 31 March 2021 (unaudited)				
Gross revenue	16,618	-	2,777	19,395
(Loss)/ profit for the period	(8,269)	-	10,047	1,778
Total assets	<u>4,216,065</u>	<u>7,768,011</u>	<u>22,469</u>	<u>12,006,545</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>(91,703)</u>	<u>(91,703)</u>
Net assets	<u>4,216,065</u>	<u>7,768,011</u>	<u>(69,234)</u>	<u>11,914,842</u>
Three months ended 31 March 2020 (unaudited)				
Gross revenue	(92,670)	55,708	10,692	(26,270)
(Loss)/ profit for the period	(136,223)	55,708	(1,280,172)	(1,360,687)
Total assets	<u>4,108,626</u>	<u>7,826,641</u>	<u>32,961</u>	<u>11,968,228</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>(81,408)</u>	<u>(81,408)</u>
Net assets	<u>4,108,626</u>	<u>7,826,641</u>	<u>(48,447)</u>	<u>11,886,820</u>

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Kuwaiti Dinar)

	Investment	Takaful insurance	Car rental	Unallocated	Total
Policyholders					
Three months ended 31 March 2021 (unaudited)					
Gross revenue	8,392	386,648	20,741	-	415,781
(Loss)/ profit for the period	5,106	33,782	8,713	11,782	35,819
Total assets	1,728,289	7,694,631	334,303	-	9,757,223
Total liabilities	11,960,538	6,739,540	17,019	-	18,717,097
Net assets	(10,232,249)	955,091	317,284	-	(8,959,874)
Three months ended 31 March 2020 (unaudited)					
Gross revenue	42,133	746,938	37,090	-	826,161
(Loss)/ profit for the period	42,133	226,490	(655)	(55,708)	212,260
Total assets	1,923,056	7,021,952	435,039	-	9,380,047
Total liabilities	(17,115,990)	(300,988)	-	-	(17,416,978)
Net assets	(15,192,934)	6,720,964	435,039	-	(8,036,931)

14- Shareholders' annual general assembly

The Shareholders' general assembly meeting held on 28 March 2021 approved the consolidated financial statements of the Group for the year ended 31 December 2020 and the Board of Directors' proposal not to distribute any dividends for the year then ended.

The Shareholders' general assembly also approved not to pay remunerations to the directors for the financial year ended 31 December 2020.

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
State of Kuwait

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021

(All amounts are in Kuwaiti Dinar)

15- Subsidiaries

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries below (collectively referred to as the "Group"):

Subsidiary's name	Country of incorporation	Principal activities	Ownership percentage		
			%		
			31 March 2021	31 December 2020	31 March 2020
Consolidated with shareholders					
Hala Real Estate Investment Company (L.L.C)	Arab Republic of Egypt	Real estate investment and marketing, and purchase, sale and lease of land for its own account or third parties	%100	%100	%100
Consolidated with policyholders					
Wared Rent a Car Company- (K.S.C.C)	State of Kuwait	Car rental and trading in cars and spare parts in the State of Kuwait	%100	%100	%100

16- Earnings / (Loss) per share

The basic and diluted earnings per share are computed through dividing the (loss)/ profit for the period by weighted average number of shares outstanding during the period (excluding the treasury shares) as follows:

	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
Profit / (loss) for the period (KD)	1,778	(1,360,687)
Weighted average number of shares outstanding during the period	110,250,000	110,250,000
Treasury shares	(445,500)	(445,500)
	109,804,500	109,804,500
Basic and diluted earnings / (loss) per share (Fils)	0.02	(12.4)

17- Contingencies

The Group is a defendant in a number of legal cases filed by Takaful contract holders in respect of claims subject to dispute with the Group including a legal case filed by a government institution against the Group for an amount of KD 3,636,022 (31 December 2020: KD 3,636,022 and 31 March 2020: KD 3,636,022), which the Group has provided for in the accounts payable and other liabilities. Although the Court of Appeal passed its judgment in favor of the State, the Parent Company submitted a request to the Court of Cassation to suspend the enforcement. The Parent Company also made provisions which, in its opinion, are adequate to cover any resultant liabilities.

18- Impact of COVID-19 Pandemic

In light of the emergence of the Coronavirus (COVID-19) in the People's Republic of China and its spread at a later stage in a number of countries in the world, the World Health Organization has announced a global epidemic classification, and in light of its outbreak at the level of the continents of the world, the World Health Organization has declared it to be classified from an epidemic to a pandemic. This has made the world's governments close their borders, suspend their operations, and apply curfew within their borders. In the State of Kuwait, a number of legislations were issued as part of the precautionary measures to combat the aforementioned pandemic, as outlined below:

- On 25 February 2020, all flights from certain countries were suspended. Subsequently, the suspension was extended to cover all air traffic in the State of Kuwait on 12 March 2020.
- On 10 March 2020, the government started imposing a moratorium on certain commercial activities, leading to the implementation of a partial curfew from 22 March 2020.
- On 11 March 2020, The Council of Ministers announced the suspension of government and private entities for a period of two weeks, and then it was extended until 18 June 2020.
- On 28 May 2020, The Council of Ministers announced the suspension of government entities for a period of three weeks, which was then extended until 21 June 2020.
- On 30 June 2020, the government and business entities began to gradually resume business activities.
- On 7 March 2021, the government started a partial curfew until 12 May 2021.

As a result of these precautionary measures, the business has been suspended either totally or partially, depending on the business sector and according to the requirements of controlling the pandemic.

Notes to interim condensed consolidated financial information (unaudited)
For the three-month period ended 31 March 2021

(All amounts are in Kuwaiti Dinar)

The Group's management assessed the effect on the financial information as a result of the current conditions. Significant changes are outlined below:

- The Group considered the available information and current conditions as well as economic forecasts when determining the fair value of investment properties in the interim condensed consolidated financial information.
- The Group studied the potential effects of fluctuations in the current market to determine the amounts recognized for the Group's unquoted financial assets in light of the impact of Covid-19. This represents the best evaluation by the management based on the available observable information as at the date of interim condensed consolidated financial information. The Group closely monitors if the fair value of financial assets and liabilities represents the price that would be realized for transactions among market participants under the current scenario. Further information regarding fair value measurements is disclosed in Note 3.