

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

**Interim condensed consolidated financial information
for the six months ended 30 June 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 six months ended 30 June 2021
(Unaudited)
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Independent Auditor's Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

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

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 30 June 2021 and the interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six 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 International Accounting Standard (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 30 June 2021 includes the amount due from the policyholders of KD 6,407,865 (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 434,574 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 30 June 2021 as required under the International Financial Reporting Standards. We were unable to complete our review of these balances as at 30 June 2021.

Had we been able to complete our review of such balances, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information. Our audit opinion in the prior year was also qualified in respect to this matter.

- The interim condensed consolidated financial information includes the policyholders' assets, which include accounts receivable and other assets and premiums receivable of KD 1,773,388 (KD 3,192,521 – 31 December 2020) and KD 1,294,642 (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. We were unable to complete our review of these balances as at 30 June 2021.

Had we been able to complete our review of such balances, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information. Our audit opinion in the prior year was also qualified in respect to this matter.

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 International Accounting Standard No. (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 six-month period ended 30 June 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No.7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months ending 30 June 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



Ali Mohamed Al-Hamad
License No. 111-A
Ali Al-Hamad & Partners
Independent member of Baker Tilly International



State of Kuwait, 11 August 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 30 June 2021

(All amounts are in Kuwaiti Dinar)

		30 June 2021	31 December 2020	30 June 2020
		(Unaudited)	(Audited)	(Unaudited)
	Notes			
Assets				
Cash at banks		17,059	11,169	23,873
Investment deposits		196,182	196,585	156,885
Financial assets at fair value through other comprehensive income	5	1,091,772	931,764	1,063,093
Financial assets at fair value through profit or loss	6	225,503	223,337	180,800
Amount due from policyholders	7	6,407,865	6,310,596	6,310,473
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		6,263	6,415	1,050
Accounts and other receivables		10,264	9,340	8,977
Total assets		12,246,403	11,980,701	11,983,332
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		(194,210)	(354,218)	(222,890)
Foreign currency translation reserve		107	153	851
Employees' stock option plan reserve		65,964	65,964	65,964
Accumulated losses		(6,815,791)	(6,917,421)	(7,039,703)
Total equity		12,151,304	11,889,712	11,899,456
Liabilities				
Accounts and other payables		95,099	90,989	83,876
Total liabilities		95,099	90,989	83,876
Total equity and liabilities		12,246,403	11,980,701	11,983,332


Abdulrahman Khalifa Al-Shayji
Chairman


Abdullah Meshari Ahmed Al-Humaidhi
Vice Chairman

The notes on pages 6 to 23 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 six-month period ended 30 June 2021

(All amounts are in Kuwaiti Dinar)

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2021	2020	2021	2020
Revenue					
Rental income		16,605	31,610	34,695	133,228
Dividend income		-	2,021	-	4,541
Income from investment deposits		2,369	2,628	5,298	4,688
Change in fair value of investment properties	9	-	-	-	(136,000)
Change in fair value of financial assets at fair value through profit or loss		10,435	20,943	2,166	(46,503)
Management fees from policyholders		85,857	(55,708)	89,725	-
Foreign currency translation		-	(18,596)	-	(14,018)
Other income		2,493	(592)	5,270	10,100
		117,759	(17,694)	137,154	(43,964)
Expenses					
Rental costs		-	(14,385)	-	(57,938)
Loss on disposal of subsidiary		-	-	-	(1,282,478)
General and administrative expenses		(17,907)	(7,160)	(35,524)	(15,546)
		(17,907)	(21,545)	(35,524)	(1,355,962)
Profit/ (loss) for the period		99,852	(39,239)	101,630	(1,399,926)
Basic and diluted earning/ (loss) per share (Fils)	16	0.91	(0.36)	0.92	(12.75)

The notes on pages 6 to 22 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 six-month period ended 30 June 2021**

(All amounts are in Kuwaiti Dinar)

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
	2021	2020	2021	2020
Profit / (loss) for the period	99,852	(39,239)	101,630	(1,399,926)
Other comprehensive loss:				
<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	136,518	48,974	160,008	(34,936)
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	92	2,901	(46)	851
Total other comprehensive income / (loss)	136,610	51,875	159,962	(34,085)
Total comprehensive income / (loss) for the period	236,462	12,636	261,592	(1,434,011)

The notes on pages 6 to 22 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 six-month period ended 30 June 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
Balance as at 31 December 2019 (audited)	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	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(34,936)	851	-	(1,399,926)	(1,399,926)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(34,936)	851	-	-	(34,085)
Loss on sale of investments	-	-	-	-	-	-	254,216	-	-	(254,216)	-
Disposal of subsidiary	-	-	-	-	-	-	-	1,282,478	-	-	1,282,478
Balance as at 30 June 2020 (unaudited)	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(222,890)	851	65,964	(7,039,703)	11,889,456
Balance as at 31 December 2020 (audited)	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
Loss for the period	-	-	-	-	-	-	-	-	-	101,630	101,630
Other comprehensive income for the period	-	-	-	-	-	-	160,008	(46)	-	-	159,962
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	160,008	(46)	-	-	159,962
Balance as at 30 June 2021 (unaudited)	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(194,210)	107	65,964	(6,815,791)	12,151,304

The notes on pages 6 to 22 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 six-month period ended 30 June 2021
(All amounts are in Kuwaiti Dinar)

	Six-month period ended 30 June (Unaudited)	
	2021	2020
Cash flows from operating activities:		
Profit/ (loss) for the period	101,630	(1,399,926)
Adjustments for:		
Change in fair value of financial assets at fair value through profit or loss	(2,166)	46,503
Change in fair value of investment properties	-	136,000
Loss on disposal of subsidiary	-	1,282,478
Income from investment deposits	(5,298)	(4,688)
Dividend income	-	(4,541)
	94,166	55,826
Changes in operating assets and liabilities:		
Accounts and other receivables	(924)	53,333
Accounts and other payables	4,063	59,479
Amount due from policyholders	(97,269)	(73,200)
Net cash generated from operating activities	36	95,438
Cash flows from investing activities:		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	14,967
Purchase of property and equipment	-	(1,050)
Proceeds from sale of property and equipment	153	-
Dividends	-	4,541
Proceeds from investment deposits	5,298	4,688
Movement in investment deposits	403	(104,885)
Net cash generated from / (used in) investing activities	5,854	(81,739)
Increase in cash at banks	5,890	13,699
Cash at banks at the beginning of the period	11,169	10,174
Cash at banks at the end of the period	17,059	23,873

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 Capital Markets Authority.

The Parent Company is a subsidiary of the Investment Dar Company – K.S.C.C (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 financial portfolios managed by specialized companies and entities.

Notes to interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 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.

Takaful is an Islamic alternative to a 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 Sharee'a 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 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 Sharee'a, as approved by Fatwa and Sharee'a 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 six-month period ended 30 June 2021 was authorized for issue by the Board of Directors of the Parent Company on 11 August 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 International Accounting Standard No. (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 30 June 2021 are not necessarily indicative of results that may be expected for the year ending 31 December 2021.

For further information, we refer to the consolidated financial statements and its related notes for the year ended 31 December 2020.

Notes to interim condensed consolidated financial information (unaudited)

For the six-month period ended 30 June 2021

(All amounts are in Kuwaiti Dinar)

2.2 Significant accounting policies

The accounting policies used in preparing the interim condensed consolidated financial information are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2020. Amendments to IFRSs which are effective for the annual periods starting from 1 January 2021 didn't have any material impact on the accounting policies, financial position or performance of the Group.

3. Fair value measurement

All financial 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
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

	30 June 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total
Shareholders				
<i>Financial assets at fair value through profit or loss</i>				
• Local quoted securities	225,503	-	-	225,503
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	539,579	-	-	539,579
• Local unquoted securities	-	-	79,040	79,040
• Managed portfolios	-	-	220,708	220,708
• Managed funds	-	-	252,445	252,445
	<u>765,082</u>	<u>-</u>	<u>552,193</u>	<u>1,317,275</u>
Policyholders				
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	21,875	-	-	21,875
• Foreign unquoted securities	-	-	113,624	113,624
	<u>21,875</u>	<u>-</u>	<u>113,624</u>	<u>135,499</u>

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

Notes to interim condensed consolidated financial information (unaudited)

For the six-month period ended 30 June 2021

(All amounts are in Kuwaiti Dinar)

Shareholders	31 December 2020 (audited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
• Local quoted securities	223,337	-	-	223,337
<i>Financial assets 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

Financial assets at fair value through other comprehensive income

• Local quoted securities	14,511	-	-	14,511
• Foreign unquoted securities	-	-	113,625	113,625
	<u>14,511</u>	<u>-</u>	<u>113,625</u>	<u>128,136</u>

Shareholders	30 June 2020 (unaudited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
• Local quoted securities	180,800	-	-	180,800
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	162,556	-	-	162,556
• Local unquoted securities	-	-	641,970	641,970
• Managed funds	-	-	258,567	258,567
	<u>343,356</u>	<u>-</u>	<u>900,537</u>	<u>1,243,893</u>

Policyholders

Financial assets at fair value through other comprehensive income

• Local quoted securities	11,799	-	-	11,799
• Foreign unquoted securities	-	-	113,808	113,808
	<u>11,799</u>	<u>-</u>	<u>113,808</u>	<u>125,607</u>

Notes to interim condensed consolidated financial information (unaudited)

For the six-month period ended 30 June 2021

(All amounts are in Kuwaiti Dinar)

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 expenses. 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.

Provision for expected credit losses

The determination of the recoverability of the amount due from policy holders and Qard hassan and the factors determining the impairment of the receivable involve significant judgment.

5. Financial assets at fair value through other comprehensive income

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Local quoted securities	539,579	231,358	162,556
Local unquoted securities*	79,040	278,708	641,970
Managed portfolios	220,708	156,138	-
Managed funds	252,445	265,560	258,567
	<u>1,091,772</u>	<u>931,764</u>	<u>1,063,093</u>

* 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

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Local quoted securities	<u>225,503</u>	<u>223,337</u>	<u>180,800</u>

Notes to interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2021
(All amounts are in Kuwaiti Dinar)

7. Amount due from policyholders

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Opening balance at beginning of the period/ year	6,745,170	6,727,555	6,727,555
Management fees from policyholders during the period/ year	89,725	17,615	17,492
Deposits/ withdrawals	7,544	-	-
Net movements during the period/ year	6,842,439	6,745,170	6,745,047
Impairment during the period/ year	(434,574)	(434,574)	(434,574)
Closing balance at the end of period/ year	6,407,865	6,310,596	6,310,473

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 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.

8. Qard Hassan to policyholders

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

9. Investment properties

	30 June -2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Carrying value 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 value at the end of the period/ year	2,828,384	2,828,384	2,775,070

Notes to interim condensed consolidated financial information (unaudited)

For the six-month period ended 30 June 2021

(All amounts are in Kuwaiti Dinar)

- The investment property in Egypt amounting to KD 2,697,378 as at 30 June 2021 (31 December 2020: KD 2,697,378 and 30 June 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 Parent Company.
- The above investment properties include hotel apartments in Zamzam Tower in Holly Mecca in the Kingdom of Saudi Arabia amounting to KD 131,006 as at 30 June 2021 (31 December 2020: KD 131,006 and 30 June 2020: KD 186,682).
- The fair value for the investment properties are derived by level 3 fair value technique where unobservable market inputs are used.

10. Consolidated policyholders' results by line of business and fund

Consolidated policyholders' results by line of business for the three-month period ended 30 June 2021 (unaudited):

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	69,790	435,653	31,383	56,388	593,214
Gross revenue	16,698	221,489	16,530	19,534	274,251
Net (deficit) / surplus from takaful insurance operations	(8,842)	20,645	(18,979)	(17,332)	(24,508)
Investments and other income	11,585	382,903	16,325	23,649	434,462
Net surplus/ (deficit) by line of business	2,743	403,548	(2,654)	6,317	409,954
Income from leasing activities					12,602
Expenses related to leasing activities					6,731
Management fees to Company's shareholders					(85,857)
Net deficit transferred to policyholders					343,430
Other comprehensive income for the period					
Net change in fair value arising during the period					(1,394)
Total other comprehensive income					342,036

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The six-month period ended 30 June 2021 (unaudited):

	Marine and aviatio n	General accident	Fire	Life	Total
Premiums written	96,361	1,221,775	248,339	71,113	1,637,588
Gross revenue	31,844	561,812	40,878	26,366	660,900
Net surplus/ (deficit) from takaful insurance operations	(4,010)	50,798	(10,715)	(29,285)	6,788
Investments and other income (Note 11)	11,845	383,352	23,823	23,834	442,854
Net surplus/ (deficit) by line of business	7,835	434,150	13,108	(5,451)	449,642
Income from leasing activities					33,343
Expenses related to leasing activities					(34,359)
Management fees to Company's shareholders					(89,725)
Net deficit transferred to policyholders					358,901
Other comprehensive income for the period					
Net change in fair value arising during the period					7,363
Total comprehensive income					366,264

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The three-month period ended 30 June 2020 (unaudited):

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	20,233	298,773	36,037	56,001	411,044
Gross revenue	21,931	989,431	(585,443)	48,046	473,965
Net surplus / (deficit) from takaful insurance operations	21,226	(661,388)	(60,698)	24,622	(676,238)
Investments and other income	572	7,767	2,122	1,266	11,727
Net surplus/ (deficit) by line of business	21,798	(653,621)	(58,576)	25,888	(664,511)
Income from leasing activities					20,083
Expenses related to leasing activities					(36,503)
Net deficit transferred to policyholders					(680,931)
Other comprehensive income for the period					
Net change in fair value arising during the period					567
Total other comprehensive loss					(680,364)

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The six-month period ended 30 June 2020 (unaudited):

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	118,668	1,259,444	1,018,194	97,611	2,493,917
Gross revenue	47,929	1,015,429	48,570	101,810	1,213,738
Net surplus/ (deficit) from takaful insurance operations	35,095	(391,275)	(142,782)	49,214	(449,748)
Investments and other income	2,563	27,200	21,989	2,108	53,860
Net surplus/ (deficit) by line of business	37,658	(364,075)	(120,793)	51,322	(395,888)
Income from leasing activities					57,173
Expenses related to leasing activities					(74,248)
Net deficit transferred to policyholders					(412,963)
Other comprehensive income for the period					
Net change in fair value arising during the period					(4,733)
Total other comprehensive loss					(417,696)

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11. Policyholders' assets, liabilities and fund

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Assets			
Cash and cash equivalents	411,899	93,039	61,689
Investment deposits	1,078,492	1,093,492	1,326,000
Accounts and other receivables	1,773,388	3,192,521	3,159,383
Premium receivable	1,294,642	1,514,824	1,662,349
Financial assets at fair value through other comprehensive income	135,499	128,136	125,607
Due from related parties	-	11,377	-
Goodwill	409,766	409,766	409,766
Reinsurance share of outstanding claims	2,333,892	1,507,960	1,811,017
Retakaful contribution receivables	1,547,817	1,479,326	1,451,262
Leasehold land*	-	277,750	277,750
Inventory	24,303	-	-
Intangible assets	-	16,628	-
Equipment and building*	43,393	130,320	153,383
Total assets	9,053,091	9,855,139	10,438,206
Policyholders' liabilities and fund			
Liabilities			
Accounts and other payables	4,911,760	6,919,779	9,634,398
Outstanding claims reserve	3,341,183	2,453,035	-
Unearned premiums	759,646	954,472	1,067,034
Incurred but not reported claims reserve	136,012	89,646	27,708
Provision for unallocated claim settlement expenses	39,086	34,821	-
Lease Payables	-	17,019	-
Amount due to shareholders	6,670,926	6,745,170	6,745,042
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
Total liabilities	17,484,224	18,839,553	19,099,793
Policyholders' fund			
Policyholders' fund balance as at the beginning of the period/ year	(8,635,289)	(8,083,989)	(8,083,989)
Net surplus / (deficit) of policyholders for the period/ year	358,901	(738,317)	(412,963)
	(8,276,388)	(8,822,306)	(8,496,952)
Fair value reserve at the beginning of the period/ year	(162,108)	(159,902)	(159,902)
Change in fair value during the period/ year	7,363	(2,206)	(4,733)
Fair value reserve at the end of the period/ year	(154,745)	(162,108)	(164,635)
Total policyholders' fund as at the end of the period/ year	(8,431,133)	(8,984,414)	(8,661,587)
Total policyholders' liabilities and fund	9,053,091	9,855,139	10,438,206

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* The Group delegated right of use to a third party. This delegation resulted in a financial impact including derecognition of a book value for leasehold land amounted to KD 277,750 and a building amounted to KD 47,520 during the period for KD 750,000 resulting in a gain amounted to KD 424,730 recognized in the policyholders' results Note 10.

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 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Shareholders				
<i>Interim condensed consolidated statement of profit or loss</i>				
Salaries and other short-term benefits	7,500	3,750	11,250	7,500
<i>Interim condensed consolidated statement of financial position</i>				
Financial assets at fair value through other comprehensive income	-	-	1,091,772	1,063,093

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 668,029 as at 30 June 2021 (31 December 2020: KD 615,042 and 30 June 2020: KD 769,278).

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	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Policyholders				
Key management compensation:				
Salaries and other short-term benefits	31,152	22,161	62,304	67,467
End of service benefits	2,971	3,480	5,942	6,960
	34,123	25,641	68,246	74,427

13. Segment reporting

	Investment	Takaful insurance	Unallocated	Total
Shareholders				
Six months ended 30 June 2021 (unaudited)				
Gross revenue	47,429	89,725	-	137,154
Profit for the period	11,905	89,725	-	101,630
Total assets	4,458,427	7,787,976	-	12,246,403
Total liabilities	-	-	(95,099)	(95,099)
Net assets	4,458,427	7,787,976	(95,099)	12,151,304
Six months ended 30 June 2020 (unaudited)				
Gross revenue	(54,064)	-	10,100	(43,964)
Loss for the period	(1,394,480)	-	(5,446)	(1,399,926)
Total assets	4,175,848	7,773,584	33,900	11,983,332
Total liabilities	-	-	(83,876)	(83,876)
Net assets	4,175,848	7,773,584	(49,976)	11,899,456

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	<u>Investment</u>	<u>Takaful insurance</u>	<u>Car rental</u>	<u>Unallocated</u>	<u>Total</u>
Policyholders					
Six months ended 30 June 2021 (unaudited)					
Gross revenue	442,854	660,900	33,343	-	1,137,097
Profit / (loss) for the period	276,980	82,937	(1,016)	-	358,901
Total assets	1,213,991	7,406,226	432,874	-	9,053,091
Total liabilities	-	(17,161,117)	(322,999)	-	(17,484,116)
Net assets	1,213,991	(9,754,891)	109,875	-	(8,431,025)
 Six months ended 30 June 2020 (unaudited)					
Gross revenue	53,860	1,213,738	57,173	-	1,324,771
Profit / (loss) for the period	53,860	(449,748)	(17,075)	-	(412,963)
Total assets	2,139,124	7,872,796	426,286	-	10,438,206
Total liabilities	-	(18,791,134)	(308,657)	-	(19,099,791)
Net assets	2,139,124	(10,918,338)	117,629	-	(8,661,585)

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.

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15. Subsidiaries

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

Subsidiary's name	Country of incorporation	Principal activities	Ownership percentage		
			30 June 2021	31 December 2020	30 June 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-KSC (Closed)	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 30 June 2021 (unaudited)	Three months ended 30 June 2020 (unaudited)	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Profit / (loss) for the period (KD)	99,852	(39,239)	101,360	(1,399,926)
Weighted average number of shares outstanding during the period	110,250,000	110,250,000	110,250,000	110,250,000
Treasury shares	(445,500)	(445,500)	(445,500)	(445,500)
	109,804,500	109,804,500	109,804,500	109,804,500
Basic and diluted earning / (loss) per share (Fils)	0.91	(0.36)	0.92	(12.75)

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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 2,299,302 as at 30 June 2021 (31 December 2020: KD 2,309,302 and 30 June 2020: KD 2,319,302), 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 was 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. 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.

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- At the date of approving the financial statements, 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. It was observed the decrease in takaful operations revenues during the period ended 30 June 2021. 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.