

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

**Interim condensed consolidated financial information
for the nine months ended 30 September 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 nine months ended 30 September 2021
(Unaudited)
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Contents	Page
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)	6-22

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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) and its subsidiaries (collectively the "Group") as at 30 September 2021 and the interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine months period then ended. The Group'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

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 the 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 September 2021 includes the amount due from the policyholders of KD 6,561,246 (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 September 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 30 September 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.

- The interim condensed consolidated financial information for the period ended 30 September 2021 includes the policyholders' assets, which include accounts receivable and other assets and premiums receivable of KD 1,438,987 (KD 3,192,521 – 31 December 2020) and KD 1,576,257 (KD 1,514,824 – 31 December 2020) respectively, representing balances brought forward from previous years in addition to the balance movement during the period. Further, 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 30 September 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.

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 nine-month period ended 30 September 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, 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 nine-month period ended 30 September 2021 that might have had a material effect on the business of the Group or its consolidated financial position.



Ali Mohamad Al-Hamad

License No. 111

Ali Al-Hamad & Partners

Independent member of Baker Tilly International



State of Kuwait, 9 November 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 September 2021**

(All amounts are in Kuwaiti Dinar)

		30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2020 (Unaudited)
	Note			
Assets				
Cash at banks		36,487	11,169	15,265
Investment deposits		61,601	196,585	178,295
Financial assets at fair value through other comprehensive income	5	1,055,946	931,764	988,288
Financial assets at fair value through profit or loss	6	241,202	223,337	196,467
Amount due from policyholders	7	6,561,246	6,310,596	6,310,596
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		6,208	6,415	5,825
Accounts and other receivables		3,795	9,340	11,635
Total assets		12,257,980	11,980,701	11,944,552
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		(230,037)	(354,218)	(297,695)
Foreign currency translation reserve		(153)	153	153
Employees' stock option plan reserve		65,964	65,964	65,964
Accumulated losses		(6,783,132)	(6,917,421)	(7,004,873)
Total equity		12,147,876	11,889,712	11,858,783
Liabilities				
Accounts and other payables		110,104	90,989	85,769
Total liabilities		110,104	90,989	85,769
Total equity and liabilities		12,257,980	11,980,701	11,944,552


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 nine-month period ended 30 September 2021
(All amounts are in Kuwaiti Dinar)

		Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
	Note	2021	2020	2021	2020
Revenue					
Rental income		17,228	5,378	51,923	138,606
Dividend income		-	3,870	-	8,411
Income from investment deposits		(1,116)	2,342	4,182	7,030
Change in fair value of investment properties	9	-	-	-	(136,000)
Change in fair value of financial assets at fair value through profit or loss		15,699	15,667	17,865	(30,836)
Foreign currency translation		-	23,370	-	9,352
Management fees from policyholders		19,951	-	109,676	-
Other income		3,305	(9,786)	8,575	314
		<u>55,067</u>	<u>40,841</u>	<u>192,221</u>	<u>(3,123)</u>
Expenses					
Rental costs		-	1,921	-	(56,017)
Loss on disposal of subsidiary		-	-	-	(1,282,478)
General and administrative expenses		(17,971)	(7,932)	(53,495)	(23,478)
		<u>(17,971)</u>	<u>(6,011)</u>	<u>(53,495)</u>	<u>(1,361,973)</u>
Profit / (loss) for the period before provisions for National Labor Support Tax (NLST) and Zakat		37,096	34,830	138,726	(1,365,096)
Provision for National Labor Support Tax		(3,169)	-	(3,169)	-
Provision for Zakat		(1,268)	-	(1,268)	-
Profit/ (loss) for the period		<u>32,659</u>	<u>34,830</u>	<u>134,289</u>	<u>(1,365,096)</u>
Basic and diluted earnings/ (loss) per share (Fils)	16	<u>0.297</u>	<u>0.317</u>	<u>1.223</u>	<u>(12.432)</u>

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 nine-month period ended 30 September 2021

(All amounts are in Kuwaiti Dinar)

	Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
	2021	2020	2021	2020
Profit/ (loss) for the period	32,659	34,830	134,289	(1,365,096)
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	(35,827)	(74,805)	124,181	(109,741)
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(260)	(698)	(306)	153
Other comprehensive (loss)/ income for the period	(36,087)	(75,503)	123,875	(109,588)
Total comprehensive (loss)/ income for the period	(3,428)	(40,673)	258,164	(1,474,684)

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 nine-month period ended 30 September 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	-	-	-	-	-	-	-	-	-	(1,365,096)	(1,365,096)
Comprehensive (loss)/ income for the period	-	-	-	-	-	-	(109,741)	153	-	-	(109,588)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(109,741)	153	-	(1,365,096)	(1,474,684)
Loss on sale of investments	-	-	-	-	-	-	254,216	-	-	(254,216)	-
Disposal of subsidiary	-	-	-	-	-	-	-	1,282,478	-	-	1,282,478
Balance as at 30 September 2020 (unaudited)	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(297,695)	153	65,964	(7,004,873)	11,858,783
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
Profit for the period	-	-	-	-	-	-	-	-	-	134,289	134,289
Other comprehensive income for the period	-	-	-	-	-	-	124,181	(306)	-	-	123,875
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	124,181	(306)	-	134,289	258,164
Balance as at 30 September 2021 (unaudited)	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(230,037)	(153)	65,964	(6,783,132)	12,147,876

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 nine-month period ended 30 September 2021
(All amounts are in Kuwaiti Dinar)

	Nine-month period ended 30 September (Unaudited)	
	2021	2020
Cash flows from operating activities:		
Profit /(loss) for the period	134,289	(1,365,096)
Adjustments for:		
Depreciation expense	207	121
Dividend income	-	(8,411)
Income from investment deposits	(4,182)	(7,030)
Change in fair value of investment properties	-	136,000
Change in fair value of financial assets at fair value through profit or loss	(17,865)	30,836
Loss on disposal of subsidiary	-	1,282,478
	112,449	68,898
Changes in operating assets and liabilities:		
Accounts and other receivables	5,545	(5,034)
Accounts and other payables	23,551	60,522
Amount due from policyholders	(255,087)	(17,615)
Net cash (used in) / generated from operating activities	(113,542)	106,771
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	-	(5,946)
Dividends	-	8,411
Income from investment deposits	4,182	7,030
Movement in investment deposits	134,984	(126,295)
Net cash generated from / (used in) investing activities	139,166	(101,833)
Exchange differences arising on translation of foreign operations	(306)	153
Increase in cash at banks	25,318	5,091
Cash at banks at the beginning of the period	11,169	10,174
Cash at banks at the end of the period	36,487	15,265

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

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 reinsurance 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.

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

**Notes to interim condensed consolidated financial information (unaudited)
For the nine-month period ended 30 September 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 nine-month period ended 30 September 2020 was authorized for issue by the Board of Directors of the Parent Company on 9 November 2021.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 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. The operating results for the period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

For further information, please 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 nine-month period ended 30 September 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 similar to 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 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:

Shareholders	30 September 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
• Local quoted securities	241,202	-	-	241,202
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	519,446	-	-	519,446
• Local unquoted securities	-	-	79,042	79,042
• Managed portfolios	-	-	209,300	209,300
• Managed funds	-	-	248,158	248,158
	519,446	-	536,500	1,055,946
Total	760,648	-	536,500	1,297,148
Policyholders				
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	20,985	-	-	20,985
• Foreign unquoted securities	-	-	98,488	98,488
	20,985	-	98,488	119,473

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

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

Shareholders	30 September 2020 (unaudited)			Total
	Level 1	Level 2	Level 3	
<i>Financial assets at fair value through profit or loss</i>				
• Local quoted securities	196,467	-	-	196,467
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	372,042	-	-	372,042
• Local unquoted securities	-	-	191,445	191,445
• Managed funds	-	-	424,801	424,801
	372,042	-	616,246	988,288
Total	568,509	-	616,246	1,184,755
Policyholders				
<i>Financial assets at fair value through profit or loss</i>				
• Managed funds	-	-	305,097	305,097
<i>Financial assets at fair value through other comprehensive income</i>				
• Local quoted securities	14,029	-	-	14,029
• Foreign unquoted securities	-	-	113,626	113,626
	14,029	-	113,626	127,655
	14,029	-	418,723	432,752

As at 30 September 2021, 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 levels 1, Level 2, and Level 3.

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

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 the best estimate of the property value.

Impairment of financial assets

The Group assessed the financial assets exposed to impairment risks, and the management concluded that there was no material adverse impact resulting from the outbreak of COVID-19.

Insurance contracts liabilities

Claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

5. Financial assets at fair value through other comprehensive income

	30 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
Local quoted securities	519,446	231,358	372,042
Local unquoted securities	79,042	278,708	191,445
Managed portfolios	209,300	156,138	-
Managed funds	248,158	265,560	424,801
	1,055,946	931,764	988,288

6. Financial assets at fair value through profit or loss

	30 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
Local quoted securities	241,202	223,337	196,467

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

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

7. Amount due from policyholders

	30 September 2021 (unaudited)	31 December 2020 (audited)	30 September 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	109,676	17,615	17,615
Net movements during the period/ year	140,974	-	-
	6,995,820	6,745,170	6,745,170
Impairment during the period/ year	(434,574)	(434,574)	(434,574)
Closing balance at the end of the period/ year	6,561,246	6,310,596	6,310,596

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 line 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 September 2021 (unaudited)	31 December 2020 (audited)	30 September 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)
	2,828,384	2,828,384	2,775,070

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

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

- The investment property in Egypt amounting to KD 2,697,378 as at 30 September 2021 (31 December 2020: KD 2,697,378 and 30 September 2020: KD 2,588,388) is registered in the name of a third party who issued power of attorney to other parties, which is ultimately granted to one of the Parent Company's directors, who provided an irrevocable general power of attorney in favor of the Parent Company. The property is managed by a subsidiary, i.e. Hala Real Estate Investment L.L.C.
- 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 September 2021 (31 December 2020: KD 131,006 and 30 September 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 September 2021 (unaudited):

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	17,139	448,378	43,086	9,719	518,322
Gross revenue	14,787	325,136	13,897	1,993	355,813
Net (deficit) / surplus from takaful insurance operations	4,111	84,267	26,726	(13,767)	101,337
Investments and other income	1,109	17,773	(4,105)	(7,379)	7,398
Net surplus/ (deficit) by line of business	5,220	102,040	22,621	(21,146)	108,735
Income from leasing activities					24,302
Expenses related to leasing activities					(25,602)
Management fees					(19,951)
Net deficit transferred to policyholders					87,484
<i>Other comprehensive income for the period</i>					
Net change in fair value arising during the period					(889)
Total other comprehensive profit					86,595

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

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

The nine-month period ended 30 September 2021 (unaudited):

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	113,500	1,670,153	291,425	80,832	2,155,910
Gross revenue	46,631	886,948	54,775	28,359	1,016,713
Net (deficit) / surplus from takaful insurance operations	101	135,065	16,011	(43,052)	108,125
Investments and other income	12,954	401,125	19,718	16,455	450,252
Net surplus/ (deficit) by line of business	13,055	536,190	35,729	(26,597)	558,377
Income from leasing activities					57,645
Expenses related to leasing activities					(59,961)
Management fees					(109,676)
Net deficit transferred to policyholders					446,385
<i>Other comprehensive income for the period</i>					
Net change in fair value arising during the period					6,474
Total other comprehensive profit					452,859

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

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

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

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	65,090	630,611	296,620	50,869	1,043,190
Gross revenue	31,428	257,144	86,034	12,512	387,118
Net surplus / (deficit) from takaful insurance operations	6,632	(242,047)	(28,411)	(78,909)	(342,735)
Investments and other income	2,383	23,668	13,397	1,888	41,336
Net (deficit) / surplus by line of business	9,015	(218,379)	(15,014)	(77,021)	(301,399)
Income from leasing activities					24,362
Expenses related to leasing activities					(33,916)
Net deficit transferred to policyholders					(310,953)
<i>Other comprehensive income for the period</i>					
Net change in fair value arising during the period					2,045
Total other comprehensive loss					(308,908)

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

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

The nine-month period ended 30 September 2020 (unaudited):

	Marine and aviation	General accident	Fire	Life	Total
Premiums written	183,758	1,890,055	1,314,814	148,480	3,537,107
Gross revenue	79,357	1,272,573	134,604	114,322	1,600,856
Net surplus / (deficit) from takaful insurance operations	41,727	(633,322)	(171,193)	(29,695)	(792,483)
Investments and other income	4,946	50,868	35,386	3,996	95,196
Net surplus / (deficit) by line of business	46,673	(582,454)	(135,807)	(25,699)	(697,287)
Income from leasing activities					81,535
Expenses related to leasing activities					(108,164)
Net surplus transferred to policyholders					(723,916)
<i>Other comprehensive income for the period</i>					
Net change in fair value arising during the period					(2,688)
Total other comprehensive loss					(726,604)

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

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

11. Policyholders' assets, liabilities and fund

	30 September 2021	31 December 2020	30 September 2020
	(unaudited)	(audited)	(unaudited)
Assets			
Cash and cash equivalents	249,818	93,039	66,111
Investment deposits	1,078,492	1,093,492	1,326,000
Accounts and other receivables	1,438,987	3,192,521	3,096,365
Premium receivable	1,576,257	1,514,824	1,573,364
Financial assets at fair value through other comprehensive income	119,473	128,136	127,655
Due from related parties	-	11,377	-
Goodwill	409,766	409,766	409,766
Reinsurance share of outstanding claims	2,272,163	1,507,960	1,626,525
Reinsurance contribution receivables	1,642,099	1,479,326	1,451,687
Leasehold land*	-	277,750	277,750
Inventory	24,303	-	-
Intangible assets	-	16,628	-
Equipment*	36,378	130,320	141,255
Total assets	8,847,736	9,855,139	10,096,478
Liabilities and Policyholders' fund			
Liabilities			
Outstanding claims reserve	3,063,999	2,453,035	2,590,263
Unearned premiums	809,914	954,472	1,061,095
Incurred but not reported claims reserve	166,586	89,646	60,378
Provision for unallocated claim settlement expenses	35,604	34,821	91,084
Payables and accrued expenses	4,681,757	6,936,798	6,893,370
Amount due to shareholders	6,995,820	6,745,170	6,745,170
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611
Total liabilities	17,379,291	18,839,553	19,066,971
Policyholders' fund			
Policyholders' fund balance as at the beginning of the period/ year	(8,822,306)	(8,083,989)	(8,083,987)
Net surplus / (deficit) of policyholders for the period/ year	446,385	(738,317)	(723,916)
	(8,375,921)	(8,822,306)	(8,807,903)
Fair value reserve at the beginning of the period/ year	(162,108)	(159,902)	(159,902)
Change in fair value during the period/ year	6,474	(2,206)	(2,688)
Fair value reserve at the end of the period/ year	(155,634)	(162,108)	(162,590)
Total policyholders' fund as at the end of the period/ year	(8,531,555)	(8,984,414)	(8,970,493)
Total liabilities and policyholders' fund	8,847,736	9,855,139	10,096,478

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

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

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.

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 September		Nine months ended 30 September	
	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	3,750	3,750	11,250	11,250
		30 September 2020 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
<i>Interim condensed consolidated statement of financial position</i>				
Financial assets at fair value through other comprehensive income		1,055,946	931,764	988,288
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 638,796 as at 30 September 2021 (31 December 2020: KD 615,042 and 30 September 2020: KD 769,278).				

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Policyholders				
Key management compensation:				
Salaries and other short-term benefits	31,152	31,152	93,456	107,592
End of service benefits	3,021	2,139	8,961	7,736
	34,173	33,291	102,417	115,328

13. Segment reporting

	Investment	Takaful insurance	Unallocated	Total
Shareholders				
Nine months ended 30 September 2021 (unaudited)				
Gross revenue	82,545	109,676	-	192,221
Profit for the period	29,050	109,676	(4,437)	134,289
Total assets	4,233,623	8,024,357	-	12,257,980
Total liabilities	-	-	(110,104)	(110,104)
Net assets	4,233,623	8,024,357	(110,104)	12,147,876
Nine months ended 30 September 2020 (unaudited)				
Gross revenue	(3,437)	-	314	(3,123)
Loss for the period	(1,341,618)	-	(23,478)	(1,365,096)
Total assets	4,138,120	7,773,707	32,725	11,944,552
Total liabilities	-	-	(85,769)	(85,769)
Net assets	4,138,120	7,773,707	(53,044)	11,858,783

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

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

	Investment	Takaful insurance	Car rental	Unallocated	Total
Policyholders					
Nine months ended 30 September 2021 (unaudited)					
Gross revenue	392,607	1,016,713	57,645	-	1,466,965
Profit / (loss) for the period	450,252	108,125	(2,316)	(109,676)	446,385
Total assets	1,197,965	7,230,845	418,926	-	8,847,736
Total liabilities	-	(17,068,943)	(310,348)	-	(17,379,291)
Net assets	1,197,965	(9,838,098)	108,578	-	(8,531,555)
Nine months ended 30 September 2020 (unaudited)					
Gross revenue	95,196	1,600,856	81,535	-	1,777,587
Profit / (Loss) for the period	95,196	(792,483)	(26,629)	-	(723,916)
Total assets	2,266,353	7,408,062	422,063	-	10,096,478
Total liabilities	-	(18,752,983)	(313,988)	-	(19,066,971)
Net assets	2,266,353	(11,344,921)	108,075	-	(8,970,493)

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 nine-month period ended 30 September 2021
(All amounts are in Kuwaiti Dinar)

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 September 2021	31 December 2020	30 September 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	%93.32

The Parent Company's ownership percentage of Hala Real Estate Investment Company (L.L.C) includes 0.5% based on assignment of a party in favor of the Parent Company.

16. Earnings per share

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

	Three months ended 30 September 2021 (unaudited)	Three months ended 30 September 2020 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Nine months ended 30 September 2020 (unaudited)
Profit/ (loss) for the period (KD)	32,659	34,830	134,289	(1,365,096)
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 loss per share (Fils)	0.297	0.317	1.223	(12.432)

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

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 2,254,302 as at 30 September 2021 (31 December 2020: KD 2,309,302 and 30 September 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.

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 24 April 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.

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

Notes to interim condensed consolidated financial information (unaudited)
For the nine-month period ended 30 September 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:

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 that there is a decrease in takaful operations revenues during the period ended 30 September 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.