

**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 2023  
(Unaudited)  
and Independent Auditor's Review Report**

**Wethaq Takaful Insurance Company (K.S.C.P)  
and its Subsidiaries  
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## **Independent Auditor's Report to the Board of Directors**

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

### **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 2023 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**

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.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim condensed consolidated financial information has not been prepared, in all material respects, in accordance with the basis of the presentation set out in Note (2).

#### **Other Matters**

We draw the attention to Note 1 to the accompanying interim condensed consolidated financial information, which sets out that opening balances reported in the interim condensed consolidated financial information for the three-month period ended 31 March 2023 have not been approved because the Company has not held its ordinary general assembly meeting to approve the consolidated financial statements for the year ended 31 December 2022 in accordance with the Kuwait Companies Law No. 1 of 2016. Our conclusion is not qualified for this matter.

## **ASSURANCE, TAX AND CONSULTING**

Baker Tilly Firm in Kuwait is a member of the Baker Tilly International network, the members of which are separate and independent legal entities.

### Material Uncertainty related to Going Concern


In accordance with ISA 570, we draw attention to Note No. 16 of these interim condensed consolidated financial information, which sets out that the Parent Company incurred accumulated losses of KWD 6,942,618 as at 31 March 2023 (KWD 6,918,129 as at 31 December 2022). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. This does not affect our opinion referred to herein above.

### Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in consistent 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 2023 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 Establishment of Capital Markets Authority and its Executive Regulations, as amended, or of Law No. 125 of 2019 concerning the Regulation of Insurance during the three-month financial period year ended 31 March 2023 that might have had a material effect on the business or the financial position of the Parent Company, except for the following:

Violation of Ministry of Commerce & Industry's Resolution No. 21 of 2021 issuing the Executive Regulations of Law No. 125 of 2019 concerning the Practice of the Auditor's Profession, with respect to the appointment of an actuary registered with the Insurance Regulatory Unit as the Company appointed Dr. Ahmed Al-Sayed Mustafa Muharram Firm, where the actuary is not registered in the Insurance Unit's Register of Actuaries as at 31 March 2023.

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



State of Kuwait, 14 May 2023

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 2023  
(All amounts are in Kuwaiti Dinar)

		31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2022 (Unaudited)
	Note			
<b>Assets</b>				
Cash at banks		37,372	43,110	50,408
Investment deposits		77,000	82,915	60,500
Financial assets at fair value through other comprehensive income	5	777,527	860,768	1,104,956
Financial assets at fair value through profit or loss	6	240,109	262,191	306,644
Amount due from policyholders	7	18,668	36,235	-
Qard Hassan to policyholders	8	8,670	-	-
Investment properties	9	2,853,938	2,853,938	2,872,372
Property and equipment		65,416	80,999	7,155
Accounts and other receivables		32,433	5,886	115
<b>Total assets</b>		<b>4,111,133</b>	<b>4,226,042</b>	<b>4,402,150</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		11,025,000	11,025,000	11,025,000
Share premium		-	-	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
Fair value reserve		(508,456)	(425,214)	(181,026)
Foreign currency translation reserve		2,033	(7,100)	4,721
Employees' stock option plan reserve		65,964	65,964	65,964
Accumulated losses		(6,942,618)	(6,918,129)	(14,681,231)
<b>Total equity</b>		<b>3,983,081</b>	<b>4,081,679</b>	<b>4,303,662</b>
<b>Liabilities</b>				
Accounts and other payables		128,052	144,363	98,488
<b>Total liabilities</b>		<b>128,052</b>	<b>144,363</b>	<b>98,488</b>
<b>Total equity and liabilities</b>		<b>4,111,133</b>	<b>4,226,042</b>	<b>4,402,150</b>

Nasser Enad Faisal Alenzi  
Chairman

Abdullah Meshari Ahmed Al-Humaidhi  
Vice Chairman

The notes on pages 6 to 18 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 2023**  
*(All amounts are in Kuwaiti Dinar)*

		Three-month period ended 31 March (Unaudited)	
	Note	2023	2022
<b>Revenue</b>			
Lease income		11,744	11,207
Income from investment deposits		769	229
Change in fair value of financial assets at fair value through profit or loss		(22,082)	43,806
		<u>(9,569)</u>	<u>55,242</u>
<b>Expenses</b>			
General and administrative expenses		(14,920)	(8,125)
		<u>(14,920)</u>	<u>(8,125)</u>
<b>(Loss) / Profit for the period before deductions</b>		<b>(24,489)</b>	47,117
National Labor Support Tax		-	(1,178)
Zakat		-	(471)
<b>Net (loss) / profit for the period</b>		<b>(24,489)</b>	45,468
Basic and diluted (loss) / earnings per share (Fils)	14	<u><b>(0.22)</b></u>	<u>0.41</u>

The notes on pages 6 to 18 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 2023**  
*(All amounts are in Kuwaiti Dinar)*

	Three-month period ended 31 March (Unaudited)	
	2023	2022
(Loss) / Profit for the period	<b>(24,489)</b>	45,468
Other comprehensive loss:		
<i>Items that will not be subsequently reclassified to consolidated statement of profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	<b>(83,242)</b>	(4,673)
<i>Items that may be subsequently reclassified to the consolidated statement of profit or loss:</i>		
Exchange differences arising from translation of foreign operations	<b>9,133</b>	35
Other comprehensive expense	<b>(74,109)</b>	(4,638)
Total comprehensive (loss) / income for the period	<b>(98,598)</b>	40,830

The notes on pages 6 to 18 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 2023**

*(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 2022	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(176,353)	4,686	65,964	(6,664,446)	12,325,086
Prior year adjustments										(8,062,253)	(8,062,253)
Balance as at 1 January 2022	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(176,353)	4,686	65,964	(14,726,699)	4,262,832
Net profit for the period	-	-	-	-	-	-	(4,673)	-	-	45,468	45,468
Other comprehensive income for the period	-	-	-	-	-	-	(4,673)	35	-	-	(4,638)
Total comprehensive income for the period	-	-	-	-	-	-	(4,673)	35	-	45,468	40,830
Balance as at 31 March 2022	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(181,026)	4,721	65,964	(14,681,231)	4,303,662
Balance as at 1 January 2023	11,025,000	-	(50,489)	3,508	388,139	-	(425,214)	(7,100)	65,964	(6,918,129)	4,081,679
Net profit for the period	-	-	-	-	-	-	-	-	-	(24,489)	(24,489)
Other comprehensive income for the period	-	-	-	-	-	-	(83,242)	9,133	-	-	(74,109)
Total comprehensive income for the period	-	-	-	-	-	-	(83,242)	9,133	-	(24,489)	(98,598)
Balance as at 31 March 2023	11,025,000	-	(50,489)	3,508	388,139	-	(508,456)	2,033	65,964	(6,942,618)	3,983,081

The notes on pages 6 to 18 form an integral part of this interim condensed consolidated financial information

Interim condensed consolidated statement of cash flows (unaudited)  
For the three-month period ended 31 March 2023  
(All amounts are in Kuwaiti Dinar)

	Three-month period ended 31 March (Unaudited)	
	2023	2022
	KD	KD
<b>Cash flows from operating activities:</b>		
(Loss) / Profit for the period	(24,498)	45,468
<i>Adjustments for:</i>		
Change in fair value of financial assets at fair value through profit or loss	22,082	(43,806)
Income from investment deposits	(769)	(229)
	<u>(3,176)</u>	<u>1,433</u>
<b>Changes in operating assets and liabilities:</b>		
Receivables and other debit balances	34,403	10,287
Payables and other credit balances	(16,311)	(16,434)
Amount due from policyholders	(18,668)	3,514
Qard Hassan (benevolent loan) to policyholders	(8,670)	
<b>Net cash (used in) operating activities</b>	<u>(12,422)</u>	<u>(1,200)</u>
<b>Cash flows from investing activities:</b>		
Income from investment deposits	769	229
Proceeds from sale of financial assets at fair value through other comprehensive income		-
Movement in investment deposits	5,915	1,128
<b>Net cash generated from investing activities</b>	<u>6,684</u>	<u>1,357</u>
Increase/ (decrease)/ in cash at banks	(5,738)	157
Cash at banks at beginning of the period	43,110	50,251
<b>Cash at banks at end of the period</b>	<u>37,372</u>	<u>50,408</u>

The notes on pages 6 to 18 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 carries on its business in accordance with the provisions of Law No. 125 of 2019 regarding the Regulation of Insurance under the IRU Resolution No. 24 of 2022 licensing the companies that regularized their status according to the Law and its Executive Regulations, as amended. The Parent Company's shares are listed on Boursa Kuwait.

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 Parent Company is supervised by Capital Markets Authority.

On 28 August 2019, the new Insurance Law No. 125 of 2019 was issued. Such Law is effective from 1 September 2019 and supersedes Law No. 24 of 1961.

The Executive Regulations of Law No. 125 of 2019 regarding the Regulation of Insurance were issued on 11 March 2022. Pursuant to Article No. 2 of the Executive Regulations, insurance companies shall have a one-year grace period starting from the date of issuance of the Executive Regulations to implement the new Law.

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

The objectives for which the Parent Company was 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 takaful 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 takaful insurance industry and agent for takaful insurance or reinsurance companies to perform all activities that are consistent with the Islamic Sharia after obtaining the necessary licenses.

**Notes to interim condensed consolidated financial information (unaudited)**  
**For the three-month period ended 31 March 2023**  
*(All amounts are in Kuwaiti Dinar)*

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- 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.

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 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 Parent Company's registered address 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 2023 was authorized for issue by the Board of Directors of the Parent Company on 14 May 2023.

The opening balances of the interim condensed consolidated financial information for the three-month period ended 31 March 2023 have not been approved because the company has not held its ordinary general assembly to approve the consolidated financial statements for the year ended 31 December 2022 in accordance with the Kuwait Companies Law No. 1 of 2016.

## **2- Basis of presentation and significant accounting policies**

### **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 2023 are not necessarily indicative of results that may be expected for the year ending 31 December 2023. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2022.

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 2022. There were no amendments to International Financial Reporting Standards (IFRS) for the periods commencing 1 January 2023 that might have material impact on the Group's accounting policies or financial position except for the following:

### **International Financial Reporting Standard 17 *Insurance Contracts***

The Parent Company applied IFRS 17, *Insurance Contracts*, as of 1 January 2023, which resulted in significant changes in accounting insurance and reinsurance contracts.

Below is the summary of the nature and effect of the main changes in the Group's accounting policies due to its application of IFRS 17, *Insurance Contracts*.

#### **1. Recognition, Measurement, and Presentation of Insurance Contracts**

The IFRS 17 sets the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts and investment contracts with discretionary participation features. It also presents a model that measures contracts categories based on the company's estimates for the present value of future cash flows that re expected to arise when the Parent Company fulfill its liabilities to the contracts, risk adjustment for nonfinancial risk and the expected margin for the contractual insurance services.

A qualification test has been done for the Premium Allocation Approach.

The Parent Company applies the Premium Allocation Approach to measure insurance contracts as the company may apply the Premium Allocation Approach for measuring a group of insurance contracts if:

- The coverage period of each contract in the group is one year or less at the inception of the group;

**Notes to interim condensed consolidated financial information (unaudited)**  
**For the three-month period ended 31 March 2023**  
*(All amounts are in Kuwaiti Dinar)*

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- The company reasonably expects that such Premium Allocation Approach would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the General Measurement Model (GMM).

**2. Discount Rates**

Discount rates adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The discount rates applied to the estimates of the future cash flows shall:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices;
- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The discount rates for cash flows of insurance contracts do not vary based on the returns on underlying items. The Parent Company may determine discount rates by adjusting a liquid risk-free yield curve by the Bottom-up Approach. However, according to the PAA, the discount rate is determined at the initial recognition of the group of contracts.

**3. Risk Adjustment**

Risk adjustment for non-financial risk is the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows from a group of contracts. that arises from non-financial risk. The Parent Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts by applying value at risk technique at the date of each report. Risk adjustment for non-financial risk is considered as an increase in the value at risk at 90% (confidence interval) over the expected present value of the future cash flows.

**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: It includes quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: It includes valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level3: It includes valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Notes to interim condensed consolidated financial information (unaudited)**  
**For the three-month period ended 31 March 2023**  
*(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:

<b>Shareholders</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Financial assets at fair value through profit or loss</i>	<b>240,109</b>	-	-	<b>240,109</b>
<i>Financial assets at fair value through other comprehensive income</i>	<b>357,338</b>	-	<b>420,189</b>	<b>777,527</b>
	<b>597,447</b>	-	<b>420,189</b>	<b>1,017,636</b>
<b>Policyholders</b>				
<i>Financial assets at fair value through other comprehensive income</i>	<b>16,389</b>	-	<b>98,488</b>	<b>114,877</b>
	<b>16,389</b>	-	<b>98,488</b>	<b>114,877</b>

	<b>31 December 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Shareholders</b>				
<i>Financial assets at fair value through profit or loss</i>	262,191	-	-	262,191
<i>Financial assets at fair value through other comprehensive income</i>	441,096	-	419,672	860,768
	703,287	-	419,672	1,122,959
<b>Policyholders</b>				
<i>Financial assets at fair value through other comprehensive income</i>	16,389	-	98,488	114,877
	16,389	-	98,488	114,877

	<b>31 March 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Shareholders</b>				
<i>Financial assets at fair value through profit or loss</i>	306,644	-	-	306,644
<i>Financial assets at fair value through other comprehensive income</i>	563,449	-	541,507	1,104,956
	870,093	-	541,507	1,411,600
<b>Policyholders</b>				
<i>Financial assets at fair value through other comprehensive income</i>	20,129	-	98,488	118,617
	20,129	-	98,488	118,617

**Notes to interim condensed consolidated financial information (unaudited)  
For the three-month period ended 31 March 2023**  
(All amounts are in Kuwaiti Dinar)

As at 31 March, 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.

**5- Financial assets at fair value through other comprehensive income**

	<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>31 March 2022 (unaudited)</b>
Local quoted securities	<b>357,338</b>	441,096	563,449
Local unquoted securities *	<b>79,040</b>	79,040	79,041
Managed portfolios	<b>239,586</b>	239,586	222,880
Managed funds	<b>101,563</b>	101,046	239,586
	<b><u>777,527</u></b>	<u>860,768</u>	<u>1,104,956</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**

	<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>31 March 2022 (unaudited)</b>
Local quoted securities	<b>240,109</b>	262,191	306,644
	<b><u>240,109</u></b>	<u>262,191</u>	<u>306,644</u>

**Notes to interim condensed consolidated financial information (unaudited)**  
**For the three-month period ended 31 March 2023**  
*(All amounts are in Kuwaiti Dinar)*

**7- Amount due from policyholders**

	<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>31 March 2022 (unaudited)</b>
Opening balance at beginning of period/ year	<b>7,073,465</b>	7,037,230	7,037,230
Net movement	<b>18,668</b>	36,235	(3,448)
	<b>7,092,133</b>	7,073,465	7,033,782
Expected credit loss	<b>(7,073,465)</b>	(7,037,230)	(7,033,782)
Closing balance at the end of period/ year	<b>18,668</b>	36,235	-

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. The Parent Company's management had decided to reduce the Management fees charged to policyholders from 20% of gross premiums to 20% of net profit of policyholders to enable settlement of the above due balances and also 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 Parent Company's 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**

	<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>31 March 2022 (unaudited)</b>
Carrying amount at the beginning of the period/ year	<b>2,853,938</b>	2,872,372	2,872,372
Change in fair value during the period/ year	-	(18,434)	-
Carrying amount at the end of period/ year	<b>2,853,938</b>	2,853,938	2,872,372

- The investment property in Egypt amounting to KD 2,853,938 as at 31 March 2023 (KD 2,765,831 as at 31 December 2022) 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

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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 a right of use of hotel apartments in Zamzam Tower in Holly Mecca, the Kingdom of Saudi Arabia amounting to KD 106,541 as at 31 March 2023 (KD 106,541 as at 31 December 2022).

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

Three-month period ended 31 March 2023 (unaudited):

	Three-month period ended 31 March (unaudited)	
	2023	2022 Amended
<b>Revenues</b>		
Insurance revenues	965,482	665,174
Insurance expenses	(225,980)	(118,881)
Net expenses of reinsurance contracts	(756,187)	(597,906)
<b>Results of insurance services</b>	(16,685)	(51,613)
Expenses of financing from insurance contracts	(6,991)	(3,740)
Income of financing from held reinsurance contracts	5,666	2,801
<b>Net results of insurance financing</b>	(1,325)	(939)
<b>Net results of insurance services</b>	(18,010)	(52,552)
Other revenues	9,340	3,978
<b>Net deficit from Takaful insurance operations</b>	(8,670)	(48,574)
Lease income	11,262	10,585
Lease related expenses	(12,271)	(20,328)
<b>Net results of other activities</b>	(1,009)	(9,743)
<b>Net deficit</b>	(9,679)	(58,317)

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**Statement of policyholders' assets, liabilities and fund**

	<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>31 March 2022 (unaudited)</b>
<b>Assets</b>			
Cash and cash equivalents	<b>74,807</b>	137,547	30,108
Investment deposits	<b>1,159,492</b>	1,159,492	1,078,492
Accounts and other receivables	<b>589,691</b>	588,877	676,367
Financial assets at fair value through other comprehensive income	<b>114,877</b>	114,877	118,617
Goodwill	<b>409,766</b>	409,766	409,766
Assets of held reinsurance contracts	<b>1,726,995</b>	1,851,424	2,047,219
Due from related parties	<b>-</b>	-	11,377
Furniture and equipment	<b>12,188</b>	15,561	29,406
<b>Total assets</b>	<b>4,087,816</b>	4,277,544	4,401,352
<b>Liabilities and Policyholders' fund</b>			
<b>Liabilities</b>			
Liabilities of issued insurance contracts	<b>1,284,921</b>	1,376,097	1,712,686
Payables and accrued expenses	<b>2,211,846</b>	2,298,129	2,454,061
Amount due to shareholders	<b>7,063,950</b>	7,073,463	7,033,716
Qard Hassan from shareholders	<b>1,625,611</b>	1,625,611	1,625,611
<b>Total liabilities</b>	<b>12,186,328</b>	12,373,300	12,826,074
<b>Policyholders' fund</b>			
Policyholders' fund balance	<b>(7,922,642)</b>	(8,203,955)	(8,203,955)
Provision for insurance and reinsurance contracts	<b>(5,960)</b>	(5,960)	(5,960)
Fair value reserve	<b>(160,231)</b>	(160,231)	(156,490)
Net (deficit) / surplus of policyholders for the period/ year	<b>(9,679)</b>	339,693	(58,317)
Managing fees due to shareholders	<b>-</b>	(65,303)	-
<b>Total policyholders' fund as at the end of the period/ year</b>	<b>(8,098,512)</b>	(8,095,756)	(8,424,722)
<b>Total liabilities and policyholders' fund</b>	<b>4,087,816</b>	4,277,544	4,401,352

# 11- 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 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
<b>Shareholders</b>		
Interim condensed consolidated statement of profit or loss		
Salaries and other short-term benefits	15,000	3,750

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
<i>Interim condensed consolidated statement of financial position</i>			
Financial assets at fair value through other comprehensive income	777,527	860,768	1,104,956

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 431,727 (31 December 2022: KD 457,035 and 31 March 2022: KD 655,025).

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
<b>Policyholders</b>		
Top management compensation:		
Salaries and other short-term benefits	20,889	19,752
End of service benefits	2,537	1,915
	<b>23,426</b>	<b>21,667</b>

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**12- Segment reporting**

	Investment	Takaful insurance	Unallocated	Total
<b>Shareholders</b>				
<b>Three months ended 31 March 2023 (unaudited)</b>				
Gross revenue	(9,569)	-	-	(9,569)
Loss for the period	(22,082)	-	(2,407)	(24,489)
Total assets	3,948,574	27,338	135,221	4,111,133
Total liabilities	-	-	(128,052)	(128,052)
Net assets	3,948,574	27,338	7,169	3,983,081

<b>Three months ended 31 March 2022 (unaudited)</b>				
Gross revenue	55,242	-	-	55,242
Profit for the period	43,806	-	1,662	45,468
Total assets	4,344,472	-	57,678	4,402,150
Total liabilities	-	-	(98,488)	(98,488)
Net assets	4,344,472	-	(40,810)	4,303,662

	Investment	Takaful insurance	Car rental	Unallocated	Total
<b>Policyholders</b>					
<b>Three months ended 31 March 2023 (unaudited)</b>					
Gross revenue	9,340	(16,685)	11,262	-	3,917
Profit / (loss) for the period	9,340	(18,010)	(1,009)	-	(9,679)
Total assets	1,684,135	1,726,995	396,544	280,142	4,087,816
Total liabilities	-	(1,284,921)	(197,496)	(10,703,911)	(12,186,328)
Net assets	1,684,135	442,074	199,048	(10,423,769)	(8,098,512)
<b>Three months ended 31 March 2022 (unaudited)</b>					
Gross revenue	3,978	(51,613)	10,585	-	(37,054)
Profit / (loss) for the period	3,978	(52,552)	(9,743)	-	(58,317)
Total assets	1,606,875	2,047,219	410,248	337,010	4,401,352
Total liabilities	-	(1,712,686)	(314,022)	(10,799,366)	(12,826,074)
Net assets	1,606,875	334,533	96,226	(10,462,356)	(8,424,722)

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**13- 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 2023	31 December 2022	31 March 2022
<b>Consolidated with shareholders</b>					
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
<b>Consolidated with policyholders</b>					
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

**14- Earnings per share**

The basic and diluted earnings per share are computed through dividing the 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 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
(Loss) / Profit for the period (KD)	<b>(24,489)</b>	45,468
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 (Loss) / earnings per share (Fils)	<b>(0.22)</b>	0.41

**15- 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 body against the Group for an amount of KD 3,636,022, which the Group has provided for in the accounts and other payables. Although the Court of Appeal passed its ruling in favor of the State and the Parent Company filed appeal in cassation before the Court of Cassation, the Parent Company has made provisions which, in its opinion, are adequate to cover any resultant liabilities.

**16- Going Concern**

The Company's accumulated losses amounted to KD 6,942,618 on 31 December 2023. This indicates the existence of risk associated with the Parent Company's going concern. However, the Company's management believes that despite significant doubt about the Company's ability to address the above risk, the Parent Company is able to generate profits and positive cash flows from its future operations, which will eliminate the going concern risk.