

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

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

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For The Six Months Ended 30 June 2023
(Unaudited)
And Independent Auditor's Review Report**

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Independent Auditor's Report to the Board of Directors

Report on Review of Interim Condensed Consolidated Financial Information

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 2023 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 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 presentation set out in note (2).

Material Uncertainty Related To Going Concern

In accordance with Review Standard 570 of the International Standards on Auditing, we draw attention to Note 17 to this interim condensed consolidated financial information which indicates that the Parent Company has accumulated losses amounting to KD 6,880,128 as at 30 June 2023 (KD 6,918,129 as on 31 December 2022). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern. However, it does not affect our conclusions as stated above.

Report on the Review of Legal and Other Regulatory Requirements

Based on our review, the interim condensed consolidated financial information agrees with the Parent Company's account books. To the best of our knowledge and belief, no violations of the provisions of Law No. 1 of 2016 and its Executive Bylaw and subsequent amendments thereof, nor of the Parent Company's Memorandum of Incorporation and Articles of Association and its amendments thereto, were committed during the period of the three months ended 30 June 2023 that might have had a material effect on the business of the Group or on its consolidated financial position.

Also, during our review, no violations have come to our attention during the six-month financial period ended at 30 June 2023, that could have a material impact on the business activity of the Parent Company or its financial position, in accordance with the provisions of Law No. 7 of 2010 concerning the Establishment of Capital Markets Authority and its Executive Bylaw, as well as Law No. 125 of 2019 regarding insurance regulation, except for the following:

Violation of the Ministry of Commerce and Industry Resolution No. 21 of 2021 issuing the Executive Bylaw of Law No. 125 of 2019 regarding Practicing the Profession of Auditor, with regards to appointing an actuary registered with the Insurance Regulatory Unit (IRU), whereby the Parent Company appointed the office of Dr. Ahmed El Sayed Mostafa Muhram, while the expert was not registered in the IRU's register of actuaries as at 30 June 2023.



Ali Mohamed Al-Hamad

License No. 111

Ali Al-Hamad & Partners

An independent member of Baker Tilly International
State of Kuwait, 14 August 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 30 June 2023
(All amounts are in Kuwaiti Dinar)**

		30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited) Restated
	Note			
Assets				
Cash at banks		73,460	43,110	23,893
Investment deposits		52,000	82,915	92,800
Financial assets at fair value through other comprehensive income	5	829,949	860,768	1,002,784
Financial assets at fair value through profit or loss	6	254,733	262,191	273,889
Amount due from policyholders	7	72,290	36,235	-
Investment properties	8	2,853,938	2,853,938	2,872,372
Property and equipment		64,941	80,999	8,574
Accounts and other receivables		18,240	5,886	13,001
Total assets		4,219,551	4,226,042	4,287,313
Equity and liabilities				
Equity				
Share capital		11,025,000	11,025,000	11,025,000
Share premium		-	-	1,064,630
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
Fair value reserve		(444,787)	(425,214)	(283,198)
Foreign currency translation reserve		(17,974)	(7,100)	(36,001)
Employees' stock option plan reserve		65,964	65,964	65,964
Accumulated losses		(6,880,128)	(6,918,129)	(8,006,900)
Total equity		4,089,233	4,081,679	4,170,653
Liabilities				
Accounts and other payables		130,318	144,363	116,660
Total liabilities		130,318	144,363	116,660
Total equity and liabilities		4,219,551	4,226,042	4,287,313


Naser Enad Faisal Al-Enezi
Chairman


Abdullah Meshari Ahmed Al-Humaidhi
Vice Chairman

The notes on pages 6 to 21 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 2023
(All amounts are in Kuwaiti Dinar)**

	Note	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2023	2022	2023	2022
Revenue					
Rental income		32,293	11,366	44,037	22,573
Income from investment deposits		780	190	1,549	419
Change in fair value of financial assets at fair value through profit or loss		14,624	(34,470)	(7,458)	9,336
Cash dividends income		8,934	6,716	8,934	6,716
Management fees from policyholders		13,672	7,208	13,672	7,208
Other income		-	30,000	-	30,000
		<u>70,303</u>	<u>21,010</u>	<u>60,734</u>	<u>76,252</u>
Expenses					
General and administrative expenses		(6,434)	(7,125)	(21,354)	(15,250)
		<u>(6,434)</u>	<u>(7,125)</u>	<u>(21,354)</u>	<u>(15,250)</u>
Profit for the period before deductions		63,869	13,885	39,380	61,002
National Labor Support Tax		(985)	(347)	(985)	(1,525)
Zakat		(394)	(139)	(394)	(610)
Net profit for the period		62,490	13,399	38,001	58,867
Basic and diluted earnings per share (Fils)	14	<u>0.57</u>	<u>0.12</u>	<u>0.35</u>	<u>0.54</u>

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 2023
(All amounts are in Kuwaiti Dinar)

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
	2023	2022	2023	2022
Net profit for the period	62,490	13,399	38,001	58,867
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	63,669	(102,172)	(19,573)	(106,845)
<i>Items that may be subsequently reclassified to the consolidated statement of profit or loss:</i>				
Exchange differences arising from translation of foreign operations	(20,007)	(40,722)	(10,874)	(40,687)
Total other comprehensive income / (loss)	43,662	(142,894)	(30,447)	(147,532)
Total other comprehensive income / (loss) for the period	106,152	(129,495)	7,554	(88,665)

Wethaq Takaful Insurance Company (K.S.C.P)
and its Subsidiaries
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Interim condensed consolidated statement of changes in equity (unaudited)
For the six-month period ended 30 June 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 31 December 2021 (audited)	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(176,353)	4,686	65,964	(6,664,446)	12,325,085
Previous year adjustment	-	-	-	-	-	-	-	-	-	(8,065,767)	(8,065,767)
Balance as at 31 December 2021 (audited - restated)	11,025,000	7,340,937	(50,489)	3,508	388,139	388,139	(176,353)	4,686	65,964	(14,730,213)	4,259,318
Profit for the period	-	-	-	-	-	-	-	-	-	58,867	58,867
Other comprehensive income for the period	-	-	-	-	-	-	(106,845)	(40,687)	-	-	(147,532)
Total (loss)/comprehensive income for the period	-	-	-	-	-	-	(106,845)	(40,687)	-	58,867	(88,665)
Amortization of accumulated losses (Note 13)	-	(6,276,307)	-	-	-	(388,139)	-	-	-	6,664,446	-
Balance as at 30 June 2022 (Unaudited)	11,025,000	1,064,630	(50,489)	3,508	388,139	-	(283,198)	(36,001)	65,964	(8,006,900)	4,170,653
Balance as at 31 December 2022 (audited)	11,025,000	-	(50,489)	3,508	388,139	-	(425,214)	(7,100)	65,964	(6,918,129)	4,081,679
Profit for the period	-	-	-	-	-	-	-	-	-	38,001	38,001
Other comprehensive income for the period	-	-	-	-	-	-	(19,573)	(10,874)	-	-	(30,447)
Total (loss)/comprehensive income for the period	-	-	-	-	-	-	(19,573)	(10,874)	-	38,001	7,554
Balance as at 30 June 2023 (Unaudited)	11,025,000	-	(50,489)	3,508	388,139	-	(444,787)	(17,974)	65,964	(6,880,128)	4,089,233

The notes on pages 6 to 21 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 2023
(All amounts are in Kuwaiti Dinar)

	Six-month period ended 30 June (Unaudited)	
	2023	2022
Cash flows from operating activities:		
Profit for the period	38,001	58,867
<i>Adjustments:</i>		
Change in fair value of financial assets at fair value through profit or loss	7,458	(9,336)
Cash dividends income	(8,934)	(6,716)
Income from investment deposits	(1,549)	(419)
	<u>34,976</u>	<u>42,396</u>
Changes in operating assets and liabilities:		
Accounts and other receivables	(7,004)	(36,531)
Accounts and other payables	(14,045)	(20,956)
Amount due from policyholders	(36,055)	21,201
Net cash (used in) / generated from operating activities	<u>(22,128)</u>	<u>6,110</u>
Cash flows from investing activities:		
Proceeds from sale of assets at fair value through other comprehensive income	11,080	-
Purchasing of financial assets at fair value through profit or loss	-	(1,715)
Proceeds from cash dividends	8,934	-
Proceeds from investment deposits income	1,549	419
Movement in investment deposits	30,915	(31,172)
Net cash generated from / (used in) investing activities	<u>52,478</u>	<u>(32,468)</u>
Increase / (Decrease) in cash at banks	<u>30,350</u>	<u>(26,358)</u>
Cash at banks at beginning of the period	43,110	50,251
Cash at banks at end of the period	<u><u>73,460</u></u>	<u><u>23,893</u></u>

**Notes to the interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2023
(All amounts are in Kuwaiti Dinar)**

1- Incorporation and activities

Wethaq Takaful Insurance Company K.S.C.P ("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 Law No. 125 of 2019 regarding insurance regulation under the resolution No. 24 of 2022 regarding granting licenses to the entities that regularized their positions according to the law and its executive regulations as amended. The shares of the Parent Company are listed on Boursa Kuwait.

An entry been made into the Commercial Register under No. 82421 on 11 June 2014. The shares of the Parent Company were listed on the Boursa Kuwait on 20 December 2004 and supervised by the Capital Markets Authority (CMA).

On 28 August 2019, the new Insurance Law No. 125 of 2019 was issued, and came into effect as of 1 September 2019. This law replaced Law No. 24 of 1961.

The Executive Regulations for Law No. 125 of 2019 regarding insurance regulation was issued on 11 March 2021. According to Article No. 2 of the Executive Regulations, insurance companies have a one-year grace period starting from the date of issuance of the Executive Regulations to implement this new law.

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

The key business activities of the Parent Company are as follows:

First: Carry on all Takaful, mutual and Re-takaful 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 Parent 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.

**Notes to the interim condensed consolidated financial information (unaudited)
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- 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.
- f) Invest all or part of the Parent 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 Parent Company's objectives as per applicable laws.
- h) Utilize the financial surpluses available with the Parent Company through investing the same in financial portfolios managed by specialized companies and entities.

The Parent Company shall directly engage in the afore-mentioned activities either within or outside the state of Kuwait, whether independently or through delegation. The company is also permitted to have an interest in or collaborate in any manner with entities that undertake similar operations, and which assist it in achieving its objectives within or outside the state of Kuwait. Furthermore, it is allowed to establish, participate in, acquire, or affiliate with such entities.

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.

**Notes to the interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2023
(All amounts are in Kuwaiti Dinar)**

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 audited consolidated financial statements as at 31 December 2022 of the Parent Company were approved by the General Assembly of shareholders on 21 May 2023.

The interim condensed consolidated financial information for the six-month period ended 30 June 2023 was authorized for issue by the Board of Directors of the Parent Company on 14 August 2023.

2- Basis of Presentation and Significant Accounting Policies

Preparation Basis

The interim condensed consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting." The interim condensed consolidated financial information does not include all the 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 to present a fair view. The results of operations for the period ending on 30 June 2023 are not necessarily indicative of the results that can be expected for the year ending 31 December 2023. For additional information, reference can be made to the consolidated financial statements and related notes for the year ended 31 December 2022.

The accounting policies used in the preparation of the interim condensed consolidated financial information are similar to those used in the preparation of the consolidated financial statements for the year ended 31 December 2022. The amendments to International Financial Reporting Standards for periods beginning 01 January 2023, did not have a material impact on the accounting policies of the Group or the financial position, except for the following:

International Financial Reporting Standard 17 - Insurance Contracts:

The Parent Company has adopted the International Financial Reporting Standard 17 - *Insurance Contracts* effective from 01 January 2023. This standard has resulted in significant changes to the accounting of insurance contracts and reinsurance.

**Notes to the interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2023
(All amounts are in Kuwaiti Dinar)**

Below we summarize the nature and effects of the major changes in the Group's accounting policies resulting from its application of IFRS 17 - Insurance Contracts.

1- Recognition, Measurement, and Presentation of Insurance Contracts

The International Financial Reporting Standard 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts, reinsurance contracts, and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the company's estimates of the present value of future cash flows expected to arise when the Parent Company fulfills its obligations under these contracts, along with the risk adjustment margin for non-financial risks and the expected profit margin for insurance services (CSM).

Eligibility of the Premium Allocation Approach (PAA) has been tested.

The parent company applies the Premium Allocation Approach (PAA) for measuring insurance contracts. The Parent Company is allowed to apply the PAA to measure a group of insurance contracts if either:

- The coverage period for each contract in the group at inception is one year or less, or
- The Parent Company reasonably expects that applying PAA to measure the remaining coverage of the group of insurance contracts would not result in a materially different measurement compared to the General Measurement Model (GMM).

2- Discount Rates

Discount rates adjust expected cash flow estimates to reflect the time value of cash flows and the associated financial risks. The applied discount rates to expected cash flow estimates should:

- Reflect the time value and cash flow characteristics and liquidity attributes of insurance contracts.
- Be consistent with the observable current market rates.
- Exclude the effects of factors affecting observable market rates used in determining the discount rate but not affecting the expected cash flows of insurance contracts.

The Parent Company determines the discount rate for cash flows of insurance contracts that are unaffected by the underlying items' returns. The Parent Company may determine discount rates by adjusting a risk-free rate by adding a liquidity premium using a Bottom-up approach. For contracts under the Premium Allocation Approach (PAA), the discount rate is determined at initial recognition of the contract group.

**Notes to the interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2023
(All amounts are in Kuwaiti Dinar)**

3- Risk Adjustment

The risk adjustment for non-financial risk is the compensation required to tolerate uncertainty about the amount and timing of cash flows for groups of contracts. The Parent Company estimates the probability distribution of the expected present value of insurance future cash flows applying the value at risk technique from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risks as an increase in the value at risk at the 90th percentile (target confidence level) on the expected present value of future cash flows.

3- Fair Value Measurement

All financial assets and liabilities that are measured or disclosed at fair value in the interim condensed consolidated financial information are categorized within a fair value hierarchy based on the lowest level of significant input as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques where the lowest level significant input to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques where the lowest level significant input to the fair value measurement is unobservable.

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

	30 June 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Shareholders				
<i>Financial assets at fair value through profit or loss</i>	254,733	-	-	254,733
<i>Financial assets at fair value through other comprehensive income</i>	421,007	-	408,942	829,949
	<u>675,740</u>	<u>-</u>	<u>408,942</u>	<u>1,084,682</u>
Policyholders				
<i>Financial assets at fair value through other comprehensive income</i>	15,020	-	98,488	113,508
	<u>15,020</u>	<u>-</u>	<u>98,488</u>	<u>113,508</u>

Notes to the interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2023
(All amounts are in Kuwaiti Dinar)

	31 December 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
Shareholders				
<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
	<u>703,287</u>	<u>-</u>	<u>419,672</u>	<u>1,122,959</u>
Policyholders				
<i>Financial assets at fair value through other comprehensive income</i>	16,389	-	98,488	114,877
	<u>16,389</u>	<u>-</u>	<u>98,488</u>	<u>114,877</u>

	30 June 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Shareholders				
<i>Financial assets at fair value through profit or loss</i>	273,889	-	-	273,889
<i>Financial assets at fair value through other comprehensive income</i>	461,276	-	541,508	1,002,784
	<u>735,165</u>	<u>-</u>	<u>541,508</u>	<u>1,276,673</u>
Policyholders				
<i>Financial assets at fair value through other comprehensive income</i>	16,981	-	98,488	115,469
	<u>16,981</u>	<u>-</u>	<u>98,488</u>	<u>115,469</u>

As at 30 June 2023, the fair value 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- Judgments and estimates

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

Investment properties

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

**Notes to the interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2023
(All amounts are in Kuwaiti Dinar)**

5- Financial assets at fair value through other comprehensive income

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Local quoted securities	421,007	441,096	461,276
Local unquoted securities *	79,040	79,040	79,040
Managed portfolios	239,586	239,586	222,882
Managed funds	90,316	101,046	239,586
	829,949	860,768	1,002,784

* The Parent Company's management 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 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Local quoted securities	254,733	262,191	273,889

7- Amount due from policyholders

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Opening balance at beginning of period/ year	7,073,465	7,037,230	7,037,230
Net movement	36,055	36,235	(21,201)
Net movement during period/ year	7,109,520	7,073,465	7,016,029
Expected credit loss	(7,037,230)	(7,037,230)	(7,016,029)
Closing balance at the end of period/ year	72,290	36,235	-

The amount due from policyholders represents the net movement in the policyholders' account, which includes the net funds transferred to and from their account as well as management fees charged to policyholders. Additionally, funds are advanced to policyholders as needed. The Parent Company's management has decided to reduce the management fees imposed on policyholders from 20% of total contributions to 20% of the net profits of policyholders for settling the aforementioned outstanding balances and also address the outstanding balance of Qarad Hassan to ensure the continued viability of the Takaful insurance activities for policyholders.

Notes to the interim condensed consolidated financial information (unaudited)
For the six-month period ended 30 June 2023
(All amounts are in Kuwaiti Dinar)

8- Investment properties

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Carrying amount at the beginning of the period/ year	2,853,938	2,872,372	2,872,372
Change in fair value during the period/ year	-	(18,434)	-
Carrying amount at the end of period/ year	2,853,938	2,853,938	2,872,372

- The investment property in Egypt amounting to KD 2,853,938 as at 30 June 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 in favor of the Parent Company. An official and irrevocable special power of attorney was subsequently issued to the subsidiary company in Egypt, Hala Real Estate Company, by the Chairman of the Company's board of directors, to transfer the title of the property to Hala Real Estate. The property is managed by the subsidiary, i.e., Hala Real Estate Investment (L.L.C).
- The above investment properties include leasehold rights in hotel apartments located in Zamzam Tower in Mecca, Saudi Arabia, amounting to KD 82,987 as at 30 June 2023 (KD 82,987 as at 31 December 2022).

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9- Results of Policyholders' Activities by Business Segment and Consolidated Funds

The Six-month period ended 30 June 2023 (unaudited):

	Six-month period ended 30 June (unaudited):	
	2023	2022 Restated
Revenues		
Insurance Revenue	1,576,357	1,231,769
Insurance Services Expenses	(1,034,752)	(736,216)
Net Reinsurance Contract Expenses	(495,230)	(522,294)
Insurance Services Results	46,375	(26,741)
Financing income from issued insurance contracts	13,333	25,085
Financing (expense) on reinsurance contracts held	(12,430)	(20,223)
Net insurance financing results	903	4,862
Net insurance service surplus / (deficit)	47,278	(21,879)
Other revenues	24,260	6,707
Net surplus/ (deficit) from takaful insurance operations	71,538	(15,172)
Lease income	24,325	12,571
Lease related expenses	(27,505)	(29,546)
Net deficit of other activities	(3,180)	(16,975)
Net surplus / (deficit)	68,358	(32,147)

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10- Assets, Liabilities, and Equity of Policyholders

	30 June 2023 (Unaudited)	31 December 2022 (Audited) Restated	30 June 2022 (Unaudited) Restated	31 December 2021 (Audited) Restated
Assets				
Cash and Cash Equivalents	54,425	137,418	31,676	58,889
Investment Deposits	1,159,492	1,159,492	1,078,492	1,078,492
Accounts and Other receivables	626,176	588,854	684,775	705,979
Financial assets at fair value through other comprehensive income	113,508	114,877	115,469	119,967
Goodwill	409,766	409,766	409,766	409,766
Assets of reinsurance contracts held	2,248,872	1,851,424	2,376,875	2,277,003
Amount due from related parties	-	-	-	11,377
Intangible assets	-	-	-	8,953
Furniture and Equipment	8,860	15,712	-	32,704
Total Assets	4,621,099	4,277,543	4,697,053	4,703,130
Liabilities and Policyholders' Equity				
Liabilities				
Issued insurance contracts liabilities	152,153	1,376,097	353,522	1,927,599
End of service indemnity	322,760	311,419	336,043	314,722
Payables and accrued expenses	3,446,572	1,986,710	3,784,503	3,788,635
Amount due to shareholders	7,109,519	7,073,465	7,008,821	7,037,230
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611	-
Total Liabilities	12,656,615	12,373,302	13,108,500	13,068,186
Equity of Policyholders				
Policyholders' equity balance	(7,922,642)	(8,203,958)	(8,213,698)	(8,822,306)
Insurance and reinsurance reserve	(5,960)	(5,960)	(5,960)	(5,960)
Fair value reserve	(161,600)	(160,231)	(159,639)	(155,140)
Net surplus / (deficit) of policyholders for the period / year	68,358	339,693	(32,150)	772,937
Management fees for shareholders	(13,672)	(65,303)	-	(154,587)
Total equity of policyholders at the end of the period / year	(8,035,516)	(8,095,759)	(8,411,447)	(8,365,056)
Total liabilities and equity of policyholders	4,621,099	4,277,543	4,697,053	4,703,130

Notes to interim condensed consolidated financial information (unaudited)
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11- Transactions and balances with related parties

Related parties include major shareholders, board members, senior management personnel of the group, and controlled entities or those subject to joint control, where these parties exert significant influence. Pricing and terms of these transactions are determined by the group's management. Transactions between the parent company and its subsidiaries that represent related parties to the parent company have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the group and related parties are disclosed below:

	Six-month period ended 30 June 2023 (Unaudited)	Six-month period ended 30 June 2022 (Unaudited)
Shareholders		
Interim condensed consolidated statement of profit and loss		
Short-term salaries and benefits	<u>7,500</u>	<u>7,500</u>
	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	<u></u>	<u></u>
Interim condensed consolidated statement of financial position:		
Financial assets at fair value through other comprehensive income	<u>829,949</u>	<u>860,768</u>
		<u>1,002,784</u>

The above-mentioned financial assets at fair value through other comprehensive income include the Group's investments in shares of subsidiary companies of the Ultimate Parent Company (Investment Dar Company) amounting to KD 440,678 (31 December 2022: KD 457,035 and 30 June 2022: KD 595,758).

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	Six-month period ended 30 June 2023 (Unaudited)	Six-month period ended 30 June 2022 (Unaudited)
Policyholders		
Senior Management Staff remuneration:		
Short-term salaries and benefits	41,778	40,262
End of service indemnity	5,073	3,924
	46,851	44,186

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12- Segmentation Analysis

	<u>Investment</u>	<u>Takaful Insurance</u>	<u>Undivided</u>	<u>Total</u>
Shareholders				
The six-month period ended 30 June 2023 (unaudited)				
Total revenues	<u>47,062</u>	<u>13,672</u>	<u>-</u>	<u>60,734</u>
Profit for the period	<u>25,708</u>	<u>13,672</u>	<u>(1,379)</u>	<u>38,001</u>
Total assets	<u>3,990,620</u>	<u>72,290</u>	<u>156,641</u>	<u>4,219,551</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>(130,318)</u>	<u>(130,318)</u>
Net assets	<u>3,990,620</u>	<u>72,290</u>	<u>26,323</u>	<u>4,089,233</u>

The six-month period ended 30 June 2022 (unaudited)				
Total revenues	<u>69,044</u>	<u>7,208</u>	<u>-</u>	<u>76,252</u>
Profit \ (loss) for the period	<u>53,794</u>	<u>7,208</u>	<u>(2,135)</u>	<u>58,867</u>
Total assets	<u>4,241,845</u>	<u>-</u>	<u>45,468</u>	<u>4,287,313</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>(95,459)</u>	<u>(95,459)</u>
Net asset	<u>4,241,845</u>	<u>-</u>	<u>(49,991)</u>	<u>4,191,854</u>

	<u>Investment</u>	<u>Takaful Insurance</u>	<u>Car Rentals</u>	<u>Undivided</u>	<u>Total</u>
Policyholders					
The six-month period ended 30 June 2023 (unaudited)					
Total revenue	<u>24,260</u>	<u>46,375</u>	<u>24,325</u>	<u>-</u>	<u>94,960</u>
Profit / (loss) for the period	<u>24,260</u>	<u>47,278</u>	<u>(3,180)</u>	<u>-</u>	<u>68,358</u>
Total assets	<u>1,682,766</u>	<u>2,248,872</u>	<u>402,464</u>	<u>286,997</u>	<u>4,621,099</u>
Total liabilities	<u>-</u>	<u>(152,153)</u>	<u>(205,587)</u>	<u>(12,298,875)</u>	<u>(12,656,615)</u>
Net assets	<u>1,682,766</u>	<u>2,096,719</u>	<u>196,877</u>	<u>(12,011,878)</u>	<u>(8,035,516)</u>
The six-month period ended 30 June 2022 (Unaudited)					
Total revenue	<u>6,707</u>	<u>(26,741)</u>	<u>12,571</u>	<u>-</u>	<u>(7,463)</u>
Profit / (loss) for the period	<u>6,707</u>	<u>(21,897)</u>	<u>(16,975)</u>	<u>-</u>	<u>(32,165)</u>
Total assets	<u>1,603,727</u>	<u>2,376,875</u>	<u>392,012</u>	<u>324,439</u>	<u>4,697,053</u>
Total liabilities	<u>-</u>	<u>(353,522)</u>	<u>(312,761)</u>	<u>(12,442,217)</u>	<u>(13,108,500)</u>
Net assets	<u>1,603,727</u>	<u>2,023,353</u>	<u>79,251</u>	<u>(12,117,778)</u>	<u>(8,411,447)</u>

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13- Subsidiaries

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

Name of Subsidiary	Country of Incorporation	Main Activities	Ownership Percentage %		
			30 June 2023	31 December 2022	30 June 2022
Consolidated with the shareholders					
Hala Real Estate Investment Company L.L.C	Arab Republic of Egypt	Investment in real estate and real estate marketing, as well as buying, selling, and leasing land for its own account and for the account of others.	100%	100%	100%
Consolidated with Policyholders					
Wared Car Rental Company (W.L.L)	State of Kuwait	Car rental, car trading, and selling car parts within the State of Kuwait.	100%	100%	100%

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14- Earnings Per Share

The basic and diluted earnings per share (EPS) is calculated by dividing the period's profit by the weighted average number of outstanding shares during the period (excluding treasury shares), as follows:

	The three-month period ended 30 June 2023 (unaudited)	The three-month period ended 30 June 2022 (unaudited)	The Six-month period ended 30 June 2023 (unaudited)	The Six-month period ended 30 June 2022 (unaudited)
Net profit for the period (Kuwaiti Dinars)	62,490	13,399	38,001	58,867
Weighted average number of outstanding shares 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)
	<u>109,804,500</u>	<u>109,804,500</u>	<u>109,804,500</u>	<u>109,804,500</u>
Basic and diluted earnings per share (Fils)	0.57	0.12	0.35	0.54

15- Impact of Applying International Financial Reporting Standard 17 "Insurance Contracts"

The following is the impact of applying International Financial Reporting Standard 17 "Insurance Contracts" on the consolidated statement of financial position of policyholders as at 31 December 2022

	1 January 2023 as previously stated	Impact of applying IFRS 17	1 January 2023 Restated
Assets			
Cash and cash equivalents	137,418	-	137,418
Investment deposits	1,159,492	-	1,159,492
Accounts and other receivables	1,705,858	(1,117,004)	588,854
Premiums receivable	1,383,232	(1,383,232)	-
Financial Assets at fair value through other comprehensive income	114,877	-	114,877
Due from related parties	11,377	(11,377)	-
Goodwill	409,766	-	409,766
Assets of reinsurance contracts held		1,851,424	1,851,424
Share of reinsurers in outstanding claims	2,235,422	(2,235,422)	-
Reinsurance premiums receivable	1,446,997	(1,446,997)	-
Intangible assets	1,278	(1,278)	-
Equipment	15,712	-	15,712
Total Assets	8,621,429	(4,343,886)	4,277,543
Liabilities and Policyholders' equity			
Liabilities			
Reserve for outstanding claims	2,577,261	(2,577,261)	-
Unearned premiums	546,886	(546,886)	-
Incurred but unreported claims reserve	130,415	(130,415)	-
Unallocated loss adjustment expense reserve	27,782	(27,782)	-
Lease payables	17,336	(17,336)	-
Issued insurance contracts liabilities	-	1,376,097	1,376,097
End of service indemnity	311,419	-	311,419
Payables and accrued expenses	4,414,621	(2,427,911)	1,986,710
Amount due to shareholders	7,073,465	-	7,073,465
Qard Hassan from Shareholders	1,625,611	-	1,625,611
Total Liabilities	16,724,796	(4,351,494)	12,373,302

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	1 January 2023 as previously stated	Impact of applying IFRS 17	1 January 2023 Restated
Policyholders' equity			
Equity balance of policyholders at the beginning of the year	(8,203,958)	-	(8,203,958)
Insurance and reinsurance contracts reserve	-	(5,960)	(5,960)
Fair value reserve at the end of the year	(160,231)	-	(160,231)
Net surplus from policyholders for the period / for the year	326,125	13,568	339,693
Management fees for the Company shareholders	(65,303)	-	(65,303)
Total Deficit of Policyholders at the end of the year	(8,103,367)	7,608	(8,095,759)
Total Liabilities and Equity of Policyholders	8,621,429	(4,343,886)	4,277,543

16- Contingent Liabilities

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.

17- Going Concern

The Parent Company's accumulated losses amounted to KD 6,880,128 as at 30 June 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.