

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

**Interim Condensed Consolidated Financial Information  
for the Nine-Month Period Ended 30 September 2023  
(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-Month Period Ended 30 September 2023  
(Unaudited)  
And Independent Auditor's Review Report**

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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 the 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 (the "Group") as at 30 September 2023 and the interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine-month 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 the 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 (ISA) 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

### **Material Uncertainty related to Going Concern**

In accordance with ISA 570, we draw attention to Note (20) to this interim condensed consolidated financial information which shows that the Parent Company has incurred accumulated losses of KD 6,875,111 as at 30 September 2023 (KD 6,918,129 as at 31 December 2022). These events or circumstances indicate that there is material uncertainty about the Parent Company's ability to continue as a going concern. This does not affect our above-mentioned conclusion.

### **Report on Other Legal and Other Regulatory Requirements**

Based on our review, the interim condensed consolidated financial information is consistent with the accounting 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 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, to the best of our knowledge, no violations of the Law No. 7 of 2010, concerning Capital Market Authority ("CMA") and its Executive Regulations, nor of the Law No. 125 of 2019 regarding the Regulation of Insurance have occurred during the nine-month period ended 30 September 2023 that might have had a material effect on the business of Parent Company or on its financial position except for the following:

Violating the Ministry of Commerce and Industry's Resolution No. 21 of 2021 issuing the Executive Regulations of Law No. 125 of 2019 regarding the provisions of appointing an actuary registered with the Insurance Regulatory Unit (IRU), whereby the Parent Company appointed the office of Dr. Ahmed El Sayed Mostafa Muharram, while the expert was not registered in the IRU's register of actuaries as at 30 September 2023.



**Ali Mohamed Al-Hamad**

License No. 111-A

Ali Al-Hamad & Partners

Independent member of Baker Tilly International

Kuwait, 14 November 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 September 2023**  
*(All amounts are in Kuwaiti Dinar)*

		<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>	<b>30 September 2022 (Unaudited)</b>
	<b>Note</b>			
<b>Assets</b>				
Cash at banks		<b>85,386</b>	43,110	39,954
Investment deposits		<b>52,000</b>	82,915	92,000
Financial assets at fair value through other comprehensive income	5	<b>769,740</b>	860,768	870,017
Financial assets at fair value through profit or loss	6	<b>248,616</b>	262,191	244,858
Amount due from policyholders	7	<b>69,923</b>	36,235	16,596
Investment properties	8	<b>2,853,938</b>	2,853,938	2,872,372
Property and equipment		<b>65,416</b>	80,999	104,574
Accounts and other receivables		<b>19,807</b>	5,886	56,630
<b>Total assets</b>		<b>4,164,826</b>	4,226,042	4,297,001
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		<b>11,025,000</b>	11,025,000	11,025,000
Share premium		-	-	1,064,630
Treasury shares		<b>(50,489)</b>	(50,489)	(50,489)
Treasury shares reserve		<b>3,508</b>	3,508	3,508
Statutory reserve		<b>388,139</b>	388,139	388,139
Fair value reserve		<b>(504,996)</b>	(425,214)	(415,965)
Foreign currency translation reserve		<b>(17,974)</b>	(7,100)	13,517
Employees' stock option plan reserve		<b>65,964</b>	65,964	65,964
Accumulated losses		<b>(6,875,111)</b>	(6,918,129)	(7,996,140)
<b>Total equity</b>		<b>4,034,041</b>	4,081,679	4,098,164
<b>Liabilities</b>				
Accounts and other payables		<b>130,785</b>	144,363	198,837
<b>Total liabilities</b>		<b>130,785</b>	144,363	198,837
<b>Total equity and liabilities</b>		<b>4,164,826</b>	4,226,042	4,297,001

**Naser Enad Faisal Al-Enezi**  
Chairman

**Hussam Ammar Mohamed Ammar**  
Vice Chairman

The notes on pages 6 to 28 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 2023**  
*(All amounts are in Kuwaiti Dinar)*

	Note	Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
		2023	2022	2023	2022
<b>Revenue</b>					
Rental income		12,523	34,111	56,560	56,684
Dividends income		9,547	-	18,480	6,716
Income from investment deposits		276	1,029	1,824	1,448
Change in fair value of financial assets at fair value through profit or loss		(6,116)	(29,032)	(13,574)	(19,696)
Management fees from policyholders		-	17,256	-	24,464
Other income		14,073	21,256	14,073	51,256
		<b>30,303</b>	<b>44,620</b>	<b>77,363</b>	<b>120,872</b>
<b>Expenses</b>					
General and administrative expenses		(11,431)	(33,469)	(32,785)	(48,719)
		<b>(11,431)</b>	<b>(33,469)</b>	<b>(32,785)</b>	<b>(48,719)</b>
<b>Profit for the period before deductions</b>		<b>18,872</b>	<b>11,151</b>	<b>44,578</b>	<b>72,153</b>
National Labor Tax Support		(130)	)279(	(1,114)	(1,804)
Zakat		(52)	(112)	(446)	(722)
<b>Net profit for the period</b>		<b>18,690</b>	<b>10,760</b>	<b>43,018</b>	<b>69,627</b>
Basic and diluted earnings per share (Fils)	14	<b>0.17</b>	<b>0.10</b>	<b>0.39</b>	<b>0.63</b>

**Wethaq Takaful Insurance Company (K.S.C.P)  
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**Interim condensed consolidated statement of other comprehensive income (unaudited)  
For the nine-month period ended 30 September 2023**  
*(All amounts are in Kuwaiti Dinar)*

	Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
	2023	2022	2023	2022
Net profit for the period	<b>18,690</b>	10,760	<b>43,018</b>	69,627
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>(47,354)</b>	(132,767)	<b>(79,782)</b>	(239,612)
<i>Items that may be subsequently reclassified to the consolidated statement of profit or loss:</i>				
Exchange differences arising from translation of foreign operations	-	49,518	<b>(10,874)</b>	8,831
Total other comprehensive loss	<b>(47,354)</b>	(83,249)	<b>(90,656)</b>	(230,781)
Total comprehensive loss for the period	<b>(28,664)</b>	(72,489)	<b>(47,638)</b>	(161,154)

**Wethaq Takaful Insurance Company (K.S.C.P)**  
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**Interim condensed consolidated statement of changes in equity (unaudited)**

**For the nine-month period ended 30 September 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
Prior years 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	-	-	-	-	-	-	-	-	-	69,627	69,627
Other comprehensive loss for the period	-	-	-	-	-	-	(239,612)	8,831	-	-	(230,781)
Total comprehensive loss for the period	-	-	-	-	-	-	(239,612)	8,831	-	69,627	(161,154)
Accumulated losses	-	(6,276,307)	-	-	-	(388,139)	-	-	-	6,664,446	-
Amortization (Note 13)	-	1,064,630	(50,489)	3,508	388,139	-	(415,965)	13,517	65,964	(7,996,140)	4,098,164
<b>Balance as at 30 September 2022 (Unaudited)</b>											
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	-	-	-	-	-	-	-	-	-	43,018	43,018
Other comprehensive loss for the period	-	-	-	-	-	-	(79,782)	(10,874)	-	-	(90,656)
Total comprehensive loss for the period	-	-	-	-	-	-	(504,996)	(17,974)	-	43,018	(47,638)
<b>Balance as at 30 September 2023 (Unaudited)</b>	11,025,000	-	(50,489)	3,508	388,139	-	(504,996)	(17,974)	65,964	(6,875,111)	4,034,041

The notes on pages 6 to 27 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 2023  
(All amounts are in Kuwaiti Dinar)**

	Nine-month period ended 30 September (Unaudited)	
	2023	2022
<b>Cash flows from operating activities:</b>		
Profit for the period	43,018	69,627
<i>Adjustments:</i>		
Depreciation expenses	-	118
Change in fair value of financial assets at fair value through profit or loss	13,574	19,696
Dividends income	(18,480)	(6,716)
Income from investments deposits	(1,824)	(1,448)
	36,288	81,277
<b>Changes in operating assets and liabilities:</b>		
Accounts and other receivables	(9,045)	(37,457)
Accounts and other payables	(13,578)	82,482
Amount due from policyholders	(33,688)	(16,596)
<b>Net cash (used in) / generated from operating activities</b>	<b>(20,023)</b>	<b>109,706</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	11,080	(1,716)
Paid for purchase of property and equipment	-	(96,079)
Dividends	18,480	6,716
Proceeds from income from investment deposits	1,824	1,448
Movement in investment deposits	30,915	(30,372)
<b>Net cash generated from / (used in) investing activities</b>	<b>62,299</b>	<b>(120,003)</b>
Increase (decrease) in cash at banks	42,276	(10,297)
Cash at banks at beginning of the period	43,110	50,251
<b>Cash at banks at end of the period</b>	<b>85,386</b>	<b>39,954</b>

**Wethaq Takaful Insurance Company (K.S.C.P)  
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**Notes to interim condensed consolidated financial information (unaudited)  
For the nine-month period ended 30 September 2023**  
*(All amounts are in Kuwaiti Dinar)*

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**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 the Regulation of Insurance under the IRU's 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 Bursa 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 Bursa 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 promulgated, and came into effect as of 01 September 2019. This law supersedes and replaces Law No. 24 of 1961.

The Executive Regulations of Law No. 125 of 2019 regarding Regulation of Insurance 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.
- 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.

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**Notes to interim condensed consolidated financial information (unaudited)  
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*(All amounts are in Kuwaiti Dinar)*

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- 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 offers 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 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 nine-month period ended 30 September 2023 was authorized for issue by the Board of Directors of the Parent Company on 14 November 2023.

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

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**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 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 30 September 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.

**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.

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).

**Notes to interim condensed consolidated financial information (unaudited)**  
**For the nine-month period ended 30 September 2023**

*(All amounts are in Kuwaiti Dinar)*

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**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.

**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 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.

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*(All amounts are in Kuwaiti Dinar)*

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

<b>30 September 2023 (Unaudited)</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>	<b>248,616</b>	-	-	<b>248,616</b>
<i>Financial assets at fair value through other comprehensive income</i>	<b>426,533</b>	-	<b>343,207</b>	<b>769,740</b>
	<b>675,149</b>	-	<b>343,207</b>	<b>1,018,356</b>
<b>Policyholders</b>				
<i>Financial assets at fair value through other comprehensive income</i>	<b>14,730</b>		<b>98,488</b>	<b>113,218</b>
	<b>14,730</b>		<b>98,488</b>	<b>113,218</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>30 September 2022 (Unaudited)</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>	244,858	-	-	244,858
<i>Financial assets at fair value through other comprehensive income</i>	450,346	-	419,671	870,017
	695,204	-	419,671	1,114,875
<b>Policyholders</b>				
<i>Financial assets at fair value through other comprehensive income</i>	15,652	-	98,488	114,140
	15,652	-	98,488	114,140

**Wethaq Takaful Insurance Company (K.S.C.P)  
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**Notes to interim condensed consolidated financial information (unaudited)  
For the nine-month period ended 30 September 2023**

(All amounts are in Kuwaiti Dinar)

As at 30 September 2023, the fair value of the financial instruments approximates its carrying amount. The Group's management has assessed that the fair values of financial assets and liabilities approximate their carrying amounts. This approximation arises from the short-term maturities of these financial instruments.

There were no transfers between Level 1, Level 2 and Level 3, during the period.

**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>30 September 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>30 September 2022 (unaudited)</b>
Local quoted securities	<b>426,533</b>	441,096	450,346
Local unquoted securities	<b>39,278</b>	79,040	79,040
Managed portfolios	<b>223,871</b>	239,586	101,045
Managed funds	<b>80,058</b>	101,046	239,586
	<b>769,740</b>	<b>860,768</b>	<b>870,017</b>

**6- Financial assets at fair value through profit or loss**

	<b>30 September 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>30 September 2022 (unaudited)</b>
Local quoted securities	<b>248,616</b>	262,191	244,858

**7- Amount due from policyholders**

	<b>30 September 2023 (unaudited)</b>	<b>31 December 2022 (audited— restated)</b>	<b>30 September 2022 (unaudited— restated)</b>
Opening balance at beginning of period/ year	<b>7,073,465</b>	7,037,230	7,037,230
Net movement	<b>33,688</b>	36,235	16,596
Net movement during period/ year	<b>7,107,153</b>	7,073,465	7,053,826
Expected credit losses	<b>(7,037,230)</b>	(7,037,230)	(7,037,230)
Closing balance at end of period/ year	<b>69,923</b>	36,235	16,596

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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 offers 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 in such a way that ensures continuity of the Takaful insurance activity of the policyholders.

**8- Investment properties**

	<b>30 September 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>	<b>30 September 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 the period/ year	<b>2,853,938</b>	2,853,938	2,872,372

- 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 September 2023 (KD 82,987 as at 31 December 2022).

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

The Nine-month period ended 30 September 2023 (unaudited):

	Nine-month period ended 30 September. (unaudited):	
	<b>2023</b>	<b>2022 Restated</b>
<b>Revenues</b>		
Insurance revenue	<b>2,245,898</b>	1,854,778
Insurance services expenses	<b>(1,392,313)</b>	(673,581)
Net reinsurance contract expenses	<b>(981,055)</b>	(1,071,403)
<b>Insurance services results</b>	<b>(127,470)</b>	109,794
 Financing income from issued insurance contracts	 <b>33,266</b>	 63,180
Financing expense from reinsurance contracts held	<b>(26,117)</b>	(52,396)
<b>Net insurance financing results</b>	<b>7,149</b>	10,784
<b>Net insurance services results</b>	<b>(120,321)</b>	120,578
 Other revenues	 <b>34,821</b>	 11,973



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<b>Net (deficit) / surplus from takaful insurance operations</b>	<b>(85,500)</b>	<b>132,551</b>
Lease income	<b>24,089</b>	18,631
Lease related expenses	<b>(36,490)</b>	(41,813)
<b>Net results of other activities</b>	<b>(12,401)</b>	(23,182)
<b>Net (deficit) / surplus</b>	<b>(97,901)</b>	<b>109,369</b>

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**10- Assets, liabilities and policyholders' equity**

	30 September 2023 (unaudited)	31 December 2022 (audited- restated)	30 September 2022 (unaudited – restated)	31 December 2021 (audited- restated)
<b>Assets</b>				
Cash and cash equivalents	93,144	137,418	84,585	58,889
Investment deposits	1,159,492	1,159,492	1,078,492	1,078,492
Accounts and other receivables	686,616	588,854	679,486	705,979
Financial assets at fair value through other comprehensive income	113,218	114,877	114,140	119,967
Goodwill	409,766	409,766	409,766	409,766
Reinsurance contracts assets, held	2,091,001	1,851,424	1,895,145	2,277,003
Insurance contracts assets, held	221,331	-	84,120	11,377
Intangible assets	-	-	-	8,953
Furniture and equipment	3,216	15,712	13,866	32,704
<b>Total assets</b>	<b>4,777,784</b>	<b>4,277,543</b>	<b>4,359,600</b>	<b>4,703,130</b>
<b>Liabilities and Policyholders' equity</b>				
<b>Liabilities</b>				
Issued insurance contracts liabilities	2,048,471	1,376,097	1,499,431	1,927,599
End of service indemnity	345,610	311,419	345,610	314,722
Payables and accrued expenses	1,834,590	1,986,710	2,016,107	2,163,024
Amount due to shareholders	7,107,152	7,073,465	7,008,161	7,037,230
Qard Hassan from shareholders	1,625,611	1,625,611	1,625,611	1,625,611
<b>Total liabilities</b>	<b>12,961,434</b>	<b>12,373,302</b>	<b>12,494,920</b>	<b>13,068,186</b>
<b>Policyholders' equity</b>				
Policyholders' equity balance	(7,917,899)	(8,203,958)	(8,187,760)	(8,822,306)
Insurance and reinsurance provision	(5,960)	(5,960)	(5,960)	(5,960)
Fair value reserve	(161,890)	(160,231)	(160,968)	(155,140)
Net (deficit) / surplus of policyholders for the period/ year	(97,901)	339,693	-	772,937
Management fees for company's shareholders	-	(65,303)	219,368	(154,587)
<b>Total policyholders' equity at the end of the period/ year</b>	<b>(8,183,650)</b>	<b>(8,095,759)</b>	<b>(8,135,320)</b>	<b>(8,365,056)</b>
<b>Total liabilities and policyholders' equity</b>	<b>4,777,784</b>	<b>4,277,543</b>	<b>4,359,600</b>	<b>4,703,130</b>



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**12- Segment analysis**

	Investment	Takaful insurance	Unallocated	Total
<b>Shareholders</b>				
<b>Nine months ended 30 September 2023 (unaudited)</b>				
Gross income	77,363	-	-	77,363
Profit for the period	43,018	-	-	43,018
Total assets	4,164,826	-	-	4,164,826
Total liabilities	-	-	(130,785)	(130,785)
Net assets	4,164,826	-	(130,785)	4,034,041

<b>Nine months ended 30 September 2022 (unaudited)</b>				
Gross income	120,872	-	-	120,872
Profit for the period	69,627	-	-	69,627
Total assets	4,297,001	-	-	4,297,001
Total liabilities	-	-	(198,837)	(198,837)
Net assets	4,297,001	-	(198,837)	4,098,164

	Investment	Takaful insurance	Car rental	Unallocated	Total
<b>Policyholders</b>					
<b>Nine months ended 30 September 2023 (unaudited)</b>					
Gross income	34,821	(127,470)	24,089	-	(68,560)
Profit / (loss) for the period	34,821	(120,321)	(12,401)	-	(97,901)
Total assets	1,682,476	2,091,001	400,717	603,590	4,777,784
Total liabilities	-	(2,048,471)	(208,318)	(10,704,645)	(12,961,434)
Net assets	1,682,476	42,530	192,399	(10,101,055)	(8,183,650)

<b>Nine months ended 30 September 2022 (unaudited)</b>					
Gross income	11,973	109,794	18,631	-	140,398
Profit / (loss) for the period	11,973	120,578	(23,182)	-	109,369
Total assets	1,602,398	1,979,265	385,211	392,729	4,359,603
Total liabilities	-	(1,499,431)	(176,228)	(10,819,261)	(12,494,920)
Net assets	1,602,398	479,834	208,983	(10,426,535)	(8,135,320)

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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 %		
			30 September 2023	31 December 2022	30 September 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	100%

**14- Earnings per share**

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

	Three months ended 30 September 2023 (unaudited)	Three months ended 30 September 2022 (unaudited-restated)	Nine months ended 30 September 2023 (unaudited)	Nine months ended 30 September 2022 (unaudited)
Profit for the period (KD)	18,690	10,760	43,018	69,627
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 earnings per share (Fils)	0.17	0.10	0.39	0.63

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

The following is the impact of applying IFRS 17 "Insurance Contracts" on the consolidated statement of financial position of policyholders as at 31 December 2022.

	01 January 2023 As previously stated.	Effect of IFRS 17 application	01 January 2023 Restated
<b>Assets</b>			
Cash and cash equivalents	137,418	-	137,418
Investment deposit	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
<b>Total assets</b>	<b>8,621,429</b>	<b>(4,343,886)</b>	<b>4,277,543</b>
<b>Liabilities and Policyholders' equity</b>			
<b>Liabilities</b>			
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
<b>Total liabilities</b>	<b>16,724,796</b>	<b>(4,351,494)</b>	<b>12,373,302</b>

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**Policyholders' equity**

Policyholders' equity balance at the beginning of the year	<b>(8,203,958)</b>	-	(8,203,958)
Insurance and reinsurance contracts reserve	-	(5,960)	(5,960)
Fair value reserve at the end of the year	<b>(160,231)</b>	-	(160,231)
Net surplus from policyholders for the period / for the year	<b>326,125</b>	13,568	339,693
Management fees for the Company's shareholders	<b>(65,303)</b>	-	(65,303)
<b>Total deficit of policyholders at the end of the year</b>	<b>(8,103,367)</b>	7,608	(8,095,759)
<b>Total liabilities and equity of policyholders</b>	<b>8,621,429</b>	(4,343,886)	4,277,543

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16- Insurance contracts liabilities as at 30 September 2023	2023						
	Remaining coverage component	Incurred claims component			Total		
		Except loss component t	Loss component	Total remaining coverage component			
						Non-measured contracts under the PAA	Contracts measured under PAA
				Estimates of fair value for future cash flows	Risk adjustment		
Opening balance of insurance contracts assets	(673,288)	-	(673,288)	-	-	(673,288)	
Opening balance of insurance contracts liabilities	-	-	-	-	1,921,975	127,410	2,049,385
Net opening balance	(673,288)	-	(673,288)	-	1,921,975	127,410	2,049,385
Insurance contracts under amended retrospective approach	-	-	-	-	-	-	-
Insurance contracts under fair value approach	-	-	-	-	-	-	-
Other insurance contracts	(2,245,899)	-	(2,245,899)	-	-	-	(2,245,899)
Insurance revenue	(2,245,899)	-	(2,245,899)	-	-	-	(2,245,899)
Incurred claims and other insurance service expenses	-	-	-	-	919,098	-	919,098
*Amortization of insurance acquisitions cash flows	-	-	-	-	-	-	-
Losses and reversal of losses on onerous contracts	-	-	-	-	-	-	-
Adjustments to incurred claims	-	-	-	-	509,055	(35,840)	473,215
Insurance service expenses	-	-	-	-	1,428,153	(35,840)	1,392,313
Investment component and premiums recovered	-	-	-	-	-	-	-
Insurance service result	(2,245,899)	-	(2,245,899)	-	1,428,153	(35,840)	1,392,313
							(853,586)



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Net finance income or expenses from insurance contracts recognized in profit or loss	-	-	-	(34,062)	796	(33,266)	(33,266)
Net finance income or expenses from insurance contracts recognized in shareholders' equity	-	-	-	-	-	-	-
Net finance income or expenses from insurance contracts	-	-	-	(34,062)	796	(33,266)	(33,266)
Total changes in the statement of profit or loss and other comprehensive income	(2,245,899)	(2,245,899)		1,394,091	(35,044)	1,359,047	(886,852)
<b>Cash flows</b>							
Premiums received	2,226,141	-	2,226,141	-	-	-	2,226,141
Payments of liabilities and other insurance service expenses including investment components	-	-	-	(776,255)	-	(776,255)	(776,255)
Payments of insurance acquisition cash flows	-	-	-	(111,990)	-	(111,990)	(111,990)
Total cash flows	2,309,846	-	2,309,846	(888,245)	-	(888,245)	1,337,896
Effect of exchange rates movement	-	-	-	-	-	-	-
Effect of changes in aggregation scope and other changes	-	-	-	-	-	-	-
Net balance of insurance contracts liabilities	(693,046)	-	(693,046)	2,427,821	92,366	2,520,187	1,827,141
Closing balance of insurance contracts assets	-	-	-	-	-	-	221,331
Closing balance of insurance contracts liabilities	-	-	-	-	-	-	2,048,471

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	2022				
	Remaining coverage component		Incurred claims component		
	Except loss component	Loss component	Total remaining coverage component	Non-measured contracts under the PAA	Total incurred claims component
Insurance contracts liabilities as at 30 September 2022					Total
Opening balance of insurance contracts assets	(662,065)	-	(662,065)	-	(662,065)
Opening balance of insurance contracts liabilities	-		472,397	-	2,589,663
<b>Net opening balance</b>	-		-	-	<b>2,589,663</b>
Insurance contracts under amended retrospective approach					
Insurance contracts under fair value approach					
Other insurance contracts	(1,854,778)		(1,854,778)		(1,854,778)
<b>Insurance revenue</b>	(1,854,778)		(1,854,778)		(1,854,778)
Incurred claims and other insurance service expenses				1,184,689	1,184,689
*Amortization of insurance acquisitions cash flows					
Losses and reversal of losses on onerous contracts					
Adjustments to incurred claims				(427,899)	(510,707)
<b>Insurance service expenses</b>				756,791	673,982
<b>Investment component and premiums recovered</b>					
<b>Insurance service result</b>	(1,854,778)		(1,854,778)	756,791	(1,180,797)
Net finance income or expenses from insurance contracts recognized in profit or loss				(62,509)	(63,180)

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Net finance income or expenses from insurance contracts recognized in shareholders' equity					
Net finance income or expenses from insurance contracts	(1,854,778)	(1,854,778)	(62,509)	(671)	(63,180)
Total changes in the statement of profit or loss and other comprehensive income			694,281	(83,480)	610,801
					(1,243,977)
Cash flows					
Premiums received	1,778,299	-	-	-	1,778,299
Payments of liabilities and other insurance service expenses including investment components	-	-	(941,137)	-	(941,137)
Payments of insurance acquisition cash flows	-	-	(105,071)	-	(105,071)
Total cash flows	1,778,299	-	(1,046,209)	-	732,090
Effect of exchange rates movement	-	-	-	-	-
Effect of changes in aggregation scope and other changes	-	-	-	-	-
	(738,545)	(738,545)	2,060,081	94,175	2,154,256
					1,415,711
Closing balance of insurance contracts assets	-	-	-	-	84,120
Closing balance of insurance contracts liabilities	-	-	-	-	1,499,431

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17- Reinsurance contracts Assets as at 30 September 2023	2023					
	Remaining coverage component		Incurred claims component			Total
	Except loss component	Loss component	Total remaining coverage component	Non-measured contracts under the PAA	Contracts measured under PAA Estimates of fair value for future cash flows	Risk adjustment Total incurred liabilities component
Operating balance of reinsurance contracts assets	-	-	-	-	1,747,082	104,343
Operating balance of reinsurance contracts liabilities	-	-	-	-	-	-
<b>Net opening balance</b>	-	-	-	-	<b>1,747,082</b>	<b>104,343</b>
Expenses from reinsurance contracts	1,585,913	-	(1,585,913)	-	-	-
Changes in estimates of losses and reversal of losses on onerous contracts	-	-	-	-	397,169	(32,784)
Amounts recovered from reinsurers	-	-	-	-	240,473	240,473
<b>Net reinsurance contracts expenses</b>	<b>(1,585,913)</b>	-	<b>(1,585,913)</b>	-	<b>637,642</b>	<b>(32,784)</b>
Net income or expenses from reinsurance contracts recognized in profit or loss	-	-	-	-	(26,923)	806
Net income or expenses from reinsurance contracts recognized in shareholders' equity	-	-	-	-	-	-
*Net finance income or expenses from reinsurance contracts	-	-	-	-	(26,923)	806
Effect of changes in reinsurers default risks	-	-	-	-	-	-
<b>Total changes in statement of profit or loss and other comprehensive income</b>	<b>1,585,913</b>	-	<b>(1,585,913)</b>	-	<b>610,719</b>	<b>(31,978)</b>
<b>Cash flows</b>	<b>1,585,913</b>	-	<b>1,585,913</b>	-	-	-
Paid premiums (less premiums related commissions)	-	-	-	-	-	-
Amounts recovered from reinsurance contracts	-	-	-	-	(339,166)	(339,166)
<b>Total cash flows</b>	<b>1,585,913</b>	-	<b>1,585,913</b>	-	<b>(339,166)</b>	<b>(339,166)</b>
Effect of exchange rates movement	-	-	-	-	-	-
Effect of changes in aggregation scope and other changes	-	-	-	-	-	-
<b>Closing balance of reinsurance contracts assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,018,636</b>	<b>72,365</b>
						<b>2,091,001</b>

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<b>18- Insurance revenue</b>									
<b>For the nine months ended 30 September 2023</b>									
	Maritime and aviation	Public accidents	Fire	Vehicles	Medical and life	Total			
Contracts not measured under PAA	-	-	-	-	-	-			
Amounts related to LRC	-	-	-	-	-	-			
Profit margin for contractual services recognized for rendered services	-	-	-	-	-	-			
Change in risk adjustment for non-financial risks related to expired risks	-	-	-	-	-	-			
Expected incurred claims and other insurance service expenses	-	-	-	-	-	-			
Others	-	-	-	-	-	-			
Recovery of Insurance acquisition cash flows	-	-	-	-	-	-			
<b>Contracts measures under PAA</b>	<b>213,436</b>	<b>1,249,406</b>	<b>193,028</b>	<b>559,340</b>	<b>30,689</b>	<b>2,245,899</b>			
<b>total insurance revenue</b>	<b>213,436</b>	<b>1,249,406</b>	<b>193,028</b>	<b>559,340</b>	<b>30,689</b>	<b>2,245,899</b>			

  

<b>For the nine months ended 30 September 2023</b>									
	Maritime and aviation	Public accidents	Fires	Vehicles	Medical and life	Total			
Contracts not measured under PAA	-	-	-	-	-	-			
Amounts related to LRC	-	-	-	-	-	-			
Profit margin for contractual services recognized for rendered services	-	-	-	-	-	-			
Change in risk adjustment for non-financial risks related to expired risks	-	-	-	-	-	-			
Expected incurred claims and other insurance service expenses	-	-	-	-	-	-			
Others	-	-	-	-	-	-			
Recovery of Insurance acquisition cash flows	-	-	-	-	-	-			
<b>Contracts measures under PAA</b>	<b>181,828</b>	<b>1,010,149</b>	<b>140,824</b>	<b>428,109</b>	<b>93,869</b>	<b>1,854,779</b>			
<b>Total insurance revenue</b>	<b>181,828</b>	<b>1,010,149</b>	<b>140,824</b>	<b>428,109</b>	<b>93,869</b>	<b>1,854,779</b>			

**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 2023**  
*(All amounts are in Kuwaiti Dinar)*

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**19- 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.

**20- Going Concern**

The Parent Company's accumulated losses amounted to KD 6,875,111 as at 30 September 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.