

**Arabian Scandinavian Insurance Company (PLC) -
Takaful - ASCANA Insurance**

Condensed Interim Financial Statements
(Unaudited)

For the period ended 31 March 2022

Review Report of the Independent Auditor To the shareholders of Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance (the "Company") as at 31 March 2022, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows for the three months period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".



GRANT THORNTON
Osama El Bakry



Registration No: 935
Dubai, 10 May 2022

**Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)**

**Condensed interim statement of financial position
As at 31 March 2022**

	Notes	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
ASSETS			
Takaful operations' assets			
Cash and bank balances	4	34,769	43,694
Takaful and retakaful receivables	5	34,307	32,796
Retakaful contract assets:			
Unearned contribution	6	13,911	10,982
Claims reported unsettled	6	10,103	11,524
Claims incurred but not reported	6	3,659	3,808
Additional unexpired risk reserve	6	719	1,059
Prepayments and other receivables		2,791	1,738
Due from related parties	7	2,938	568
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	9,488	3,765
Deferred policy acquisition cost		9,243	9,324
Total takaful operations' assets		121,928	119,258
Shareholders' assets			
Cash and bank balances	4	95,602	101,045
Statutory deposits	8	10,000	10,000
Prepayments and other receivables		4,464	4,365
Due from policyholders	9	27,331	27,290
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	60,536	54,212
Other financial assets measured at fair value through profit and loss (FVTPL)	10	12,902	11,225
Investment properties	11	158,715	158,715
Property and equipment		2,197	2,335
Intangible assets		430	481
Total shareholders' assets		372,177	369,668
Total assets		494,105	488,926


The notes from 1 to 23 form an integral part of these condensed interim financial statements.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Condensed interim statement of financial position (continued)
As at 31 March 2022

	Notes	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
LIABILITIES, POLICYHOLDERS' FUND AND EQUITY			
Takaful operations' liabilities and policyholders' fund			
Takaful operations' liabilities			
Takaful and retakaful payables	12	33,029	31,297
Takaful contract liabilities:			
Unearned contribution	6	69,955	65,073
Claims reported unsettled	6	18,370	17,870
Claims incurred but not reported	6	9,726	9,286
Unallocated loss adjustments expense reserve	6	1,881	1,816
Additional unexpired risk reserve	6	5,278	4,767
Other liabilities		8,208	7,463
Due to related parties	7	10	8
Due to shareholders	9	27,331	27,290
Deferred discount		3,251	2,290
Total takaful operations' liabilities		177,039	167,160
Policyholders' fund			
Deficit in policyholders' fund		(55,111)	(47,902)
Qard Hassan from shareholders		55,111	47,902
Total policyholders' fund		-	-
Liabilities and policyholders' fund		177,039	167,160
Shareholders' liabilities and equity			
Shareholders' liabilities			
Provision for employees' end of service indemnity		2,214	2,278
Other liabilities		7,472	9,723
Due to related parties	7	25	14
Total shareholders' liabilities		9,711	12,015
Shareholders' equity			
Share capital	13	154,000	154,000
Statutory reserve	14	77,000	77,000
Reinsurance reserve	14	309	309
Investments revaluation reserve - FVTOCI		(1,906)	(251)
Retained earnings		77,952	78,693
Total shareholders' equity		307,355	309,751
Total shareholders' liabilities and equity		317,066	321,766
Total liabilities, policyholders' fund and equity		494,105	488,926

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 10 May 2022.


Mr. Khalid Ahmad Al Kazim
CEO

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

**Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)**

**Condensed interim income statement
For the period ended 31 March 2022**

	Notes	(Unaudited) Three months period ended 31 March 2022 AED'000	(Unaudited) Three months period ended 31 March 2021 AED'000
Attributable to policyholders			
Takaful income			
Gross takaful contribution		35,859	31,498
Retakaful share of accepted business		(80)	(14)
Retakaful share of ceded business		<u>(11,008)</u>	<u>(10,685)</u>
Net takaful contribution		24,771	20,799
Net transfer to unearned contribution reserves and additional unexpired risk reserves		<u>(2,805)</u>	<u>(1,723)</u>
Net takaful contribution earned		21,966	19,076
Discount received on retakaful contributions		1,399	1,108
Total takaful income		<u>23,365</u>	<u>20,184</u>
Takaful expenses			
Gross claims incurred		(26,719)	(26,550)
Retakaful share of accepted business claims		6	24
Retakaful share of ceded business claims		<u>9,278</u>	<u>13,332</u>
Net claims paid		<u>(17,435)</u>	<u>(13,194)</u>
Provision for takaful contract liabilities		(500)	9,664
Retakaful share of claims reported unsettled		(1,422)	(7,454)
Increase in claims incurred but not reported – net		(588)	823
Increase in unallocated loss adjustments expenses – net		<u>(65)</u>	<u>384</u>
Net takaful claims incurred		<u>(20,010)</u>	<u>(9,777)</u>
Net takaful income		<u>3,355</u>	<u>10,407</u>
Investment income	16	76	92
Other income		141	16
Wakala fees	15	(10,758)	(9,450)
Mudarib's fee	15	<u>(23)</u>	<u>(27)</u>
(Deficit)/surplus for the period attributable to policyholders		<u>(7,209)</u>	<u>1,038</u>

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

**Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)**

**Condensed interim income statement
For the period ended 31 March 2022 (continued)**

	Notes	(Unaudited) Three months period ended 31 March 2022 AED'000	(Unaudited) Three months period ended 31 March 2021 AED'000
Attributable to shareholders			
Investment income	16	3,604	2,836
Other income		1,949	4
Wakala fees from policyholders	15	10,758	9,450
Mudarib's fees	15	23	27
Policy acquisition cost		(3,921)	(3,120)
General and administrative expenses		(5,945)	(5,323)
Income for the period before Qard Hassan		6,468	3,874
(Provision for) /reversal of provision against Qard Hassan to policyholders		(7,209)	1,038
(Loss)/profit for the period attributable to shareholders		(741)	4,912
Earnings per share	17	(0.005)	0.032

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

**Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)**

**Condensed interim statement of comprehensive income
For the period ended 31 March 2022**

	(Unaudited) Three months period ended 31 March 2022 AED'000	(Unaudited) Three months period ended 31 March 2021 AED'000
Attributable to shareholders		
(Loss)/profit for the period	(741)	4,912
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net unrealised (loss)/gain on financial assets at fair value through other comprehensive income (FVTOCI)	(1,655)	19
Total comprehensive (loss)/income for the period attributable to shareholders	(2,396)	4,931

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Condensed interim statement of changes in equity
For the period ended 31 March 2022

	Share capital AED'000	Statutory reserve AED'000	Voluntary reserve AED'000	Investment revaluation reserve - FVTOCI AED'000	Reinsurance reserve AED'000	Retained earnings AED'000	Total AED'000
As at 1 January 2021 (Audited)	154,000	66,509	50,064	68	154	48,237	319,032
Profit for the period	-	-	-	-	-	4,912	4,912
Other comprehensive income for the period	-	-	-	19	-	-	19
Total comprehensive income for the period	-	-	-	19	-	4,912	4,931
As at 31 March 2021 (Unaudited)	154,000	66,509	50,064	87	154	53,149	323,963
As at 1 January 2022 (Audited)	154,000	77,000	-	(251)	309	78,693	309,751
Loss for the period	-	-	-	-	-	(741)	(741)
Other comprehensive loss for the period	-	-	-	(1,655)	-	-	(1,655)
Total comprehensive income for the period	-	-	-	(1,655)	-	(741)	(2,396)
As at 31 March 2022 (Unaudited)	154,000	77,000	-	(1,906)	309	77,952	307,355

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

**Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)**

**Condensed interim statement of cash flows
For the period ended 31 March 2022**

	(Audited) Three months period ended 31 March 2022 AED'000	(Unaudited) Three months period ended 31 March 2021 AED'000
Cash flows from operating activities		
(Loss)/profit for the period	(741)	4,912
Adjustments for:		
Depreciation and amortisation	278	261
Unrealised loss on financial assets at FVTPL	(1,004)	(274)
Realised loss on disposal of financial assets at FVTPL	-	(586)
Other investment income	(1,991)	(1,867)
Dividends income from financial assets	(189)	-
Expected credit losses	-	8
Funding cost on lease liability	11	4
Profit on wakala deposits	(167)	(400)
Provision for employees' end of service indemnity	60	57
Operating cash flows before changes in working capital	(3,743)	2,115
Change in retakaful contract assets	(1,019)	3,878
Change in takaful and retakaful receivables	(1,511)	(4,631)
Change in due from related parties	(2,370)	(1,311)
Change in prepayments and other receivables	(1,152)	1,582
Change in deferred policy acquisition costs	81	(156)
Change in takaful contract liabilities	6,398	(5,572)
Change in takaful and retakaful payables	1,732	2,005
Change in deferred discount	961	944
Change in other liabilities	(991)	1,086
Change in due to related parties	13	13
Cash used in operations	(1,601)	(47)
Employee's end of service benefits paid	(124)	-
Net cash used in operating activities	(1,725)	(47)
Cash flows from investing activities		
Purchase of property and equipment	(89)	-
Purchase of investments in securities	(14,375)	(1,021)
Proceeds from sale of investments in securities	-	4,521
Rental income received	1,991	1,867
Profit received on wakala deposit	167	400
Dividend received	189	-
Change in wakala deposit with maturity more than 3 months	55,033	40,000
Net cash generated from investing activities	42,916	45,767
Cash flows from financing activity		
Payment of lease liability	(526)	(169)
Net cash used in financing activity	(526)	(169)
Net change in cash and cash equivalents	40,665	45,551
Cash and cash equivalents, beginning of period	89,406	149,138
Cash and cash equivalents, end of period (note 19)	130,071	194,689

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements For the period ended 31 March 2022

1 Legal status and activities

Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance (the "Company") is a public shareholding company and was registered in 1992 under U.A.E. Federal Law No. (2) of 2015 (as amended) relating to commercial companies in U.A.E. The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect. Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 with an effective date of 2 January 2022 and will entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Central Bank of the UAE (formerly Insurance Authority) and Organisation of its Operations and is registered in the Insurance Companies Register of Central Bank of the UAE (formerly Insurance Authority) of U.A.E under registration number 6. The Federal Decree-Law No. 24 of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Central Bank of the UAE (formerly Insurance Authority) and Organisation of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the CBUAE.

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 approved conversion of the Company's business from conventional insurance to Takaful insurance. The Board of Directors appointed a Fatwa and Sharia'a Supervisory Board for overseeing the compliance with Sharia'a.

The Company started issuing short term takaful contracts from 1 February 2015 in connection with life and non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful) and the name of the Company was changed to Arabian Scandinavian Insurance Company PLC - Takaful ASCANA Insurance. The Company only operates in U.A.E., through its Dubai and Abu Dhabi offices. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

2 General information and basis of preparation

The condensed interim financial statements are for the three months period ended 31 March 2022 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2021. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

3 Significant accounting policies

Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended 31 December 2021, are applicable on the Company but do not have any material impact on these condensed interim financial statements.

Interim reporting

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2021.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2022

3 Significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at FVTOCI or FVTPL. In judging whether investments in securities are as at FVTOCI or FVTPL, Management has considered the detailed criteria for determination of such classification as set out in IFRS 9 - Financial Instruments. Management is satisfied that its investments in securities are appropriately classified.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 40 - Investment Property, with regards to the intended use of the property.

Outstanding claims and technical provisions

The estimation of ultimate liability arising from the claims made under takaful contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of each reporting period. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on internal and external actuarial assessment, taking into account the historical data of the claims reported and settlement pattern. Such method takes into account the best estimates of the future contractual cash flows estimated based on the historical data. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of takaful contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of income.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2022

3 Significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies (continued)

Valuation of unquoted equity instruments

Fair value of unquoted securities has been determined by the management based on Net Assets Value Technique using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

Inputs, assumptions and techniques used for expected credit losses ("ECL") calculation – IFRS9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Company while determining the impact assessment, are:

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk management processes.

The measurement of ECL for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

When measuring ECL, the Company must consider the maximum contractual period over which the Company is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management actions.

4 Cash and bank balances

	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Cash on hand	177	83
Bank balances:		
Wakala deposits	72,371	115,461
Current accounts	57,823	29,195
	<u>130,371</u>	<u>144,739</u>
<i>Attributable to:</i>		
Policyholders	34,769	43,694
Shareholders	95,602	101,045
	<u>130,371</u>	<u>144,739</u>

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2022

5 Takaful and retakaful receivables	(Unaudited)	(Audited)
	31 March 2022 AED'000	31 December 2021 AED'000
Takaful receivable	29,751	28,754
Receivables from takaful companies	3,100	3,036
Receivables from retakaful companies	4,372	3,922
	<u>37,223</u>	<u>35,712</u>
Less: Expected credit losses	(2,916)	(2,916)
	<u>34,307</u>	<u>32,796</u>
Inside UAE:		
Takaful receivable	29,751	28,754
Receivables from takaful companies	3,100	3,036
Receivables from retakaful companies	265	182
	<u>33,116</u>	<u>31,972</u>
Less: Expected credit losses	(2,916)	(2,916)
	<u>30,200</u>	<u>29,056</u>
Outside UAE:		
Receivables from retakaful companies	<u>4,107</u>	<u>3,740</u>

The aging of takaful and retakaful receivables is given below:

Inside UAE - Takaful receivable	(Unaudited)	(Audited)
	31 March 2022 AED'000	31 December 2021 AED'000
Less than 30 days	6,029	5,793
30 - 90 days	11,277	9,673
91 - 180 days	8,096	6,831
181 - 270 days	2,966	3,709
271 - 360 days	1,413	2,181
More than 360 days	3,335	3,785
	<u>33,116</u>	<u>31,972</u>

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2022

5 Takaful and retakaful receivables (continued)

Outside UAE - Receivables from retakaful companies	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
0 - 30 days	1,686	2,017
31- 90 days	598	1,023
91 - 180 days	-	140
181 - 270 days	1,275	208
271 - 360 days	196	-
More than 360 days	352	352
	<u>4,107</u>	<u>3,740</u>

6 Takaful contract liabilities and retakaful contract assets

	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Gross		
Takaful contract liabilities:		
Unearned contribution	69,955	65,073
Claims reported unsettled	18,370	17,870
Claims incurred but not reported	9,726	9,286
Unallocated loss adjustments expense reserve	1,881	1,816
Additional unexpired risk reserve	5,278	4,767
Total takaful contract liabilities, gross	<u>105,210</u>	<u>98,812</u>
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	13,911	10,982
Claims reported unsettled	10,103	11,524
Claims incurred but not reported	3,659	3,808
Additional unexpired risk reserve	719	1,059
Total retakaful share of takaful liabilities	<u>28,392</u>	<u>27,373</u>
Net		
Unearned contribution	56,044	54,091
Claims reported unsettled	8,267	6,346
Claims incurred but not reported	6,067	5,478
Unallocated loss adjustments expense reserve	1,881	1,816
Additional unexpired risk reserve	4,559	3,708
	<u>76,818</u>	<u>71,439</u>

7 Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2022

7 Related party transactions (continued)

Related parties represent directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a) Related party balances

	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Due from related parties:		
Al Redah Insurance Brokers (LLC), Dubai	1,927	432
Other	1,011	136
	<u>2,938</u>	<u>568</u>

All due from related parties are attributable to policy holders.

	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Due to related parties:		
Other	35	22
	<u>35</u>	<u>22</u>

Due to related parties are attributable as follows:

Policyholders	10	8
Shareholders	25	14
	<u>35</u>	<u>22</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.

b) Transactions with related parties

During the period, the Company entered into following transactions with related parties:

	(Unaudited) Three months period ended 31 March 2022 AED'000	(Unaudited) Three months period ended 31 March 2021 AED'000
Gross contribution written for related parties	1,119	1,747
Management expenses (net)	746	745
Contribution written through a related party broker	2,063	2,595
Policy acquisition costs	325	368
Claims paid - net	-	7,286
	<u>-</u>	<u>7,286</u>

Transactions with related parties were carried out on terms agreed with the management.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2022

7 Related party transactions (continued)

c) Board of Directors and key management personnel compensation

	(Unaudited) Three months period ended 31 March 2022 AED'000	(Unaudited) Three months period ended 31 March 2021 AED'000
Short-term benefits	270	190
Long-term benefits	19	52

8 Statutory deposits

Statutory deposit represents a Wakala deposit under lien against the guarantees issued in favour of Central Bank of the UAE (formerly Insurance Authority) of U.A.E. in accordance with Article 42 of United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007, on Establishment of Central Bank of the UAE (formerly Insurance Authority) and Organisation of its Operations.

9 Due from policyholders/due to shareholders

The balance consists of the net of Wakala fees balances that is due to the shareholders from the policyholders amounting to AED 27.33 million (31 December 2021: AED 27.29 million).

10 Other financial assets

	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)		
Unquoted UAE equity securities	1,939	1,939
Quoted U.A.E. Sukuk	58,548	52,013
Unquoted outside UAE	9,537	4,025
	<u>70,024</u>	<u>57,977</u>
<i>Attributable to:</i>		
Policyholders	9,488	3,765
Shareholders	60,536	54,212
	<u>70,024</u>	<u>57,977</u>
Other financial assets measured at fair value through profit and loss (FVTPL)		
Quoted UAE equity securities	12,387	10,710
Unquoted UAE equity securities	515	515
	<u>12,902</u>	<u>11,225</u>

All other financial assets measured at fair value through profit and loss (FVTPL) are attributable to Shareholders.

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10 Other financial assets (continued)

The movement in other financial assets are as follows:

	At fair value through other comprehensive income (FVTOCI)		At fair value through profit or loss (FVTPL)	
	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Fair value, at the beginning of the period/year	57,977	26,505	11,225	4,417
Purchased during the period/year	13,702	31,791	673	9,419
Sold during the period/year	-	-	-	(5,561)
Change in fair value	(1,655)	(319)	1,004	2,950
Fair value, at the end of the period/year	70,024	57,977	12,902	11,225

11 Investment properties

Investment properties comprise of land and buildings and are located in United Arab Emirates.

Management estimates that there has been no change in the fair value of investment properties during the three months period ended 31 March 2022.

Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2022 (31 December 2021: Level 3).

Investment property amounting to AED 6.0 million (31 December 2021: AED 6.0 million) is registered in the name of related parties on trust and for the benefit of the Company.

12 Takaful and retakaful payables

	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Payable arising from takaful activities	10,350	8,790
Due to takaful companies	7,153	7,255
Due to retakaful companies	15,526	15,252
	33,029	31,297
Inside UAE:		
Payable arising from takaful activities	10,350	8,790
Due to takaful companies	7,153	7,255
Due to retakaful companies	842	316
	18,345	16,361
Outside UAE:		
Due to retakaful companies	14,684	14,936

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13 Share capital

At 31 March 2022, authorised, issued and fully paid share capital comprised 154,000,000 shares of AED 1 each (31 December 2021: 154,000,000 shares of AED 1 each).

14 Reserves

Statutory reserve

In accordance with U.A.E. Law No. (2) of 2015 (as amended), the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer to the statutory reserve have been made during the three months period ended 31 March 2022 (three months period ended 31 March 2021: Nil), as this will be based on the audited results for the year.

Voluntary reserve

The Company had set up the voluntary reserve by transferring 10% of annual profit as per the clause in the earlier Articles of Association which required at least 10% of the Company's annual profit must be transferred to voluntary reserve until it is suspended by an Ordinary General Meeting upon recommendations of the Board of Directors or when the reserve reaches 50% of the paid up capital of Company and this reserve can be utilised for purposes determined by the General meeting up on recommendation of the Board of Directors.

Reinsurance reserve

In accordance with Central Bank of UAE (formerly Insurance Authority) Board of Directors' Decision No. 23, Article 34, the Company transfers amounts from retained earnings to reinsurance reserve. No transfer has been made to reinsurance reserve during the three months period ended 31 March 2022 (an amount of AED 155 thousand was transferred from retained earnings to reinsurance reserve during the year ended 31 December 2021). The reserve is not available for distribution, and will not be disposed of without prior approval from the Central Bank of UAE (formerly Insurance Authority).

15 Wakala and Mudarib's fees

Wakala fees

Wakala fees for the period ended 31 March 2022 amounted to AED 10.76 million (31 March 2021: AED 9.45 million). The fees are calculated at maximum rate of 30% of gross takaful contributions. Wakala fee is charged to the statement of income when incurred.

Mudarib's fee

The shareholders also manage the policyholders' investment funds and charge Mudarib's fee. Mudarib's fee is charged at 30% of realised investment income. Mudarib's fees for the period ended 31 March 2022 amounted to AED 23 thousand (31 March 2021: AED 27 thousand).

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16 Investment income

	(Unaudited) Three months period ended 31 March 2022 AED'000	(Unaudited) Three months period ended 31 March 2021 AED'000
Profit on disposal of financial investments at FVTPL	-	586
Unrealised gain on financial investments at FVTPL	1,004	37
Dividends from financial investments at FVTPL	55	-
Income from investment properties	1,991	1,867
Profit on sukuk	514	237
Dividend from other financial assets	134	-
Income from wakala deposit	167	400
Expenses allocated to investment	(185)	(199)
	<u>3,680</u>	<u>2,928</u>
<i>Attributable to:</i>		
Policyholders	76	92
Shareholders	3,604	2,836
	<u>3,680</u>	<u>2,928</u>

17 Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to shareholders by the number of ordinary shares outstanding as of the end of the period as follows:

	(Unaudited) Three months period ended 31 March 2022	(Unaudited) Three months period ended 31 March 2021
Profit for the period attributable to shareholders (in AED'000)	(741)	4,912
Number of ordinary shares outstanding (shares)	154,000,000	154,000,000
Basic and diluted (loss)/earnings per share (in AED)	<u>(0.005)</u>	<u>0.032</u>

Diluted earnings per share as of 31 March 2022 and 31 March 2021 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

18 Dividends

The Board of Directors has proposed 15% cash dividend at their meeting held on 2 March 2022. At the Annual General Meeting held on 14 April 2022, 15% cash dividend for the year 2021 was approved by Shareholders (2021: 10% cash dividend for the year 2020 was approved by Shareholders). The shareholders have also decided to pay AED 90,000 remuneration to each Board member for the year 2021 (2020: AED 200,000 remuneration to each Board member for the year 2020).

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19 Cash and cash equivalents

	(Unaudited) 31 March 2022 AED'000	(Unaudited) 31 March 2021 AED'000
Cash and bank balances	130,371	194,689
Wakala deposits with maturity over 3 months	(300)	-
	<u>130,071</u>	<u>194,689</u>

20 Commitments and contingent liabilities

	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Letters of guarantee	10,349	10,349

21 Segment information

For management purposes, the Company is organised into two business segments; takaful management and investment. The takaful segment comprises the takaful business undertaken by the Company on behalf of policyholders. Investment comprises investment and cash management for the Company's own account.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the condensed financial statements.

Except for Wakala fees and Qard Hassan, no other inter-segment transactions occurred during the period. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation.

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21 Segment information (continued)

These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

	Three months period ended 31 March 2022 (Unaudited)		Three months period ended 31 March 2021 (Unaudited)	
	Attributable to policyholders AED'000	Attributable to shareholders AED'000	Attributable to policyholders AED'000	Attributable to shareholders AED'000
Takaful				
Total takaful income	23,365	-	20,184	-
Total takaful expenses	(20,010)	-	(9,777)	-
Net takaful income	3,355		10,407	10,407
Wakala fees	(10,758)	10,758	(9,450)	9,450
Mudarib fees	(23)	23	(27)	27
Other income	141	-	16	-
Investment income	76	-	92	-
	(7,209)	10,781	1,038	9,477
Investment				
Investment income	-	3,604	-	2,836
Other income	-	1,949	-	4
Policy acquisition cost	-	(3,921)	-	(3,120)
General and administration expenses	-	(5,945)	-	(5,323)
(Loss)/profit for the period	(7,209)	6,468	1,038	3,874
				4,912

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21 Segment information (continued)

Other information

	Takaful		Investment		Total	
	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000	(Unaudited) 31 March 2022 AED'000	(Audited) 31 December 2021 AED'000
Segment assets	121,928	119,258	372,177	369,668	494,105	488,926
Segment liabilities	177,039	167,160	9,711	12,015	186,750	179,175

	Takaful		Investment		Total	
	Three months period ended 31 March (unaudited) 2022 AED'000	2021 AED'000	Three months period ended 31 March (unaudited) 2022 AED'000	2021 AED'000	Three months period ended 31 March (unaudited) 2022 AED'000	2021 AED'000
Capital expenditure	-	-	89	18	89	18
Depreciation	-	-	153	122	153	122

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22 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2021.

Fair value measurements recognised in the condensed statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 March 2022 (unaudited)					
<i>Financial assets at FVTOCI</i>					
Investment in quoted securities	(a)	58,548	-	-	58,548
Investment in unquoted securities	(b)	-	-	11,476	11,476
		58,548		11,476	70,024
<i>Financial assets at FVTPL</i>					
Investment in quoted securities	(a)	12,387	-	-	12,387
Investment in unquoted securities	(b)	-	-	515	515
		12,387	-	515	12,902
31 December 2021 (audited)					
<i>Financial assets at FVTOCI</i>					
Investment in quoted securities	(a)	52,013	-	-	52,013
Investment in unquoted securities	(b)	-	-	5,964	5,964
		52,013	-	5,964	57,977
<i>Financial assets at FVTPL</i>					
Investment in quoted securities	(a)	10,710	-	-	10,710
Investment in unquoted securities	(b)	-	-	515	515
		10,710	-	515	11,225

(a) Fair values have been determined by reference to their quoted prices at the reporting date.

(b) The Company holds investments in unquoted securities of nine entities as at 31 March 2022 (31 December 2021: five entities). These investments are fair valued based on Net Asset Value Techniques using observable market data. Management believes that there is no significant deterioration in the value of these unquoted investments during the period ended 31 March 2022. All the unquoted securities fall under level 3 of fair value hierarchy therefore use of estimate is significant.

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23 Fatwa and Shari'a Supervisory Board

The Company's business activities are subject to the supervision of its Fatwa and Sharia'a Supervisory Board consisting of three members appointed by the Shareholders. The Fatwa and Sharia'a Supervisory Board perform a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia'a rules and principles.

According to the Company's Fatwa and Sharia'a Supervisory Board, the Company is required to identify any income deemed to be derived from transactions not acceptable under Islamic Sharia'a principles, as interpreted by Fatwa and Sharia'a Supervisory Board, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities.