

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

Condensed Interim Financial Statements  
(Unaudited)

For the period ended 30 September 2021

**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 30 September 2021, 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 nine-month 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, 2 November 2021



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

**Condensed interim statement of financial position  
As at 30 September 2021**

	Notes	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>ASSETS</b>			
<b>Takaful operations' assets</b>			
Cash and bank balances	4	39,802	47,404
Takaful and retakaful receivables	5	36,832	23,132
Retakaful contract assets:			
Unearned contribution	6	10,755	8,120
Claims reported unsettled	6	12,409	21,719
Claims incurred but not reported	6	2,949	3,779
Additional unexpired risk reserve	6	531	-
Prepayments and other receivables		1,353	1,532
Due from related parties	7	2,764	6,294
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	3,919	3,774
Deferred policy acquisition cost		6,277	5,618
<b>Total takaful operations' assets</b>		<b>117,591</b>	<b>121,372</b>
<b>Shareholders' assets</b>			
Cash and bank balances	4	109,528	141,734
Statutory deposits	8	10,000	10,000
Prepayments and other receivables		2,766	7,774
Due from policyholders	9	23,177	23,845
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	49,305	22,731
Other financial assets measured at fair value through profit and loss (FVTPL)	10	6,993	4,417
Investment properties	11	154,538	154,538
Property and equipment		1,023	1,351
Intangible assets		343	486
<b>Total shareholders' assets</b>		<b>357,673</b>	<b>366,876</b>
<b>Total assets</b>		<b>475,264</b>	<b>488,248</b>


The notes from 1 to 24 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  
As at 30 September 2021 (continued)

	Notes	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>LIABILITIES, POLICYHOLDERS' FUND AND EQUITY</b>			
<b>Takaful operations' liabilities and policyholders' fund</b>			
<b>Takaful operations' liabilities</b>			
Takaful and retakaful payables	12	37,514	34,481
Takaful contract liabilities:			
Unearned contribution	6	58,155	49,434
Claims reported unsettled	6	16,516	29,972
Claims incurred but not reported	6	9,272	11,382
Unallocated loss adjustments expense reserve	6	985	1,565
Additional unexpired risk reserve	6	4,084	2,041
Other liabilities			
Due to related parties	7	40	6
Due to shareholders	9	23,177	23,845
Deferred discount		2,429	1,806
<b>Total takaful operations' liabilities</b>		<b>159,425</b>	<b>159,772</b>
<b>Policyholders' fund</b>			
Deficit in policyholders' fund		(41,834)	(38,400)
Qard Hassan from shareholders		41,834	38,400
<b>Total policyholders' fund</b>		<b>-</b>	<b>-</b>
<b>Liabilities and policyholders' fund</b>		<b>159,425</b>	<b>159,772</b>
<b>Shareholders' liabilities and equity</b>			
<b>Shareholders' liabilities</b>			
Provision for employees' end of service indemnity		2,291	2,484
Other liabilities		5,062	6,947
Due to related parties	7	13	13
<b>Total shareholders' liabilities</b>		<b>7,366</b>	<b>9,444</b>
<b>Shareholders' equity</b>			
Share capital	13	154,000	154,000
Statutory reserve	14	77,000	66,509
Voluntary reserve	14	-	50,064
Reinsurance reserve	14	154	154
Investments revaluation reserve - FVTOCI		544	68
Retained earnings		76,775	48,237
<b>Total shareholders' equity</b>		<b>308,473</b>	<b>319,032</b>
<b>Total shareholders' liabilities and equity</b>		<b>315,839</b>	<b>328,476</b>
<b>Total liabilities, policyholders' fund and equity</b>		<b>475,264</b>	<b>488,248</b>

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 2 November 2021.

  
Mr. Khalid Ahmad Al Kazim  
CEO

The notes from 1 to 24 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 30 September 2021**

	Three-month period ended 30 September 2021 (Unaudited) AED'000	Three-month period ended 30 September 2020 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2020 (Unaudited) AED'000
<b>Attributable to policyholders</b>				
<b>Takaful income</b>				
Gross takaful contribution	31,709	23,623	85,820	88,611
Retakaful share of accepted business	(167)	(16)	(253)	(93)
Retakaful share of ceded business	(6,588)	(6,476)	(22,466)	(22,184)
Net takaful contribution	24,954	17,131	63,101	66,334
Net transfer to unearned contribution reserves	(7,076)	8,123	(7,599)	14,722
<b>Net takaful contribution earned</b>	<b>17,878</b>	<b>25,254</b>	<b>55,502</b>	<b>81,056</b>
Commission earned	1,244	1,070	3,881	4,158
<b>Total underwriting income</b>	<b>19,122</b>	<b>26,324</b>	<b>59,383</b>	<b>85,214</b>
<b>Takaful expenses</b>				
Gross claims paid	(23,422)	(20,671)	(70,355)	(64,687)
Retakaful share of accepted business claims	53	-	77	-
Retakaful share of ceded business claims	7,049	8,389	26,738	20,824
<b>Net claims paid</b>	<b>(16,320)</b>	<b>(12,282)</b>	<b>(43,540)</b>	<b>(43,863)</b>
Reversal of/(provision for) takaful contract liabilities	5,437	(25,118)	13,456	(22,609)
Retakaful share of claims reported unsettled	(1,366)	22,275	(9,309)	26,215
(Increase)/decrease in claims incurred but not reported- net	(448)	4,316	1,280	5,309
Decrease/(increase) in unallocated loss adjustments expenses - net	72	(626)	580	(421)
<b>Net takaful claims incurred</b>	<b>(12,625)</b>	<b>(11,435)</b>	<b>(37,533)</b>	<b>(35,369)</b>
Other takaful expenses	-	(32)	-	(111)
<b>Total takaful expenses</b>	<b>(12,625)</b>	<b>(11,467)</b>	<b>(37,533)</b>	<b>(35,480)</b>
<b>Net takaful income</b>	<b>6,497</b>	<b>14,857</b>	<b>21,850</b>	<b>49,734</b>
Investment income (Note 16)	87	158	277	1,109
Other income	252	120	268	337
Wakala fees (Note 15)	(9,513)	(7,087)	(25,746)	(26,583)
Mudarib fees (Note 15)	(26)	(48)	(83)	(333)
<b>(Loss)/profit for the period attributable to policyholders</b>	<b>(2,703)</b>	<b>8,000</b>	<b>(3,434)</b>	<b>24,264</b>

The notes from 1 to 24 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 30 September 2021 (continued)**

	<b>Three-month period ended 30 September 2021 (Unaudited) AED'000</b>	<b>Three-month period ended 30 September 2020 (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2021 (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2020 (Unaudited) AED'000</b>
<b>Attributable to shareholders</b>				
Investment income (Note 16)	2,501	2,836	7,847	9,072
Other income	1	1	6	2
Wakala fees from policyholders (Note 15)	9,513	7,087	25,746	26,583
Mudarib's fee (Note 15)	26	48	83	333
Policy acquisition cost	(2,726)	(3,755)	(8,622)	(12,443)
General and administrative expenses	(5,620)	(5,137)	(17,261)	(16,014)
<b>Income for the period before Qard Hassan</b>	<b>3,695</b>	<b>1,080</b>	<b>7,799</b>	<b>7,533</b>
(Provision)/recovery against Qard Hassan to policyholders	(2,703)	8,000	(3,434)	24,264
<b>Profit for the period attributable to shareholders</b>	<b>992</b>	<b>9,080</b>	<b>4,365</b>	<b>31,797</b>
<b>Earnings per share (AED)</b>				
Basic and diluted (Note 17)	0.006	0.059	0.028	0.206

The notes from 1 to 24 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 30 September 2021**

	<b>Three-month period ended 30 September 2021  (Unaudited) AED'000</b>	<b>Three-month period ended 30 September 2020  (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2021  (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2020  (Unaudited) AED'000</b>
<b>Attributable to shareholders</b>				
Profit for the period	992	9,080	4,365	31,797
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net unrealised gain on financial assets at fair value through other comprehensive income (FVTOCI)	399	-	476	-
<b>Total comprehensive income for the period attributable to shareholders</b>	<b>1,391</b>	<b>9,080</b>	<b>4,841</b>	<b>31,797</b>

The notes from 1 to 24 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 30 September 2021

	Share capital AED'000	Statutory reserve AED'000	Voluntary reserve AED'000	Reinsurance reserve AED'000	Investment revaluation reserve - FVTOCI AED'000	Retained earnings AED'000	Total AED'000
As at 1 January 2020 (Audited)	154,000	63,572	50,064	-	(484)	21,956	289,108
Profit for the period	-	-	-	-	-	31,797	31,797
Total comprehensive income for the period	-	-	-	-	-	31,797	31,797
As at 30 September 2020 (Unaudited)	154,000	63,572	50,064	-	(484)	53,753	320,905
As at 1 January 2021 (Audited)	154,000	66,509	50,064	154	68	48,237	319,032
Profit for the period	-	-	-	-	-	4,365	4,365
Other comprehensive income for the period	-	-	-	-	476	-	476
Total comprehensive income for the period	-	-	-	-	476	4,365	4,841
Dividend paid (Note 18)	-	-	-	-	-	(15,400)	(15,400)
Transfer of reserve	-	10,491	(50,064)	-	-	39,573	-
As at 30 September 2021 (Unaudited)	154,000	77,000	-	154	544	76,775	308,473

The notes from 1 to 24 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 30 September 2021**

	Nine-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2020 (Unaudited) AED'000
<b>Cash flows from operating activities</b>		
Profit for the period	4,365	31,797
Adjustments for:		
Depreciation of property and equipment	795	343
Unrealised gain on financial assets at FVTPL	(1,419)	-
Realised gain on disposal of financial assets at FVTPL	(611)	(386)
Other investment income	(5,650)	(6,840)
Dividends income from financial investments at FVTPL	(43)	(249)
(Recovery)/provision for expected credit losses	(8)	111
Funding cost on lease liability	12	-
Profit on wakala deposits	(983)	(3,321)
Provision for employees' end of service indemnity	(193)	90
<b>Operating cash flows before changes in working capital</b>	<b>(3,735)</b>	<b>21,545</b>
Change in retakaful contract assets	6,974	(25,728)
Change in takaful and retakaful receivables	(13,692)	(8,901)
Change in due from related parties	3,530	3,185
Change in prepayments and other receivables	5,187	2,209
Change in deferred policy acquisition costs	(659)	1,414
Change in takaful contract liabilities	(5,382)	2,510
Change in takaful and retakaful payables	3,033	(6,171)
Change in deferred discount	623	91
Change in other liabilities	1,663	2,560
Change in due to related parties	34	(3)
<b>Cash used in operations</b>	<b>(2,424)</b>	<b>(7,289)</b>
Zakat paid	-	(966)
<b>Net cash used in operating activities</b>	<b>(2,424)</b>	<b>(8,255)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(324)	(165)
Purchase of investments in securities	(32,754)	(12,653)
Proceeds from sale of investments in securities	4,861	13,039
Rental income received	5,650	6,840
Profit received on wakala deposit	983	3,321
Dividend received	43	249
Change in wakala deposit with maturity more than 3 months	40,000	88,224
<b>Net cash generated from investing activities</b>	<b>18,459</b>	<b>98,855</b>
<b>Cash flows from financing activities</b>		
Payment of lease liability	(443)	(395)
Dividend paid (Note 18)	(15,400)	-
<b>Net cash used in financing activities</b>	<b>(15,843)</b>	<b>(395)</b>
<b>Net change in cash and cash equivalents</b>	<b>192</b>	<b>90,205</b>
Cash and cash equivalents, beginning of period	149,138	81,579
<b>Cash and cash equivalents, end of period (Note 19)</b>	<b>149,330</b>	<b>171,784</b>

The notes from 1 to 24 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 30 September 2021

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### **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 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 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. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organisation of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

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.

### **2 General information and basis of preparation**

The condensed interim financial statements are for the nine-month period ended 30 September 2021 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 2020. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

### **3 Significant accounting policies**

These condensed interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2020. 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 2020, 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 2020.

#### **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.

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

**Notes to the condensed interim financial statements  
For the period ended 30 September 2021**

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**3 Significant accounting policies (continued)**

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

*Classification of investment property and related fair value judgement*

The Company makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied property is not significant and is classified accordingly as investment property.

Fair value of investment property is estimated by an independent professional valuer for disclosure purposes only, considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

*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.

*Impairment losses on takaful receivables*

The Company reviews its takaful receivables on a regular basis to assess whether a provision for impairment should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

In addition to specific provisions against individually significant takaful receivables, the Company also makes a collective impairment provision against takaful receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for takaful receivables within each grade and is adjusted to reflect current economic changes.

*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.

*Valuation of unquoted equity instruments*

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, management estimates the fair value of these instruments using expected cash flows discounted at current rates for similar instruments or other valuation models.

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

**Notes to the condensed interim financial statements  
For the period ended 30 September 2021**

**3 Significant accounting policies (continued)**

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

*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**

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
Cash on hand	27	32
Bank balances:		
Wakala deposits	127,075	161,766
Current accounts	22,228	27,340
	<u>149,330</u>	<u>189,138</u>
Attributable to:		
Shareholders	109,528	141,734
Policyholders	39,802	47,404
	<u>149,330</u>	<u>189,138</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 30 September 2021

**5 Takaful and retakaful receivables**

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
Takaful receivable	30,977	20,907
Receivables from takaful companies	3,346	3,306
Receivables from retakaful companies	5,245	1,663
	<u>39,568</u>	<u>25,876</u>
Less: Expected credit losses	(2,736)	(2,744)
	<u>36,832</u>	<u>23,132</u>
	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>Inside UAE:</b>		
Takaful receivable	30,977	20,907
Receivables from takaful companies	3,346	3,306
Receivables from retakaful companies	128	90
	<u>34,451</u>	<u>24,303</u>
Less: Expected credit losses	(2,736)	(2,744)
	<u>31,715</u>	<u>21,559</u>
	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>Outside UAE:</b>		
Receivables from retakaful companies	5,117	1,573
	<u>5,117</u>	<u>1,573</u>
	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>Inside UAE - Takaful receivable</b>		
Less than 30 days	7,596	4,927
31 - 90 days	8,349	6,918
91 - 180 days	7,920	3,548
181 - 270 days	3,793	3,628
271 - 360 days	3,412	2,039
More than 360 days	3,381	3,243
	<u>34,451</u>	<u>24,303</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 30 September 2021

**5 Takaful and retakaful receivables (continued)**

Outside UAE - Receivables from retakaful companies	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
0 - 30 days	1,589	1,359
31 - 90 days	1	-
91 - 180 days	1,491	77
181 - 270 days	86	85
271 - 360 days	1,777	49
More than 360 days	173	3
	<u>5,117</u>	<u>1,573</u>

**6 Takaful contract liabilities and retakaful contract assets**

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>Gross</b>		
Takaful contract liabilities:		
Unearned contribution	58,155	49,434
Claims reported unsettled	16,516	29,972
Claims incurred but not reported	9,272	11,382
Unallocated loss adjustments expense reserve	985	1,565
Additional unexpired risk reserve	4,084	2,041
Total takaful contract liabilities, gross	<u>89,012</u>	<u>94,394</u>
<b>Recoverable from retakaful</b>		
Retakaful contract assets:		
Unearned contribution	10,755	8,120
Claims reported unsettled	12,409	21,719
Claims incurred but not reported	2,949	3,779
Additional unexpired risk reserve	531	-
Total retakaful share of takaful liabilities	<u>26,644</u>	<u>33,618</u>
<b>Net</b>		
Unearned contribution	47,400	41,314
Claims reported unsettled	4,107	8,253
Claims incurred but not reported	6,323	7,603
Unallocated loss adjustments expense reserve	985	1,565
Additional unexpired risk reserve	3,553	2,041
	<u>62,368</u>	<u>60,776</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.

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**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**

	<b>30 September 2021 (Unaudited) AED'000</b>	<b>31 December 2020 (Audited) AED'000</b>
<b>Due from related parties:</b>		
Al Redah Insurance Brokers (LLC), Dubai	2,057	6,387
Other	887	87
	<u>2,944</u>	<u>6,474</u>
Less: Expected credit losses	(180)	(180)
	<u>2,764</u>	<u>6,294</u>
<b>Due to related parties:</b>		
Other	53	19

All due from related parties are attributable to policy holders.

Due to related parties are attributable as follows:

	<b>30 September 2021 (Unaudited) AED'000</b>	<b>31 December 2020 (Audited) AED'000</b>
Shareholders	13	13
Policyholders	40	6
	<u>53</u>	<u>19</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:

	<b>Three-month period ended 30 September 2021 (Unaudited) AED'000</b>	<b>Three-month period ended 30 September 2020 (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2021 (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2020 (Unaudited) AED'000</b>
Gross contribution written for related parties	138	198	2,163	1,162
Management expenses (net)	35	59	800	957
Contribution written through a related party broker	521	1,436	3,976	6,488
Policy acquisition costs	99	198	613	853
Claims paid - net	6	6	7,292	46
Claims paid through related party broker	-	29	-	106

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

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**7 Related party transactions (continued)**

**c) Board of Directors and key management personnel compensation**

	Three-month period ended 30 September 2021 (Unaudited) AED'000	Three-month period ended 30 September 2020 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2020 (Unaudited) AED'000
Short-term benefits	270	150	933	450
Long-term benefits	19	111	90	300
Board of Directors' remuneration	1,200	-	1,200	-

**8 Statutory deposits**

Statutory deposit represents a Wakala deposit under lien against the guarantees issued in favour of 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 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 23.18 million (31 December 2020: AED 23.85 million).

**10 Other financial assets**

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>Other financial assets measured at fair value through other comprehensive income (FVTOCI)</b>		
Unquoted UAE equity securities	1,939	1,939
Quoted U.A.E. Sukuk	51,285	24,566
	<u>53,224</u>	<u>26,505</u>

Other financial assets measured at fair value through other comprehensive income (FVTOCI) are attributable as follows:

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
Shareholders	49,305	22,731
Policyholders	3,919	3,774
	<u>53,224</u>	<u>26,505</u>
<b>Other financial assets measured at fair value through profit and loss (FVTPL)</b>		
Quoted UAE equity securities	6,478	3,902
Unquoted UAE equity securities	515	515
	<u>6,993</u>	<u>4,417</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)	
	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
Fair value, at the beginning of the period/year	26,505	1,939	4,417	515
Purchased during the period/year	26,243	24,014	6,511	16,408
Sold during the period/year	-	-	(4,250)	(12,653)
Change in fair value	476	552	315	147
<b>Fair value, at the end of the period/year</b>	<b>53,224</b>	<b>26,505</b>	<b>6,993</b>	<b>4,417</b>

**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 Nine-month period ended 30 September 2021.

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2021 (31 December 2020: Level 3).

Investment property amounting to AED 6.3 million (31 December 2020: AED 6.3 million) is registered in the name of related parties on trust and for the benefit of the Company.

**12 Takaful and retakaful payables**

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
Payable arising from takaful activities	9,611	10,021
Due to takaful companies	8,314	10,405
Due to retakaful companies	19,589	14,055
	<b>37,514</b>	<b>34,481</b>
	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
<b>Inside UAE:</b>		
Payable arising from takaful activities	9,611	10,021
Due to takaful companies	8,314	10,405
Due to retakaful companies	182	234
	<b>18,107</b>	<b>20,660</b>

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**12 Takaful and retakaful payables (continued)**

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
Outside UAE:		
Due to retakaful companies	19,407	13,821

**13 Share capital**

At 30 September 2021, authorised, issued and fully paid share capital comprised 154,000,000 shares of AED 1 each (31 December 2020: 154,000,000 shares of AED 1 each).

**14 Reserves**

*Statutory reserve*

In accordance with U.A.E. Law No. (2) of 2015, 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 nine-month period ended 30 September 2021 (Nine-month period ended 30 September 2020: 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.

During 2016, the Company had amended its Articles of Association and the clause related to voluntary reserve states that a voluntary purpose reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilised for any other purpose unless approved by the General meeting. As per the above amendment, no transfer to voluntary reserve is made for the period ended 30 September 2021 and 31 December 2020.

At the Annual General Meeting held on 7 April 2021, the shareholders approved transfer of AED 10.49 million from the voluntary reserve to statutory reserve and the remaining balance to retained earnings.

*Reinsurance reserve*

In accordance with Insurance Authority's 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 nine-month period ended 30 September 2021 (an amount of AED 145 thousand was transferred from retained earnings to reinsurance reserve during the year ended 31 December 2020). The reserve is not available for distribution, and will not be disposed of without prior approval from Insurance Authority.

**15 Wakala and Mudarib's fees**

*Wakala fees*

Wakala fees for the period ended 30 September 2021 amounted to AED 25.75 million (30 September 2020: AED 26.58 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.

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**15 Wakala and Mudarib's fees (continued)**

*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 30 September 2021 amounted to AED 0.083 million (30 September 2020: AED 0.333 million).

**16 Investment income**

	<b>Three-month period ended 30 September 2021 (Unaudited) AED'000</b>	<b>Three-month period ended 30 September 2020 (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2021 (Unaudited) AED'000</b>	<b>Nine-month period ended 30 September 2020 (Unaudited) AED'000</b>
Gain on disposal of financial investments at FVTPL	25	46	611	386
Unrealised gain on financial investments at FVTPL	577	40	1,419	-
Dividends from financial investments at FVTPL	-	-	43	249
Income from investment properties	1,925	2,124	5,650	6,840
Income from wakala deposit	251	992	983	3,321
Expenses allocated to investment	(190)	(208)	(582)	(615)
	<b>2,588</b>	<b>2,994</b>	<b>8,124</b>	<b>10,181</b>
Attributable to:				
Policyholders	87	158	277	1,109
Shareholders	2,501	2,836	7,847	9,072
	<b>2,588</b>	<b>2,994</b>	<b>8,124</b>	<b>10,181</b>

**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:

	<b>Three-month period ended 30 September 2021 (Unaudited)</b>	<b>Three-month period ended 30 September 2020 (Unaudited)</b>	<b>Nine-month period ended 30 September 2021 (Unaudited)</b>	<b>Nine-month period ended 30 September 2020 (Unaudited)</b>
Profit for the period attributable to shareholders (in AED'000)	992	9,080	4,365	31,797
Number of ordinary shares outstanding (shares)	154,000,000	154,000,000	154,000,000	154,000,000
Basic and diluted earning per share (in AED)	<b>0.006</b>	0.059	<b>0.028</b>	0.206

Diluted earnings per share as of 30 September 2021 and 30 September 2020 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

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**18 Dividends**

At the Annual General Meeting held on 7 April 2021, the shareholders approved a cash dividend of 10% amounting to AED 15,400,000 for the year 2020 (2020: the shareholders decided not to distribute any dividend for the year 2019). The shareholders have also approved a remuneration of AED 200,000 to each Board member for the year 2020 (2020: no remuneration was paid).

**19 Cash and cash equivalents**

	30 September 2021 (Unaudited) AED'000	30 September 2020 (Unaudited) AED'000
Cash and bank balances	149,330	225,560
Wakala deposits with maturity over 3 months	-	(53,776)
	<u>149,330</u>	<u>171,784</u>

**20 Commitments and contingent liabilities**

	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) 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)**

Other information

	Takaful		Investment		Total	
	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000	30 September 2021 (Unaudited) AED'000	31 December 2020 (Audited) AED'000
Segment assets	117,591	121,372	357,673	366,876	475,264	488,248
Segment liabilities	159,425	159,772	7,366	9,444	166,791	169,216

	Takaful		Investment		Total	
	Nine-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2020 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2020 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2020 (Unaudited) AED'000
Capital expenditure	-	-	324	165	324	165
Depreciation	-	-	795	343	795	343

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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 2020.

*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
<b>30 September 2021</b>					
<i>Financial assets at FVTOCI</i>					
Investment in quoted securities	(a)	51,285	-	-	51,285
Investment in unquoted securities	(b)	-	-	1,939	1,939
		<u>51,285</u>	<u>-</u>	<u>1,939</u>	<u>53,224</u>
<i>Financial assets at FVTPL</i>					
Investment in quoted securities	(a)	6,478	-	-	6,478
Investment in unquoted securities	(b)	-	-	515	515
		<u>6,478</u>	<u>-</u>	<u>515</u>	<u>6,993</u>
<b>31 December 2020</b>					
<i>Financial assets at FVTOCI</i>					
Investment in quoted securities	(a)	24,566	-	-	24,566
Investment in unquoted securities	(b)	-	-	1,939	1,939
		<u>24,566</u>	<u>-</u>	<u>1,939</u>	<u>26,505</u>
<i>Financial assets at FVTPL</i>					
Investment in quoted securities	(a)	3,902	-	-	3,902
Investment in unquoted securities	(b)	-	-	515	515
		<u>3,902</u>	<u>-</u>	<u>515</u>	<u>4,417</u>

(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 three entities as at 30 September 2021 (31 December 2020: three 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 30 September 2021. 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 Shari'a Supervisory Board consisting of three members appointed by the Shareholders. The Fatwa and Shari'a Supervisory Board perform a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Shari'a rules and principles.

According to the Company's Fatwa and Shari'a Supervisory Board, the Company is required to identify any income deemed to be derived from transactions not acceptable under Islamic Shari'a principles, as interpreted by Fatwa and Shari'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.

**24 Seasonality of results and impact of COVID-19**

The Company's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. Also, the Company is continuing to monitor the impact of COVID-19 on its financial performance. To date, no significant impact on the credit risk or instances of default have been noted by the management. Accordingly, results for the period ended 30 September 2021 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2021.