

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

Condensed Interim Financial Information
(Unaudited)

For the period ended 30 September 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 30 September 2022, the related condensed interim income statement and condensed interim statement of comprehensive income for the three-month and nine-month period then ended, 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 this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information 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 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 information 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, United Arab Emirates**



7 November 2022

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

Condensed interim statement of financial position
As at 30 September 2022

	Notes	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
ASSETS			
Takaful operations' assets			
Cash and bank balances	4	34,785	43,694
Takaful and retakaful receivables	5	29,764	32,796
Retakaful contract assets:			
Unearned contribution	6	10,741	10,982
Claims reported unsettled	6	12,818	11,524
Claims incurred but not reported	6	2,398	3,808
Additional unexpired risk reserve	6	2,616	1,059
Prepayments and other receivables		1,908	1,738
Due from related parties	7	663	568
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	9,014	3,765
Deferred policy acquisition cost		7,557	9,324
Total takaful operations' assets		112,264	119,258
Shareholders' assets			
Cash and bank balances	4	71,692	101,045
Statutory deposits	8	10,000	10,000
Prepayments and other receivables		7,628	4,365
Due from policyholders	9	29,607	27,290
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	58,864	54,212
Other financial assets measured at fair value through profit and loss (FVTPL)	10	4,258	11,225
Investment properties	11	158,715	158,715
Property and equipment		1,891	2,335
Intangible assets		493	481
Total shareholders' assets		343,148	369,668
Total assets		455,412	488,926

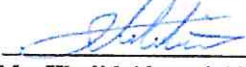
The notes from 1 to 24 form an integral part of this condensed interim financial information.

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

Condensed interim statement of financial position
As at 30 September 2022 (continued)

	Notes	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
LIABILITIES, POLICYHOLDERS' FUND AND EQUITY			
Takaful operations' liabilities and policyholders' fund			
Takaful operations' liabilities			
Takaful and retakaful payables	12	35,666	31,297
Takaful contract liabilities:			
Unearned contribution	6	60,876	65,073
Claims reported unsettled	6	24,467	17,870
Claims incurred but not reported	6	9,244	9,286
Unallocated loss adjustments expense reserve	6	2,242	1,816
Additional unexpired risk reserve	6	8,217	4,767
Other liabilities		8,430	7,463
Due to related parties	7	18	8
Due to shareholders	9	29,607	27,290
Deferred discount		2,822	2,290
Total takaful operations' liabilities		181,589	167,160
Policyholders' fund			
Deficit in policyholders' fund		(69,325)	(47,902)
Qard Hassan from shareholders		69,325	47,902
Total policyholders' fund		-	-
Liabilities and policyholders' fund		181,589	167,160
Shareholders' liabilities and equity			
Shareholders' liabilities			
Provision for employees' end of service indemnity		2,333	2,278
Other liabilities		5,514	9,723
Due to related parties	7	13	14
Total shareholders' liabilities		7,860	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		(5,907)	(251)
Retained earnings		40,561	78,693
Total shareholders' equity		265,963	309,751
Total shareholders' liabilities and equity		273,823	321,766
Total liabilities, policyholders' fund and equity		455,412	488,926

The condensed interim financial information was authorised for issue in accordance with a resolution of the Directors on 7 November 2022.


Mr. Khalid Ahmad Al Kazim
CEO

The notes from 1 to 24 form an integral part of this condensed interim financial information.

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

**Condensed interim income statement
For the period ended 30 September 2022**

	Three-month period ended 30 September 2022 (Unaudited) AED'000	Three-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2022 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000
Attributable to policyholders				
Takaful income				
Gross takaful contribution	28,170	31,709	92,403	85,820
Retakaful share of accepted business	(53)	(167)	(166)	(253)
Retakaful share of ceded business	(5,908)	(6,588)	(24,013)	(22,466)
Net takaful contribution	22,209	24,954	68,224	63,101
Net transfer to unearned contribution Reserves	2,973	(7,076)	2,063	(7,599)
Net takaful contribution earned	25,182	17,878	70,287	55,502
Commission earned	1,464	1,244	5,119	3,881
Total underwriting income	26,646	19,122	75,406	59,383
Takaful expenses				
Gross claims paid	(41,708)	(23,422)	(92,768)	(70,355)
Retakaful share of accepted business Claims	7	53	15	77
Retakaful share of ceded business Claims	12,748	7,049	30,076	26,738
Net claims paid	(28,953)	(16,320)	(62,677)	(43,540)
Reversal of/(provision for) takaful contract liabilities	1,628	5,437	(6,597)	13,456
Retakaful share of claims reported unsettled	(817)	(1,366)	1,294	(9,309)
(Increase)/decrease in claims incurred but not reported- net	(419)	(448)	(1,367)	1,280
Decrease/(increase) in unallocated loss adjustments expenses - net	156	72	(427)	580
Total takaful expenses	(28,405)	(12,625)	(69,774)	(37,533)
Net takaful (loss)/income	(1,759)	6,497	5,632	21,850
Investment income (Note 16)	237	87	485	277
Other income	126	252	326	268
Wakala fee (Note 15)	(8,451)	(9,513)	(27,721)	(25,746)
Mudarib fee (Note 15)	(71)	(26)	(145)	(83)
Loss for the period attributable to policyholders	(9,918)	(2,703)	(21,423)	(3,434)

The notes from 1 to 24 form an integral part of this condensed interim financial information.

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

**Condensed interim income statement
For the period ended 30 September 2022 (continued)**

	Three-month period ended 30 September 2022 (Unaudited) AED'000	Three-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2022 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000
Attributable to shareholders				
Investment income (Note 16)	2,895	2,501	8,148	7,847
Other income	1	1	1,950	6
Wakala fee from policyholders (Note 15)	8,451	9,513	27,721	25,746
Mudarib's fee (Note 15)	71	26	145	83
Policy acquisition cost	(4,444)	(2,726)	(12,502)	(8,622)
General and administrative expenses	(7,307)	(5,620)	(19,071)	(17,261)
(Loss)/income for the period before Qard Hassan	(333)	3,695	6,391	7,799
Provision against Qard Hassan to policyholders	(9,918)	(2,703)	(21,423)	(3,434)
(Loss)/profit for the period attributable to shareholders	(10,251)	992	(15,032)	4,365
Earnings per share (AED)				
Basic and diluted (Note 17)	(0.067)	0.006	(0.098)	0.028

The notes from 1 to 24 form an integral part of this condensed interim financial information.

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

**Condensed interim statement of comprehensive income
For the period ended 30 September 2022**

	Three-month period ended 30 September 2022 (Unaudited) AED'000	Three-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2022 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000
Attributable to shareholders				
(Loss)/profit for the period	(10,251)	992	(15,032)	4,365
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)	(1,264)	399	(5,656)	476
Total comprehensive (loss)/income for the period attributable to shareholders	(11,515)	1,391	(20,688)	4,841

The notes from 1 to 24 form an integral part of this condensed interim financial information.

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

Condensed interim statement of changes in equity
For the period ended 30 September 2022

	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 shareholders' equity AED'000
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
As at 1 January 2022 (Audited)	154,000	77,000	-	309	(251)	78,693	309,751
Loss for the period	-	-	-	-	-	(15,032)	(15,032)
Other comprehensive loss for the period	-	-	-	-	(5,656)	-	(5,656)
Total comprehensive loss for the period	-	-	-	-	(5,656)	(15,032)	(20,688)
Dividend paid (Note 18)	-	-	-	-	-	(23,100)	(23,100)
As at 30 September 2022 (Unaudited)	154,000	77,000	-	309	(5,907)	40,561	265,963

The notes from 1 to 24 form an integral part of this condensed interim financial information.

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

Condensed interim statement of cash flows
For the period ended 30 September 2022

	Nine-month period ended 30 September 2022 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000
Cash flows from operating activities		
(Loss)/profit for the period	(15,032)	4,365
Adjustments for:		
Depreciation of property and equipment	852	795
Unrealised gain on financial assets at FVTPL	(4)	(1,419)
Realised gain on disposal of financial assets at FVTPL	(1)	(611)
Rental income	(5,727)	(5,650)
Dividends income from financial investments at FVTPL	(782)	(43)
Provision/(recovery) for expected credit losses	1,200	(8)
Funding cost on lease liability	27	12
Profit on wakala deposits and sale of assets	(909)	(983)
Provision for employees' end of service indemnity	193	167
Operating cash flows before changes in working capital	(20,183)	(3,375)
Change in retakaful contract assets	(1,200)	6,974
Change in takaful and retakaful receivables	1,832	(13,692)
Change in due from related parties	(95)	3,530
Change in prepayments and other receivables	(3,433)	5,187
Change in deferred policy acquisition costs	1,767	(659)
Change in takaful contract liabilities	6,234	(5,382)
Change in takaful and retakaful payables	4,369	3,033
Change in deferred discount	532	623
Change in other liabilities	(2,744)	1,663
Change in due to related parties	9	34
Cash used in operations	(12,912)	(2,064)
Employee's end of service benefits paid	(138)	(360)
Net cash used in operating activities	(13,050)	(2,424)
Cash flows from investing activities		
Purchase of property and equipment	(463)	(324)
Proceeds from sale of property and equipment	44	-
Purchase of investments in securities	(19,032)	(32,754)
Proceeds from sale of investments in securities	10,447	4,861
Rental income received	5,727	5,650
Profit received on wakala deposit	909	983
Dividend received	782	43
Change in wakala deposit with maturity more than 3 months	-	40,000
Net cash (used in)/generated from investing activities	(1,586)	18,459
Cash flows from financing activities		
Payment of lease liability	(526)	(443)
Dividend paid (Note 18)	(23,100)	(15,400)
Net cash used in financing activities	(23,626)	(15,843)
Net change in cash and cash equivalents	(38,262)	192
Cash and cash equivalents, beginning of period	134,739	149,138
Cash and cash equivalents, end of period (Note 19)	96,477	149,330

The notes from 1 to 24 form an integral part of this condensed interim financial information.

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

Notes to the condensed interim financial information For the period ended 30 September 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 UAE Federal Law No. (2) of 2015 (as amended) relating to commercial companies in UAE.

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 UAE Federal Law No. 6 of 2007, on Establishment of Insurance Authority (now Central Bank of the UAE) 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.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% federal corporate tax rate effective for fiscal years commencing on or after 1 June 2023.

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 UAE, 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 information is for the nine-month period ended 30 September 2022 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. This condensed interim financial information has 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

This condensed interim financial information has been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2021. 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 this condensed interim financial information.

Interim reporting

The accounting policies used in the preparation of the condensed interim financial information 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 information (Unaudited)

Notes to the condensed interim financial information For the period ended 30 September 2022

3 Significant accounting policies (continued)

New standards, interpretations and amendments

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2021, except for application of new standards effective as of 1 January 2022 as several amendments and interpretations apply for the first time in 2022. However, these amendments and interpretations do not have material impact on the condensed interim financial information of the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

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 information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2022

3 Significant accounting policies (continued)

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

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.

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 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Cash on hand	179	83
Bank balances:		
Wakala deposits	82,581	115,461
Current accounts	23,717	29,195
	<u>106,477</u>	<u>144,739</u>
Attributable to:		
Policyholders	34,785	43,694
Shareholders	71,692	101,045
	<u>106,477</u>	<u>144,739</u>

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

5 Takaful and retakaful receivables

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Takaful receivable	24,700	28,754
Receivables from takaful companies	4,016	3,036
Receivables from retakaful companies	5,164	3,922
	<u>33,880</u>	<u>35,712</u>
Less: Expected credit losses	(4,116)	(2,916)
	<u>29,764</u>	<u>32,796</u>
Inside UAE:		
Takaful receivable	24,700	28,754
Receivables from takaful companies	4,016	3,036
Receivables from retakaful companies	421	182
	<u>29,137</u>	<u>31,972</u>
Less: Expected credit losses	(4,116)	(2,916)
	<u>25,021</u>	<u>29,056</u>
Outside UAE:		
Receivables from retakaful companies	4,743	3,740

The ageing of receivables is as follows:

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Inside UAE - Takaful receivable		
Less than 30 days	3,575	5,793
31 - 90 days	9,023	9,673
91 - 180 days	7,369	6,831
181 - 270 days	4,411	3,709
271 - 360 days	1,155	2,181
More than 360 days	3,604	3,785
	<u>29,137</u>	<u>31,972</u>
Outside UAE - Receivables from retakaful companies		
Less than 30 days	-	2,017
31 - 90 days	-	1,023
91 - 180 days	1,484	140
181 - 270 days	1,738	208
271 - 360 days	586	-
More than 360 days	935	352
	<u>4,743</u>	<u>3,740</u>

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

6 Takaful contract liabilities and retakaful contract assets

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Gross		
Takaful contract liabilities:		
Unearned contribution	60,876	65,073
Claims reported unsettled	24,467	17,870
Claims incurred but not reported	9,244	9,286
Unallocated loss adjustments expense reserve	2,242	1,816
Additional unexpired risk reserve	8,217	4,767
Total takaful contract liabilities, gross	<u>105,046</u>	<u>98,812</u>
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	10,741	10,982
Claims reported unsettled	12,818	11,524
Claims incurred but not reported	2,398	3,808
Additional unexpired risk reserve	2,616	1,059
Total retakaful share of takaful liabilities	<u>28,573</u>	<u>27,373</u>
Net		
Unearned contribution	50,135	54,091
Claims reported unsettled	11,649	6,346
Claims incurred but not reported	6,846	5,478
Unallocated loss adjustments expense reserve	2,242	1,816
Additional unexpired risk reserve	5,601	3,708
	<u>76,473</u>	<u>71,439</u>

7 Related party transactions

Related parties comprise companies and entities under common ownership and/or common management and control, their partners, directors and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

a) Related party balances

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Due from related parties:		
Al Redah Insurance Brokers (LLC), Dubai	552	432
Other	111	136
	<u>663</u>	<u>568</u>

All due from related parties are attributable to policy holders.

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

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7 Related party transactions (continued)

Due to related parties (continued)

Due to related parties are attributable as follows:	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Policyholders	18	8
Shareholders	13	14
	<u>31</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:

	Three-month period ended 30 September 2022 (Unaudited) AED'000	Three-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2022 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000
Gross contribution written for related parties	234	138	1,653	2,163
Management expenses (net)	69	35	845	800
Contribution written through a related party broker	1,221	521	5,477	3,976
Policy acquisition costs	232	99	855	613
Claims paid – net	-	6	2	7,292

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

c) Board of Directors and key management personnel compensation

	Three-month period ended 30 September 2022 (Unaudited) AED'000	Three-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2022 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000
Short-term benefits	270	270	885	933
Long-term benefits	18	19	56	90
Board of Directors' remuneration	-	1,200	630	1,200

8 Statutory deposits

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

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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 29.61 million (31 December 2021: AED 27.29 million).

10 Other financial assets

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)		
Unquoted UAE equity securities	1,939	1,939
Quoted UAE Sukuk	56,402	52,013
Unquoted outside UAE equity securities	9,537	4,025
	<u>67,878</u>	<u>57,977</u>

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

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Policyholders	9,014	3,765
Shareholders	58,864	54,212
	<u>67,878</u>	<u>57,977</u>

Other financial assets measured at fair value through profit and loss (FVTPL)

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Quoted UAE equity securities	3,743	10,710
Unquoted UAE equity securities	515	515
	<u>4,258</u>	<u>11,225</u>

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

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 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Fair value, at the beginning of the period/year	57,977	26,505	11,225	4,417
Purchased during the period/year	15,557	31,791	3,475	9,419
Sold during the period/year	-	-	(10,446)	(5,561)
Change in fair value	(5,656)	(319)	4	2,950
Fair value, at the end of the period/year	<u>67,878</u>	<u>57,977</u>	<u>4,258</u>	<u>11,225</u>

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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 2022.

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 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

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Payable arising from takaful activities	15,495	8,790
Due to takaful companies	10,136	7,255
Due to retakaful companies	10,035	15,252
	<u>35,666</u>	<u>31,297</u>
Inside UAE:		
Payable arising from takaful activities	15,495	8,790
Due to takaful companies	10,136	7,255
Due to retakaful companies	253	316
	<u>25,884</u>	<u>16,361</u>
Outside UAE:		
Due to retakaful companies	<u>9,782</u>	<u>14,936</u>

13 Share capital

At 30 September 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 UAE 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 has been made during the nine-month period ended 30 September 2022 (nine-month period ended 30 September 2021: Nil), as the Company has already reached 50% limit of paid up capital.

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 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).

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15 Wakala and Mudarib's fees

Wakala fees

Wakala fees for the period ended 30 September 2022 amounted to AED 27.72 million (30 September 2021: AED 25.75 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 30 September 2022 amounted to AED 0.145 million (30 September 2021: AED 0.083 million).

16 Investment income

	Three-month period ended 30 September 2022 (Unaudited) AED'000	Three-month period ended 30 September 2021 (Unaudited) AED'000	Nine-month period ended 30 September 2022 (Unaudited) AED'000	Nine-month period ended 30 September 2021 (Unaudited) AED'000
Gain on disposal of financial investments at FVTPL	1	25	1	611
Unrealised gain on financial investments at FVTPL	26	-	4	315
Dividends from financial investments at FVTPL	64	-	364	43
Income from investment properties	1,920	1,925	5,727	5,650
Income from wakala deposit	474	251	908	983
Profit on sukuk	645	577	1,758	1,104
Dividend from other financial assets	187	-	418	-
Profit on sale of asset	-	-	1	-
Expenses allocated to investment	(185)	(190)	(548)	(582)
	3,132	2,588	8,633	8,124
Attributable to:				
Policyholders	237	87	485	277
Shareholders	2,895	2,501	8,148	7,847
	3,132	2,588	8,633	8,124

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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:

	Three-month period ended 30 September 2022 (Unaudited)	Three-month period ended 30 September 2021 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)	Nine-month period ended 30 September 2021 (Unaudited)
(Loss)/profit for the period attributable to shareholders (in AED'000)	(10,251)	992	(15,032)	4,365
Number of ordinary shares outstanding (shares)	154,000,000	154,000,000	154,000,000	154,000,000
Basic and diluted earnings per share (in AED)	<u>(0.067)</u>	0.006	<u>(0.098)</u>	0.028

Diluted earnings per share as of 30 September 2022 and 30 September 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

At the Annual General Meeting held on 14 April 2022, the shareholders approved a cash dividend of 15% amounting to AED 23,100,000 for the year 2021 (2021: the shareholders approved a cash dividend of 10% amounting to AED 15,400,000 for the year 2020). The shareholders have also approved a remuneration of AED 90,000 to each Board member for the year 2021 (2021: AED 200,000 to each Board member for the year 2020).

19 Cash and cash equivalents

	30 September 2022 (Unaudited) AED'000	30 September 2021 (Unaudited) AED'000
Cash and bank balances	106,477	149,330
Wakala deposits with maturity over 3 months	(10,000)	-
	<u>96,477</u>	<u>149,330</u>

20 Commitments and contingent liabilities

	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Letters of guarantee	10,465	10,349

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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 interim financial information.

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:

	Nine-month period ended 30 September 2022 (Unaudited)		Nine-month period ended 30 September 2021 (Unaudited)			
	Attributable to policyholders AED'000	Attributable to shareholders AED'000	Total AED'000	Attributable to policyholders AED'000	Attributable to shareholders AED'000	Total AED'000
<i>Takaful</i>						
Total takaful income	75,406	-	75,406	59,383	-	59,383
Total takaful expenses	(69,774)	-	(69,774)	(37,533)	-	(37,533)
Net takaful income	5,632	-	5,632	21,850	-	21,850
Investment income	485	-	485	277	-	277
Other income	326	-	326	268	-	268
Wakala fees	(27,721)	27,721	-	(25,746)	25,746	-
Mudarib fees	(145)	145	-	(83)	83	-
	(21,423)	27,866	6,443	(3,434)	25,829	22,395
<i>Investment</i>						
Investment income	-	8,148	8,148	-	7,847	7,847
Other income	-	1,950	1,950	-	6	6
Policy acquisition cost	-	(12,502)	(12,502)	-	(8,622)	(8,622)
General and administration expenses	-	(19,071)	(19,071)	-	(17,261)	(17,261)
(Loss)/profit for the period	(21,423)	6,391	(15,032)	(3,434)	7,799	4,365

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21 Segment information (continued)

Other information

	Takaful		Investment		Total	
	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
Segment assets	112,264	119,258	343,148	369,668	455,412	488,926
Segment liabilities	181,589	167,160	7,860	12,015	189,449	179,175
	Takaful		Investment		Total	
	Nine-month period ended 30 September 2022 (Unaudited) AED'000		Nine-month period ended 30 September 2022 (Unaudited) AED'000		Nine-month period ended 30 September 2022 (Unaudited) AED'000	
Capital expenditure	-	-	463	324	463	324
Depreciation	-	-	852	795	852	795

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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 interim financial information 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
30 September 2022					
<i>Financial assets at FVTOCI</i>					
Investment in quoted securities	(a)	56,402	-	-	56,402
Investment in unquoted securities	(b)	-	-	11,476	11,476
		56,402	-	11,476	67,878
<i>Financial assets at FVTPL</i>					
Investment in quoted securities	(a)	3,743	-	-	3,743
Investment in unquoted securities	(b)	-	-	515	515
		3,743	-	515	4,258
31 December 2021					
<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 30 September 2022 (31 December 2021: five entities). These investments are fair valued based on Net Asset Value Techniques using unobservable inputs. Management believes that there is no significant deterioration in the value of these unquoted investments during the period ended 30 September 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.

24 Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of this condensed interim financial information.