

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

Condensed interim financial information (Unaudited)  
For the period ended 30 September 2023



الشركة العربية الإسكندنافية للتأمين (ش.م.ع) - تكافل - أسكانا للتأمين  
ARABIAN SCANDINAVIAN INSURANCE COMPANY (P.L.C.) - TAKAFUL - ASCANA INSURANCE  
Incorporated with limited liability by Amiri decree  
أسست بموجب مرسوم أميري بضماني محدود  
A company subject to Federal law no. (6) of year 2007 of Insurance  
شركة خاضعة لأحكام قانون التأمين رقم (6) للعام 2007 في شأن هيئة التأمين وتنظيم أعماله  
Authority and registered in the insurance companies register under  
ومفيدة في سجل شركات التأمين تحت رقم (6) بتاريخ 15/12/1984 م  
No. (6) on 15/12/  
Paid Up Capital Dirhams One Hundred Fifty-Four Million  
رأس المال المدفوع مائة وأربعة وخمسون مليون درهم

## REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

We have the pleasure in presenting you the financial results of Arabian Scandinavian Insurance Company (PLC) - Takaful - Ascana Insurance ("ASCANA") (the "Company") for the financial period ended 30 September 2023.

Takaful revenue for the nine months ended 30 September 2023 is AED 97.9 million as against AED 95.4 million for the same period last year.

Net loss attributable to shareholders has reached AED 32.9 million in nine months ended 30 September 2023 against the net loss of AED 17.7 million in the same period last year.

Participants' deficit has reached AED 32.9 million in nine months ended 30 September 2023 against a deficit of AED 25.3 million in the same period last year.

We recognize that the company is undergoing significant transformation as we embark on this new chapter post-acquisition by Oman Insurance Company PJSC (Sukoon) on 18 May 2023. Having reviewed the company's operating model and we have identified key areas that required immediate attention. Post-acquisition, we have begun implementing stringent cost control measures in all aspects of our business, optimizing our operational processes, reducing non-essential expenditures and took corrective actions on the insurance portfolio, all with the aim of restoring company's profitability. We understand that sustainable profitable growth can only be achieved by maintaining a lean and efficient organization.

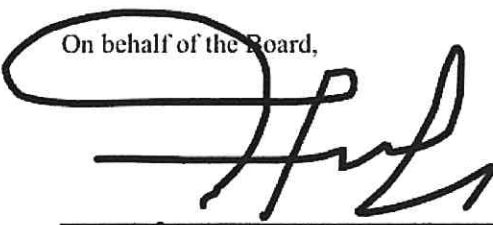
During Q3 2023 we have undertaken further significant steps to enhance the company's solvency position. This includes the prudent divestment of non-core assets to bolster our capital reserves. These actions will increase our financial stability and provide a strong foundation for future growth and will start resonating in our results from Q4 onwards going into full year 2024. The Company aims launching new products into other business segments with a view to further diversify its portfolio during 2024.

We appreciate the support of our stakeholders and would like to express our gratitude as we embark on this journey of transformation to supplant ASCANA firmly as a reference in the region in the takaful space.

We would also like to thank our management and employees of the Company for their sincere and dedicated contribution in this journey of returning the company to sustainable profitability.

May God; the Almighty; guide our steps.

On behalf of the Board,

  
Rashed Saif Saeed Al Jarwan Al Shamsi  
Chairman  
25 October 2023

## **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 2023, and the related condensed interim income statement and condensed interim statement of comprehensive income for the nine months period then ended, condensed interim statement of changes in equity, condensed interim statement of cash flows for the nine months 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 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

  
**GRANT THORNTON**

**Dr. Osama El Bakry  
Registration No: 935  
Dubai, United Arab Emirates**

**25 October 2023**

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

**Condensed interim statement of financial position**  
**As at 30 September 2023**

		(Unaudited) 30 September 2023 AED'000	Restated (Unaudited) 31 December 2022 AED'000	Restated (Unaudited) 31 December 2021 AED'000
	Notes			
<b>Assets</b>				
<b>Participants' assets</b>				
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	683	9,060	3,765
Retakaful contract assets	6	16,124	17,227	15,168
Prepayments and other receivables		1,347	1,140	1,738
Due from shareholder		6,360	67,756	29,350
Cash and bank balances	7	117,175	36,630	43,694
<b>Total participants' assets</b>		<b>141,689</b>	<b>131,813</b>	<b>93,715</b>
<b>Shareholders' assets</b>				
Property and equipment		1,209	1,938	2,335
Intangible assets		465	575	481
Investment properties		73,985	160,641	158,715
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	29,257	59,384	54,212
Investments at fair value through profit or loss ("FVTPL")	5	515	4,053	11,225
Deferred policy acquisition cost		6,515	8,983	9,324
Prepayments and other receivables		4,613	3,538	4,365
Cash and bank balances	7	109,176	79,901	101,045
Statutory deposits		10,000	10,000	10,000
<b>Total shareholders' assets</b>		<b>235,735</b>	<b>329,013</b>	<b>351,702</b>
<b>Total assets</b>		<b>377,424</b>	<b>460,826</b>	<b>445,417</b>

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



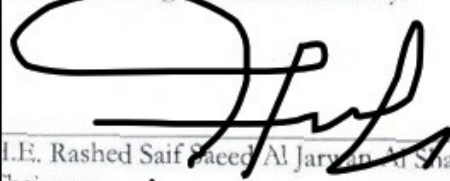
Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance  
Condensed interim financial information (Unaudited)

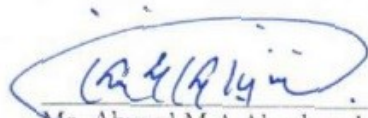
Condensed interim statement of financial position (continued)

at 30 September 2023

		(Unaudited) 30 September 2023 AED'000	Restated (Unaudited) 31 December 2022 AED'000	Restated (Unaudited) 31 December 2021 AED'000
Notes				
<b>Participants' liabilities and deficit</b>				
<b>Participants' liabilities</b>				
Takaful contract liabilities	6	129,970	123,314	84,200
Retakaful contract liabilities	6	2,915	346	2,052
Other liabilities		8,804	8,153	7,463
<b>Total participants' liabilities</b>		<b>141,689</b>	<b>131,813</b>	<b>93,715</b>
<b>Participants' deficit</b>				
Qard Hassan against deficit in participants' fund		(121,049)	(88,168)	(47,902)
Less: Provision against Qard Hassan to participants' fund		121,049	88,168	47,902
<b>Total participants' liabilities and deficit</b>		<b>141,689</b>	<b>131,813</b>	<b>93,715</b>
<b>Shareholders' liabilities and equity</b>				
<b>Shareholders' liabilities</b>				
Employees' end of service benefits		1,590	2,386	2,292
Due to participants		6,360	67,756	29,350
Other liabilities		6,347	7,423	9,724
<b>Total shareholders' liabilities</b>		<b>14,297</b>	<b>77,565</b>	<b>41,366</b>
<b>Shareholders' equity</b>				
Share capital	10	154,000	154,000	154,000
Statutory reserve	11	77,000	77,000	77,000
Retakaful reserves	12	479	479	309
Cumulative changes in fair value of FVTOCI investments		(2,524)	(5,363)	(251)
Retained earnings		(7,517)	25,332	79,278
<b>Total shareholders' equity</b>		<b>221,438</b>	<b>251,448</b>	<b>310,336</b>
<b>Total shareholders' liabilities and equity</b>		<b>235,735</b>	<b>329,013</b>	<b>351,702</b>
<b>Total liabilities, participants' fund and equity</b>		<b>377,424</b>	<b>460,826</b>	<b>445,417</b>

This condensed interim financial information was authorised for issue on 25 October 2023 by the Board of Directors and signed on its behalf by:

  
I.E. Rashed Saif Saeed Al Jarwan Al Shamsi  
Chairman

  
Mr. Ahmed M.A. Abushanab  
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 2023**

		(Unaudited) Three-months period ended 30 September 2023 AED'000	Restated (Unaudited) Three-months period ended 30 September 2022 AED'000	(Unaudited) Nine-months period ended 30 September 2023 AED'000	Restated (Unaudited) Nine-months period ended 30 September 2022 AED'000
	Notes				
<b>Attributable to participants</b>					
Takaful revenue		31,661	32,159	97,941	95,402
Takaful service expenses	14	(27,494)	(36,325)	(93,991)	(89,583)
<b>Takaful service result before retakaful contracts held</b>		<b>4,167</b>	<b>(4,166)</b>	<b>3,950</b>	<b>5,819</b>
Allocation of retakaful contributions		(10,810)	(7,276)	(34,229)	(24,601)
Amounts recoverable from retakaful for incurred claims		6,736	6,724	21,278	20,635
<b>Net expenses from retakaful contracts held</b>		<b>(4,074)</b>	<b>(552)</b>	<b>(12,951)</b>	<b>(3,966)</b>
<b>Takaful service result</b>		<b>93</b>	<b>(4,718)</b>	<b>(9,001)</b>	<b>1,853</b>
 Takaful finance expenses for takaful contracts issued	15	 (11)	 (253)	 (958)	 (3)
Retakaful finance (expense)/income for retakaful contracts held	15	(66)	125	210	(91)
<b>Net takaful income/(loss)</b>		<b>16</b>	<b>(4,846)</b>	<b>(9,749)</b>	<b>1,759</b>
 Investment income	16	 1,284	 237	 1,666	 485
Other income		292	126	816	326
Wakala fees	13	(5,112)	(8,451)	(25,110)	(27,721)
Mudarib share	13	(389)	(71)	(504)	(145)
<b>Loss for the period attributable to participants</b>		<b>(3,909)</b>	<b>(13,005)</b>	<b>(32,881)</b>	<b>(25,296)</b>

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 (continued)**  
**For the period ended 30 September 2023**

			Restated		Restated
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		Three-months	Three-months	Nine-months	Nine-months
		period ended	period ended	period ended	period ended
		30 September	30 September	30 September	30 September
		2023	2022	2023	2022
Notes	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Attributable to shareholders</b>					
Investment (loss)/income	16	(398)	2,895	5,123	8,148
Other income		1	1	1,782	1,950
<b>Total investment income</b>		<b>(397)</b>	<b>2,896</b>	<b>6,905</b>	<b>10,098</b>
Wakala fees		5,112	8,451	25,110	27,721
Mudarib share		389	71	504	145
		<b>5,104</b>	<b>11,418</b>	<b>32,519</b>	<b>37,964</b>
<b>Expenses</b>					
Policy acquisition costs		(4,261)	(4,443)	(13,058)	(12,501)
General and administrative expenses		(6,411)	(6,106)	(19,429)	(17,871)
<b>(Loss)/income for the period before Qard Hassan</b>		<b>(5,568)</b>	<b>869</b>	<b>32</b>	<b>7,592</b>
Provision against Qard Hassan to participants		(3,909)	(13,005)	(32,881)	(25,296)
<b>Loss for the period attributable to shareholders</b>		<b>(9,477)</b>	<b>(12,136)</b>	<b>(32,849)</b>	<b>(17,704)</b>
<b>Loss per share (AED)</b>					
Basic and diluted	17	(0.06)	(0.08)	(0.21)	(0.11)

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 2023**

		(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Unaudited)
		Three-months period ended 30 September 2023	Three-months period ended 30 September 2022	Nine-months period ended 30 September 2023	Nine-months period ended 30 September 2022
	Notes	AED'000	AED'000	AED'000	AED'000
<b>Attributable to shareholders</b>					
Loss for the period		(9,477)	(12,136)	(32,849)	(17,704)
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Debt investments designated at FVTOCI re-classified to income statement	16	-	-	3,019	-
Unrealised loss in fair value of debt investments designated at FVTOCI	5	(200)	(1,264)	(180)	(5,656)
<b>Total other comprehensive (loss)/ income for the period attributable to shareholders</b>		<b>(200)</b>	<b>(1,264)</b>	<b>2,839</b>	<b>(5,656)</b>
<b>Total comprehensive loss for the period attributable to shareholders</b>		<b>(9,677)</b>	<b>(13,400)</b>	<b>(30,010)</b>	<b>(23,360)</b>

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 2023**

	Share capital AED'000	Statutory reserve AED'000	Retakaful reserve AED'000	Cumulative changes in fair value of FVTOCI investments AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2022, as previously reported	154,000	77,000	309	(251)	78,693	309,751
Impact on initial application of IFRS 17	-	-	-	-	585	585
Restated balance at 1 January 2022 (Unaudited)	154,000	77,000	309	(251)	79,278	310,336
Loss for the period (restated)	-	-	-	-	(17,704)	(17,704)
Other comprehensive loss for the period	-	-	-	(5,656)	-	(5,656)
Total comprehensive loss for the period	-	-	-	(5,656)	(17,704)	(23,360)
Dividend paid (note 22)	-	-	-	-	(23,100)	(23,100)
Balance at 30 September 2022 (Unaudited)	154,000	77,000	309	(5,907)	38,474	263,876
<b>Balance at 1 January 2023 (Audited)</b>	<b>154,000</b>	<b>77,000</b>	<b>479</b>	<b>(5,363)</b>	<b>25,458</b>	<b>251,574</b>
Impact of initial application of IFRS 17	-	-	-	-	(126)	(126)
Restated balance as at 1 January 2023 (Unaudited)	154,000	77,000	479	(5,363)	25,332	251,448
Loss for the period	-	-	-	-	(32,849)	(32,849)
Other comprehensive income for the period	-	-	-	2,839	-	2,839
Total comprehensive income/(loss) for the period	-	-	-	2,839	(32,849)	(30,010)
<b>Balance at 30 September 2023 (Unaudited)</b>	<b>154,000</b>	<b>77,000</b>	<b>479</b>	<b>(2,524)</b>	<b>(7,517)</b>	<b>221,438</b>

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 2023**

	(Unaudited) Nine-months period ended 30 September 2023 AED'000	Restated (Unaudited) Nine-months period ended 30 September 2022 AED'000
<b>Cash flows from operating activities</b>		
Loss for the period	(32,849)	(17,704)
<b>Adjustments for:</b>		
Depreciation and amortisation	941	852
Unrealised gain on financial assets at FVTPL	-	(4)
Realised gain on disposal of financial assets at FVTPL	(15)	(1)
Rental income	(6,470)	(5,727)
Dividends income from financial assets	(407)	(782)
Loss on disposal of financial assets at FVTOCI	3,019	-
Loss on sale of investment property	3,181	-
Profit on sale of asset	(68)	(1)
Funding cost on lease liability	15	27
Profit on wakala deposits	(5,162)	(908)
Provision for employees' end of service indemnity	241	193
<b>Operating cash flows before changes in working capital</b>	<b>(37,574)</b>	<b>(24,055)</b>
Change in retakaful contract assets and liabilities - net	3,672	(3,768)
Change in prepayments and other receivables	(1,282)	(3,433)
Change in deferred acquisition costs	2,468	1,767
Change in takaful contract liabilities	6,656	19,321
Change in other liabilities	87	(2,743)
<b>Cash used in operating activities</b>	<b>(25,973)</b>	<b>(12,911)</b>
Employees end of service benefits paid	(1,037)	(138)
<b>Net cash used in operating activities</b>	<b>(27,010)</b>	<b>(13,049)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(180)	(463)
Proceeds from sale of property and equipment	146	44
Purchase of investments in securities	-	(19,032)
Proceeds from sale of investments in securities	41,877	10,447
Proceeds from sale of investment property	83,475	-
Rental income received	6,470	5,727
Profit received on wakala deposit	5,162	908
Dividend received	407	782
Change in wakala deposit with maturity more than 3 months	(47,650)	-
<b>Net cash generated from/(used in) investing activities</b>	<b>89,707</b>	<b>(1,587)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liability	(527)	(526)
Dividend paid	-	(23,100)
<b>Net cash used in financing activities</b>	<b>(527)</b>	<b>(23,626)</b>
<b>Net change in cash and cash equivalents</b>	<b>62,170</b>	<b>(38,262)</b>
Cash and cash equivalents at the beginning of the period	71,022	134,739
<b>Cash and cash equivalents at the end of the period (note 8)</b>	<b>133,192</b>	<b>96,477</b>

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 2023

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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. The Company is engaged in takaful and retakaful of all classes of business in accordance with the provisions of the United Arab Emirates ("UAE") Federal Law No. 6 of 2007, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations.

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 an Internal Sharia Supervision Committee for overseeing the compliance with Sharia.

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.

During the nine months ended 30 September 2023, Oman Insurance Company P.S.C. ("Sukoon Insurance") has acquired 93% shareholding of the company from its key shareholders. Now the Company is a subsidiary of Sukoon Insurance which is incorporated in the Emirate of Dubai.

The ultimate parent company is Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai.

This condensed interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. The corporate income tax will apply on the adjusted accounting net profits of a business. The Company is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, in preparation for full compliance with the new corporate tax law noting that the first tax period for the Company is starting on 1 January 2024.

The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

## **2 Basis of preparation**

The condensed interim financial information are for the nine months period ended 30 September 2023 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. The 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. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

While applying the requirements of International Financial Reporting Standards 17-Insurance Contracts (IFRS 17), the Company has not considered shareholders' expenses in IFRS 17 assessment in line with Article 3.3 of Section 7 of the Financial Regulations for Takaful Companies (FRTC) and the relevant Shariah Board decisions. Further, in line with requirements of FRTC, the Company has only considered a fixed Wakala fee while applying the requirement of IFRS 17. Policy acquisition cost and general and administrative expenses accounts along with associated balance sheet items are part of the shareholders' accounts and presented separately.

## 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 2023

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#### **3 Significant accounting policies**

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 2022, except for application of new standards effective as of 1 January 2023 and several amendments and interpretations apply for the first time in 2023.

The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

#### **Standards, interpretations and amendments to existing standards – Impact of new IFRS**

##### **IFRS 17 Insurance Contracts**

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of takaful contracts, re takaful contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, takaful revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of contributions that relate to recovering Takaful insurance acquisition cash flows. In addition, investment components are no longer included in Takaful revenue and Takaful service expenses.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

##### ***Changes to classification and measurement***

The adoption of IFRS 17 did not change the classification of the Company's takaful contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of takaful contracts issued and retakaful contracts held by the Company.

Under IFRS 17, the Company's takaful contracts issued, and retakaful contracts held are all eligible to be measured by applying the contribution allocation approach (CAA). The CAA simplifies the measurement of takaful contracts in comparison with the general model in IFRS 17.

The Company applies the CAA to simplify the measurement of all of its takaful and retakaful contracts. When measuring liabilities for remaining coverage, the CAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Income and expenses from retakaful contracts other than takaful finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from Retakaful operators and retakaful expenses were presented separately.

The measurement principles of the CAA differ from the 'earned contribution approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects contributions received less deferred acquisition expenses less amounts recognised in revenue for Takaful insurance services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the contribution due date and the related period of coverage are more than 12 months apart;



**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 2023

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**3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

*Changes to classification and measurement (continued)*

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

*Changes to presentation and disclosure*

For presentation in the condensed interim statement of financial position, the Company aggregates takaful and retakaful contracts issued and retakaful contracts held, respectively and presents separately:

- Groups of takaful and retakaful contracts issued that are assets;
- Groups of takaful and retakaful contracts issued that are liabilities;
- Groups of retakaful contracts held that are assets; and
- Groups of retakaful contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the condensed interim statement of profit or loss and condensed interim other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written contributions
- Net written contributions
- Changes in contribution reserves
- Gross Takaful claims
- Net Takaful claims

Instead, IFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expenses
- Takaful finance income or expenses
- Income or expenses from retakaful contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from takaful contracts
- Significant judgements, and changes in those judgements, when applying the standard.

## 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 2023

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### **3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

#### **IFRS 17 Insurance Contracts (continued)**

##### ***Transition***

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company:

- identified, recognised and measured each group of Takaful and retakaful contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for Takaful insurance acquisition cash flows as if IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included takaful receivables and payables, and provisions for levies that are attributable to existing takaful contracts. Under IFRS 17, they are included in the measurement of the takaful contracts; and
- recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each condensed interim financial information line item and EPS. The effects of adopting IFRS 17 on the condensed interim financial information at 1 January 2022 are presented in the condensed interim statement of changes in equity.

#### **Takaful and retakaful contracts classification**

The Company issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its participants. As a general guideline, the Company determines whether it has significant Takaful risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Takaful contracts can also transfer financial risk.

#### **Takaful and retakaful contracts accounting treatment**

##### ***Separating components from Takaful and retakaful contracts***

The Company assesses its takaful and retakaful products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17.

Some retakaful contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the retakaful contracts and are, therefore, non-distinct investment components which are not accounted for separately.

## 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 2023

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### **3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Takaful and retakaful contracts accounting treatment (continued)

#### *Level of aggregation*

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into two categories: onerous contracts and others. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for participants with different characteristics. The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into two groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by IFRS 17 committee that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Company has a IFRS 17 Committee that meets at regular intervals to determine the profitability groupings of each portfolio of contracts. The committee acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

Below are some of the relevant facts and circumstances that the Company considers:

- Evaluation of expected combines ratios;
- Pricing information;
- Results of similar contracts it has recognised; and
- Environment factors, e.g., a change in market experience or regulations.

The Company divides portfolios of retakaful contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of retakaful contracts held, a group can comprise a single contract.

## 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 2023

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### **3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Takaful and retakaful contracts accounting treatment (continued)

#### ***Recognition***

The Company recognises groups of takaful contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a participant in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of retakaful contracts held;
- If the retakaful contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group the Company adds new contracts to the group when they are issued or initiated.

#### ***Contract boundary***

The Company includes in the measurement of a group of takaful contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a Takaful insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contributions, or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected contributions or claims outside the boundary of the Takaful insurance contract is not recognised. Such amounts relate to future takaful contracts.

#### **Measurement - Contribution Allocation Approach**

##### ***Takaful contracts – initial measurement***

The Company applies the contribution allocation approach (CAA) to all the takaful contracts that it issues and retakaful contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including coverage arising from all contributions within the contract boundary.

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the CAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.



## 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 2023

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### **3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Takaful and retakaful contracts accounting treatment (continued)

Measurement - Contribution Allocation Approach (continued)

*Takaful contracts – initial measurement (continued)*

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as the contributions, if any, received at initial recognition, minus any Takaful insurance acquisition cash flows at that date, there is no allowance for time value of money as the contributions are mostly received within one year of the coverage period.

The Company measures its retakaful assets for a group of retakaful contracts that it holds on the same basis as takaful contracts that it issues, however, adapted to reflect the features of retakaful contracts held that differ from takaful contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

*Takaful contracts – subsequent measurement*

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period;
- Minus capitalised Takaful insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as Takaful revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

*Retakaful contracts*

The subsequent measurement of retakaful contracts held follows the same principles as those for takaful contracts issued and has been adapted to reflect the specific features of reinsurance held.

**Takaful contracts – modification and derecognition**

The Company derecognises takaful contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);

Or

The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

**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 2023

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**3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

**IFRS 17 Insurance Contracts (continued)**

**Takaful and retakaful contracts accounting treatment (continued)**

**Takaful contracts – modification and derecognition (continued)**

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

***Presentation***

The Company has presented separately, in the statement of financial position, the carrying amount of groups of takaful contracts issued that are assets, groups of takaful contracts issued that are liabilities, retakaful contracts held that are assets and groups of retakaful contracts held that are liabilities.

Any assets or liabilities for Takaful insurance acquisition cash flows recognised before the corresponding takaful contracts are included in the carrying amount of the related groups of takaful contracts issued.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into a Takaful service result, comprising Takaful revenue and Takaful service expense, and Takaful finance income or expenses.

The Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in Takaful finance income or expenses and in Takaful service result respectively.

The Company separately presents income or expenses from retakaful contracts held from the expenses or income from takaful contracts issued.

***Takaful revenue***

The Takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Company allocates the expected contribution receipts to each period of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred Takaful service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

***Loss components***

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of takaful contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

# 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 2023

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### **3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Takaful and retakaful contracts accounting treatment (continued)

*Takaful finance income and expense*

Takaful finance income or expenses comprise the change in the carrying amount of the group of takaful contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company disaggregates Takaful finance income or expenses in the profit or loss. The impact of changes in market interest rates on the value of the Takaful assets and liabilities are reflected in the profit or loss.

*Net income or expense from retakaful contracts held*

The Company presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from retakaful operators, and an allocation of the retakaful contributions paid. The Company treats retakaful cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retakaful contract held.

### **4 Critical accounting estimates and judgments in applying accounting policies**

**Judgements and estimates**

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2022, except for the below judgements.

*Takaful and retakaful contracts*

The Company applies the CAA to simplify the measurement of takaful contracts. When measuring liabilities for remaining coverage, the CAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

*Liability for remaining coverage*

For Takaful insurance acquisition cash flows, the Company is eligible and chooses to capitalise all Takaful insurance acquisition cashflows upon payments.

The effect of recognising Takaful insurance acquisition cash flows as an expense on initial recognition of group of takaful contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

**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 2023

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

**Judgements and estimates (continued)**

*Liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

*Discount rates*

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity contribution'). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	%	%	%	%	%	%
Takaful contracts issued	6.650	4.791	6.033	5.055	5.803	4.382	5.774	4.067
Retakaful contracts issued	6.650	4.791	6.033	5.055	5.803	4.382	5.774	4.067

*Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of Takaful contracts. The risk adjustment reflects an amount that a Takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.



**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 2023**

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

**Judgements and estimates (continued)**

*Risk adjustment for non-financial risk (continued)*

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

*Fair value of unquoted securities*

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

*Investment properties fair value judgement*

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

*Expected credit losses*

Management reviews the provision for expected credit losses (ECL) at each reporting date by assessing the recoverability of takaful and retakaful receivables. For non-takaful receivables the recoverability is assessed, and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

**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 2023

**5 Investment securities**

**Financial assets at FVTOCI**

Financial assets at FVTOCI comprises the following:

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Unquoted U.A.E. equity securities	1,939	1,939
Quoted U.A.E. Sukuk	18,442	56,946
Unquoted outside UAE	9,559	9,559
	<u>29,940</u>	<u>68,444</u>
<b>Attributable to:</b>		
Participants	683	9,060
Shareholders	29,257	59,384
	<u>29,940</u>	<u>68,444</u>
<b>Financial assets measured at FVTPL</b>		
Quoted U.A.E. equity securities	-	3,538
Unquoted U.A.E. equity securities	515	515
	<u>515</u>	<u>4,053</u>

All other financial assets measured at FVTPL are attributable to Shareholders.

The movement in financial assets are as follows:

	At fair value through other comprehensive income (FVTOCI)		At fair value through profit or loss (FVTPL)	
	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Fair value, at the beginning of the period/year	68,444	57,977	4,053	11,225
Purchased during the period/year	-	15,579	-	3,475
Sold during the period/year	(38,324)	-	(3,538)	(10,446)
Change in fair value	(180)	(5,112)	-	(201)
<b>Fair value, at the end of the period/year</b>	<u>29,940</u>	<u>68,444</u>	<u>515</u>	<u>4,053</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 2023

**6 Takaful and retakaful contracts**

The breakdown of groups of takaful and retakaful contracts issued, and retakaful contracts held, that are in an asset position and those in a liability position is set out in the table below:

	(Unaudited)			(Unaudited)		
	30 September 2023			31 December 2022		
				Restated		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Takaful contracts issued</b>						
Motor	-	(83,164)	(83,164)	-	(73,578)	(73,578)
Medical & group life	-	(24,832)	(24,832)	-	(30,140)	(30,140)
General	-	(21,974)	(21,974)	-	(19,596)	(19,596)
<b>Total takaful contracts issued</b>	-	(129,970)	(129,970)	-	(123,314)	(123,314)
<b>Retakaful contracts held</b>						
Motor	2,441	(1)	2,440	8,214	-	8,214
Medical & group life	7,872	(885)	6,987	789	(346)	443
General	5,811	(2,029)	3,782	8,224	-	8,224
<b>Total Retakaful contracts held</b>	16,124	(2,915)	13,209	17,227	(346)	16,881

**Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims**

The Company disaggregates information to provide disclosure in respect of major product lines separately: Motor takaful, medical and group life, and general retakaful issued. This disaggregation has been determined based on how the Company is managed.

The roll-forward of the net asset or liability for takaful contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table on the next page.

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 2023

**6 Takaful and retakaful contracts (continued)**

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims measured under CAA

30 September 2023 (Unaudited)	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows		
			Risk adjustment AED'000	Risk adjustment AED'000	
Takaful contract liabilities as at 1 January 2023	(46,074)	(13,800)	(62,281)	(1,159)	(123,314)
Takaful revenue	97,941	-	-	-	97,941
Takaful service expenses					
Incurred claims and other expenses	-	-	(136,479)	(33)	(136,512)
Losses on onerous contracts and reversals of those losses	-	1,062	-	-	1,062
Changes to liabilities for incurred claims	-	-	16,670	(321)	16,349
Takaful service expenses	-	1,062	(119,809)	(354)	(119,101)
Takaful service result	97,941	1,062	(119,809)	(354)	(21,160)
Takaful finance expenses	-	-	(962)	4	(958)
Total changes in the statement of comprehensive income	97,941	1,062	(120,771)	(350)	(22,118)
Cash flows					
Contributions received	(90,066)	-	-	-	(90,066)
Claims and other expenses paid	-	-	105,528	-	105,528
Total cash flows	(90,066)	-	105,528	-	15,462
Net takaful contract liabilities as at 30 September 2023	(38,199)	(12,738)	(77,524)	(1,509)	(129,970)

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 2023

**6 Takaful and retakaful contracts (continued)**

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims measured under CAA (continued)

31 December 2022 (Unaudited)	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment
	AED'000	AED'000	AED'000
Takaful contract liabilities as at 1 January 2022	(38,671)	(41,141)	(84,200)
Takaful revenue	128,469	-	128,469
Takaful service expenses	-	(176,358)	(176,575)
Incurred claims and other expenses	-	(10,533)	(10,533)
Losses on onerous contracts and reversals of those losses	-	-	-
Changes to liabilities for incurred claims	-	23,360	177
Takaful service expenses	-	(152,998)	(40)
Takaful service result	128,469	(10,533)	(40)
Takaful finance expenses	-	(259)	2
Total changes in the statement of comprehensive income	128,469	(153,257)	(35,359)
Cash flows			
Contributions received	(135,872)	-	-
Claims and other expenses paid	-	132,117	-
Total cash flows	(135,872)	132,117	-
Net takaful contract liabilities as at 31 December 2022	(46,074)	(13,800)	(1,159)
		(62,281)	(123,314)



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For the period ended 30 September 2023

**6 Takaful and retakaful contracts (continued)**

Roll-forward of net asset or liability for retakaful contracts issued showing the assets for remaining coverage and the liability for incurred claims measured under CAA

30 September 2023 (Unaudited)	Assets for remaining coverage Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Total
Retakaful contract assets as at 1 January 2023	(1,046)	821	16,945	507	AED'000 17,227
Retakaful contract liabilities as at 1 January 2023	(774)	2	426	-	(346)
Net retakaful contract assets/ (liabilities) as at 1 January 2023	(1,820)	823	17,371	507	16,881
Allocation of retakaful contributions	(33,406)	(823)	-	-	(34,229)
Amounts recoverable from retakaful for incurred claims	-	-	16,596	(218)	16,378
Amounts recoverable incurred claims and other expenses	6,255	-	-	-	6,255
Amortisation of takaful acquisition cash flows	-	1,963	-	-	1,963
Loss-recovery on onerous underlying contracts and adjustments	-	-	(3,653)	335	(3,318)
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Amounts recoverable from retakaful for incurred claims	6,255	1,963	12,943	117	21,278
Net income or expense from retakaful contracts held	(27,151)	1,140	12,943	117	(12,951)
Retakaful finance income	-	-	212	(2)	210
Total changes in the statement of comprehensive income	(27,151)	1,140	13,155	115	(12,741)
Cash flows					
Contributions received	27,160	-	-	-	27,160
Takaful acquisition cash flows	-	-	(11,852)	-	(11,852)
Claims and other expenses paid	(6,239)	-	-	-	(6,239)
Total cash flows	20,921	-	(11,852)	-	9,069
Net retakaful contract assets/ (liabilities) as at 30 September 2023	(8,050)	1,963	18,674	622	13,209
Retakaful contract assets as at 30 September 2023	(1,508)	1,915	15,203	514	16,124
Retakaful contract liabilities as at 30 September 2023	(6,542)	48	3,471	108	(2,915)
Net retakaful contract assets/ (liabilities) as at 30 September 2023	(8,050)	1,963	18,674	622	13,209

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**6 Takaful and retakaful contracts (continued)**

Roll-forward of net asset or liability for retakaful contracts issued showing the assets for remaining coverage and the liability for incurred claims measured under CAA (continued)

31 December 2022 (Unaudited)	Assets for remaining coverage Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Retakaful contract assets as at 1 January 2022	(890)	91	15,459	508	15,168
Retakaful contract liabilities as at 1 January 2022	(5,669)	90	3,457	70	(2,052)
Net retakaful contract assets/ (liabilities) as at 1 January 2022	(6,559)	181	18,916	578	13,116
Allocation of retakaful contributions	(33,336)	(181)	-	-	(33,517)
Amounts recoverable from retakaful for incurred claims	-	-	29,938	(81)	29,857
Amounts recoverable incurred claims and other expenses	(704)	-	-	-	(704)
Amortisation of takaful acquisition cash flows	-	823	-	-	823
Loss-recovery on onerous underlying contracts and adjustments	-	-	(10,806)	6	(10,800)
Changes to amounts recoverable for incurred claims	(704)	823	19,132	(75)	19,176
Amounts recoverable from retakaful for incurred claims	(34,040)	642	19,132	(75)	(14,341)
Net income or expense from retakaful contracts held	-	-	268	4	272
Retakaful finance income	(34,040)	642	19,400	(71)	(14,069)
Total changes in the statement of comprehensive income	38,779	-	-	-	38,779
Cash flows	-	-	(20,945)	-	(20,945)
Contributions received	38,779	-	-	-	38,779
Claims and other expenses paid	-	-	(20,945)	-	(20,945)
Total cash flows	38,779	-	(20,945)	-	17,834
Net retakaful contract assets/ (liabilities) as at 31 December 2022	(1,820)	823	17,371	507	16,881
Retakaful contract assets as at 31 December 2022	(1,046)	821	16,945	507	17,227
Retakaful contract liabilities as at 31 December 2022	(774)	2	426	-	(346)
Net retakaful contract assets/ (liabilities) as at 31 December 2022	(1,820)	823	17,371	507	16,881

**Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance**  
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**7 Cash and bank balances**

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Cash on hand	7	19
Bank balances:		
Wakala deposits	223,645	82,812
Current accounts	2,699	33,700
	<u>226,351</u>	<u>116,531</u>
<i>Attributable to:</i>		
Participants	117,175	36,630
Shareholders	109,176	79,901
	<u>226,351</u>	<u>116,531</u>

**8 Cash and cash equivalents**

For the purpose of cash flow, the cash and cash equivalents at each period end is as follows:

	(Unaudited) 30 September 2023 AED'000	(Unaudited) 30 September 2022 AED'000
Cash and bank balances	226,351	106,477
Wakala deposits with maturity over 3 months	(93,159)	(10,000)
	<u>133,192</u>	<u>96,477</u>

**9 Related party transactions**

Related parties comprise of 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. Related parties represent the shareholder, 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.

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
<b>Balances with related parties:</b>		
<b>Amounts due from related parties:</b>		
<i>Related parties due to common directorship</i>		
Al Redha Insurance Brokers (LLC), Dubai *	-	903
Others*	-	85
	<u>-</u>	<u>988</u>
<b>Amounts due to related parties:</b>		
<i>Related parties due to common ownership</i>		
Oman Insurance Company	2,474	-
Others*	-	24
	<u>2,474</u>	<u>24</u>

\* As of 30 September 2023, the following are no longer considered related parties.

**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 2023**

**9 Related party transactions (continued)**

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

	(Unaudited) 30 September 2023 AED'000	(Unaudited) 31 September 2022 AED'000
<b>Transactions with related parties:</b>		
Contribution written through a related party broker	1,093	5,477
Other transaction	486	-
Claims paid - net	381	2
Policy acquisition cost paid	5	855
Contribution written for related parties	-	1,653
Management expenses (net)	-	845

**10 Share capital**

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Authorised and issued and fully paid:		
154,000,000 ordinary shares of AED 1 each (2022: 154,000,000)	154,000	154,000

**11 Statutory reserve**

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. 32 of 2021, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable legal reserve. As per the Company's Articles of Association, such transfers are required until the balance in the legal reserve equals 50% of the Company's paid-up share capital. No transfer to the statutory reserve has been made during the nine-months period ended 30 September 2023 (nine-months period ended 30 September 2022: Nil), as this will be based on the audited results for the year end.

**12 Retakaful reserve**

In accordance with Article 34 of the Central Bank of UAE's Board of Directors Decision No. (23) of 2019, the Company allocated an amount equals to 0.5% of the total retakaful contributions ceded to retakaful reserve. No transfer to the retakaful reserve has been made during the nine-months period ended 30 September 2023 (nine-months period ended 30 September 2022: Nil), as this will be based on the audited results for the year end. This reserve is accumulated year after year and may not be disposed of without the written approval of the Central Bank of United Arab Emirates.

**13 Wakala and Mudarib's fees**

*Wakala fees*

Wakala fee for the period ended 30 September 2023 amounted to AED 25.11 million (2022: AED 27.72 million) the fee is calculated at maximum of 30% of gross contribution of AED 97.94 million (2022: AED 95.40 million) without any deduction of policy acquisition cost. Wakala fee is charged to the statement of income when incurred.

*Mudarib's fees*

The shareholders also manage the policyholders' investment funds and charge Mudarib's fees. Mudarib's fees is charged at 30% of realised investment income. Mudarib's fees for the period ended 30 September 2023 amounted to AED 0.504 million (30 September 2022: AED 0.145 million).

**Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance**  
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**Notes to the condensed interim financial information**  
**For the period ended 30 September 2023**

**14 Takaful service expense**

	Motor AED'000	General AED'000	Medical & life AED'000	Total AED'000
<b>For the nine-months period ended 30 September 2023 (Unaudited)</b>				
Incurred claims and other expenses	53,088	2,834	24,495	80,417
Losses on onerous contracts and reversals of those losses	863	-	(1,925)	(1,062)
Changes to liabilities for incurred claims	16,135	(287)	(1,212)	14,636
	<u>70,086</u>	<u>2,547</u>	<u>21,358</u>	<u>93,991</u>
<b>For the nine-months period ended 30 September 2022 (Unaudited)</b>				
Incurred claims and other expenses	36,180	10,144	23,256	69,580
Losses on onerous contracts and reversals of those losses	4,623	-	575	5,198
Changes to liabilities for incurred claims	13,209	341	1,255	14,805
	<u>54,012</u>	<u>10,485</u>	<u>25,086</u>	<u>89,583</u>
<b>For the three-months period ended 30 September 2023 (Unaudited)</b>				
Incurred claims and other expenses	17,306	1,028	6,253	24,587
Losses on onerous contracts and reversals of those losses	(1,010)	-	(67)	(1,077)
Changes to liabilities for incurred claims	6,205	(3,191)	970	3,984
	<u>22,501</u>	<u>(2,163)</u>	<u>7,156</u>	<u>27,494</u>
<b>For the three-months period ended 30 September 2022 (Unaudited)</b>				
Incurred claims and other expenses	16,309	7,520	4,082	27,911
Losses on onerous contracts and reversals of those losses	2,663	-	558	3,221
Changes to liabilities for incurred claims	2,995	737	1,461	5,193
	<u>21,967</u>	<u>8,257</u>	<u>6,101</u>	<u>36,325</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 2023**

**15 Net takaful financial result**

	Motor AED'000	General AED'000	Medical & life AED'000	Total AED'000
<b>For the nine-months period ended 30 September 2023 (Unaudited)</b>				
Due to changes in interest rates and other financial assumptions	(551)	(166)	(241)	(958)
<b>Total takaful finance expenses from takaful contracts issued</b>	<b>(551)</b>	<b>(166)</b>	<b>(241)</b>	<b>(958)</b>
Due to changes in interest rates and other financial assumptions	195	124	(109)	210
<b>Retakaful finance income/(expense) from retakaful contracts held</b>	<b>195</b>	<b>124</b>	<b>(109)</b>	<b>210</b>
<b>For the nine-months period ended 30 September 2022 (Unaudited)</b>				
Due to changes in interest rates and other financial assumptions	1	58	(62)	(3)
<b>Total takaful finance income/(expenses) from takaful contracts issued</b>	<b>1</b>	<b>58</b>	<b>(62)</b>	<b>(3)</b>
Due to changes in interest rates and other financial assumptions	(52)	(52)	13	(91)
<b>Retakaful finance (expense)/income from retakaful contracts held</b>	<b>(52)</b>	<b>(52)</b>	<b>13</b>	<b>(91)</b>
<b>For the three-months period ended 30 September 2023 (Unaudited)</b>				
Due to changes in interest rates and other financial assumptions	18	(3)	(26)	(11)
<b>Total takaful finance income/(expenses) from takaful contracts issued</b>	<b>18</b>	<b>(3)</b>	<b>(26)</b>	<b>(11)</b>
Due to changes in interest rates and other financial assumptions	45	4	(115)	(66)
<b>Retakaful finance income/(expense) from retakaful contracts held</b>	<b>45</b>	<b>4</b>	<b>(115)</b>	<b>(66)</b>
<b>For the three-months period ended 30 September 2022 (Unaudited)</b>				
Due to changes in interest rates and other financial assumptions	(173)	(61)	(19)	(253)
<b>Total takaful finance expenses from takaful contracts issued</b>	<b>(173)</b>	<b>(61)</b>	<b>(19)</b>	<b>(253)</b>
Due to changes in interest rates and other financial assumptions	73	44	8	125
<b>Retakaful finance income from retakaful contracts held</b>	<b>73</b>	<b>44</b>	<b>8</b>	<b>125</b>

**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 2023**

**16 Investment income**

	(Unaudited) Three-months period ended 30 September 2023 AED'000	(Unaudited) Three-months period ended 30 September 2022 AED'000	(Unaudited) Nine-months period ended 30 September 2023 AED'000	(Unaudited) Nine-months period ended 30 September 2022 AED'000
Profit on disposal of financial investments at FVTPL	-	1	15	1
Unrealised gain on financial investments at FVTPL	-	26	-	4
Dividends from financial investments at FVTPL	-	64	23	364
Income from investment properties	1,626	1,920	6,470	5,727
Profit on sukuk	210	645	1,274	1,758
Loss on sale of Sukuk at FVTOCI	-	-	(3,019)	-
Dividend from other financial assets	143	187	384	418
Income from wakala deposit	2,654	474	5,162	908
Loss on sale of investment property	(3,687)	-	(3,181)	-
Profit on sale of asset	-	-	68	1
Expenses allocated to investment	(60)	(185)	(407)	(548)
	<b>886</b>	<b>3,132</b>	<b>6,789</b>	<b>8,633</b>
<i>Attributable to:</i>				
Participants	1,284	237	1,666	485
Shareholders	(398)	2,895	5,123	8,148
	<b>886</b>	<b>3,132</b>	<b>6,789</b>	<b>8,633</b>

**17 Loss per share**

Loss per share is calculated by dividing the loss for the period attributable to shareholders by the number of ordinary shares outstanding as of the end of the period as follows:

	Three-months period ended 30 September 2023 (Unaudited)	Three-months period ended 30 September 2022 (Restated) (Unaudited)	Nine-months period ended 30 September 2023 (Unaudited)	Nine-months period ended 30 September 2022 (Restated) (Unaudited)
Loss for the period attributable to shareholders (in AED'000)	(9,477)	(12,136)	(32,849)	(17,704)
Number of ordinary shares outstanding (shares)	154,000,000	154,000,000	154,000,000	154,000,000
Basic and diluted loss per share (in AED)	<b>(0.06)</b>	<b>(0.08)</b>	<b>(0.21)</b>	<b>(0.11)</b>

Diluted loss per share as of 30 September 2023 and 30 September 2022 are equivalent to basic loss per share as the Company did not issue any new instrument that would impact loss per share when executed.

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance  
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**18 Segment information**

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

	Nine months period ended 30 September 2023 (Unaudited)			Nine months period ended 30 September 2022 (Unaudited)		
	Attributable to participants	Attributable to shareholders	Total	Attributable to participants	Attributable to shareholders	Total
	AED'000	AED'000	AED'000	Restated AED'000	Restated AED'000	Restated AED'000
<b>Takaful</b>						
Takaful revenue	97,941	-	97,941	95,402	-	95,402
Takaful service expenses	(93,991)	-	(93,991)	(89,583)	-	(89,583)
Allocation of retakaful contributions	(34,229)	-	(34,229)	(24,601)	-	(24,601)
Amounts recoverable from retakaful for incurred claims	21,278	-	21,278	20,635	-	20,635
Takaful finance expenses for takaful contracts issued	(958)	-	(958)	(3)	-	(3)
Retakaful finance income/(expense) for retakaful contracts held	210	-	210	(91)	-	(91)
<b>Net takaful (loss)/income</b>	<b>(9,749)</b>	<b>-</b>	<b>(9,749)</b>	<b>1,759</b>	<b>-</b>	<b>1,759</b>
Wakala fees	(25,110)	25,110	-	(27,721)	27,721	-
Mudarib share	(504)	504	-	(145)	145	-
Other income	816	-	816	326	-	326
Investment income	1,666	-	1,666	485	-	485
	<b>(32,881)</b>	<b>25,614</b>	<b>(7,267)</b>	<b>(25,296)</b>	<b>27,866</b>	<b>2,570</b>
<b>Investment</b>						
Investment income	-	5,123	5,123	-	8,148	8,148
Other income	-	1,782	1,782	-	1,950	1,950
Policy acquisition cost	-	(13,058)	(13,058)	-	(12,501)	(12,501)
General and administration expenses	-	(19,429)	(19,429)	-	(17,871)	(17,871)
<b>(Loss)/profit for the period</b>	<b>(32,881)</b>	<b>32</b>	<b>(32,849)</b>	<b>(25,296)</b>	<b>7,592</b>	<b>(17,704)</b>

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance  
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**18 Segment information (continued)**

Other information

	Takaful		Investment		Total
	(Unaudited) 30 September 2023 AED'000	Restated (Unaudited) 31 December 2022 AED'000	(Unaudited) 30 September 2023 AED'000	Restated (Unaudited) 31 December 2022 AED'000	(Unaudited) 30 September 2023 AED'000
Segment assets	141,689	131,813	235,735	329,013	377,424
Segment liabilities	141,689	131,813	14,297	77,565	155,986
					209,378
	Takaful		Investment		Total
	Nine months period ended 30 September (Unaudited) 2023 AED'000	2022 AED'000	Nine months period ended 30 September (Unaudited) 2023 AED'000	2022 AED'000	Nine months period ended 30 September (Unaudited) 2023 AED'000
Capital expenditure	-	-	180	463	180
Depreciation	-	-	941	852	941
					852

# 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 2023

### 19 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### Fair value of investments 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 except for financial investments measured at fair value through other comprehensive income of which fair value is determined based on the quoted market prices and disclosed in Note 5 of this condensed interim financial information.

#### Fair value of financial instruments carried at fair value

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

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2022.

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.

The following table provides an analysis of financial and non- 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 the fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- Level 2 the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are unobservable, the instrument is included in Level 2.
- Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>30 September 2023 (Unaudited)</b>					
<i>Financial assets at FVTOCI</i>					
Investment in quoted sukuks	(a)	18,442	-	-	18,442
Investment in unquoted securities	(b)	-	-	11,498	11,498
		<u>18,442</u>	<u>-</u>	<u>11,498</u>	<u>29,940</u>
<i>Financial assets at FVTPL</i>					
Investment in unquoted securities	(b)	-	-	515	515
		<u>-</u>	<u>-</u>	<u>515</u>	<u>515</u>
<b>31 December 2022 (Audited)</b>					
<i>Financial assets at FVTOCI</i>					
Investment in quoted sukuks	(a)	56,946	-	-	56,946
Investment in unquoted securities	(b)	-	-	11,498	11,498
		<u>56,946</u>	<u>-</u>	<u>11,498</u>	<u>68,444</u>
<i>Financial assets at FVTPL</i>					
Investment in quoted securities	(a)	3,538	-	-	3,538
Investment in unquoted securities	(b)	-	-	515	515
		<u>3,538</u>	<u>-</u>	<u>515</u>	<u>4,053</u>

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Notes to the condensed interim financial information  
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**19 Fair value measurements (continued)**

Fair value of financial instruments carried at fair value (continued)

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

(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 2023 (31 December 2022: 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 2023. All the unquoted securities fall under level 3 of fair value hierarchy therefore use of estimate is significant.

**20 Capital risk management**

The solvency regulations identify the required Solvency Margin to be held in addition to takaful liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the period. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations. In accordance with Circular No. CBUAE/BSN/2022/923 of CBUAE dated 28 February 2022, the Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	(Unaudited) 30 June 2023 AED'000	(Unaudited) 31 December 2022 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	35,253	41,170
Minimum Guarantee Fund (MGF)	25,081	25,692
Basic Own Funds	145,801	118,818
MCR Solvency Margin - Surplus	45,801	18,818
SCR Solvency Margin - Surplus	110,548	77,648
MGF Solvency Margin - Surplus	120,719	93,126

Based on the regulatory requirements, the minimum regulatory capital required is AED 100 million as at 30 June 2023 and 31 December 2022 against which the paid-up capital of the Company is AED 154 million.

**21 Commitments and contingent liabilities**

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Letters of guarantee	10,421	10,421

**22 Dividends**

The Board has not proposed any dividend for the year ended 31 December 2022 (The shareholders approved a cash dividend of 15% amounting to AED 23,100,000 for the year 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 2023**

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**23 Internal Sharia Supervision Committee**

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

According to the Company's Internal Sharia Supervision Committee, the Company is required to identify any income deemed to be derived from transactions not acceptable under Islamic Sharia principles, as interpreted by Internal Sharia Supervision Committee, 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 Subsequent events**

There have been no events subsequent to the condensed interim statement of financial position date that would significantly affect the amounts reported in the condensed interim financial information as at and for the nine-months period ended 30 September 2023.