

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

REVIEW REPORT AND INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2024 (UNAUDITED)



REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

Dear Shareholders,

We have the pleasure in presenting you the financial results of Arabian Scandinavian Insurance Company (PLC) - Takaful - Ascana Insurance (“ASCANA”) (the “Company”) (“Sukoon Takaful”) for the financial period ended 31 March 2024.

We are pleased to inform you that Sukoon Takaful has turned around and is now on the path to profitability resulting due to our several strategic initiatives to improve profitability and efficiency. It will form a key pillar in our overall growth strategy as we diversify our insurance offerings to a wider clientele who are seeking sharia-compliant insurance solutions. As we continue to execute our strategic initiatives, we remain committed to delivering long-term value to our shareholders.

Takaful revenue for the three months ended 31 March 2024 is AED 26.03 million as against AED 31.99 million for the same period last year.

Net profit attributable to shareholders has reached AED 3.06 million in three months ended 31 March 2024 against the net loss of AED 14.04 million in the same period last year.

Participants’ surplus has reached AED 0.85 million in three months ended 31 March 2024 against a deficit of AED 20.63million in the same period last year.

We appreciate the support of our stakeholders and would like to express our gratitude as we embark on this journey of transformation to supplant Sukoon Takaful 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,



Saood Abdulaziz Al Ghurair
Chairman
07th of May 2024

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARABIAN SCANDINAVIAN INSURANCE COMPANY (PLC) - TAKAFUL - ASCANA INSURANCE

Introduction

We have reviewed the accompanying interim condensed financial statements of Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance (the “Company”) as at 31 March 2024 which comprise the interim statement of financial position as at 31 March 2024 and the related interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, “*Interim Financial Reporting*”.

Other Matter

The interim condensed financial statements of the Company as of 31 March 2023 were reviewed by another auditor whose report dated 15 May 2023 expressed an unmodified conclusion on those interim condensed financial statements. Also, the financial statements as of 31 December 2023, were audited by another auditor whose report dated 31 January 2024 expressed an unmodified opinion on those financial statements.

For Ernst & Young



Ashraf Abu-Sharkh
Partner
Registration No.: 690

7 May 2024

Dubai, United Arab Emirates

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (unaudited)

		31 March 2024	31 December 2023
	<i>Notes</i>	AED'000	AED'000
		(Unaudited)	(Audited)
ASSETS			
Participants' assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	1,616	1,625
Retakaful contract assets	6	15,672	17,166
Prepayments and other receivables		2,393	1,318
Due from shareholders		25,866	30,755
Cash and bank balances	7	98,416	107,717
Total participants' assets		143,963	158,581
SHAREHOLDERS' ASSETS			
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	28,208	28,614
Investments at fair value through profit or loss ("FVTPL")	5	557	557
Investment properties		67,510	67,510
Property and equipment		881	1,054
Intangible assets		360	408
Deferred policy acquisition cost		4,880	4,956
Prepayments and other receivables		5,769	4,809
Cash and bank balances	7	94,211	96,446
Statutory deposits		10,000	10,000
Total shareholders' assets		212,376	214,354
TOTAL ASSETS		356,339	372,935
PARTICIPANTS' LIABILITIES AND DEFICIT			
Participants' liabilities			
Takaful contract liabilities	6	134,099	147,950
Retakaful contract liabilities	6	-	1,347
Other liabilities		9,864	9,284
Total participants' liabilities		143,963	158,581
Participants' deficit			
Qard Hassan against deficit in participants' fund		(158,273)	(159,125)
Less: Provision against Qard Hassan to participants' fund		158,273	159,125
		-	-
Total participants' liabilities and deficit		143,963	158,581

The notes from 1 to 25 form an integral part of these interim condensed financial statements.

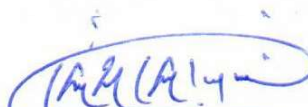
Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
INTERIM STATEMENT OF FINANCIAL POSITION (continued)
As at 31 March 2024 (unaudited)

	Notes	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Employees' end of service benefits		1,464	1,371
Due to participants		25,866	30,755
Other liabilities		7,080	6,907
Total shareholders' liabilities		34,410	39,033
SHAREHOLDERS' EQUITY			
Share capital	10	154,000	154,000
Statutory reserve	11	77,000	77,000
Retakaful reserves	12	767	695
Cumulative changes in fair value of FVTOCI investments		(5,375)	(4,960)
Accumulated losses		(48,426)	(51,414)
Total shareholders' equity		177,966	175,321
Total shareholders' liabilities and equity		212,376	214,354
TOTAL LIABILITIES, PARTICIPANTS' FUND AND EQUITY		356,339	372,935

To the best of our knowledge, the interim condensed financial statements present fairly in all material respects the financial condition, results of operation and cashflows of the Company as of, and for, the periods presented therein.



Saood Abdulaziz Al Ghurair
Chairman



Mr. Ahmed M.A. Abushanab
CEO

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

INTERIM STATEMENT OF PROFIT OR LOSS

For the three-months period ended 31 March 2024 (unaudited)

		<i>Three-months period ended 31 March</i>	
	<i>Notes</i>	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Attributable to participants			
Takaful revenue		26,032	31,993
Takaful service expenses	14	(12,377)	(38,809)
Takaful service result before retakaful contracts held			
Allocation of retakaful contributions		13,655	(6,816)
Amounts recoverable from retakaful for incurred claims		(11,569)	(12,483)
		6,571	10,665
Net expenses from retakaful contracts held			
		(4,998)	(1,818)
Takaful service result			
		8,657	(8,634)
Takaful finance expenses for takaful contracts issued	15	(1,352)	(805)
Retakaful finance income for retakaful contracts held	15	368	241
Net takaful profit/(loss)			
		7,673	(9,198)
Investment income	16	1,342	414
Other income		255	3
Wakala fees	13	(8,016)	(11,727)
Mudarib share	13	(402)	(124)
Profit/(loss) for the period attributable to participants			
		852	(20,632)
Attributable to shareholders			
Investment income	16	2,920	3,828
Other income		11	1,772
Total investment income			
		2,931	5,600
Wakala fees		8,016	11,727
Mudarib share		402	124
		11,349	17,451
Expenses			
Policy acquisition costs		(3,227)	(4,172)
General and administrative expenses		(5,653)	(6,691)
Income for the period before Qard Hassan			
		2,469	6,588
Recovery against Qard Hassan to participants		852	(20,632)
Profit/(loss) before tax			
		3,321	(14,044)
Income tax expense	24	(261)	-
Net profit /(loss) for the period			
		3,060	(14,044)
Earnings per share (AED)	17	0.020	(0.091)

The notes from 1 to 25 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2024 (unaudited)

	<i>Three-months period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Attributable to shareholders		
Profit/(loss) for the period	3,060	(14,044)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Unrealised (loss)/gain on debt instruments designated at FVTOCI	(402)	230
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Unrealised loss in fair value of equity investments designated at FVTOCI	(13)	-
Other comprehensive (loss)/income for the period attributable to shareholders	(415)	230
Total comprehensive income/(loss) for the period attributable to shareholders	2,645	(13,814)

The notes from 1 to 25 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2024 (unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Retakaful reserve AED'000</i>	<i>Cumulative changes in fair value of FVTOCI investments AED'000</i>	<i>Retained earnings/ (accumulated losses) AED'000</i>	<i>Total equity AED'000</i>
Balance as at 1 January 2023 (audited)	154,000	77,000	479	(5,363)	25,332	251,448
Loss for the period	-	-	-	-	(14,044)	(14,044)
Other comprehensive Income transferred to retained earnings	-	-	-	690	(690)	-
Other comprehensive income for the period	-	-	-	230	-	230
Total comprehensive loss for the period	-	-	-	920	(14,734)	(13,814)
Balance at 31 March 2023 (unaudited)	154,000	77,000	479	(4,443)	10,598	237,634
Balance at 1 January 2024 (audited)	154,000	77,000	695	(4,960)	(51,414)	175,321
Profit for the period	-	-	-	-	3,060	3,060
Other comprehensive loss for the period	-	-	-	(415)	-	(415)
Total comprehensive income for the period	-	-	-	(415)	3,060	2,645
Retakaful reserve	-	-	72	-	(72)	-
Balance at 31 March 2024 (unaudited)	154,000	77,000	767	(5,375)	(48,426)	177,966

The notes from 1 to 25 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 March 2024 (unaudited)

	<i>Three-months period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax for the period	3,321	(14,044)
Adjustments for:		
Depreciation of property and equipment	187	310
Amortisation of intangible assets	48	48
Unrealised gain/(loss) on financial assets at FVTPL	-	51
Realised gain/(loss) on disposal of financial assets at FVTPL	-	(86)
Rental income	(1,160)	(2,432)
Dividends income from financial assets	(133)	(165)
Profit on sale of property & equipment	-	(68)
Funding cost on lease liability	-	6
Profit on wakala deposits & sukuks	(2,969)	(1,128)
Provision for employees' end of service indemnity	303	71
Operating cash flows before changes in working capital	(403)	(17,437)
Change in retakaful contract assets	1,494	(6,842)
Change in prepayments and other receivables	(804)	(752)
Change in deferred acquisition costs	76	(1,160)
Change in retakaful & retakaful contract liabilities	(15,198)	16,265
Change in other liabilities	1,024	1,828
Cash used in operating activities	(13,811)	(8,098)
Employees end of service benefits paid	(211)	(6)
Net cash used in operating activities	(14,022)	(8,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(14)	(23)
Proceeds from sale of property and equipment	-	146
Proceeds from sale of other financial assets	-	10,687
Proceeds from sale of investment properties	-	6,000
Rental income received	1,097	2,432
Profit received on sukuk and wakala deposit	1,796	1,128
Dividend received	133	165
Change in wakala deposit with maturity more than 3 months	2,842	(37,547)
Net cash generated from / (used in) from investing activities	5,854	(17,012)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payment of lease liability	(526)	(527)
Net cash used in financing activities	(526)	(527)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,694)	(25,643)
Cash and cash equivalents at the beginning of the year	13,510	71,022
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 8)	4,816	45,379

The notes from 1 to 25 form an integral part of these interim condensed financial statements.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

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

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 approved conversion of the Company's business from conventional insurance to Takaful insurance. The Board of Directors appointed 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 year ended 31 December 2023, Sukoon Insurance P.J.S.C. (formerly "Oman Insurance Company P.S.C.") 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 Mashreqbank PSC which is incorporated in the Emirate of Dubai.

During the General Assembly meeting held on 29 March 2024, shareholders have approved the change of the legal name of the Company to "Sukoon Takaful PJSC", subject to regulatory approvals.

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

2 BASIS OF PREPARATION

The interim condensed financial statements are for the three months period ended 31 March 2024 and have been prepared in accordance with IAS 34 *Interim Financial Reporting* and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2023. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024.

3.1 NEW STANDARDS AND INTERPRETATIONS

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Judgements and estimates

The preparation of this interim condensed financial statements 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 interim condensed financial statements, 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 2023.

5 INVESTMENT SECURITIES

Financial assets at FVTOCI

Financial assets at FVTOCI comprises the following:

	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Inside UAE		
Unquoted equity securities	247	247
Quoted Sukuk	21,280	21,293
	21,527	21,540
Outside UAE		
Unquoted equity securities	8,297	8,699
	29,824	30,239
Attributable to:		
Participants	1,616	1,625
Shareholders	28,208	28,614
	29,824	30,239
Financial assets measured at FVTPL		
Inside UAE		
Unquoted equity securities	557	557
	557	557

All financial assets measured at FVTPL are attributable to Shareholders.

The movement in financial assets are as follows:

	FVTOCI		FVTPL	
	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
Fair value, at the beginning of the period/year	30,239	68,444	557	4,053
Purchased during the period/year	-	2,734	-	-
Sold during the period/year	-	(38,323)	-	(3,538)
Change in fair value	(415)	(2,616)	-	42
Fair value, at the end of the period/year	29,824	30,239	557	557

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

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:

	<i>(Unaudited)</i> <i>31 March 2024</i>			<i>(Audited)</i> <i>31 December 2023</i>		
	<i>Assets</i> <i>AED'000</i>	<i>Liabilities</i> <i>AED'000</i>	<i>Net</i> <i>AED'000</i>	<i>Assets</i> <i>AED'000</i>	<i>Liabilities</i> <i>AED'000</i>	<i>Net</i> <i>AED'000</i>
Takaful contracts issued						
Motor	-	(79,281)	(79,281)	-	(96,500)	(96,500)
Medical & group life	-	(25,952)	(25,952)	-	(27,465)	(27,465)
General	-	(28,866)	(28,866)	-	(23,985)	(23,985)
Total takaful contracts issued	-	(134,099)	(134,099)	-	(147,950)	(147,950)
Retakaful contracts held						
Motor	8,793	-	8,793	1,565	(1)	1,564
Medical & group life	1,378	-	1,378	8,698	(556)	8,142
General	5,501	-	5,501	6,903	(790)	6,113
Total Retakaful contracts held	15,672	-	15,672	17,166	(1,347)	15,819

Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as on 31 December 2023

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 reconciliation 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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) measured under PAA

31 March 2024 (Unaudited)

	<i>Liabilities for remaining coverage</i>		<i>Liabilities for incurred claims</i>		
	<i>Excluding loss component AED'000</i>	<i>Loss component AED'000</i>	<i>Estimates of the present value of future cash flows AED'000</i>	<i>Risk adjustment AED'000</i>	<i>Total AED'000</i>
Takaful contracts liabilities at beginning of period	(30,788)	(20,783)	(93,461)	(2,918)	(147,950)
Takaful revenue	26,032	-	-	-	26,032
Takaful service expenses					
Incurred claims and other expenses	-	-	(45,574)	796	(44,778)
Losses on onerous contracts and reversals of those losses	-	7,681	-	-	7,681
Changes to liabilities for incurred claims	-	-	17,640	(936)	16,704
Takaful service expenses*	-	7,681	(27,934)	(140)	(20,393)
Takaful service result	26,032	7,681	(27,934)	(140)	5,639
Takaful finance expenses	-	-	(1,354)	2	(1,352)
Total changes in the statement of profit or loss	26,032	7,681	(29,288)	(138)	4,287
Cash flows					
Contributions received	(25,437)	-	-	-	(25,437)
Claims and other expenses paid	-	-	35,001	-	35,001
Total cash flows	(25,437)	-	35,001	-	9,564
Takaful contracts liabilities at end of the period	(30,193)	(13,102)	(87,748)	(3,056)	(134,099)

*Takaful service expense of AED 20,393 thousand consist of AED 12,377 thousand pertaining to Participants' operations and AED 8,016 thousand relating to Wakala charged by Shareholders to Participants.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) measure under PAA

31 December 2023 (Audited)

	<i>Liabilities for remaining coverage</i>		<i>Liabilities for incurred claims</i>		
	<i>Excluding loss component AED'000</i>	<i>Loss component AED'000</i>	<i>Estimates of the present value of future cash flows AED'000</i>	<i>Risk adjustment AED'000</i>	<i>Total AED'000</i>
Takaful contracts liabilities at beginning of the year	(46,074)	(13,800)	(62,281)	(1,159)	(123,314)
Takaful revenue	126,584	-	-	-	126,584
Takaful service expenses					
Incurred claims and other expenses	-	-	(190,247)	(1,302)	(191,549)
Losses on onerous contracts and reversals of those losses	-	(6,983)	-	-	(6,983)
Changes to liabilities for incurred claims	-	-	15,426	(459)	14,967
Takaful service expenses	-	(6,983)	(174,821)	(1,761)	(183,565)
Takaful service result	126,584	(6,983)	(174,821)	(1,761)	(56,981)
Takaful finance expenses	-	-	(1,100)	2	(1,098)
Total changes in the statement of comprehensive income	126,584	(6,983)	(175,921)	(1,759)	(58,079)
Cash flows					
Contributions received	(111,298)	-	-	-	(111,298)
Claims and other expenses paid	-	-	144,741	-	144,741
Total cash flows	(111,298)	-	144,741	-	33,443
Net takaful contract liabilities at the end of the year	(30,788)	(20,783)	(93,461)	(2,918)	(147,950)

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

Reconciliation of the retakaful asset or liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) measured under PAA

31 March 2024 (Unaudited)

	<i>Assets for remaining coverage</i>		<i>Amounts recoverable on incurred claims</i>		
	<i>Excluding loss recovery component AED'000</i>	<i>Loss component AED'000</i>	<i>Estimates of the present value of future cash flows AED'000</i>	<i>Risk adjustment AED'000</i>	<i>Total AED'000</i>
Retakaful contract assets at start of the period	(3,437)	24	19,882	697	17,166
Retakaful contract liabilities at start of the period	(7,491)	306	5,638	200	(1,347)
Net retakaful contract assets at start of the period	(10,928)	330	25,520	897	15,819
Allocation of retakaful contributions	(11,239)	(330)	-	-	(11,569)
Amounts recoverable incurred claims and other expenses	-	-	7,372	(250)	7,122
Amortisation of takaful acquisition cash flows	1,664	-	-	-	1,664
Loss-recovery on onerous underlying contracts and adjustments	-	112	-	-	112
Changes to amounts recoverable for incurred claims	-	-	(2,695)	367	(2,328)
Amounts recoverable from retakaful for incurred claims	1,664	112	4,677	117	6,571
Net income or expense from retakaful contracts held	(9,575)	(218)	4,677	117	(4,998)
Retakaful finance income	-	-	368	-	368
Total changes in the statement of comprehensive income	(9,575)	(218)	5,046	117	(4,630)
Cash flows					
Contributions received	9,375	-	-	-	9,375
Claims and other acquisition expenses paid	(2,552)	-	(2,340)	-	(2,552)
Total cash flows	6,823	-	(2,340)	-	4,483
Net retakaful contract assets at end of the period	(13,680)	112	28,226	1,014	15,672

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

Reconciliation of the retakaful asset or liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) measured under PAA

31 December 2023 (Audited)

	<i>Assets for remaining coverage</i>		<i>Amounts recoverable on incurred claims</i>		
	<i>Excluding loss recovery component AED'000</i>	<i>Loss component AED'000</i>	<i>Estimates of the present value of future cash flows AED'000</i>	<i>Risk adjustment AED'000</i>	<i>Total AED'000</i>
Retakaful contract at start of the year	(1,046)	821	16,945	507	17,227
Retakaful contract liabilities at start of the year	(774)	2	426	-	(346)
Net retakaful contract assets at start of the year	(1,820)	823	17,371	507	16,881
Allocation of retakaful contributions	(43,663)	(823)	-	-	(44,486)
Amounts recoverable from retakaful for incurred claims					
Amounts recoverable incurred claims and other expenses	7,947	-	23,208	11	31,166
Loss-recovery on onerous underlying contracts and adjustments	-	330	-	-	330
Changes to amounts recoverable for incurred claims	-	-	(3,474)	380	(3,094)
Amounts recoverable from retakaful for incurred claims	7,947	330	19,734	391	28,402
Net income or expense from retakaful contracts held	(35,716)	(493)	19,734	391	(16,084)
Retakaful finance income	-	-	275	(1)	274
Total changes in the statement of comprehensive income	(35,716)	(493)	20,009	390	(15,810)
Cash flows					
Contributions received	33,831	-	-	-	33,831
Claims and other acquisition expenses paid	(7,223)	-	(11,860)	-	(19,083)
Total cash flows	26,608	-	(11,860)	-	14,748
Net retakaful contract assets at end of the year	(10,928)	330	25,520	897	15,819
Retakaful contract assets at end of the year	(3,437)	24	19,882	697	17,166
Retakaful contract liabilities at end of the year	(7,491)	306	5,638	200	(1,347)
Net retakaful contract assets at end of the year	(10,928)	330	25,520	897	15,819

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

7 CASH AND BANK BALANCES

	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Cash on hand	12	6
Bank balances:		
Wakala deposits	188,811	193,881
Current accounts	3,804	10,276
	192,627	204,163
<i>Attributable to:</i>		
Participants	98,416	107,717
Shareholders	94,211	96,446
	192,627	204,163

8 CASH AND CASH EQUIVALENTS

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

	31 March 2024 AED'000 (Unaudited)	31 March 2023 AED'000 (Audited)
Cash and bank balances	192,627	128,435
Wakala deposits with maturity over 3 months	(187,811)	(83,056)
	4,816	45,379

The profit rates on the Wakala deposits with banks range from 4.90% to 5.95% (2023: 4.60% to 5.85%).

9 RELATED PARTY TRANSACTIONS AND BALANCES

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.

	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Amounts due to related parties:		
<i>Related parties due to common ownership</i>		
Others	2,608	2,671

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	31 March 2024 AED'000 (Unaudited)	31 March 2023 AED'000 (Audited)
Gross contribution written for related parties	852	921
Management expenses (net)	-	715
Contribution written through a related party broker	-	2,308
Policy acquisition costs	40	335
Sale of investment property	-	6,000
Recovery claims	206	-
Claim settlement	195	24
	<hr/>	<hr/>
Compensation of key management personnel		
Short term benefits	193	270
Long term benefits	6	19
	<hr/>	<hr/>

10 SHARE CAPITAL

	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
<i>Authorised and issued and fully paid:</i>		
154,000,000 ordinary shares of AED 1 each (2023: 154,000,000)	154,000	154,000
	<hr/>	<hr/>

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 three-months period ended 31 March 2024 (three-months period ended 31 March 2023: Nil), as this has already reached to the 50% of the share capital.

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. During the three-months period ended 31 March 2024 amount of AED 72,373 (three-months period ended 31 March 2023: Nil) was transferred from retained earnings to this reserve. 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.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

13 WAKALA AND MUDARIB'S FEES

Wakala fees

Wakala fee for the period ended 31 March 2024 amounted to AED 8,016 thousand (31 March 2023: AED 11,727 thousand) the fee is calculated at maximum of 30% of gross contribution of AED 26,720 thousand (2023: AED 39,090 thousand) 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 31 March 2024 amounted to AED 402 thousand (31 March 2023: AED 124 thousand).

14 TAKAFUL REVENUE

	<i>Motor AED'000</i>	<i>General AED'000</i>	<i>Medical & group life AED'000</i>	<i>Total AED'000</i>
For the three month period ended 31 March 2024 (<i>unaudited</i>)				
Contracts measured under the PAA	10,263	8,505	7,264	26,032
For the three month period ended 31 March 2023 (<i>unaudited</i>)				
Contracts measured under the PAA	14,690	7,872	9,431	31,993

15 TAKAFUL SERVICE EXPENSE

	<i>Motor AED'000</i>	<i>General AED'000</i>	<i>Medical & life AED'000</i>	<i>Total AED'000</i>
<i>For the three-months period ended 31 March 2024 (unaudited)</i>				
Incurred claims and other expenses	20,752	5,679	10,330	36,761
Losses on onerous contracts and reversals of those losses	(6,730)	-	(951)	(7,681)
Changes to liabilities for incurred claims	(10,581)	(6,118)	(4)	(16,703)
	3,441	(439)	9,375	(12,377)
<i>For the three month period ended 31 March 2023 (unaudited)</i>				
Incurred claims and other expenses	19,139	970	13,119	33,228
Losses on onerous contracts and reversals of those losses	(289)	-	(1,921)	(2,210)
Changes to liabilities for incurred claims	8,138	2,577	(2,924)	7,791
	26,988	3,547	8,274	38,809

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

16 INVESTMENT INCOME

	<i>Three-months period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Income from wakala deposit	2,717	1,128
Income from investment properties (net)	1,160	2,432
Profit on sukuk	252	595
Dividend from other financial assets	133	165
Profit on disposal of financial investments at FVTPL	-	86
Unrealised loss on financial investments at FVTPL	-	(51)
Profit on sale of asset	-	68
Expenses allocated to investment	-	(181)
	4,262	4,242
<i>Attributable to:</i>		
Policyholders	1,342	414
Shareholders	2,920	3,828
	4,262	4,242

17 EARNINGS 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:

	<i>Three-months period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Profit/(Loss) for the period attributable to shareholders (in AED'000)	3,060	(14,044)
Number of ordinary shares outstanding (shares)	154,000,000	154,000,000
Basic and diluted loss per share (in AED)	0.020	(0.091)

Diluted profit/(loss) per share as of 31 March 2024 and 31 March 2023 are equivalent to basic profit/(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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

18 SEGMENT INFORMATION

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

	<i>Three months period ended 31 March 2024 (Unaudited)</i>			<i>Three months period ended 31 March 2023 (Unaudited)</i>		
	<i>Attributable to policyholders AED'000</i>	<i>Attributable to shareholders AED'000</i>	<i>Total AED'000</i>	<i>Attributable to policyholders AED'000</i>	<i>Attributable to shareholders AED'000</i>	<i>Total AED'000</i>
Takaful						
Takaful revenue	26,032	-	26,032	31,993	-	31,993
Takaful service expenses	(12,377)	-	(12,377)	(38,809)	-	(38,809)
Allocation of retakaful contributions	(11,569)	-	(11,569)	(12,483)	-	(12,483)
Amounts recoverable from retakaful for incurred claims	6,571	-	6,571	10,665	-	10,665
Takaful finance (expenses)/income for takaful contracts issued	(1,352)	-	(1,352)	(805)	-	(805)
Retakaful finance income/(expense) for retakaful contracts held	368	-	368	241	-	241
Net takaful income	7,673		7,673	(9,198)	-	(9,198)
Wakala fees	(8,016)	8,016	-	(11,727)	11,727	-
Mudarib fees	(402)	402	-	(124)	124	-
Other income	255	-	255	3	-	3
Investment income	1,342	-	1,342	414	-	414
	852	8,418	9,270	(20,632)	11,851	(8,781)
Investment						
Investment income	-	2,920	2,920	-	3,828	3,828
Other income	-	11	11	-	1,772	1,772
Policy acquisition cost	-	(3,227)	(3,227)	-	(4,172)	(4,172)
General and administration expenses	-	(5,653)	(5,653)	-	(6,691)	(6,691)
Profit/(Loss) before tax for the period	852	2,469	3,321	(20,632)	6,588	(14,044)

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

18 SEGMENT INFORMATION (continued)

Other information

	<i>Takaful</i>		<i>Investment</i>		<i>Total</i>	
	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Segment assets	143,963	158,581	212,376	214,354	356,339	372,935
Segment liabilities	143,963	158,581	34,410	39,033	178,373	197,614
	<i>Takaful Three months period ended 31 March (unaudited)</i>		<i>Investment Three months period ended 31 March (unaudited)</i>		<i>Total Three months period ended 31 March (unaudited)</i>	
	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Capital expenditure	-	-	14	23	14	23
Depreciation	-	-	235	358	235	358

NOTES TO THE INTERIM FINANCIAL INFORMATION

As at 31 March 2024 (unaudited)

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 interim condensed financial statements 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 interim condensed financial statements.

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 2023.

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.

		<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
31 March 2024 (Unaudited)					
<i>Financial assets at FVTOCI</i>					
Unquoted securities (outside UAE)		-	-	8,297	8,297
Quoted debt securities	(a)	21,280	-	-	21,280
Unquoted securities	(b)	-	-	247	247
		<u>21,280</u>	<u>-</u>	<u>8,544</u>	<u>29,824</u>
<i>Financial assets at FVTPL</i>					
Investment in unquoted securities	(b)	-	-	557	557
		<u>-</u>	<u>-</u>	<u>557</u>	<u>557</u>
31 December 2023 (Audited)					
<i>Financial assets at FVTOCI</i>					
Unquoted securities (outside UAE)		-	-	8,699	8,699
Quoted debt securities	(a)	21,293	-	-	21,293
Unquoted securities	(b)	-	-	247	247
		<u>21,293</u>	<u>-</u>	<u>8,946</u>	<u>30,239</u>
<i>Financial assets at FVTPL</i>					
Investment in unquoted securities	(b)	-	-	557	557
		<u>-</u>	<u>-</u>	<u>557</u>	<u>557</u>

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
NOTES TO THE INTERIM FINANCIAL INFORMATION
As at 31 March 2024 (unaudited)

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 31 March 2024 (31 December 2023: 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 31 March 2024. 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. The Company has disclosed the solvency position for the immediately preceding year since the current period's solvency position is not yet finalised.

	<i>31 December 2023 AED'000</i>
Minimum Capital Requirement (MCR)	100,000
Solvency Capital Requirement (SCR)	29,415
Minimum Guarantee Fund (MGF)	22,723
Basic Own Funds	154,146
MCR Solvency Margin - Surplus	54,146
SCR Solvency Margin - Surplus	124,731
MGF Solvency Margin – Surplus	131,423

Based on the regulatory requirements, the minimum regulatory capital required is AED 100 million as against which the paid-up capital of the Company is AED 154 million.

In accordance with Circular number CBUAE/BIS/2023/6163 of CBUAE dated 15 December 2023, the assets which are not in the Company's name should not be considered as admissible in regulatory statement of financial position. In the reported solvency figures as at 31 March 2024 as mentioned above, there are no such assets.

21 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Letters of guarantee	10,389	10,421

22 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.

23 SUBSEQUENT EVENTS

On 16 April 2024, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country. The Company is closely monitoring and assessing net impact of the event.

24 INCOME TAX

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim statement of profit or loss are:

	<i>Three-months period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Current income tax expense	261	-
Deferred income tax expense	-	-
	261	-

25 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements was approved and authorized for issue by the Board of Directors on 7 May 2024