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

Financial statements for the year ended
31 December 2021

Directors' report

The directors submit their report for the year ended 31 December 2021.

Incorporation and registered offices

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance - Dubai (the "Company") is a public shareholding company and was registered in 1992 under U.A.E. Federal Law No. (2) of 2015 (as amended) relating to commercial companies in U.A.E. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organisation of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

Principal activities

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

Financial position and results

The financial position and results of the Company for the year ended 31 December 2021 are set out in the accompanying financial statements.

Directors

The following were the Directors of the Company for the year ended 31 December 2021:

- H.H. Sheikh Butti Bin Maktoum Bin Juma Al Maktoum
- Mr. Khaled Habib Mohammed Al Redha
- Mr. Majid Mohammed Amin Al Kazim
- Mr. Faisal Aqeel Mohammed Al Bastaki
- Mr. Mahmoud Mohammed Hadi Hassan
- Dr. Mohammad Salim Ahmad Al Olama
- H.E. Abdulla Abdulrahman Al Shaibani

Auditors

Grant Thornton were appointed as auditors of the Company for the year ended 31 December 2021 and being eligible, have offered themselves for re-appointment. The Directors have proposed their appointment as auditors of the Company for the year ending 31 December 2022.

These financial statements for the year ended 31 December 2021 (including comparatives) were approved by the Board of Directors on 2 March 2022 and were signed on their behalf by:

Mr. Khalid Ahmad Al Kazim
CEO

Dubai, United Arab Emirates

Grant Thornton

Grant Thornton Audit and Accounting Limited (Dubai Branch)

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Independent auditor's report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance (the "Company"), Dubai, United Arab Emirates which comprise the statement of financial position as at 31 December 2021, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements together with the ethical requirements that are relevant to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Valuation of takaful contract liabilities and retakaful contract assets

The estimation of liabilities arising from takaful contracts such as outstanding claims, incurred but not reported claims, unallocated loss adjustment expenses and unearned premium reserve,

Independent auditor's report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

i) Valuation of takaful contract liabilities and retakaful contract assets (continued)

as disclosed in note 7 to the financial statements, involves a significant degree of judgement. These liabilities are based on the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs and the pattern of risk distribution over the coverage period. Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

We assessed management's calculations of the takaful contract liabilities and retakaful contract assets by performing the following procedures:

- Understood the governance process in place to determine the insurance contract liabilities;
- Tested the underlying Company data to source documentation on sample basis;
- Evaluated the competence, objectivity and independence of the management appointed actuary;
- Using our actuarial specialist team members, we applied our industry knowledge and experience, and compared the methodology, models and assumptions used against recognised actuarial practices; and
- Using our actuarial specialist team members, we checked the mathematical accuracy of the methodology applied on selected classes of business, particularly focusing on the largest and most uncertain reserves.

ii) Valuation of investment properties

The Company holds investment properties under the fair value model as at 31 December 2021 amounting to AED 159 million (2020: AED 155 million), as detailed in note 13. The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Company has involved independent external valuers in order to value the investment properties for the purpose of determining the fair value for inclusion in the financial statements. The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the valuation of these investment properties was significant to our audit.

Grant Thornton

Independent auditor's report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

ii) Valuation of investment properties (continued)

Our audit procedures, among others, included:

- Discussion with the independent valuer to understand the basis of valuation for each property and other judgements used in performing the valuation;
- Assessing the competence, capabilities, and objectivity of external valuers; and
- Assessing the appropriateness of the key assumptions and methodologies used.

Other information

Management is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) and Federal Law No.6 of 2007 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on the audit of the financial statements (continued)

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton

Independent auditor's report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on other Legal and Regulatory Requirements

Further, as required by the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations and UAE Federal Law No. (2) of 2015 (as amended), we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations and UAE Federal Law No. (2) of 2015 (as amended);

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;

v) note 10 to the financial statements discloses purchase of securities by the Company during the year ended 31 December 2021;

vi) note 9 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations and UAE Federal Law No.(2) of 2015 (as amended) or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2021.

GRANT THORNTON

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON
Osama El Bakry
Registration No: 935
Dubai, 2 March 2022

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of financial position
As at 31 December 2021

	Notes	2021 AED'000	2020 AED'000
ASSETS			
Takaful operations' assets			
Cash and bank balances	5	**43,694**	47,404
Takaful and retakaful receivables	6	**32,796**	23,132
Retakaful contract assets:			
Unearned contribution	7	**10,982**	8,120
Claims reported unsettled	7	**11,524**	21,719
Claims incurred but not reported	7	**3,808**	3,779
Additional unexpired risk reserve	7	**1,059**	-
Prepayments and other receivables	8	**1,738**	1,532
Due from related parties	9	**568**	6,294
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	**3,765**	3,774
Deferred policy acquisition cost		**9,324**	5,618
Total takaful operations' assets		**119,258**	121,372
Shareholders' assets			
Cash and bank balances	5	**101,045**	141,734
Statutory deposits	11	**10,000**	10,000
Prepayments and other receivables	8	**4,365**	7,774
Due from policyholders	12	**27,290**	23,845
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	**54,212**	22,731
Other financial assets measured at fair value through profit and loss (FVTPL)	10	**11,225**	4,417
Investment properties	13	**158,715**	154,538
Property and equipment	14	**2,335**	1,351
Intangible assets	15	**481**	486
Total shareholders' assets		**369,668**	366,876
Total assets		**488,926**	488,248

The accompanying notes 1 to 42 form an integral part of these financial statements.

	Notes	2021 AED'000	2020 AED'000
LIABILITIES, POLICYHOLDERS' FUND AND EQUITY			
Takaful operations' liabilities and policyholders' fund			
Takaful operations' liabilities			
Takaful and retakaful payables	16	31,297	34,481
Takaful contract liabilities:			
Unearned contribution	7	65,073	49,434
Claims reported unsettled	7	17,870	29,972
Claims incurred but not reported	7	9,286	11,382
Unallocated loss adjustments expense reserve	7	1,816	1,565
Additional unexpired risk reserve	7	4,767	2,041
Other liabilities	17	7,463	5,240
Due to related parties	9	8	6
Due to shareholders	12	27,290	23,845
Deferred discount		2,290	1,806
Total takaful operations' liabilities		167,160	159,772
Policyholders' fund			
Deficit in policyholders' fund	18	(47,902)	(38,400)
Qard Hassan from shareholders	18	47,902	38,400
Total policyholders' fund		-	-
Liabilities and policyholders' fund		167,160	159,772
Shareholders' liabilities and equity			
Shareholders' liabilities			
Provision for employees' end of service indemnity	19	2,278	2,484
Other liabilities	17	9,723	6,947
Due to related parties	9	14	13
Total shareholders' liabilities		12,015	9,444
Shareholders' equity			
Share capital	20	154,000	154,000
Statutory reserve	21	77,000	66,509
Voluntary reserve	22	-	50,064
Reinsurance reserve	23	309	154
Investments revaluation reserve - FVTOCI	24	(251)	68
Retained earnings		78,693	48,237
Total shareholders' equity		309,751	319,032
Total shareholders' liabilities and equity		321,766	328,476
Total liabilities, policyholders' fund and equity		488,926	488,248

These financial statements were approved by the Board of Directors on 2 March 2022 and were signed on their behalf by:

Mr. Khalid Ahmad Al Kazim
CEO

The accompanying notes 1 to 42 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of income
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Attributable to policyholders			
Takaful income			
Gross takaful contribution	25	**122,888**	109,037
Retakaful share of accepted business		**(262)**	(108)
Retakaful share of ceded business		**(30,741)**	(30,673)
Net takaful contribution	25	**91,885**	78,256
Net transfer to unearned contribution reserves and additional unexpired risk reserves	25	**(14,444)**	22,205
Net takaful contribution earned	25	**77,441**	100,461
Discount received on retakaful contributions		**5,364**	5,131
Total takaful income		**82,805**	105,592
Takaful expenses			
Gross claims incurred	26	**(97,288)**	(92,368)
Retakaful share of accepted business claims		**84**	93
Retakaful share of ceded business claims		**37,464**	35,559
Net claims incurred	26	**(59,740)**	(56,716)
Provision for claims reported unsettled	26	**12,102**	(11,648)
Retakaful share of claims reported unsettled	26	**(10,195)**	13,531
Increase in claims incurred but not reported – net	26	**2,125**	9,210
(Decrease)/ increase in unallocated loss adjustments expenses – net	26	**(251)**	696
Net takaful claims incurred	26	**(55,959)**	(44,927)
Net takaful income		**26,846**	60,665
Investment income	27	**356**	1,258
Other income		**269**	523
Wakala fees	28	**(36,866)**	(32,711)
Mudarib's fee	28	**(107)**	(377)
(Deficit)/Surplus for the year attributable to policyholders		**(9,502)**	29,358

The accompanying notes 1 to 42 form an integral part of these financial statements.

	Notes	2021 AED'000	2020 AED'000
Attributable to shareholders			
Investment income - net	27	**17,401**	164
Wakala fees from policyholders	28	**36,866**	32,711
Mudarib's fees	28	**107**	377
Other income		**6**	4,581
Policy acquisition cost		**(12,421)**	(15,927)
General and administrative expenses	29	**(26,019)**	(21,892)
Profit for the year before Qard Hassan		**15,940**	14
(Provision for)/recovery against Qard Hassan to policyholders		**(9,502)**	29,358
Profit for the year attributable to shareholders		**6,438**	29,372
Earnings per share	30	**0.04**	0.19

The accompanying notes 1 to 42 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of comprehensive income
For the year ended 31 December 2021

	2021 AED'000	2020 AED'000
Attributable to shareholders		
Profit for the year	**6,438**	29,372
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net unrealised (loss) / gain on financial assets at fair value through other comprehensive income (note 10)	**(319)**	552
Total comprehensive income for the year attributable to shareholders	**6,119**	29,924

The accompanying notes 1 to 42 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of changes in equity
For the year ended 31 December 2021

	Share capital AED'000	Statutory reserve AED'000	Voluntary reserve AED'000	Investments revaluation reserve - FVTOCI AED'000	Reinsurance reserves AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2020	154,000	63,572	50,064	(484)	-	21,956	289,108
Profit for the year	-	-	-	-	-	29,372	29,372
Other comprehensive income for the year	-	-	-	552	-	-	552
Total comprehensive income for the year	-	-	-	552	-	29,372	29,924
Transfer to statutory reserve	-	2,937	-	-	-	(2,937)	-
Transfer to reinsurance reserve (note 23)	-	-	-	-	154	(154)	-
Balance at 31 December 2020	154,000	66,509	50,064	68	154	48,237	319,032
Profit for the year	-	-	-	-	-	6,438	6,438
Other comprehensive loss for the year	-	-	-	(319)	-	-	(319)
Total comprehensive income for the year	-	-	-	(319)	-	6,438	6,119
Transfer of reserves (note 22)	-	10,491	(50,064)	-	-	39,573	-
Dividend paid	-	-	-	-	-	(15,400)	(15,400)
Transfer to reinsurance reserve (note 23)	-	-	-	-	155	(155)	-
Balance at 31 December 2021	**154,000**	**77,000**	-	**(251)**	**309**	**78,693**	**309,751**

The accompanying notes 1 to 42 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of cash flows
As at 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the year		**6,438**	29,372
Adjustments for:			
Depreciation of property and equipment	14	**748**	942
Amortisation of intangible assets	15	**188**	123
Fair value (gain)/loss on investment properties	13	**(4,177)**	11,456
Unrealised gain on other financial assets	27	**(4,448)**	(246)
Realised gain on sale of other financial assets at FVTPL	27	**(952)**	(386)
Dividend income from financial assets at FVTPL and FVTOCI	27	**(134)**	(249)
Provision for/(reversal of) expected credit losses	29	**550**	(4,578)
Provision for employees' end of service benefits	19	**223**	382
Other investment income	13	**(7,637)**	(8,754)
Funding cost on lease liability		**43**	39
Profit on wakala deposits	27	**(1,206)**	(4,061)
Operating cash flows before changes in operating assets and liabilities		**(10,353)**	24,040
Change in retakaful contract assets		**6,245**	(12,008)
Change in takaful and retakaful receivables		**(9,892)**	1,319
Change in due from related parties		**5,546**	4,181
Change in prepayments and other receivables		**3,203**	(6,142)
Change in deferred policy acquisition costs		**(3,706)**	2,543
Change in takaful contract liabilities		**4,418**	(21,988)
Change in takaful and retakaful payables		**(3,184)**	(9,923)
Change in other liabilities		**5,460**	537
Change in deferred discount		**484**	(157)
Change in due to related parties		**3**	(24)
Cash used in operations		**(1,776)**	(17,622)
Employee's end of service benefits paid	19	**(429)**	(371)
Zakat paid		**-**	(966)
Net cash used in operating activities		**(2,205)**	(18,959)
Cash flows from investing activities			
Purchase of property and equipment	14	**(369)**	(319)
Purchase of intangible assets	15	**(183)**	(279)
Purchase of other financial assets	10	**(41,209)**	(40,422)
Proceeds from sale of other financial assets		**6,513**	13,039
Rental income received		**7,637**	8,755
Profit received on wakala deposit		**1,206**	4,061
Dividend received		**134**	249
(Increase)/decrease in wakala deposits with maturity over 3 months		**(15,333)**	102,000
Net cash (used in)/ generated from investing activities		**(41,604)**	87,084

The accompanying notes 1 to 42 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of cash flows (continued)
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Cash flows from financing activities			
Payment of lease liability		**(523)**	(566)
Dividend paid	41	**(15,400)**	-
Cash used in financing activities		**(15,923)**	(566)
Net (decrease)/increase in cash and cash equivalents		**(59,732)**	67,559
Cash and cash equivalents at the beginning of the year		**149,138**	81,579
Cash and cash equivalents at the end of the year	32	**89,406**	149,138

The accompanying notes 1 to 42 form an integral part of these financial statements.

1 Legal status and activities

Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance (the "Company") is a public shareholding company and was registered in 1992 under U.A.E. Federal Law No. (2) of 2015 (as amended) relating to commercial companies in U.A.E. The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organisation of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

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

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

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 (as amended) on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

2 Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of UAE Federal Law No. (2) of 2015 (as amended) relating to commercial companies, and of UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations, concerning takaful companies and agents. These financial statements are prepared in UAE Dirhams ("AED"), rounded to the nearest thousand.

New standards and interpretations effective after 1 January 2021

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IFRS 16	COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)	1 April 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)"	1 January 2021

These standards have been adopted by the Company and did not have a material impact on these financial statements.

2 Statement of compliance with IFRS (continued)

Standards issued but not yet effective

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied)

IFRS 17 Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The key principles in IFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;
- recognises and measures groups of insurance contracts at:
  i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts. Company is currently evaluating the expected impact.

3 Summary of significant accounting policies

Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

3 Summary of significant accounting policies (continued)

Product classification

Takaful contracts are those contracts where a group of policyholders (the policyholders) mutually guarantee one another against prescribed uncertain future events of loss or damage, where the Company acts as a Wakil (agent) on their behalf in managing the Islamic Takaful insurance operations in consideration for a Wakala fee. The Takaful amounts (contributions) paid net of the Wakala fee are considered as funds available for Mudarba, where the Company acts as Mudarib, investing some of these funds in consideration of a pre-agreed share of the realised profit or loss, (Mudarib fee) if any. The policyholders further donate their contribution to those other policyholders who suffer a prescribed event of loss or damage, payable per the policies of the Company, in its capacity as an agent.

In case of deficit in policyholders operation, such deficit is funded by the shareholders as a Qard Hasan (profit free loan).

Surplus/deficit in policyholders' fund

If the surplus in the policyholders' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between policyholders that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Company's Fatwa and Shari'a Supervisory Board. Any remaining surplus after the distribution will remain in the policyholders' fund.

A deficiency in policyholders' fund is made good by a profit free loan (Qard Hasan) from the shareholders' fund. This Qard Hasan is to be repaid from future surpluses arising from takaful operations on a priority basis. This Qard Hasan is tested for impairment annually and the portion of the Qard Hasan that is considered impaired is charged to the statement of income.

On liquidation of the fund, the accumulated surplus in the policyholders' fund, if any, after meeting all obligations (including repayment of the outstanding amount of Qard Hasan), will be dealt with after consulting with the Company's Fatwa and Shari'a Supervisory Board. In case of an accumulated deficit, any Qard Hasan outstanding at the time of liquidation will not be repayable by the policyholders' fund and the shareholders' fund will forego such outstanding amount.

Any deficit in the policyholders' fund, except for deficits arising from a decline in the fair value of securities, is financed by the shareholders through a Qard Hasan (loan without any profit). The Company maintains a full provision against the Qard Hasan.

Property and equipment

Property and equipment are carried at cost less any accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of income.

The useful life considered in the calculation of depreciation of all the assets is 4 years.

3 Summary of significant accounting policies (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Fair value is determined by open market values based on valuations performed by independent surveyors.

Leases

The Company recognises a right-to-use asset and a lease liability at the lease commencement date.

The right-to-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus as initial direct costs incurred. The right-to-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use or the end of the lease term. The estimated useful life of the right-to-use asset is determined on the same basis as those of property and equipment. In addition, the right-to-use is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental funding rate. Generally, the Company uses its incremental funding rates as the discount rate.

The lease liability is measured at amortised cost using the effective funding cost method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

The Company presents right-to-use assets that do not meet the definition of investment property in 'Property and equipment' and the lease liabilities as a separate item in the statement of financial position.

3 Summary of significant accounting policies (continued)

Revenue recognition

Gross Takaful contributions

Gross takaful contributions comprise the total contributions receivable for the whole period of cover provided by Takaful contracts entered into during the accounting period and are recognised on the date on which the Takaful policy incepts. Contributions include any adjustments arising in the accounting period for contributions receivable in respect of Takaful contracts executed in prior accounting periods. Contributions collected by intermediaries but not yet received, are assessed based on estimates from Takaful operations or past experience and are included in Takaful contributions.

Unearned contributions are those proportions of contributions written in a year that relate to period of risk after the reporting date. Unearned contribution is calculated in accordance with Federal Law No.6 of 2007. The proportion attributable to subsequent year is deferred as a provision for unearned contributions.

Discounts earned

Discounts earned are recognised at the time policies are written. Discount earned on outwards retakaful contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

Wakala fees

The Company manages the takaful operations on behalf of the policyholders for a wakala fee which is recognised on an accrual basis. A similar amount is shown as expense statement of income attributable to policyholders.

Profit income

Profit income is recognised on an accrual basis taking into account effective funding cost rates on the instrument, on a time proportionate basis when it becomes receivable.

Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Retakaful contribution

Gross retakaful contribution written comprise the total contribution payable for the whole cover provided by contracts entered into during the period and are recognised on the inception date of the policy. Contributions include any adjustments arising in the accounting period in respect of retakaful contracts incepting in prior accounting periods. Unearned retakaful contributions are those proportions of contribution written in a year that relate to periods of risk after the reporting date. Unearned retakaful contributions are deferred over the term of the underlying direct Takaful policies for risks-attaching contracts and over the term of the retakaful contract for losses occurring contracts.

Gross retakaful contribution on life are recognised as an expense on the earlier of the date when contribution are payable or when the policy becomes effective.

The Company cedes Takaful risk in the normal course of business for all of its businesses. Retakaful assets represent balances due from retakaful companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the retakaful can be measured reliably. The impairment loss is recorded in the statement of income.

3 Summary of significant accounting policies (continued)
Retakaful contribution (continued)

Ceded retakaful arrangements do not relieve the Company from its obligations to policyholders.

The Company also assumes retakaful risk in the normal course of business for takaful contracts where applicable. Contributions and claims on assumed retakaful are recognised as income and expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the reinsured business. Retakaful liabilities represent balances due to retakaful companies. Amounts payable are estimated in a manner consistent with the associated retakaful contract. Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Claims

Claims incurred comprise actual claims and other related costs paid and incurred in the year, and movement in outstanding claims. Claim handling costs are recognised at the time of registering the claims.

On account of uncertainties involved in non-motor claim recoveries, salvage and subrogation rights are recognised only at the time of actual recovery. For motor claim recoveries, salvage is accounted for at the time of registering the claims.

Provision for outstanding claims represents the estimated settlement values of all claims notified, but not settled at the statement of financial position date on the basis of individual case estimates.

The reinsurers' portion towards the above outstanding claims is classified as retakaful contract assets and shown as current assets in the statement of financial position.

Provision for IBNR

Provision for Incurred But Not Reported ("IBNR") claims is made at the statement of financial position date based on an actuarial estimate obtained from an independent actuary in accordance with the financial regulations for takaful companies issued by the Insurance Authority UAE.

Provision for ULAE

Provision for Unallocated Loss Adjustment Expenses (ULAE) which cannot be allocated to specific claims, is made at the statement of financial position date based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for insurance companies issued by the Insurance Authority, UAE.

Liability adequacy test

All recognised takaful contract liabilities including provision for outstanding claims are subject to liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the income statement by establishing a provision for losses arising from liability adequacy test.

Unearned premium reserve

Unearned Premium Reserve (UPR) represents that portion of premiums earned, gross of retakaful, which relates to the period of takaful subsequent to the statement of financial position date and is mainly computed on linear method based on the outstanding period from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for insurance companies issued by the Insurance Authority, UAE.

3 Summary of significant accounting policies (continued)

Retakaful premium

Ceded retakaful premiums are accounted for in the same accounting periods in which the premiums for the related direct takaful are recorded and the unearned portion is calculated on linear basis in accordance with retakaful arrangements in place.

Retakaful assets

Amounts recoverable under retakaful contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and

- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective funding cost method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, due from related parties and most other receivables.

ii) Financial assets at fair value through other comprehensive income ('FVTOCI')

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement, but is reclassified to retained earnings.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

iii) Financial assets at fair value through profit and loss ('FVTPL')

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of income.

Dividend income on investments in equity instruments at FVTPL is recognised in statement of income when the Company's right to receive the dividends is established.

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables.
Financial liabilities are measured subsequently at amortised cost using the effective funding cost method.

Impairment and uncollectability of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- financing commitments issued.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

ECL are probability-weighted estimates of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment and uncollectability of financial assets (continued)

- undrawn financing commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Receivables and payables related to takaful contracts

Receivables and payables are recognised when due. These include amounts due to and from takaful brokers, re-insurers and takaful contract holders. If there is objective evidence that the takaful receivables are

impaired, the Company reduces the carrying amount of the takaful receivables accordingly and realises the impairment loss in the income statement.

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3 Summary of significant accounting policies (continued)

Short term operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably.

Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other details for reserves are mentioned in notes 21, 22, 23 and 24 to the financial statements.

Retained earnings include all current and prior period retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

Segment reporting

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

4 Critical accounting estimates and judgements in applying accounting policies

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Outstanding claims, IBNR, ULAE and UPR

The estimation of the ultimate liability (outstanding claims, IBNR and ULAE) arising from claims and UPR made under takaful contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

Classification of investment property and related fair value judgement

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

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

Fair value of unquoted securities

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

Impairment losses on insurance receivables

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

5 Cash and bank balances

	2021 AED'000	2020 AED'000
Cash on hand	**83**	32
Bank balances:		
Wakala deposits	**115,461**	161,766
Current accounts	**29,195**	27,340
	144,739	189,138
Attributable to:		
Policyholders	**43,694**	47,404
Shareholders	**101,045**	141,734
	144,739	189,138

The profit rates on the Wakala deposits with banks range from 0.65 % to 0.80% (2020: 0.80 % to 0.90%).

Wakala deposits amounting to AED 55 million (2020: AED 40 million) have maturity more than three months.

All cash and bank balances are maintained within U.A.E.

6 Takaful and retakaful receivables

	2021 AED'000	2020 AED'000
Takaful receivable	**28,754**	20,907
Receivables from takaful companies	**3,036**	3,306
Receivables from retakaful companies	**3,922**	1,663
	35,712	25,876
Less: Expected credit losses	**(2,916)**	(2,744)
	32,796	23,132
Inside UAE:		
Takaful receivables	**28,754**	20,907
Receivables from takaful companies	**3,036**	3,306
Receivables from retakaful companies	**182**	90
	31,972	24,303
Less: Expected credit losses	**(2,916)**	(2,744)
	29,056	21,559
Outside UAE:		
Receivables from retakaful companies	**3,740**	1,573

The Company has adopted a policy of dealing with credit worthy counter parties. Adequate credit assessment is made before accepting a takaful contract from any counter party. The average credit period on takaful receivable is 90 days. The takaful receivables outstanding between 90 days and 180 days are monitored by the Company for recoverability. The takaful receivables outstanding greater than 180 days are provided for based on estimated irrecoverable amounts determined by reference to past default experience in addition to specific provision made on identified customers. During 2021, Company has updated its credit policy for takaful receivables related to the Medical line of business to include quarterly instalments payment plan.

6 Takaful and retakaful receivables (continued)

Movement in the expected credit losses	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**2,744**	6,265
Recognised during the year	**228**	-
Write-off during the year	**(56)**	(3,521)
Balance at the end of the year	**2,916**	2,744

7 Takaful contract liabilities and retakaful contract assets

	2021 AED'000	2020 AED'000
Gross		
Takaful contract liabilities:		
Unearned contribution	**65,073**	49,434
Claims reported unsettled	**17,870**	29,972
Claims incurred but not reported	**9,286**	11,382
Unallocated loss adjustments expense reserve	**1,816**	1,565
Additional unexpired risk reserve	**4,767**	2,041
Total takaful contract liabilities, gross	**98,812**	94,394
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	**10,982**	8,120
Claims reported unsettled	**11,524**	21,719
Claims incurred but not reported	**3,808**	3,779
Additional unexpired risk reserve	**1,059**	-
Total retakaful share of takaful contract liabilities	**27,373**	33,618
Net		
Unearned contribution	**54,091**	41,314
Claims reported unsettled	**6,346**	8,253
Claims incurred but not reported	**5,478**	7,603
Unallocated loss adjustments expense reserve	**1,816**	1,565
Additional unexpired risk reserve	**3,708**	2,041
	71,439	60,776

8 Prepayments and other receivables

	2021 AED'000	2020 AED'000
Amounts due from broker	**2,724**	5,402
Rent receivable	**1,348**	692
Accrued profit	**708**	601
Prepaid expenses	**367**	2,002
Advances and deposits	**367**	165
Other receivables	**589**	444
	6,103	9,306
Attributable to:		
Policyholders	**1,738**	1,532
Shareholders	**4,365**	7,774
	6,103	9,306

9 Related parties

At the reporting date, amounts due from/to related parties were as follows:

	2021 AED'000	2020 AED'000
Amounts due from related parties:		
Related parties due to common directorship		
Al Redha Insurance Brokers (LLC), Dubai	**432**	6,387
Others	**136**	87
	568	6,474
Less: Expected credit losses	**-**	(180)
	568	6,294
Amounts due to related parties:		
Related parties due to common ownership		
Others	**22**	19

All amounts due from related parties are attributable to policy holders.

	2021 AED'000	2020 AED'000
Movement in the expected credit losses		
Balance at the beginning of the year	**180**	4,758
Rcognised during the year	**314**	-
Written off/reversed during the year	**(494)**	(4,578)
Balance at the end of the year	**-**	180
Amounts due to related parties attributable to:		
Shareholders	**14**	13
Policyholders	**8**	6
	22	19

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

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

	2021 AED'000	2020 AED'000
Transactions with related parties:		
Contribution written for related parties	**2,267**	1,412
Management expenses (net)	**868**	994
Contribution written through a related party broker	**4,237**	7,538
Policy acquisition cost paid	**753**	1,016
Claims paid	**7,298**	211
Claims paid through related party broker	**-**	126

Key management personnel remuneration:

	2021 AED'000	2020 AED'000
Short-term benefits	**1,003**	592
Long-term benefits	**308**	414
Board of directors' remuneration	**1,900**	-

10 Other financial assets

The Company's other financial assets at the end of reporting year are detailed below:

	2021 AED'000	2020 AED'000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)		
Unquoted U.A.E. equity securities (a)	**1,939**	1,939
Quoted U.A.E. Sukuk (b)	**52,013**	24,566
Unquoted outside UAE	**4,025**	-
	57,977	26,505
Attributable to:		
Policyholders	**3,765**	3,774
Shareholders	**54,212**	22,731
	57,977	26,505
Other financial assets measured at fair value through profit and loss (FVTPL)		
Quoted U.A.E. equity securities (c)	**10,710**	3,902
Unquoted U.A.E. equity securities (a)	**515**	515
	11,225	4,417

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

(a) The Company holds investments in unquoted equity securities of three entities as at 31 December 2021 (2020: three entities). Unobservable financial data used in determining the fair values of these unquoted securities has been extracted from their latest available audited financial statements for the year ended 31 December 2020 (2020: financial statements for the year ended 31 December 2019).

(b) Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company purchased quoted sukuk amounting to AED 27 million (2020: AED 24 Million).

(c) Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company purchased quoted equity securities amounting to AED 9.42 million (2020: AED 16.40 million) while sold quoted securities amounting to AED 5.56 million (2020: AED 12.61 million).

The movement in other financial assets are as follows:

	Fair value through other comprehensive income		**Fair value through profit or loss**	
	2021 AED'000	2020 AED'000	**2021 AED'000**	2020 AED'000
Fair value, at the beginning of the year	**26,505**	1,939	**4,417**	515
Purchased during the year	**31,791**	24,014	**9,419**	16,409
Sold during the year	**-**	-	**(5,561)**	(12,653)
Change in fair value	**(319)**	552	**2,950**	146
Fair value, at the end of the year	**57,977**	26,505	**11,225**	4,417

11 Statutory deposits

	2021 AED'000	2020 AED'000
Held with a local bank in Dubai, UAE	**10,000**	10,000

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

12 Due from policyholders/due to shareholders

The balance consists of the net of Wakala fees balances that are due to the shareholders from the policyholders amounting to AED 27.29 million (2020: AED 23.85 million).

13 Investment properties

	Land AED'000	Other real estate AED'000	Total AED'000
2021			
At 1 January	**9,473**	**145,065**	**154,538**
Change in fair value during the year (note 27)	**(110)**	**4,287**	**4,177**
At 31 December	**9,363**	**149,352**	**158,715**
2020			
At 1 January	10,193	155,801	165,994
Change in fair value during the year (note 27)	(720)	(10,736)	(11,456)
At 31 December	9,473	145,065	154,538

On 31 December 2021, Pioneer Surveyors and Technical & Loss adjusting co., independent and experienced professional valuers estimated the fair value of investment property at AED 158.24 million and AED 159.18 million respectively (On 31 December 2020, Gulf Trust Management Services and Land Sterling Property Consultants, independent and experienced professional valuers estimated the fair value of investment property at AED 159.50 million and AED 149.50 million respectively). Company recognises the average of fair value from both valuers. The valuers hold relevant professional qualifications and experience. Investment property is held for capital appreciation and rental purposes.

Investment property amounting to AED 6.0 million (2020: AED 6.3 million) is registered in the name of related parties in trust and for the benefit of the Company.

All investment properties are located in U.A.E.

The property rental income earned by the Company from its investment properties, which are leased under operating leases on an annual basis and the direct operating expenses arising in the management of the investment properties are as follows:

	2021 AED'000	2020 AED'000
Rental income	**8,841**	10,060
Direct operating expenses	**(1,204)**	(1,306)
Net income from investment properties (note 27)	**7,637**	8,754

14 Property and equipment

2021	Furniture and fixtures AED'000	Motor vehicles AED'000	Right-to-use assets AED'000	Total AED'000
Cost				
At 1 January 2021	**4,864**	**272**	**1,583**	**6,719**
Additions during the year	**369**	**-**	**1,363**	**1,732**
At 31 December 2021	**5,233**	**272**	**2,946**	**8,451**
Accumulated depreciation				
At 1 January 2021	**4,254**	**57**	**1,057**	**5,368**
Charge for the year	**284**	**62**	**402**	**748**
At 31 December 2021	**4,538**	**119**	**1,459**	**6,116**
Carrying value				
At 31 December 2021	**695**	**153**	**1,487**	**2,335**
2020				
Cost				
At 1 January 2020	4,795	22	1,583	6,400
Additions during the year	69	250	-	319
At 31 December 2020	4,864	272	1,583	6,719
Accumulated depreciation				
At 1 January 2020	3,876	22	528	4,426
Charge for the year	378	35	529	942
At 31 December 2020	4,254	57	1,057	5,368
Carrying value				
At 31 December 2020	610	215	526	1,351

At 31 December 2021, the cost of fully depreciated property and equipment that was still in use amounted to AED 3.967 million (2020: AED 3.783 million).

15 Intangible assets

	2021 AED'000	2020 AED'000
Software:		
Cost		
At 1 January	**632**	353
Additions during the year	**183**	279
At 31 December	**815**	632
Accumulated amortisation		
At 1 January	**146**	23
Charge for the year	**188**	123
At 31 December	**334**	146
Carrying value at 31 December	**481**	486

16 Takaful and retakaful payables

	2021 AED'000	2020 AED'000
Payable arising from takaful activities	**8,790**	10,021
Due to takaful companies	**7,255**	10,405
Due to retakaful companies	**15,252**	14,055
	31,297	34,481

The average credit period is 90 days. The Company has financial risk management policies in place to ensure that all payables are paid within credit time frame.

17 Other liabilities

	2021 AED'000	2020 AED'000
Premium reserve withheld	**5,257**	3,823
Accrued expenses	**3,914**	2,970
Deferred rental income	**1,284**	980
Lease liability	**1,344**	547
Other	**5,387**	3,867
	17,186	12,187
Attributable to:		
Policyholders	**7,463**	5,240
Shareholders	**9,723**	6,947
	17,186	12,187

18 Qard Hasan

	2021 AED'000	2020 AED'000
(i) Deficit in policyholders' fund:		
As at 1 January	**(38,400)**	(67,758)
Surplus during the year	**(9,502)**	29,358
As at 31 December	**(47,902)**	(38,400)
(ii) Qard Hasan from shareholders		
As at 1 January	**38,400**	67,758
Reversal during the year	**9,502**	(29,358)
As at 31 December	**47,902**	38,400

The shareholders have funded the deficit in the policyholders' fund in accordance with the Company's policy through a Qard Hasan (profit free loan with no repayment terms). During the current year the policyholders fund reported a deficit amounting to AED 9.50 million (2020: Surplus of AED 29.4 million).

19 Provision for employees' end of service indemnity

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**2,484**	2,473
Charged during the year	**223**	382
Paid during the year	**(429)**	(371)
Balance at the end of the year	**2,278**	2,484

20 Share capital

	2021 AED'000	2020 AED'000
Authorised and issued and fully paid:		
154,000,000 ordinary shares of AED 1 each (2020: 154,000,000)	**154,000**	154,000

21 Statutory reserve

In accordance with U.A.E. Law No. (2) of 2015 (as amended), the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. For the year ended 31 December 2021, no amounts were transferred to the statutory reserve as the reserve amount has already reached 50% of its share capital (2020: transfer of AED 2.94 million).

22 Voluntary reserve

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

During 2016, the Company had amended its Articles of Association and the clause related to voluntary reserve states that a voluntary purpose reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilised for any other purpose unless approved by the General meeting.

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

23 Reinsurance reserve

In accordance with Insurance Authority's Board of Directors' Decision No. 23, Article 34, an amount of AED 155,000 (Year 2020: AED 154,000) was transferred from retained earnings to reinsurance reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Insurance Authority.

24 Investments revaluation reserve - FVTOCI

This reserve records gains and losses arising from changes in fair value of other financial assets measured at fair value through other comprehensive income (FVTOCI).

25 Net takaful contributions

2021	Gross AED'000	Retakaful share AED'000	Net AED'000
Takaful contracts: Gross contributions written	**122,888**	**(31,003)**	**91,885**
Movement in unearned contributions and additional unexpired risk reserves	**(18,365)**	**3,921**	**(14,444)**
Takaful contributions revenue	**104,523**	**(27,082)**	**77,441**
2020			
Takaful contracts: Gross contributions written	109,037	(30,781)	78,256
Movement in unearned contributions and additional unexpired risk reserves	22,892	(687)	22,205
Takaful contributions revenue	131,929	(31,468)	100,461

26 Claims incurred

2021	Gross AED'000	Retakaful share AED'000	Net AED'000
Takaful claims paid	**97,288**	**(37,548)**	**59,740**
Movement in provision for claims reported unsettled	**(12,102)**	**10,195**	**(1,907)**
Movement in provision for claims incurred but not reported	**(2,096)**	**(29)**	**(2,125)**
Movement in provision for unallocated loss adjustment expense	**251**	**-**	**251**
Claims recorded in the statement of income	**83,341**	**(27,382)**	**55,959**
2020			
Takaful claims paid	92,368	(35,652)	56,716
Movement in provision for claims reported unsettled	11,648	(13,531)	(1,883)
Movement in provision for claims incurred but not reported	(10,047)	837	(9,210)
Movement in provision for unallocated loss adjustment expense	(696)	-	(696)
Claims recorded in the statement of income	93,273	(48,346)	44,927

27 Investment income

	2021 AED'000	2020 AED'000
Income from investment properties -net (note 13)	**7,637**	8,754
Fair value gain/ (loss) on investment properties (note 13)	**4,177**	(11,456)
Unrealised gain on other financial assets at FVTPL (note 10)	**2,950**	146
Profit on Sukuk	**1,497**	100
Profit on wakala deposit	**1,206**	4,061
Gain/(loss) on disposal of other financial assets at FVTPL	**952**	386
Dividends from other financial assets	**134**	249
Expenses allocated to investment	**(796)**	(818)
	17,757	1,422
Attributable to:		
Policyholders	**356**	1,258
Shareholders	**17,401**	164
	17,757	1,422

28 Wakala and Mudarib's fees

Wakala fees

Wakala fee for the year ended 31 December 2021 amounted to AED 36.87 million (2020: AED 32.71 million) the fee is calculated at maximum of 30% of gross contribution of AED 122.89 million (2020: AED 109.04 million) without any deduction of policy acquisition cost. Wakala fee is charged to the statement of income when incurred.

Mudarib's fee

The shareholders also manage the policyholders' investment funds and charge Mudarib's fee. Mudarib's fee is charged at 30% of realised investment income.

29 General and administrative expenses

	2021 AED'000	2020 AED'000
Staff cost	**12,865**	12,835
Administrative expenses	**3,689**	3,249
Board of directors' remuneration (note 9)	**1,900**	-
Policy registration fees	**1,729**	1,050
Legal and professional fees	**1,204**	880
Depreciation and amortisation	**987**	1,065
Insurance	**591**	579
Expected credit losses	**550**	-
End of service benefits and pension	**410**	383
Bank charges	**263**	270
Marketing expenses	**222**	206
Rent	**190**	339
Other expenses	**1,491**	1,036
	26,019	21,892

30 Earnings per share

Earnings per share are calculated by dividing the profit for the year by the number of ordinary shares outstanding as of the end of the year as follows:

	2021	2020
Profit for the year (in AED'000)	**6,438**	29,372
Number of ordinary shares outstanding	**154,000,000**	154,000,000
Basic and diluted earnings per share (in AED)	**0.04**	0.19

Diluted earnings per share as of 31 December 2021 and 31 December 2020 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

31 Zakat

For the year ended 31 December 2021, Zakat amounting AED 0.0164 per share will not be borne by the Company on behalf of shareholders. (For the year ended 2020 AED 0.0258 million).

32 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents include cash and bank balances net of wakala deposits in banks with maturity over three months. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2021 AED'000	2020 AED'000
Cash and bank balances (note 5)	**144,739**	189,138
Wakala deposits with maturity over 3 months	**(55,333)**	(40,000)
	89,406	149,138

33 Segmental information

For management purposes the Company is organised into two business segments; general takaful management and investment. The general takaful segment comprises the takaful business undertaken by the Company on behalf of Policyholders. Investment comprises investment and cash management for the Company's own account. No operating segments have been aggregated to form the above reportable operating segments.

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

Except for Wakala fees, and Qard Hassan, no other inter-segment transactions occurred during the year. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties.

33 Segmental information (continued)

The following table presents segment information for the years ended 31 December 2021 and 31 December 2020.

	2021			2020		
	Attributable to policyholders AED'000	**Attributable to shareholders AED'000**	**Total AED'000**	Attributable to policyholders AED'000	Attributable to shareholders AED'000	Total AED'000
Takaful						
Total takaful income	**82,805**	**-**	**82,805**	105,592	-	105,592
Total takaful expenses	**(55,959)**	**-**	**(55,959)**	(44,927)	-	(44,927)
Net takaful income	**26,846**	**-**	**26,846**	60,665	-	60,665
Wakala fees	**(36,866)**	**36,866**	**-**	(32,711)	32,711	-
Mudarib's fee	**(107)**	**107**	**-**	(377)	377	-
Investment income	**356**	**-**	**356**	1,258	-	1,258
Other income	**269**	**-**	**269**	523	-	523
	(9,502)	**36,973**	**27,471**	29,358	33,088	62,446
Investment						
Investment income	**-**	**17,401**	**17,401**	-	164	164
Other income	**-**	**6**	**6**	-	4,581	4,581
Policy acquisition cost	**-**	**(12,421)**	**(12,421)**	-	(15,927)	(15,927)
Unallocated other income and expenses	**-**	**(26,019)**	**(26,019)**	-	(21,892)	(21,892)
(Loss)/profit for the year	**(9,502)**	**15,940**	**6,438**	29,358	14	29,372

33 Segmental information (continued)

Other information

	Takaful 2021 AED'000	Takaful 2020 AED'000	Investment 2021 AED'000	Investment 2020 AED'000	Total 2021 AED'000	Total 2020 AED'000
Segment assets	**119,258**	121,372	**369,668**	366,876	**488,926**	488,248
Segment liabilities	**167,160**	159,772	**12,015**	9,444	**179,175**	169,216
Capital expenditure		-	**552**	598	**552**	598
Depreciation and amortisation	-	-	**936**	1,065	**936**	1,065

34 Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organisation of its operations. The Company manages its capital on a basis of its minimum regulatory capital position presented in the table below:
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In U.A.E., the local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the minimum required capital of the Company and the total capital held.

	2021	2020
	AED	AED
Minimum regulatory capital	**100,000,000**	100,000,000
Share capital held	**154,000,000**	154,000,000

The UAE Insurance Authority has issued Resolution No. 42 for 2009 setting the minimum subscribed or paid up capital of AED 100 million for establishing insurance firms and AED 250 million for re-insurance firms. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies.

35 Financial instruments

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and takaful liabilities. In particular, the key financial risk is that the in the long-term its investment proceeds are not sufficient to fund the obligations arising from its takaful contracts. The most important components of this financial risk are profit rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and financial liabilities are profit rate risk and equity price risk.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

35 Financial instruments (continued)

Categories of financial instruments

	2021 AED'000	2020 AED'000
Financial assets		
Other financial assets measured at FVTOCI	**57,977**	26,505
Other financial assets measured at FVTPL	**11,225**	4,417
Statutory deposits	**10,000**	10,000
Takaful and retakaful receivables	**38,532**	30,436
Amounts due from related parties	**568**	6,294
Cash and bank balances	**144,739**	189,138
Total financial assets	**263,041**	266,790
Financial liabilities		
Takaful and retakaful payables	**40,598**	41,318
Due to related parties	**22**	19
Total financial liabilities	**40,620**	41,337

Management considers that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

36 Risk management

Takaful risk

The risk under any one takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of takaful contract, this risk is random and therefore unpredictable.

For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its takaful contracts is that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insured events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company manages risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

Frequency and severity of claims

The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Takaful contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

36 Risk management (continued)

Takaful risk (continued)

Frequency and severity of claims (continued)

Property takaful contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property takaful contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The takaful risk arising from these contracts is not concentrated in any of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

The retakaful arrangements include excess and catastrophe coverage. The effect of such retakaful arrangements is that the Company should not suffer net takaful losses of a set limit of AED 200,000, AED 20,000 and AED 400,000 in any one policy for motor, medical and other non-motor respectively. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually every year and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on takaful contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty compared to the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the takaful company until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The amount of takaful claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Takaful contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of reporting period.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

36 Risk management (continued)

Takaful risk (continued)

Sources of uncertainty in the estimation of future claim payments (continued)

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before retakaful) are analysed below by type of risk where the insured operates for current and prior year contribution earned.

Type of risk

	2021	2020
Motor	73%	31%
Non-motor	72%	65%

Process used to decide on assumptions

The risks associated with these takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual takaful contracts carried out at the reporting date to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

Concentration of risks

The Takaful risk arising from takaful contracts is concentrated mainly in the United Arab Emirates.

The table below sets out the concentration of contract liabilities by type of contract:

2021	Gross liabilities AED'000	Retakaful share of liabilities AED'000	Net liabilities AED'000
Motor	7,228	(4,290)	2,938
Non-motor	10,642	(7,234)	3,408
Total	**17,870**	**(11,524)**	**6,346**

36 Risk management (continued)

Takaful risk (continued)

Concentration of risks (continued)

2020	Gross liabilities AED'000	Reinsurance share of liabilities AED'000	Net liabilities AED'000
Motor	8,557	(4,994)	3,563
Non-motor	21,415	(16,725)	4,690
Total	29,972	(21,719)	8,253

Retakaful risk

In common with other takaful companies, in order to minimise financial exposure arising from large takaful claims, the Company, in the normal course of business, enters into arrangement with other parties for retakaful purposes.

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the retakaful. Retakaful ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the retakaful agreements.

Financial risk

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, profit rates and equity price risk.

Foreign currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or US Dollars to which the Dirham is fixed.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- retakaful' share of takaful liabilities;
- amounts due from retakaful in respect of claims already paid;
- amounts due from takaful contract holders; and
- amounts due from takaful intermediaries.

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

36 Risk management (continued)

Financial risk (continued)

Credit risk (continued)

Retakaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary policyholder. If a retakaful fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of retakaful company is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the management includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for retakaful is carried out by the Company.

Takaful receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of takaful receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristic, other than takaful receivables at the end of reporting period. The Company defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

The following table provides an age analysis of receivables arising from insurance.

	Neither past due nor impaired	Past due				Past due and impaired	Total
		<90 days	91 -180 days	>180 days	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 December 2021	**7,810**	**10,696**	**6,972**	**10,233**	**35,712**	**(2,916)**	**32,796**
31 December 2020	6,285	6,918	4,604	8,069	25,876	(2,744)	23,132

Liquidity risk

Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

36 Risk management (continued)

Financial risk (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements is given below:

2021	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI	-	-	-	57,977	57,977
At fair value through profit or loss	-	10,710	-	515	11,225
Statutory deposits	-	-	-	10,000	10,000
Takaful and retakaful receivables	15,635	11,976	8,828	2,093	38,532
Due from related parties	285	104	179	-	568
Cash and bank balances - profit bearing	-	60,128	55,033	300	115,461
Cash and bank balances - non-profit bearing	29,278	-	-	-	29,278
	45,198	82,918	64,040	70,885	263,041
Financial liabilities					
Takaful and retakaful payables	13,831	14,379	7,757	4,631	40,598
Due to related parties	22	-	-	-	22
	13,853	14,379	7,757	4,631	40,620

36 Risk management (continued)

Financial risk (continued)

Liquidity risk (continued)

2020	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI	-	-	24,566	1,939	26,505
At fair value through profit or loss	3,902	-	-	515	4,417
Statutory deposits	-	-	-	10,000	10,000
Takaful and retakaful receivables	6,534	13,404	3,676	6,822	30,436
Due from related parties	2,094	1,793	2,407	-	6,294
Cash and bank balances - profit bearing	121,766	40,000	-	-	161,766
Cash and bank balances - non-profit bearing	27,372	-	-	-	27,372
	161,668	55,197	30,649	19,276	266,790
Financial liabilities					
Takaful and retakaful payables	14,260	7,782	4,620	14,656	41,318
Due to related parties	19	-	-	-	19
	14,279	7,782	4,620	14,656	41,337

Equity price risk

Sensitivity analysis

At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant the Company's statement of income/comprehensive income would have increased/decreased by AED 1.7 million (2020: AED 0.63 million).

Method and assumptions for sensitivity analysis

The sensitivity analysis has been done based on the exposure to equity price risk as at the end of the reporting period.

- As at the reporting date if equity prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on statement of income and other comprehensive income has been shown above.
- A 10% change in equity prices has been used to give a realistic assessment as a plausible event.

37 Fair value measurements

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

Fair value of financial instruments carried at amortised cost

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

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

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2020.

Fair value measurements recognised in the statement of financial position

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

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

Financial assets	Fair value as at 31 December 2021 AED'000	Fair value as at 31 December 2020 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTOCI						
Unquoted equity securities	**5,964**	1,939	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of investees, higher the fair value.
Quoted debt securities	**39,180**	16,965	Level 1	Quoted bid prices in an active market.	None	N/A
Quoted equity securities	**12,833**	7,601	Level 1	Quoted bid prices in an active market.	None	N/A
Financial assets at FVTPL						
Quoted equity securities	**10,710**	3,902	Level 1	Quoted bid prices in an active market.	None	N/A

37 Fair value measurements (continued)

Financial assets	Fair value as at 31 December 2021 AED'000	Fair value as at 31 December 2020 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTPL (continued)						
Unquoted equity securities	**515**	515	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of level during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

The movement in level 3 financial assets were due to change in fair value of investments classified as FVOCI.

38 Contingent liabilities

	2021 AED'000	2020 AED'000
Letters of guarantees	**10,364**	10,349

The Company is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management's best estimates.

39 Fatwa and Shari'a Supervisory Board

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

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

40 Directors' remuneration

Board of Directors proposed AED 90,000 remuneration for each member for the year ended 31 December 2021.

For the year ended 31 December 2020, the Board of Directors proposed AED 0.2 million remuneration for each member. The proposal was approved by the Shareholders at the Annual General Meeting.

41 Paid and proposed dividends

The Board has proposed cash dividend of 15% of paid up share capital, amounting to AED 23.1 million (AED 0.15 per share) for the year ended 31 December 2021. This is subject to approval from authorities and Shareholders in the Annual General Meeting.

During the previous year, the Board of Directors has proposed 10% cash dividend at their meeting held on 2 March 2021. The proposal was approved by the Shareholders in the Annual General Meeting.

42 Post-reporting date events

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the financial statements of the Company for the year ended 31 December 2021. Management will assess the implications of this Federal Corporate Tax in due course.

ARABIAN SCANDINAVIAN INSURANCE COMPANY PLC-TAKAFUL – ASCANA INSURANCE

CORPORATE GOVERNANCE REPORT 2021

Contents:

1. The procedures taken to complete the corporate governance system during 2021 and how they are applied

Arabian Scandinavian Insurance Company PLC- Takaful – Ascana Insurance, has adopted this targeted and effective system, leading to the development of institutional work, upgrading disclosure and transparency requirements, establishing integrity in dealings, strengthening supervision and preserving shareholders' rights, improving performance, preserving the rights of the Insured, reducing potential risks and separating ownership and management, providing good management and skilled expertise and developing the best practices on standards of corporate discipline and corporate governance and the decision of the Chairman of the Authority Board of Directors No. (03 /R.I.) for the year 2020 concerning approval of joint-stock companies Governance Guide.

The company's achievements in 2021 can be summarized as follows:

1. Ensuring compliance with internal control systems by matching provided data with data received from external auditors and allowing members of the Audit Committee to conduct their supervisory role more effectively.
2. The company has committed to the arrangement with the Institute of Governance, where it has registered the Board Secretary in the governance program and the Board Secretary has been awarded a certified certificate (Certified Board Secretary) in this regard.
3. The Board of Directors has completed the special session designed for the members of the Board of Directors, and the BOD's was granted for the second time a certificate approved by the competent authorities stating that they have completed the specialized course of governance work and in accordance with administrative decision No. 17 for 2017 issued by the Dubai Financial Market.
4. The company's executives as well as internal control members followed up and discussed the company's risk management policy in accordance with the approved regulations by implementing a cautious and effective underwriting policy and prudent management of claims.
5. The company also provided a comprehensive explanation to its employees for the controls of corporate governance, the statement of how they are applied, and the administrative decisions governing it.
6. The Board of Directors has also followed up with the audit committee and the nominations and remuneration committee in accordance with governance provisions and regulations. The also received reports from the Internal Audit Committee and reviewed them. They met and discussed these reports with the Internal Audit Committee.
7. Company was keen to carry out its work with transparency required in respect of the commitment to the dates and methods of disclosure of financial statements, in accordance with all provisions and decisions of the Securities and Commodities Authority and Dubai Financial Market (DFM).
8. Improve the performance of the IT department by introducing and modifying new innovative systems.
9. This report is made available to all shareholders of the company in accordance with resolution No. (03/R.M.) for 2020.
10. The Annual Report and all Financial Statements are presented to the shareholders before sufficient time from the AGM meeting to enable them to review it and take their decisions.

2. Board of directors' transactions and their direct relatives in the company shares during 2021

Member Name	Position /Relation	Owned shares as on 31/12/2021	Total Sale	Total Purchase
H.H.Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum	Chairman	28,644,000	--	--
Majid Mohd Amin Al Kazim	Vice Chairman	39,019,711	--	--
Faisal Aqil Al Bastaki	Member	77,000	--	--
Mahmoud Hadi Hassan	Member	1,456,143	--	--
Khalid Al Redha	Member	2,434,326	--	--
H.E.Dr .Mohammad Salim Al Olama	Member	8,140	--	--
H.E. Abdulla Abdulrahman Al Shaibani	Member	--	--	--

3. Board Formation

The Board of Directors consists of technically and professionally qualified members (as on date of preparation of the governance report) with high level of experience and skills as described hereunder:

Name	Category Executive, Non-Executive, and Independent	Experience & Qualifications	Period served as a BOD member of the Company since his first election date	Their memberships and positions in any other joint-stock companies	Their positions in any other important supervisory, governmental or business entities
His Highness Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum	Executive	He served as deputy commander in Central Military Area	1998	N/A	Ruling Family
Majid Mohammad Amin Al Kazim	Executive	Businessman Bachelor's in business administration	2000	N/A	Chief Executive Officer of Al Kazim Group of Companies.
Khalid Habib Al Redha	Independent/ Non-Executive	Businessman College of Media	2004	N/A	N/A
Faisal Aqil Al Bastaki	Independent/ Non-Executive	Ex CEO of emirates development bank and EIB CEO of the Emirates Islamic Bank *Bachelor's in computer science and Statistics	2006	N/A	Businessman Board Member Ajman Bank Board Member Al Baraka Bank - Syria
Mahmoud Mohammed Hadi	Independent/ Non-Executive	Ex GM chief operating officer- CBD Master of Management	2006	N/A	Director of Delta Company for Supply Workers on Demand

Dr. Mohammad Salim Al Ulama	Independent non-executive	Sheikh Mohammed Bin Rashid Governmental leadership program Bachelor of Medicine and Surgery Master of Business Administration MBA Master in science	2012	N/A	Undersecretary of Ministry of Health & Prevention CEO -Hospital Services Sector Director of the Executive Affairs Department (DOHMS) Undersecretary of Ministry of Health & Prevention
Abdulla Abdulrahman AlShaibani	Independent/ Non-Executive	Chairman - Galadari Brothers Group Secretary General - Dubai Executive Council Assistant General Director for Technical Services Dubai Municipality Director of Contract & Purchasing Department Dubai Municipality Director of General Projects & Maintenance Department - Dubai Municipality Executive master's in business administration Bachelor of Science in Civil Engineering	2021	N/A	Chairman - Mohammed Bin Rashid Housing Establishment Board Director – ALEC

- **Percentage of woman representation in the Board of Directors in2021**

Unfortunately, there is no women in the BOD's currently, but the company hopes to have woman representation in the BOD's in the coming years.

- **Statement of reasons why no women were nominated for the membership of the Board of Directors:**

Although the company is carrying out the procedures stipulated by law regarding nomination for membership of the Board of Directors, whether it is announced in newspapers, by registered mail, through the financial market or through the company's website. However, the main reasons for the female component for not nominating their names to be members of the BOD may be due to their own personal reasons. Nevertheless, 25% of Company's Shareholders are woman and the company is proud of Emirati women wherever they are.

- **Remuneration and allowance of the Board of Directors**

The remuneration of the Chairman and members of the BOD shall be based on the provisions of Article No. (29) of Resolution No. (3/ RM of 2020) on the rules of governance and Article (169) of the Commercial Companies Law No. (2) for the year 2015, (Article 60 / c) so that the remuneration of members of the BOD shall consist of a percentage of the net profit provided that it shall not exceed 10% of the net profit for the fiscal year after deducting both the depreciation and the reserves.
The Company may also pay additional expenses, fees, bonus or monthly salary determined by the BOD for any of its members if such member works on any committee or makes special efforts or performs additional duties to serve the Company in addition to his normal duties as a member of the BOD of the Company. No attendance allowance may be paid to a Chairman or a member of the BOD for Board meetings.

a. **The total remuneration paid to the Board of Directors for the year 2020**

The remuneration of the Board has been paid for 2020 in the amount of AED 200,000 for each member, total of (AED 1,200,000).

b. The total remuneration of the Board of Directors which are proposed for 2021, and will be presented in the annual general assembly meeting for approval:

The BOD proposed AED 90,000 for each member as a remuneration for the year 2021. The same will be presented at the Annual General Meeting for approval.

c. Details of allowances, salaries or fees paid to the board members and the committees for their attendance for the year 2021
No fees or additional salaries were paid

- **Number of the Board resolutions held during the 2021 fiscal year with their dates and number of physical attendance per member including attendance by proxy**

Date of Meeting	No. of Attendees	No. of Attendees by Proxy	Names of Absence
02/03/2021	6	NIL	Abdulla Abdulrahman AlShaibani
07/04/2021	6	NIL	Abdulla Abdulrahman AlShaibani
09/05/2021	7	NIL	NIL
10/08/2021	7	NIL	NIL
02/11/2021	7	NIL	NIL

- **Number of the Board resolutions held during the 2021 fiscal year by circulation**
  No resolutions held by circulation during 2021

- **Statement of the Board of Directors tasks and functions which were performed by the Executive Management based on authorization from the BOD**
  The BOD of the Company has a distinct delegation system. Articles 24 and 25 of the Articles of Association stipulate the powers and mechanism of delegation. The BOD has therefore granted all authorities in the management of the Company, conduct all acts and actions on behalf of the Company as authorized by the Company. None of these authorities and powers shall not be retained by the Companies Law or by the Articles of Association of the General Assembly. The BOD sets regulations related to administrative, financial and employment matters and their financial dues. In addition , they establish the regulation for the organization of its work and meetings and the distribution of competencies and responsibilities. Moreover, the board considers the provisions of the Companies Law and implementing decisions issued by the Authority, authorizes the BOD to extend loans over a period of 3 years, sell the properties of the company, mortgage the movable and immovable property of the company, discharge of the Company`s debtors from their obligations or conciliation and agreement on arbitration.

  The right to sign on behalf of the Company shall also have the exclusive right of the Chairman of the BOD or any other member authorized by the Board within the limits of the BOD`s decisions. The chairman of the Board of Directors may be the legal representative of the company in front of the judiciary and in relation to third parties. The chairman of the BOD may delegate other members of the board some of his authorities. However, the BOD is not authorized to delegate the chairman in all his authorities. The board has the right to appoint Chief Executive Officer or General Manager of the company or several Managers or authorized agents and determine their terms of service and salaries and remuneration.

The BOD`s authorized the executive management the following tasks and duties:

Name of Authorized Person	**Power of Authorization**
Khalid Ahmad Mohd Amin Al Kazim	All the necessary powers to carry out the duties of the administrative, financial, and technical requirements of the company for example: - Daily management of the company - Budget arrangement - Decide the required insurance for the company - Appointing and dismissing employees, consultants and contractors, determining their duties, bonuses, promotions and disciplinary rules. - Representing the company in all natural and legal entities, ministries, committees, boards, references, civil departments, companies, and private entities and signing all contracts, transactions, correspondence, and documents related to the company's business. - Follow-up the establishment, processing, and operation of the branches and the taking of procedures in their establishment, and in general the representation of the company in all the activities required for the *conduct of its business and activities or related thereto and related to its practices. In the conduct of the company's business, defending its rights, representing third parties, appointing lawyers and signing on behalf of the company all administrative, technical and legal works

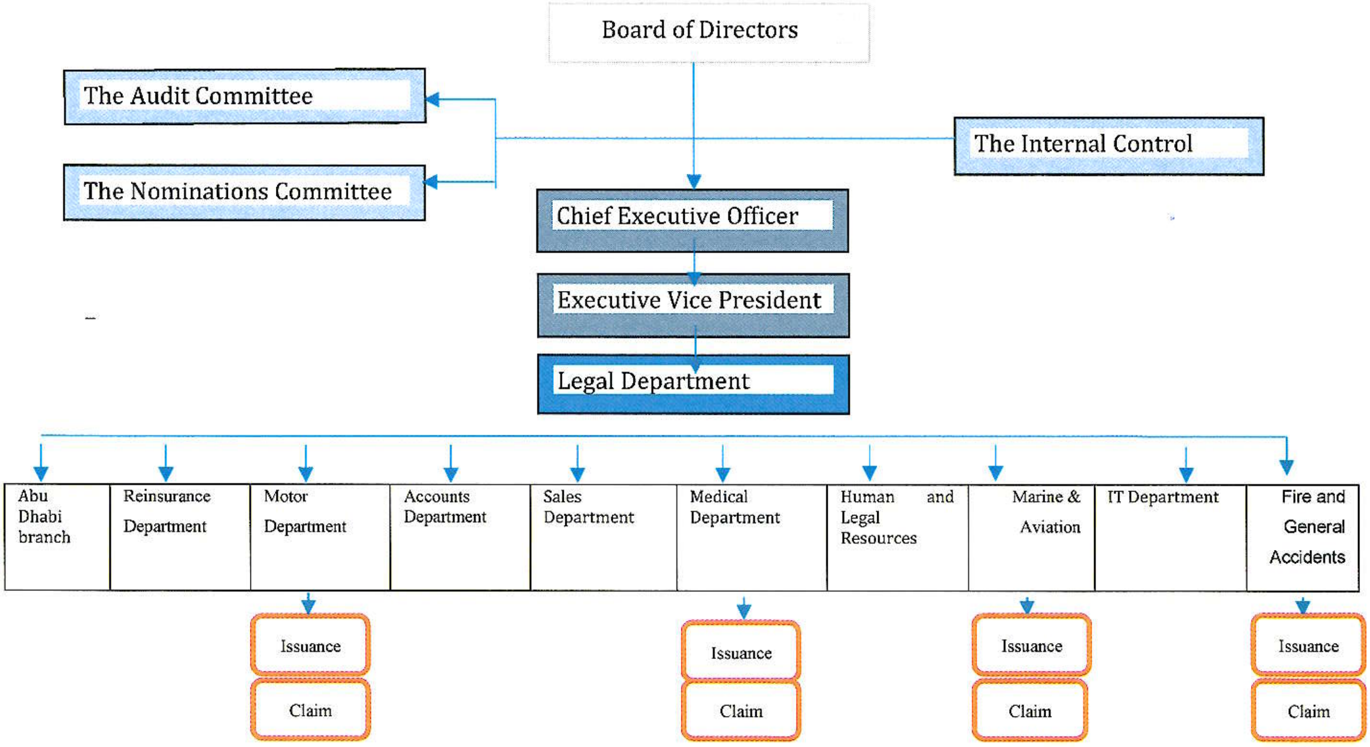
- **Statement of the details of transactions made with the related parties during 2021**

Related party transactions are transactions in which any party in our company has the ability to control or exercise any material influence on the other party in making financial and operational decisions. The related party transactions create potential or actual conflicts of interest for the company and can give the impression that the work decisions are based on considerations contrary to the interests of the company and the shareholders. However, there is a certain time in which the transactions of the related parties can be in the interest of the company and its shareholders. Accordingly, related parties' transactions are subjected to the approval of our Board of Directors and the Management of the Company shall determine the terms and Conditions of such transactions. Related parties represent the major shareholders. the Board of Directors. the key management and the companies that exercise significant influence over the Company.

- **Details of transactions with related parties:**

  There is no transaction with related parties

- **Organizational structure of the company**



- **Detailed statement of the senior executives of the company in the first and second level and their designations, date of joining including total salaries and bonuses paid.**

Sr. No.	Position	Appointment Date	Total Salaries and Allowances paid for 2021	Total Bonus Paid for 2021	Any Other Bonus / Allowances for 2021
1.	CEO	2020	AED 1,080,000	AED 200,000	-
2.	Legal & Admin. Manager	1995	AED 460,000	AED38,000	-
3.	Fire Dept. Manager	2018	AED 212,000	AED17,000	-
4.	Marine Dept. Manager	1989	AED 205,900	AED 17,000	-
5.	Medical Dept. Manager	2016	AED 193,000	AED11,600	-
6.	Finance Dept. Manager	2003	AED 371,200	AED30,300	-
7.	Sales Dept. Manager	2013	AED 290,178	AED 48,000	-
8.	Reinsurance Dept. Manager	2012	AED 305,600	AED 24,800	-
9.	Motor Dept. Manager	2001	AED 318,800	AED 25,900	-
10	IT Dept. Manager	2002	AED 235,600	AED 18,000	-
11	Technical Manager	1995	AED 367,600	AED 15,250	-
12	Abu Dhabi Branch Manager	2015	AED 193,900	AED800	-
13	Motor Underwriting Manager	1998	AED 137,550	AED11,400	-
14	Human Resource Manager	2019	AED 291,000	19,200	-
15	Corporate Services Manager	2020	AED 204,000	00	-

4. External Auditor

a. Overview of the company's auditor

Grant Thornton performs the external audit work of the company, which is one of the international companies accredited in the country and they have been auditing the company since 2018, when they were selected by the shareholders in General Assembly held on 10/04/2018

Grant Thornton is an audit firm and their independence from the company and its board of directors has been ascertained, and they perform audit work in accordance with applicable international standards. Their primary tasks are to ensure the correctness of the financial statements and monitor the company's accounts for the financial year. In order to perform their duties, they have the right to access at all times the company's records, and its books, documents, request data, clarifications, verification of the company's assets and its obligations, and it must be ascertained when preparing their report of the validity of the accounting records kept by the company, and the extent of agreement of the company's accounts with the accounting records, and they have the right to request whatever they deem necessary to perform their duties. Reviewing the balance sheet, profit and loss account, reviews the company's deals with related parties, observes the implementation of the provisions of the Companies Law and the Articles of Association, and submits the report with the results of their comments to the General Assembly with a copy to the competent authorities. They also have the right to attend the General Assembly meetings, and to ensure that the procedures that have been taken for the invitation to these meetings are correct, and the recitation of their audit report to the shareholders, notes on the company's accounts, its financial position, or any violations thereof, and that the report is independent and impartial, clarifying any issues or interference from the board of directors that they encountered while performing their work.

b. Statement of audit fees and expenses and services provided by the external auditor

Name of the external auditor **Partner name**	Grant Thornton Aref Al Sayed Mohammad Al Sayed Al Hashimi
Number of years auditor served as the company external auditor	4 Years
Total Auditor fees of 2021 (AED)	AED 235,000
Fees and costs of other private services other than auditing the financial statements for 2021(AED), if any, and in case of absence of any other fees, this shall be expressly stated	No other services
Details and nature of the other services (if any), if there are no other services, this matter shall be stated expressly	No other services
Statement of the other services provided (if any), in the absence of another external auditor, this matter is explicitly stated.	No other services

c. Statement clarifying the reservations that the company's auditor highlighted in the interim and annual financial statements for 2021

No reservations

5. Audit Committee

a. Acknowledgement of audit committee`s chairman for his responsibility of committee procedures in the company and his review for its performance and effectiveness

The chairman of the Audit Committee hereby acknowledges his responsibility for the committee procedures in the company, review of its work mechanism and ensuring its effectiveness

b. Names of Audit Committee members and the committee duties and tasks assigned

Name	Position
Mr. Faisal Aqil Bastaki	Chairperson
Mr. Mahmoud Mohamed Hadi	Member
Dr. Mohammed Al Ulama	Member

It is a subcommittee formed through a decision issued by the Board of Directors based on its structure and functions of Articles 60, 61 and 62 of Decision No. 03 / R.M / 2020 and its amendments. All members must have knowledge in financial and accounting matters, and one of them must have the minimum work experience in the field of accounting or financial matters, or the holder of an academic qualification or a professional certificate in accounting, finance, or other related fields.

Review the company`s financial and accounting policies and procedures.

1. Monitor and review the integrity of the Company`s financial statements and reports (annual, semi-annual and quarterly) and its control regulation as part of its normal operation during the year. It shall concentrate in particular on the following:

    a. Any changes in accounting policies and practices.
    b. Highlighting the aspects subject to the management discretion.
    c. Ensure that the company annually updates its policies, procedures and control systems.
    d. Substantive amendments resulting from the audit.
    e. Assumption of business continuity.
    f. Compliance with the accounting standards established by the Authority.
    g. Compliance with listing and disclosure rules and other legal requirements related to financial reporting.

2. Coordinate with the company Board, senior executive administration, the financial manager or the manager delegated with the same duties in the company, in order to perform its duties.

3. Consider any significant and unusual terms contained in such reports and accounts and shall give due consideration to any matters raised either by the Company`s Chief Financial Officer, the manger delegated with the same duties, the compliance officer or the auditor.

4. Raise recommendations to the Board regarding the selection, resignation or dismissal of the auditor. In case the Board does not approve the Audit Committee recommendations in this regard, the Board shall attach to the governance report a statement explaining the Audit Committee recommendations and the reasons why the Board has not followed them.

5. Develop and implement the policy of contracting with the auditor, and submit a report to the Board, outlining the issues that it deems necessary to be taken, along with providing recommendations for steps to be taken.

6. Ensure that the auditor meets the conditions stated in the applicable laws, regulations and decisions and in the company articles of association, along with following up and monitoring its independence.

7. Meet the auditor of the company without presence of any of the senior executive management personnel or its representatives and discuss the same with regard to the nature and scope of the audit process and its effectiveness in accordance with the audited standards.
8. Approve any additional works made by an external auditor for the company and the fees received in consideration of that work.

9. Examine all matters related to the auditor`s work, their work plan, correspondence with the company, their observations, suggestions and reservations, and any substantial queries raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems, in addition to following up the response of the company management and provision of the necessary facilities to do his work.

10. Ensure that the Board responds promptly to the clarifications and substantive issues raised in the auditor letter.

11. Review and evaluate the company`s internal auditing and risk management systems.

12. Discuss the internal auditing system with the Board, and make sure it performs its duty with regard to establishing an effective internal control system.

13. Consider the results of the main investigations regarding the internal auditing matters assigned to it by the Board or at the initiative of the Committee and the approval of the Board.

14. Review the auditor evaluation of the internal control procedures and ensure that there is coordination between the internal and external auditors.

15. Ensure the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.

16. Examine internal auditing reports and follow up implementation of corrective actions of the observations contained therein.

17. Establish controls that enable the Company`s employees to report confidentially on any potential violations in the financial reports, internal auditing or other matters, and the steps to ensure making an independent and fair investigation of such violations.

18. Monitor the company compliance with the rules of professional conduct.

19. Review related party transactions with the Company, ensure that there are no conflicts of interest and raise recommendations about them to the Board before concluding them.

20. Ensure the application of the business rules and its functions and the powers entrusted to it by the Board.

21. Submit reports and recommendations to the Board on the above matters mentioned in this Article.

22. Consider any other matters determined by the Board.

c. Meetings held by the Audit Committee during 2021 including its dates and number of physical attendance per member

Audit Committee	**Date of Meeting**			
Member Name	01/03/2021	05/05/2021	3/08/2021	27/10/2021
Faisal Aqil Bastaki	℗	℗	℗	℗
Mahmoud Mohamed Hadi	℗	℗	℗	℗
Mohammed Al Ulama	℗	℗	℗	℗

6. Nominations and Remuneration Committee

a. Acknowledgement of nominations and remuneration committee`s chairman for his responsibility of committee procedures in the company and his review for its performance and effectiveness

The chairman of the nominations and remuneration committee hereby acknowledges his responsibility for the committee procedures in the company, review of its work mechanism and ensuring its effectiveness

b. Names of nominations and remuneration Committee members and the committee duties and tasks assigned

Name	Position
Mr. Mahmoud Mohamed Hadi	Chairperson
Mr. Khalid Habib Al Redha	Member
Dr. Mohammed Al Ulama	Member
Abdulla Abdulrahman AlShaibani	Member

As per Article (59) of Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide: a committee formed by the Board of Directors and hold its meetings once a year or whenever necessary, its functions include:

1. Developing the policy that is required for applying to the Board and Executive administration's membership and encourage women participation through training programs and incentives.

2. Establishing and following up with the procedures that are to be followed when applying for a membership to the Board, according to the applicable laws and regulations.

3. Ensuring annually the availability of the continuity of the membership conditions of the Board members.

4. Reviewing the BOD structure and making recommendations wherever required.

5. Continuously ensuring the independence of the independent Board members. If the Committee determines that a member lacks independence, the matter will be notified to the Board, and action will be taken accordingly.

6. Subject to the provisions of Article (145) of the Companies Law, if the decision of the Board regarding lack of reasons or justifications for the member independence affects the minimum

percentage of its independent members, the Board shall appoint an independent member to replace this member if he has submitted his resignation due to lack of independency. In case the member refuses to resign, the Board shall present the matter to the general assembly for a decision to approve the appointment of another member or to open the door for candidacy for electing a new member.

7. Preparing and reviewing the policy for granting rewards, benefits, incentives, and salaries to the Board members and the employees of the Company, annually. The committee must ensure that the rewards and benefits provided to the senior executive management is reasonable and is proportionate to the performance of ASCANA – TAKAFUL.

8. Identifying the needs of the Company with regard to the competency level of senior executive management and employees, as well as the basis of their selection.

9. Preparing the policy related to the HR and training of employees and monitor its implementation along with reviewing it on an annual basis.

c. Meetings held by the Committee during 2021 including its dates and number of physical attendance per member

Nomination and Remuneration Committee	**Date of Meeting**	
Member Name	01/03/2021	05/05/2021
Mahmoud Mohamed Hadi	Ⓟ	Ⓟ
Abdulla Abdulrahman AlShaibani	Ⓟ	Ⓟ
Mohammed Al Ulama	Ⓟ	Ⓟ
Khalid Al Redha	Ⓟ	Ⓟ

7. The Supervision and Follow up Committee of Insider Transactions

a. Acknowledgement of the committee`s chairman for his responsibility of committee procedures in the company and his review for its performance and effectiveness

The chairman of the committee hereby acknowledges his responsibility for the committee procedures in the company, review of its work mechanism and ensuring its effectiveness

b. Names of the Committee members and the committee duties and tasks assigned
1- Mr. Faisal Aqil
2- Mr. Mahmoud Hadi
3- Mr. Sunil Kumar

C. Summary of Committee report during 2021

- Increasing awareness to Importance of Insider Trading Follow-Up and Oversees Committee role.
- Preparing and submitting statements on a quarterly basis to Executive Management as in Article 59 of the Chairman's Decision No. 3 / R .M for the year 2020.

The supervision and follow up committee Trading Follow	**Date of Meeting**
	27/10/2021
Faisal Aqil Bastaki	Ⓟ
Mahmoud Mohamed Hadi	Ⓟ
Sunil Kumar	Ⓟ

8. Committees approved by the Board

a. Investment Committee

Acknowledgement of the committee`s chairman for his responsibility of committee procedures in the company and his review for its performance and effectiveness

The chairman of the committee hereby acknowledges his responsibility for the committee procedures in the company, review of its work mechanism and ensuring its effectiveness

The committee responsibilities and tasks:

1. Establishing a policy for investment and risk management in line with the level of risk appetite determined by the company's board of directors, and reviewing it annually, including the oversight mechanism for it.

2. Ensuring that the company`s assets are diversified and sufficiently distributed and allow the company to respond efficiently to the changes in the economic conditions, including developments in the financial markets, and to assess the volatile market conditions on its assets.

3. Verify the efficiency of risk management systems related to investment activities, which may affect the coverage of insurance obligations and the adequacy of capital.

4. Reviewing the assessment of the solvency of the related parties with whom the company is exposed to major transactions.

- Names of the Committee members and the committee duties and tasks assigned

Name	Position
Mr Majed AlKazim	Chairperson
Mr Faisal Aqil	Member
Mr Khalid AlKazim	Member

b. Risk Committee

- Acknowledgement of committee`s chairman for his responsibility of committee procedures in the company and his review for its performance and effectiveness
- Name of committee members and their duties and tasks assigned

Name	Position
Walid Shalab	Chairperson
Abdulhalim Barqawi	Member
Rusiru Thalinka	Member
Motasem Oklah	Member
Alaa Al Qassas	Member
Sunil Kumar	Member
Nidal Alkloub	Member

Developing a detailed risk management strategy as well as policies that are consistent with the nature and size of the Company's operations, monitoring its implementation, reviewing, and updating it whenever necessary. Recognizing and preserving an acceptable risk level that the Company may face and ensuring that the level is not exceeded.

*-Overseeing the risk management framework and evaluating its efficacy and reviewing the mechanism in place for detecting and monitoring the risks that threaten the Company, in order to find any areas of incompetence.

- Acquiring assurance from the executive management and the internal audit that the risk processes and systems operate effectively.
- Preparing comprehensive reports on the level of exposure to risks and recommending procedures for controlling risks and submitting them to the Board.
- Evaluating the selection, performance, and replacement of the Risk Officer and monitoring the management of risk.
- Assessing matters that are raised by the Audit Committee that can affect the Company's management of risk.

C. Meetings held by the risk committee during 2021 including its dates and number of physical attendances per member

Risk Management Committee	**Date of Meeting**			
Member Name	22/02/2021	31/03/2021	04/08/2021	12/10/2021
Walid Shalab	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Rusiru Thalinka	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Motasem Oklah	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Alaa Al Qassas	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Nidal Alkloub	Ⓟ	Ⓟ	Ⓟ	Ⓟ

9. Internal Control System

a. Acknowledgement of BOD`s for his responsibility of internal audit system in the company and his review for its performance and effectiveness

Accordingly, in compliance with corporate governance and corporate governance standards, the Board of Directors acknowledges its responsibility for the Company's internal control system, It also acknowledges its review of its working mechanism and effectiveness.* The Internal Control Department of the Company carries out its duties in accordance with the provisions of Article (67,68) of Resolution No. 3 / R of 2020 which replaced the Ministerial Resolution No. 7/RM of 2016 so that it shall have enough independence to carry out its duties and directly follow the Board of Directors. The internal control system is designed to establish an evaluation of the company's risk management tools and procedures to apply its governance rules properly, and to verify the compliance of the company and its employees with the provisions of the laws regulations and decisions in force internal policies and procedures and review of the financial statements presented to the Company's senior management, which are used in the preparation of financial statements.

1. The internal control system shall be issued by the Board of Directors after consultation with the senior executive management. The system is managed by an internal control department.

2. The Board shall also define the objectives, functions, and powers of the competent internal control department with enough independence to perform its functions and directly follow the Board of Directors,

3. The BOD appoint the internal auditor.

4. The Board shall conduct an annual review to ensure the effectiveness of the Company's internal control system and to disclose its findings to shareholders in its annual report on corporate governance.

5. The annual audit includes especially the details as given below:

- Main control elements including financial supervision, operations and risk management.
- Changes since the last annual review and extent of the main risks and the Company's ability to respond to changes in its business and the external environment.
- The scope and quality of the Board's continuous control over risks the internal control system and the work of the internal auditor.

- The number of times the Board of Directors or its committees have been informed of the results of the audit work to enable it to assess the internal control position of the Company and the effectiveness of risk management.
- Cases of failure or weakness in the detected control system or unexpected contingencies that have affected or may have a material impact on the performance or financial position of the Company.
- The effectiveness of the Company's financial reporting and compliance with inclusion and disclosure rules.
- Verifying all transactions in terms of whether they are carried out with a related party if they involved a conflict of interests or by verifying compliance with the procedures governing such transactions.

The company adopts the application of international standards of internal control in order to achieve the required objectives efficiently in accordance with the purpose for which it was found and aimed at achieving an integrated control system and in accordance with the set of controls, standards, and procedures.
** The Internal Control Department is transparent in its reports on the extent of the company's transactions and employees in accordance with the procedures required to be followed by the company and its employees.

b. AJMS Global Consulting has been appointed for internal auditing purposes

Name of the internal Auditor : AJMS GLOBAL CONSULTING
Date of appointment of the company`s Internal Auditors 01/01/2021

AJMS Global Consulting is a company specialized in internal audit work and has a good experience in this field. It performs internal audit work for several companies in the country, as well as audits of money laundering, taxes and risks, consultancy in developing strategies, and training in complaints management. Their appointment was approved on 1/3/2021, and their representative is Mr. Muhammad Fares Farooqi, he holds BA in Accounting and has more than ten years of experience. He also holds an ACCA (Association of Chartered Certified Accountants) from Britain and the CIA, IIA from America (as a certified internal auditor).

c. The procedures taken by internal auditor in handling any major issues or the ones which are already disclosed in their reports

The internal auditor has dealt with transparency and professionalism all the tasks entrusted to it by the Board of Directors and what is required by law to this matter, and to inform the Board of Directors with all the details required.
In 2021, the company didn't face any issues that require the intervention of the internal control Department, which in case of occurrence, the Internal Control Department will deal with them in accordance with the nature of the problem and report to the Board of the facts and solutions.

d. Number of reports issued by the internal auditor to the company`s Board of Directors

The internal auditor has specifically reported to the Audit Committee the progress on updating the internal controls policies and procedures carried out during the year.
The internal control department completed and issued the following reports during 2021:

1	Report issued on 5/05/2021
2	Report issued on 03/08/2021
3	Report issued on 27/10/2021

e. Compliance Officer

The Board of Directors also assigned Mr. Mohamed Belbeissi as a compliance officer to insure the compliance of the company and its employees with the laws, regulations and decisions issued and its implementation, and compliance with the provisions of the company's articles of association and the decisions issued by the General Assembly and the Board of Directors.

Mr. Mohammad Belbeissi holds a law degree, a license in law, and several courses in the Takaful insurance sector and other insurance business in general, and he has 42 years of experience in the insurance sector.

10. Details of violations Committed during the fiscal year, their reasons and procedures to handle it and avoid it in the future

Ascana didn't commit any violations during 2021 .

11. Statement of contributions made by the company during 2021 in developing the local community and preserving the environment

The company follows an environmental and social policy which comes from its interest in preserving the safety of the local environment by reducing the use of pollution-reducing tools, reducing the amount of waste, recycling, and reuse, as well as the optimal use of resources. The company has also implemented a special system to conserve energy and reduce energy consumption Offices.

In addition to the above, the company has several social, charitable, sports and environmental contributions. In 2021, the company supported and sponsored several activities for governmental, social, educational and environmental events, translating it into the concept of community service.

At the local and sports level, the company is considered one of the main sponsors of equestrian racing events in Dubai under a cash contribution as one of the sponsors and in the form of awarding prizes to the winners.

The company also through the survey department in the Motor Department has issued its instructions to conduct the optional examination and free inspection of its customers on vehicles to be insured as an additional service to ensure that it is free from defects harmful to public health or the environment.

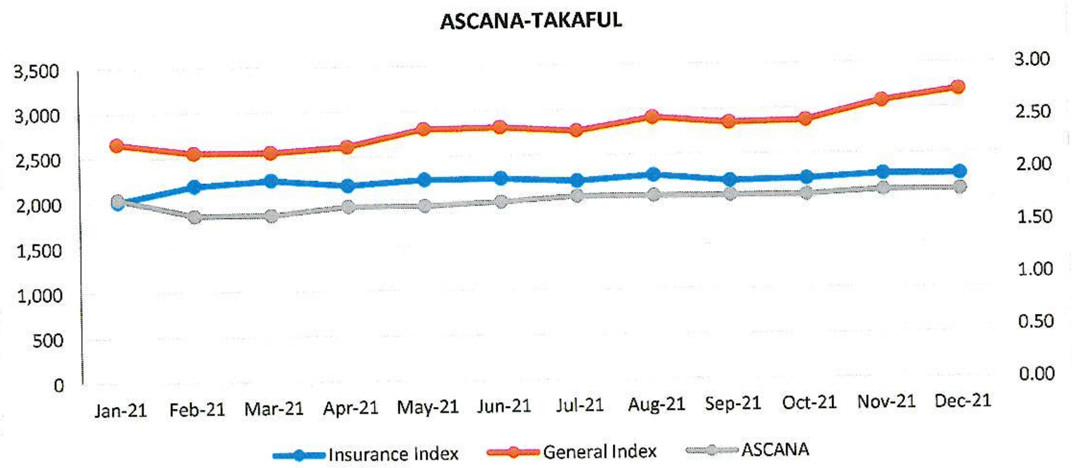
12. General Information:

a. Statement of the company`s share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2021

Month	Open	Close
January	1.90	1.75
February	1.75	1.59
March	1.59	1.59
April	1.59	1.67
May	1.67	1.67
June	1.67	1.70
Jully	1.70	1.75
August	1.75	1.75
September	1.75	1.75
October	1.75	1.75
November	1.75	1.79
December	1.79	1.79

b. Statement of the company`s comparative performance with the general market index and sector index to which the company belongs

Month	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Insurance Index	2,017	2,189	2,246	2,183	2,240	2,247	2,214	2,267	2,202	2,221	2,266	2,263
General Index	2,654	2,552	2,550	2,605	2,798	2,811	2,766	2,903	2,845	2,864	3,073	3,196
ASCANA	1.75	1.59	1.59	1.67	1.67	1.70	1.75	1.75	1.75	1.75	1.79	1.79



C. Statement of the shareholders ownership distribution as on 31/12/2021

Local	No of Shares	Shareholding Ratio %
Company	28,384	0.02%
Individual	153,971,616	99.98%
Grand Total	154,000,000	100.00%

d.Statement of the shareholders owning 5% or more of the company`s capital as on 31/12/2021

Serial No.	Names of the shareholders	Number of shares Held	%of Shares Held of the Company`s capital
1	H. H Sheikh Butti Bin Maktoum Bin Juma Al Maktoum	28,644,000	18.60%
2	Ahmad Mohammed Amin Al Kazim	14,800,530	9.61%
3	Majed Mohammed Amin Al Kazim	39,019,711	25.34%
4	Fawzia Abdul Razzaq Al Kazim	7,937,702	5.15%
5	Rehab Mohammed Amin Al Kadhim	16,435,094	10.67%
6	Rawia Mohammed Amin Al Kazim	16,435,094	10.67%

e. Statement of measures taken regarding the controls of investors relations

Share(s) Owned	No of Shareholders	No. of Share	% of the shares held of the capital
1-Less than 50,000	21	199,799	0.13%
2-50,000 - 500,000	4	733,000	0.47%
3-500,000-5,000,000	10	29,795,070	19.35%
4-Above 5Million	6	123,272,131	80.05%
Grand Total	41	154,000,000	100.00%

f. Statement of how shareholders are distributed according to the volume of property as on 31/12/2021

ASCANA-Takaful has updated and modernized its investor relations sections on our website in order to upload any disclosed information and any other information related to the shareholders rights, such as corporate governance reports, Financials Shareholders Structure, Contact details of the investor relations office in accordance with the requirement and regulation of securities and commodities authority.

Investor relations contact details:

Ms. Rabiaa Bent Allala :Investor relations

Email: Rabiaa@ascana.net
Contact Number: 04 2824403 EXT-165

g.Statement of the important disclosures that were presented in the AGM held during 2021 and the measures taken in their regards

A special decision was taken to amend the article of association to comply with Federal Law No. (26) of 2020 amending some provisions of Federal Law No. (2) of 2015. All procedures related to this decision have been taken for approval by the respected Securities and Commodities Authority. All procedures related to this decision and the Board of Directors have been taken by the Securities and Commodities Authority.

Board of Directors Secretary:

- Name of the Board Secretary and the date of her appointment
  Ms. Rabiaa Hannachi, appointed on 11/07/2017
- **Qualification and experience**:
  Certified Board of Directors Secretary from Hawkamah Institute (2018)
  Board of Director secretary 2018
  BA in Economy 2001
- **Statement of duties during the year**
  Implementing resolution made by Board of Director.
  Ensure effective governance management in the company.
  Coordinate the work agenda proposed among members and with their attendance and dates.

h.Detailed statement of major and important disclosures that the company encountered during 2021

- **Article of Association amended**
- **Board of directors' election**

J. Statement of Emiratization percentage in the company at the end of 2021

Year	Emiratization Ratio
2019	6%
2020	6%
2021	7%

k. Statement of innovative projects and initiatives carried out by the company or being developed during 2021

The company has submitted an innovation project related to the creation of a department called the Department of Happiness, the purpose of which is to consider customer dealings, respond to their requests and provide appropriate services to them, as well as for the company's employees.

Chairman	Chairperson of the Audit Committee	Chairperson of the Nominations& Remuneration Committee	Internal Auditor
Date 16/03/2022	Date 16/03/2022	Date 16/03/2022	Date 16/03/2022

Arabian Scandinavian Insurance Company PLC-Takaful-
Ascana Insurance

SUSTAINABILITY REPORT2021

CONTENTS

CONTENTS

CONTENTS

CONTENTS

PART ONE

ABOUT US

About Us

Arabian Scandinavian Insurance Company PLC -Takaful – Ascana Insurance established in 1978, is a composite insurance provider listed on DFM, with the Head Office based in Dubai, United Arab Emirates (UAE).

With over four decades of history servicing the UAE market, we strive to reshape the way of business by adopting groundbreaking initiatives on digitalization.

While being in a competitive position, we continuously try to improve, innovate, and grow. Our digital initiative is inspired and goes hand in hand with the UAE government's attempt towards being a smarter and digitally transformed nation by providing a wide range of product offerings through digital platforms customized for both local & international clients.

Our Core Values and Culture drive ASCANA 's Sustainable Operations Strategy

We care for who we are and how we achieve our goals as a team with positive influence on community.

Professionalism in our approach

Integrity in everything we do

Commitment to stakeholders' interest

Teamwork for operational excellence

PART TWO

2021 Snapshot

2021 Impact

We operate through its head office in Dubai and the branch office in Abu Dhabi.

Other channels of business operations include online Smart Services, direct sales team and Brokers.

- Focused on Operational excellence through major digital initiatives which are fundamental to fulfilling our ESG responsibility.
- Board formally adopted ESG policy and framework defining specific areas of focus. To promote ESG among stakeholders, established a steering committee to report on progress in line with sustainable development goals.

PART THREE

ABOUT THIS REPORT

- We are pleased to present our sustainability report for the year 2021. This report is prepared in reference to DFM ESG Disclosure Guidance, UN Environment's Principles for Sustainable Insurance Initiative (PSI) and Global Reporting Initiative (GRI). Based on such references, this report includes the areas which are material to our business model. The detailed report of board of directors, financial statement, management discussion & analysis report and corporate governance report are disclosed separately on DFM and are available on the investor section of our company website www.ascana.net

- Disclaimer

- ASCANA TAKAFUL has made every effort to ensure the accuracy and reliability of the information presented in this report. However, certain statements may be progressive. These are based on certain assumptions using currently available information which is subject to a continuously changing environment and emerging new risks. ASCANA TAKAFUL assumes no obligation to publicly update any information made in this sustainability report. This communication is not intended as a recommendation to buy, sell or hold securities. Readers are cautioned not to place undue reliance on information presented herein. We shall not be responsible for any loss or damage of whatever nature that arises due to use of this information.

SUSTAINABILITY AT ASCANA-TAKAFUL

SOCIAL

Social issues around workplace practices & human capital

ENVIRONMENTAL

Environmental issues such as climate change & pollution

GOVERNANCE

Governance issues such as executive pay, accounting & ethics

1 Our Approach

Since it is imperative to our success, we prioritize sustainability in all aspects of our operation and corporate strategy, allowing us to provide long-term value to all of our stakeholders. ASCANA –TAKAFUL Sustainability Policy demonstrates our commitment to responsible best practice models and the conduct of business in a manner that contributes to ensuring a sustainable future at the environmental, social, and economic levels.

2 Our Policy

The ASCANA -Takaful Sustainability Policy is based on the following:

- ✓ Management and sustainable study of the risks.
- ✓ Managing all agreements with reinsurance companies
- ✓ Managing all agreements with insurance brokers
- ✓ Make all efforts to retain existing customers
- ✓ Training & development programs for employee retention
- ✓ Empowerment of employees with a focus on women
- ✓ Policies, procedures, and workflows for sustainable business continuity
- ✓ Data protection and information security in a sustainable manner
- ✓ Strict Policies to determine remuneration, working fees, nomination, risk management, and internal control.

Stakeholder Engagement

This report presents an opportunity to highlight the Company's research and analysis on sustainable development issues and our discussion with the stakeholders.

In the context of changing risk landscape, understanding the internal & external stakeholder perspectives and opinions is integral. Further, we understand that continued improvement in the stakeholder engagement process is critical to develop holistic solutions and addressing the concerns as we move forward together.

It is only through continued engagement & discussions that enable us to operate sustainably and meet our customers, shareholders, business partners, suppliers, employees, regulators, and other stakeholders' expectations & concerns.

Employees

Intranet, Newsletters, CEO Communications, Management Meetings, Surveys, Team building & inhouse training events

Customers

Customer services & interaction via multiple platforms like Call, Website, business WhatsApp, email, etc. NPS Surveys & Feedbacks

Suppliers &Business Partners

Trainings & Workshops, Events, Service portals Personal contacts

Regulatory Authorities, Media, Society and others

Voluntary Participations, Interviews, Publications & Social Events Exchange of ideas & communications with regulators, Projects & Surveys

Shareholders & Investors

Market Disclosures, General Assembly Meeting, Personal Contacts by Investor Relations, Corporate Notices

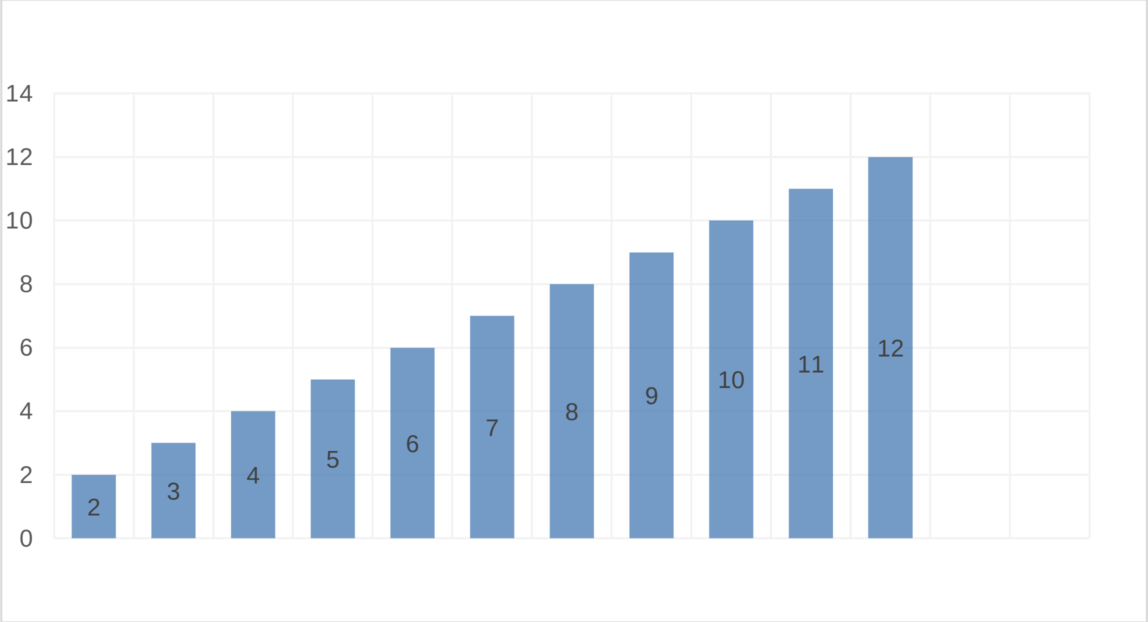
Industry

Networking Events / Conferences,Collaborations, Personal Contacts

Materiality

1 2021

During 2021, as a result of ongoing stakeholder dialogues, we have identified material topics enabling us to achieve our best contribution to mutual sustainable development goals. We also considered our alignment with best practices as recommended by Global Reporting Initiative and reviewed the public resources providing insight on megatrends, and emerging risks & opportunities for the insurance sector. We identified and assessed materiality topics which have been positioned based on the relevance of our role in the society, business impact and of key importance to our stakeholders.



1 Climate Risk & Opportunities

2 Digitalization & Paperless Insurance operation

3 Data Privacy & Security

4 Financial Market Stability

5 Customer Experience

6 Health & Safety

7 Governance & Risk Management

8 Green Products /Sustainable Solutions

9 Employee Engagement

10 Diversity & Inclusion

11 Training & Development

Aligning with Sustainable Development Goals

1 INTEGRATION into Strategy

Integrating the principles of sustainable operations and embedding relevant ESG issues into our business strategy. Tuning to ESG ERM across value chain, setting goals in alignment to SDGs and reporting to Board the progress on the achievement of sustainability goals by the steering committee.

2 ENVIRONMENTAL Stewardship

At ASCANA TAKAFUL climate change risks and its implications on business operations as well as our target to limit our environmental footprint (efficient use of energy & water, waste recycling, supporting green products, promoting ecological sustainability within our value chain) remains our priority

3 Corporate GOVERNANCE & Responsible Business Practices

We believe in building sustainable relationship with our stakeholders. Acting responsibly through our business value chain is of highest importance. This is formalized through comprehensive compliance policies which provide the framework on ethical business practices for all stakeholders. ASCANA TAKAFUL maintains a good compliance track record and remains committed to comply with all regulatory requirements through strong governance standards.

4 Empowering PEOPLE & COMMUNITY

We believe in fostering safe & empowered workplace. This lays the foundation for our commitment to human rights and non-discrimination. This is integrated in our Code of Conduct and related policies. We remain committed to our social responsibility towards the community in which we operate and to find ways to contribute positively.

Governance & Risk Management

Our Approach

ASCANA strives to continuously enhance and strengthen corporate governance, ensuring operational transparency, accountability and maximizing long term value for all our stakeholders and positive contribution to society. The evaluation and integration of ESG factors into the corporate strategy and risk management remained a key agenda for the Board during 2021. To make the sustainability performance of ASCANA even more transparent, the measurement and monitoring of the Company's corporate ESG metrics are going to be a key target for the upcoming years.

Compliance & Ethical Business Practices

A

The Company's strategic direction and application of good governance is the result of visionary leadership

B

Code of ethics & conduct covering corporate impact, human rights & safety, conflict of interest, anti-bribery & corruption, service contracts and whistleblowing

C

Insider Trading Policy

D

Related Party Transactions Policy

All the key corporate policies and procedures are subject to a minimum of the annual review, update, and validation. This includes but not limited to the Delegation of Authority matrix, due diligence, credit policy, remuneration & incentive, and other critical areas. Further, these standards collectively guide employees in acting responsibly and demonstrate high standards of ethical behavior across operations and relationships with internal & external stakeholders. We believe that effective implementation of corporate governance lies in our commitment to observing ethical business practices with integrity. It is through continued efforts, that we have cultivated a culture of employee ownership to code of conduct, contributing to our success and reputation. This culture supports our corporate objective towards sustainable business growth and being a trusted insurer.

E

Encouraging women participation in the Board

Procurement & Supply Chain

Procurement & Supply Chain

ASCANA TAKAFUL remains committed to development of supply chain management in consideration of social and environmental standards. We continuously aim to optimize our asset utilization while minimizing environmental impact.

Supply Chain Management

We at ASCANA TAKAFUL strives to maintain mutually benefitting long-term business relations with our business partners and suppliers & vendors based on honest and fair practices. We also evaluate the business activities and credibility of our suppliers via reliable third-party due diligence service providers minimizing the possible reputational risk associated with the conduct of our suppliers. Our code of conduct provides clear guidelines to employees on interactions with suppliers and zero tolerance for unethical business practices. Our procurement requirement primarily falls under two types, IT and Non-IT services & supplies

Risk Management

A

We believe enterprise risk management is central to sustainable governance and a critical pillar to our overall financial viability. The Company's Board Committee understands the core operations activities and its risk profile and therefore regularly monitors all material risks. Our internal control function reports to the Board Audit Committee and adopts a holistic approach considering the correlations across all functions of the Company and aligning the risk management framework to evolving business model, and corporate strategies. Existing and emerging risks are reviewed in line with existing controls and recommendations and are discussed with unit heads and management. This is further presented and discussed with Audit Committee.

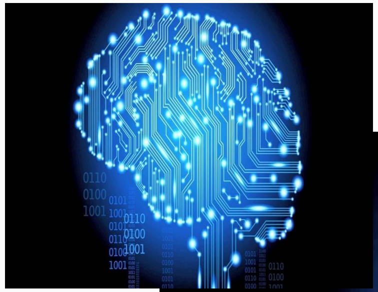
Goals 2022-2024

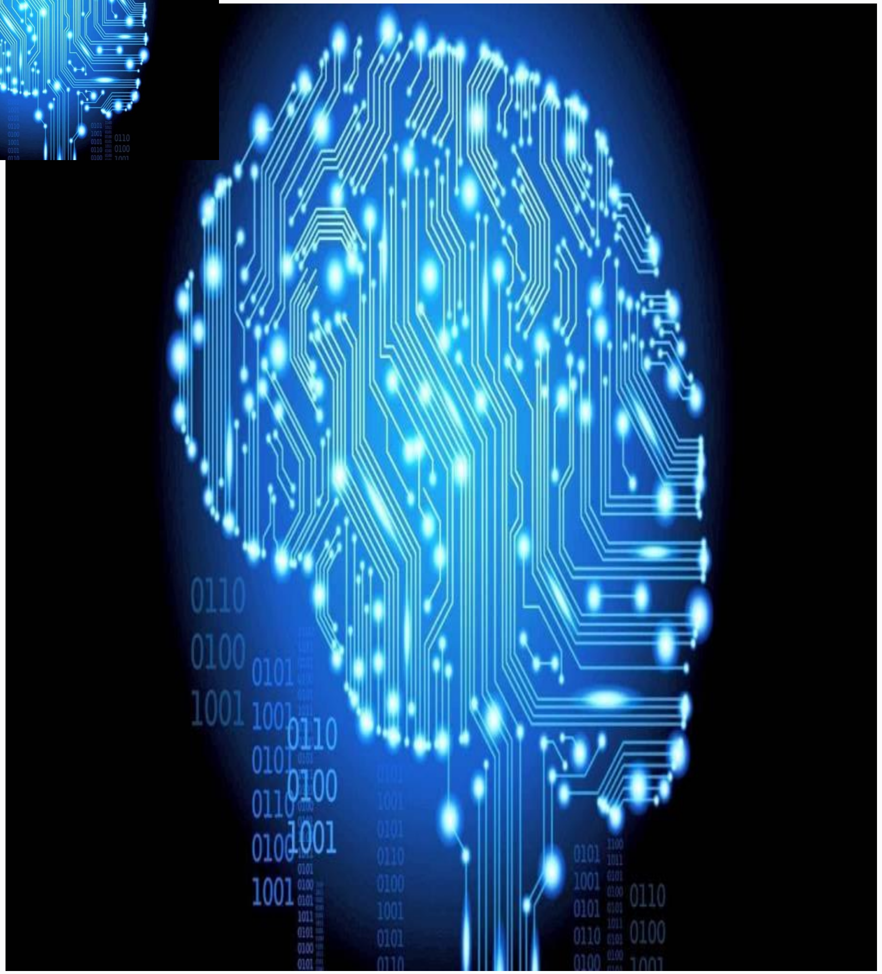
B

- Enhancing our existing risk management framework through integration of ESG factors, leverage technology expertise and close tracking of ESG `s dashboard
- Schedule employee trainings focusing on sustainability related risk management program

PART FOUR

Operational Excellence





Operational Excellence

In order to keep our business activities up to date in terms of technology, security, and sustainability, digital transformation is imperative. While the renewed processes facilitate and simplify the work of our teams, we can also significantly reduce our material consumption. At the age of digitalization, we are endeavoring to move ahead of our peers by strengthening our capabilities through adopting the latest innovation and improving our ways & means of operating and servicing our clients.

Digital Transformation

A

IFRS system,ISO27001 ,etc. being implemented and we are currently in the phase of transformation for an ‘ end to end’ business operations optimized platform and service delivery to customers.

B

With a digital mindset at the core of everything we do, we also have been able to digitally empower the customers and employees alike.

C

ASCANA TAKFUL has swiftly navigated along with the recent digital paradigm shift in the global scenario, providing a seamless experience to all the stakeholders. With digital solutions providing improved turnaround and response times, better connectivity and faster processing times, we have been able to create an ecosystem powered by collaboration, innovation & continuous improvement.

Data Privacy & Security

A

As an insurance company, we thrive on information and a deeper understanding of data that assists us in creating value for our customers and being business resilient. As thus we are working on automating the majority of processes and empowering our employees with sophisticated systems and advanced analytic engines managing the wealth of information.

B

The risk Committee identifies cyber security, data privacy & protection and business continuity as key material areas and relates to ASCANA TAKAFUL responsibility towards its policyholders and other stakeholders.

C

ASCANA TAKAFUL also carries out annual IT audit via external consultant confirming our best IT security practices and taking advice on further improvements.

P A R T

Stakeholders

Building & Sustaining Relationship

Customer Relationship

We have acquired over 25,000 customers through our digital channels in the year 2021 enabling them to have hassle-free interaction on their insurance and related claims

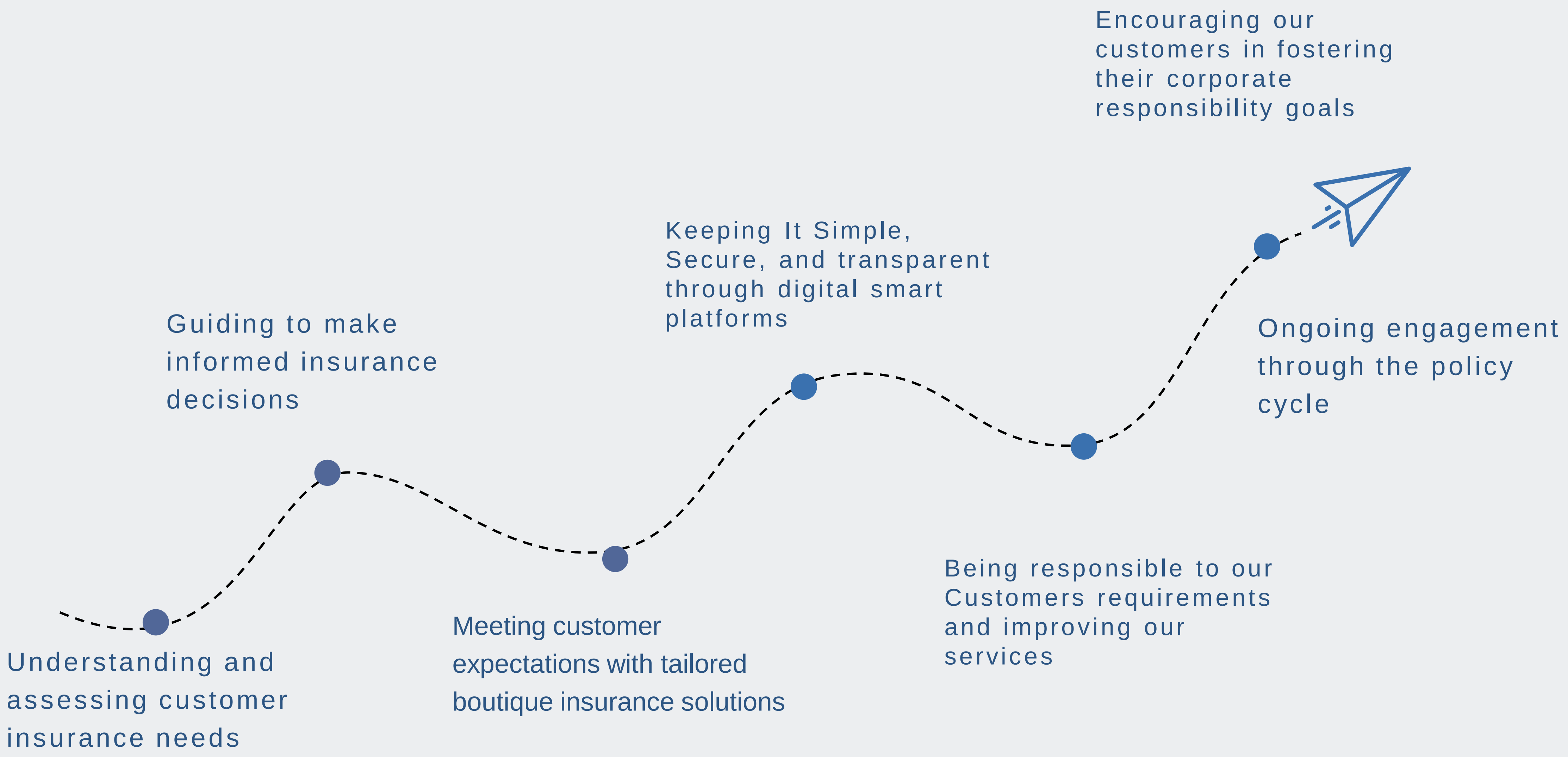
ASCANA TAKAFUL plans to launch mobile application during Q1 2022 making customer journey smooth and easy

We believe that our customers simply deserve the best and this is reflected through our digital transformation initiatives which is a perfect example of how we keep our customers at the center of everything that we do. As we enter an ecological time of smart services, we invest in digital platforms delivering seamless journeys for our customers, right from product inquiry to after-sales service.

While digital smart platforms are the need of time, and inevitable to business sustainability, we understand that nothing can replace distinguished support by our employees addressing customer queries professionally. The Company believes in being digitized with a human approach. Our commitment & values are embraced by our employees and demonstrated in the professional support services. Other than digital platforms, our new website, mobile application, business WhatsApp services for the customers to serve them on the go, and call center are being enabled to provide necessary support whenever requested by our customers. Also, we have a friendly customer care team ensuring that customer queries are handled suitably and in a timely manner.

Delivering Value for our customers

Our success depends on continued measurement of customer satisfaction which helps us to improve our products and services to meet their requirements. Customers are encouraged to provide feedback via various channels including satisfaction surveys through call, website, email and customer service channels. This enables us to measure our service levels and understand the root causes for resolution and find distinctive ways to deliver value. Our sustained customer loyalty and lasting growth comes by meeting evolving customer expectations through delivering valued products & services, easy to use & intuitive smart platforms and ongoing personalized insurance engagement through policy cycle.


Understanding and assessing customer insurance needs
Guiding to make informed insurance decisions
Meeting customer expectations with tailored boutique insurance solutions
Keeping It Simple, Secure, and transparent through digital smart platforms
Being responsible to our Customers requirements and improving our services
Encouraging our customers in fostering their corporate responsibility goals
Ongoing engagement through the policy cycle

CUSTOMER RATING(Google)

2020 — 3.6

2021 — 3.5

CUSTOMER COMPLAINS IN IA E-PORTAL

2020 — 6/10

2021 — 8/10

Customer Complaints received & resolved

Our Employees, Our Strength

A

The Company believes in Happy Employees, even Happier Customers. Thereby we endeavor to foster a positive work culture through employee engagement programs, financial well-being, security, and continuous learning & development.

B

The company's approach to diversity and inclusiveness inspired by the Country's strong guiding principles on tolerance and inclusion

C

Our ethnic diversity is represented through its employees from more than 12 nationalities

D

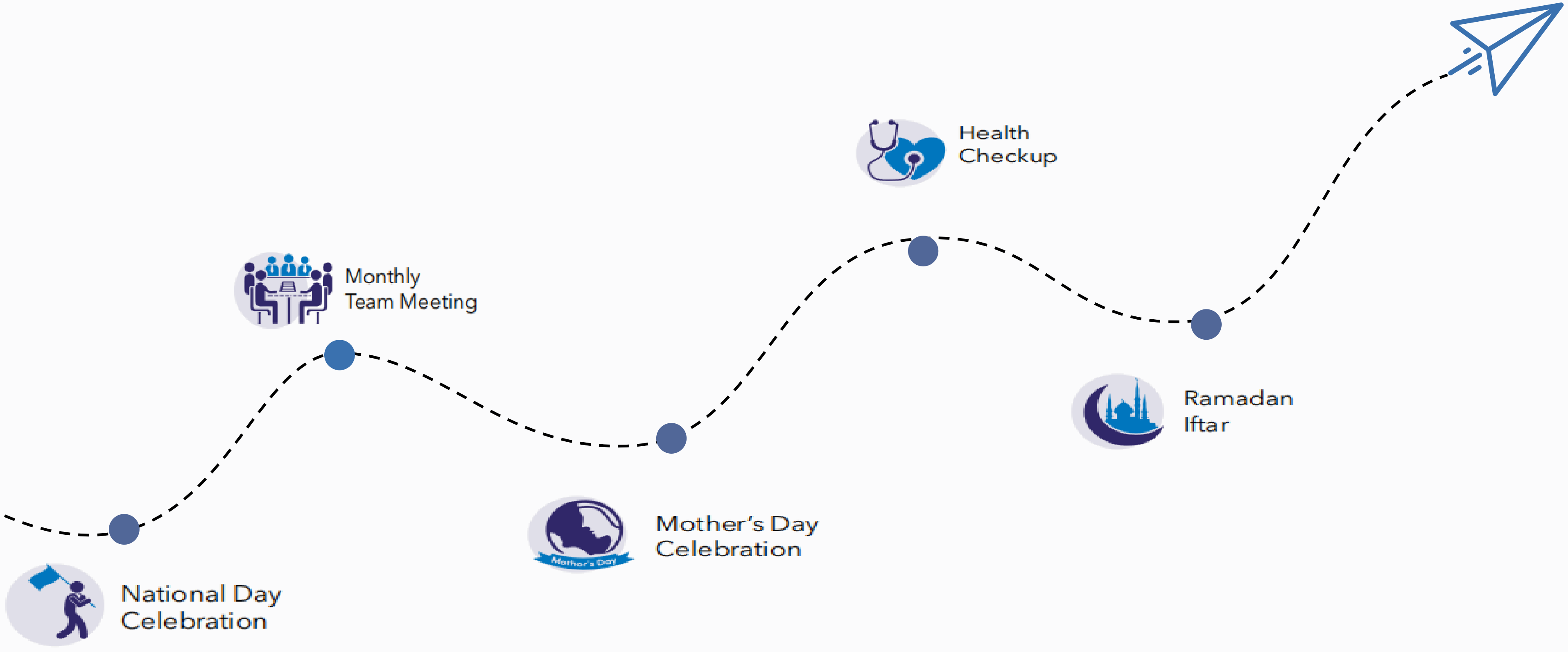
Our employee expertise and contribution have been instrumental to the digital transformation of the Company. Empowering our employees with automation & data analytics has led to organizational growth.

E

Our **"Go Green"** initiative towards a sustainable ecosystem is embraced by the employees which are demonstrated by their active participation with fresh ideas and perspectives to a sustainable workplace.

Employee Engagement

Our success is the employee’s success. We remain committed to creating a lively and positive working environment for our employees. We support ‘the open door’ communication policy, enabling employees to present & discuss their ideas through the decision-making process. Formal brainstorming sessions, encourage employee participation.



Our efforts are geared towards building an inclusive and attractive work environment building foundation to strong corporate culture. We are committed to diversity and equality

Several recreation activities are organized round the year celebrating notable achievements of the company, awarding best performers, organizing team building activities, and much more.

we believe in making it easy for our employees to process their personnel services such as leave requests, requests for salary certificates, appraisals, personnel information management, alerts, and others via HRMS application. A comprehensive employee handbook is accessible to all employees covering corporate policies & process guides. This also includes focus areas such as employee rights, whistleblower, and health & safety policies

Training and Development

A

Nurturing talent is the key driver of our success over the years. Training for our employees are aimed to strengthen our knowledge base as well as offer career advancement opportunities creating a digital-savvy workforce. With the rapid adoption of technology, ongoing training becomes essential for the users who leverage it to bring success. Our IT team actively conducts awareness sessions on rising cyber security threats. Special training programs are delivered in-house, meeting the requirements of employees including mandatory sessions on AML/CFT updates, Anti-bribery & corruption, Cyber security, Code of Conduct, and other critical skills.

Financial Well-being & Security

B

Our employee wellbeing & financial security remains as one of the top priorities. We care for our employees and thus ASCANA TAKAFUL has a reputation with less employee turnover due to various employee retention schemes.

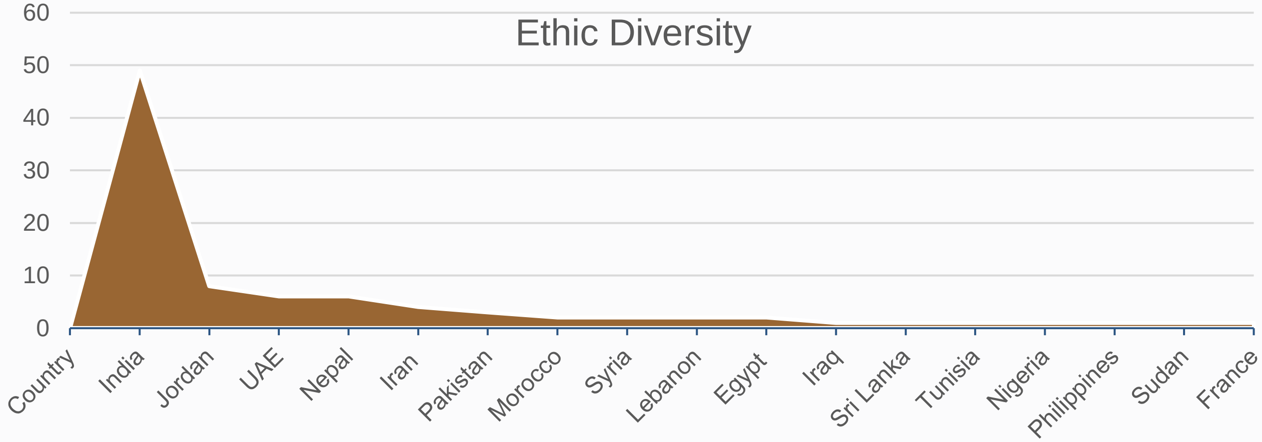
91 Employees

26

64

Ethnic Diversity

Country	Number of employees
India	49
Jordan	8
UAE	6
Nepal	6
Iran	4
Pakistan	3
Morocco	2
Syria	2
Lebanon	2
Egypt	2
Iraq	1
Sri Lanka	1
Tunisia	1
Nigeria	1
Philippines	1
Sudan	1
France	1



Proposed Employee Excellence Awards program for 2022

Outstanding

Team Project

Longstanding Service
Awards completed
15 years of service

Special Project

Award for Excellence

Social Responsibility

Initiative

Our domain of community engagement primarily focuses on health care for children with disability and rehabilitation trainings for people with determination.
We also encourage our employees to volunteer in corporate community programs, such as Spirit of Ramadanز

- Contributing towards treatment and rehabilitation of children with Autism
- Supporting medical consultation and rehabilitation training for people with determination
- Engagement with Red Crescent for Ramadan initiatives

PART

Environmental Responsibility

We are committed to limiting the environmental footprint from our business operations, ensuring economical use of resources, and focusing on processes that support our Go Green initiative which we started in 2019. These programs are our steps in implementing ecological habits, embedding corporate philosophy in actions we take, and the impact we create in support of our society. Understanding that “Change is the only thing constant”, we review and revisit our operational goals and collaborate with employees and supply chain partners to operate responsibly and encourage continuous improvements & incentivize environmental stewardship. Based on our past environmental performance, we have further identified areas of improvement and set goals through 2021-2022. And these will be highlighted in our future disclosures.

Goals 2022 - 2023

Monitor use of natural resources and set corporate targets on reducing CO2 emissions and optimizing asset performance.

Increased focus on stakeholder training & campaigns.

Switching to renewable energy sources.

ESG Dashboard integration with existing financial dashboard.

Our Employees, Our Strength

2017

Spearheading Digital Transformation

processes in line with the

climate change risks in UAE

2018

Corporate policy changes and promoting awareness
Seeking feedback from stakeholders on green initiatives

2019-2020

ASCANA's Go Green Initiative

Resource Efficiency

Enviromental Responsibility

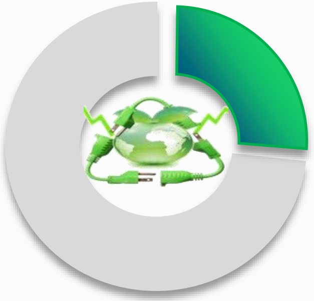
ASCANA's continues its efforts in reducing the consumption of water & electricity by using:

- Energy efficient devices
- Encouraging our employees to bring positive sustainable workplace ideas
- Improve & upgrade the office premises management systems driving resource efficiency.
- consumption and units/usage consumed per head has been reduced significantly in the year 2020 as compared to 2021.

RESSOURCE CONSUMPTION

2020

2021



Energy Comsumption

Water Comsumption

Resource Efficiency

Enviromental Responsibility

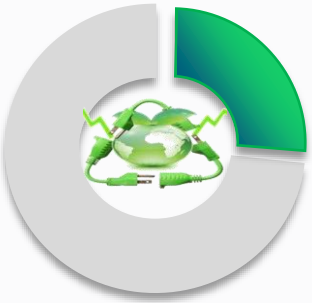
ASCANA’s continues its efforts in reducing the consumption of water & electricity by using:

- Energy efficient devices
- Encouraging our employees to bring positive sustainable workplace changes.
- Improve & upgrade ASCANA building management systems driving resource efficiency.
- consumption and units/usage consumed per head has reduced from the year 2020 to 2021.

RESSOURCE CONSUMPTION

2020

2021



Energy Comsumption

Water Comsumption

Waste Management & Recycling

Enviromental Responsibility

ASCANA TAKAFUL has spearheaded its 'Save a tree, Save Paper campaign with the name 'ASCANA Go Green" ensuring :

Sustainable consumption

Reducing wastepaper :green box installed for wastepaper collection and recycling

Sustainable investment in digital transformation, especially on digital storage and transmission of documents internally & externally.

Printing & Stationery cost has reduced significantly year on year