

SUKOON TAKAFUL P.J.S.C.
(Formerly ARABIAN
SCANDINAVIAN INSURANCE
COMPANY (PLC) - TAKAFUL -
ASCANA INSURANCE)

REVIEW REPORT AND INTERIM CONDENSED
FINANCIAL STATEMENTS

30 SEPTEMBER 2024 (UNAUDITED)



REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

Dear Shareholders,

We have the pleasure in presenting you the financial results of Sukoon Takaful PJSC (formerly Arabian Scandinavian Insurance Company (PLC) - Takaful - Ascana Insurance) (the “Company”) for the nine months period ended 30 September 2024.

Takaful revenue for the nine months period ended 30 September 2024 is AED 87.44 million as against AED 97.94 million for the same period last year.

Net profit before tax attributable to shareholders has reached AED 11.15 million in nine months period ended 30 September 2024 against the net loss of AED 32.85 million in the same period last year.

We are delighted to inform you that Sukoon Takaful has reported a 3rd consecutive quarter of profitable results in 2024, marking a significant turnaround from the losses during the same period last year.

As we move into 4Q, we expect that the strong fundamentals that we are establishing as part of the corrective actions following the acquisition of the company, continue to deliver increasingly fruitful results in the years to come. We remain committed to delivering long-term value to our shareholders.

We appreciate the support of our stakeholders and would like to express our gratitude as we continue our transformative journey to supplant Sukoon Takaful firmly as a reference in the region in the takaful space.

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

May God; the Almighty; guide our steps.

On behalf of the Board,



Saood Abdulaziz Al Ghurair
Chairman

24th October 2024

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Sukoon Takaful PJSC (Formerly “Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance”) (the “Company”) which comprise the interim statement of financial position as at 30 September 2024 and the related interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month and three-month periods then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting”.

Other Matter

The interim condensed financial statements of the Company as of 30 September 2023 were reviewed by another auditor whose report dated 25 October 2023 expressed an unmodified conclusion on those interim condensed financial statements. Also, the financial statements as of 31 December 2023, were audited by another auditor whose report dated 31 January 2024 expressed an unmodified opinion on those financial statements.

For Ernst & Young



Ashraf Abu-Sharkh
Registration No.: 690

24 October 2024

Dubai, United Arab Emirates

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2024 (Unaudited)

		<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
	<i>Notes</i>		
ASSETS			
Participants' assets			
Investments at fair value through other comprehensive income (FVTOCI)	5	1,682	1,625
Investments at amortised cost	5	4,652	-
Retakaful contract assets	6	55,126	17,166
Prepayments and other receivables		4,958	1,318
Due from shareholders		20,458	30,755
Cash and bank balances	7	98,657	107,717
Total participants' assets		185,533	158,581
SHAREHOLDERS' ASSETS			
Investments at fair value through other comprehensive income (FVTOCI)	5	17,772	28,614
Investments at fair value through profit or loss (FVTPL)	5	557	557
Investments at amortised cost	5	41,906	-
Investment properties		67,510	67,510
Property and equipment		549	1,054
Intangible assets		368	408
Deferred policy acquisition cost		7,447	4,956
Prepayments and other receivables		5,681	4,809
Cash and bank balances	7	64,468	96,446
Statutory deposits		10,000	10,000
Total shareholders' assets		216,258	214,354
TOTAL ASSETS		401,791	372,935
PARTICIPANTS' LIABILITIES AND DEFICIT			
Participants' liabilities			
Takaful contract liabilities	6	174,077	147,950
Retakaful contract liabilities	6	99	1,347
Other liabilities		11,357	9,284
Total participants' liabilities		185,533	158,581
Participants' deficit			
Qard Hassan against deficit in participants' fund		(161,093)	(159,125)
Less: Provision against Qard Hassan to participants' fund		161,093	159,125
		-	-
Total participants' liabilities and deficit		185,533	158,581

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

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

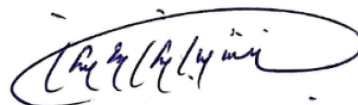
As at 30 September 2024 (Unaudited)

		30 September 2024	31 December 2023
	<i>Notes</i>	AED'000 (Unaudited)	AED'000 (Audited)
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Employees' end of service benefits		1,561	1,371
Due to participants		20,458	30,755
Other liabilities		8,201	6,907
Total shareholders' liabilities		30,220	39,033
SHAREHOLDERS' EQUITY			
Share capital	10	154,000	154,000
Statutory reserve	11	77,000	77,000
Retakaful reserves	12	1,001	695
Cumulative changes in fair value of FVTOCI investments		(4,406)	(4,960)
Accumulated losses		(41,557)	(51,414)
Total shareholders' equity		186,038	175,321
Total shareholders' liabilities and equity		216,258	214,354
TOTAL LIABILITIES, PARTICIPANTS' FUND AND EQUITY		401,791	372,935

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



Saood Abdulaziz Al Ghurair
Chairman



Mr. Ahmed M.A. Abushanab
CEO

Sukoon Takaful PJSC

INTERIM STATEMENT OF PROFIT OR LOSS

For the nine-months and three-months periods ended 30 September 2024 (Unaudited)

	<i>Notes</i>	<i>Nine-months period ended 30 September</i>		<i>Three-months period ended 30 September</i>	
		<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Attributable to participants					
Takaful revenue	14	87,445	97,941	32,131	31,661
Takaful service expenses	15	(69,305)	(93,991)	(8,114)	(27,494)
Takaful service result before retakaful contracts held		18,140	3,950	24,017	4,167
Allocation of retakaful contributions		(39,176)	(34,229)	(16,032)	(10,810)
Amounts recoverable from retakaful for incurred claims		47,205	21,278	2,675	6,736
Net expenses from retakaful contracts held	6	8,029	(12,951)	(13,357)	(4,074)
Takaful service result		26,169	(9,001)	10,660	93
Takaful finance expenses for takaful contracts issued	6	(2,295)	(958)	(492)	(11)
Retakaful finance income for retakaful contracts held	6	711	210	177	(66)
Net takaful income/(loss)		24,585	(9,749)	10,345	16
Investment income	16	4,284	1,666	1,431	1,284
Other income		2,280	816	638	292
Wakala fees	13	(31,832)	(25,110)	(8,159)	(5,112)
Mudarib fees	13	(1,285)	(504)	(429)	(389)
(Loss)/profit for the period attributable to participants		(1,968)	(32,881)	3,826	(3,909)

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

Sukoon Takaful PJSC

INTERIM STATEMENT OF PROFIT OR LOSS (continued)

For the nine-months and three-months periods ended 30 September 2024 (Unaudited)

	<i>Notes</i>	<i>Nine-months period ended 30 September</i>		<i>Three-months period ended 30 September</i>	
		2024 <i>AED'000</i> <i>(Unaudited)</i>	<i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>	2024 <i>AED'000</i> <i>(Unaudited)</i>	<i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>
Attributable to shareholders					
Investment income	16	8,448	5,123	2,371	(398)
Other income		38	1,782	(545)	1
Total investment income		8,486	6,905	1,826	(397)
Wakala fees	13	31,832	25,110	8,159	5,112
Mudarib fees	13	1,285	504	429	389
		41,603	32,519	10,414	5,104
Expenses					
Policy acquisition costs		(9,908)	(13,058)	(3,328)	(4,261)
General and administrative expenses		(18,581)	(19,429)	(5,953)	(6,411)
Income/(loss) for the period before Qard Hassan		13,114	32	1,133	(5,568)
Provision against Qard Hassan to participants		(1,968)	(32,881)	3,826	(3,909)
Profit/(loss) before tax		11,146	(32,849)	4,959	(9,477)
Income tax expense		(983)	-	(496)	-
Net profit /(loss) for the period		10,163	(32,849)	4,463	(9,477)
Earnings per share (AED)	17	0.07	(0.21)	0.03	(0.06)

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine-months and three-months periods ended 30 September 2024 (Unaudited)

	<i>Nine-months period ended 30 September</i>		<i>Three-months period ended 30 September</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Attributable to shareholders				
Profit /(loss) for the period	10,163	(32,849)	4,463	(9,477)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Unrealised loss of equity investments designated at FVTOCI	(848)	-	(445)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Unrealised gain/(loss) on debt instruments designated at FVTOCI	650	(180)	397	(200)
Debt investments designated at FVTOCI re-classified to income statement	752	3,019	752	-
Total other comprehensive income/(loss) for the period attributable to Shareholders	554	2,839	704	(200)
Total comprehensive income/(loss) for the period attributable to Shareholders	10,717	(30,010)	5,167	(9,677)

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

Sukoon Takaful PJSC

INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine-months period ended 30 September 2024 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Retakaful reserve AED'000</i>	<i>Cumulative changes in fair value of FVTOCI investments AED'000</i>	<i>Retained earnings/ (accumulated losses) AED'000</i>	<i>Total equity AED'000</i>
Balance at 1 January 2023 (audited)	154,000	77,000	479	(5,363)	25,332	251,448
Loss for the period	-	-	-	-	(32,849)	(32,849)
Other comprehensive income for the period	-	-	-	2,839	-	2,839
Total comprehensive income/(loss) for the period	-	-	-	2,839	(32,849)	(30,010)
Balance at 30 September 2023 (unaudited)	154,000	77,000	479	(2,524)	(7,517)	221,438
Balance at 1 January 2024 (audited)	154,000	77,000	695	(4,960)	(51,414)	175,321
Profit for the period	-	-	-	-	10,163	10,163
Other comprehensive income for the period	-	-	-	554	-	554
Total comprehensive income for the period	-	-	-	554	10,163	10,717
Transfer to re-takaful reserve (note 12)	-	-	306	-	(306)	-
Balance at 30 September 2024 (unaudited)	154,000	77,000	1,001	(4,406)	(41,557)	186,038

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

INTERIM STATEMENT OF CASH FLOWS

For the nine-months period ended 30 September 2024 (Unaudited)

	<i>Nine-months period ended 30 September</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit/(loss) before tax for the period	11,146	(32,849)
Adjustments for:		
Depreciation and amortisation	704	941
Profit on wakala deposits & sukuks	(9,143)	(5,162)
Provision for employees' end of service indemnity	689	241
Realised gain on disposal of financial assets at FVTPL	-	(15)
Rental income	(3,979)	(6,470)
Loss on disposal of financial assets at FVTOCI	752	3,019
Loss on sale of Investment property	-	3,181
Dividends income from financial assets	(362)	(407)
Funding cost on lease liability	-	15
Profit on sales of asset	-	(68)
Operating cash flows before changes in working capital	(193)	(37,574)
Change in retakaful contract assets	(37,960)	3,672
Change in prepayments and other receivables	(989)	(1,282)
Change in deferred acquisition costs	(2,491)	2,468
Change in takaful & retakaful contract liabilities	24,879	6,656
Change in other liabilities	2,914	87
Cash used in operating activities	(13,840)	(25,973)
Employees' end of service benefits paid	(499)	(1,037)
Net cash used in operating activities	(14,339)	(27,010)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of quoted sukuks	(46,559)	-
Proceeds from sale of property and equipment	-	146
Purchase of property and equipment	(159)	(180)
Proceeds from sale of other financial assets	10,600	41,877
Proceeds from sale of investment properties	-	83,475
Rental income received	4,010	6,470
Profit received on sukuk and wakala deposit	5,572	5,162
Dividend received	362	407
Change in wakala deposit with maturity more than 3 months	33,165	(47,650)
Net cash generated from investing activities	6,991	89,707
CASH FLOWS USED IN FINANCING ACTIVITY		
Payment of lease liability	(525)	(527)
Net cash used in financing activity	(525)	(527)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,873)	62,170
Cash and cash equivalents at the beginning of the period	13,510	71,022
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 8)	5,637	133,192

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

Sukoon Takaful PJSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

1 LEGAL STATUS AND ACTIVITIES

Sukoon Takaful PJSC (formerly “Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance”) (the “Company”) is a public shareholding company and was registered in 1992. The Company is engaged in takaful and retakaful of all classes of business in accordance with the provisions of the United Arab Emirates (“UAE”) Federal Decree-Law No. 48 of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. The address of the Company’s registered office is P.O. Box 1993, Dubai, United Arab Emirates.

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 approved conversion of the Company’s business from conventional insurance to Takaful insurance. The Board of Directors appointed an Internal Sharia Supervision Committee for overseeing the compliance with Sharia. The Company started issuing short term takaful contracts from 1 February 2015 in connection with life and non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful). The Company only operates in United Arab Emirates, through its Dubai and Abu Dhabi offices.

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

1.1 Change of Company’s Name

During the period, in General Assembly meeting held on 29 March 2024, shareholders have approved the change of the legal name of the Company. After obtaining all the necessary regulatory approval the name of the Company has been changed to Sukoon Takaful PJSC with effect from 14 June 2024.

2 BASIS OF PREPARATION

These interim condensed financial statements are for the nine-months period ended 30 September 2024 and have been prepared in accordance with IAS 34 *Interim Financial Reporting* and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption.

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

3 CHANGES TO THE COMPANY’S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 and the accounting policy for taxes (section 3.2) which has been adopted by the Company due to the implementation of UAE corporate income tax. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New standards, interpretations and amendments adopted by the Company

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

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

3 CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)**3.2 Accounting policy for Taxes***Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

In preparing these interim condensed financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2023.

5 INVESTMENT SECURITIES

	<i>30 September 2024</i> <i>(Unaudited)</i>			<i>31 December 2023</i> <i>(Audited)</i>		
	<i>Inside UAE</i> <i>AED'000</i>	<i>Outside UAE</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>	<i>Inside UAE</i> <i>AED'000</i>	<i>Outside UAE</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Investments at fair value through profit or loss						
Unquoted equity securities	557	-	557	557	-	557
<i>Attributable to:</i>						
Shareholders	557	-	557	557	-	557
Investments at fair value through OCI						
Unquoted equity securities	247	7,851	8,098	247	8,699	8,946
Quoted Sukuks	11,356	-	11,356	21,293	-	21,293
	11,603	7,851	19,454	21,540	8,699	30,239
<i>Attributable to:</i>						
Participants	1,682	-	1,682	1,625	-	1,625
Shareholders	9,921	7,851	17,772	19,915	8,699	28,614
	11,603	7,851	19,454	21,540	8,699	30,239
Investments at Amortised Cost						
Quoted Sukuks	28,098	18,471	46,569	-	-	-
Less: ECL	(9)	(2)	(11)	-	-	-
	28,089	18,469	46,558	-	-	-
<i>Attributable to:</i>						
Participants	4,652	-	4,652	-	-	-
Shareholders	23,437	18,469	41,906	-	-	-
	28,089	18,469	46,558	-	-	-

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

5 INVESTMENT SECURITIES (continued)

The movement in financial assets are as follows:

	<i>FVTOCI</i>		<i>FVTPL</i>		<i>Amortised cost</i>	
	<i>30 Sep 2024 (Unaudited) AED'000</i>	<i>31 Dec 2023 (Audited) AED'000</i>	<i>30 Sep 2024 (Unaudited) AED'000</i>	<i>31 Dec 2023 (Audited) AED'000</i>	<i>30 Sep 2024 (Unaudited) AED'000</i>	<i>31 Dec 2023 (Audited) AED'000</i>
At the beginning of the period/year	30,239	68,444	557	4,053	-	-
Purchases during the period/year	-	2,734	-	-	46,569	-
Sold during the period/year	(10,600)	(38,323)	-	(3,538)	-	-
Change in Fair value	(185)	(2,616)	-	42	-	-
Provision for ECL	-	-	-	-	(11)	-
	19,454	30,239	557	557	46,558	-

6 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES

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

	<i>30 September 2024 (Unaudited)</i>			<i>31 December 2023 (Audited)</i>		
	<i>Assets AED'000</i>	<i>Liabilities AED'000</i>	<i>Net AED'000</i>	<i>Assets AED'000</i>	<i>Liabilities AED'000</i>	<i>Net AED'000</i>
Takaful contracts issued						
Motor	-	(70,047)	(70,047)	-	(96,500)	(96,500)
Medical & group life	-	(31,560)	(31,560)	-	(27,465)	(27,465)
General	-	(72,470)	(72,470)	-	(23,985)	(23,985)
Total takaful contracts issued	-	(174,077)	(174,077)	-	(147,950)	(147,950)
Retakaful contracts held						
Motor	17,769	-	17,769	1,565	(1)	1,564
Medical & group life	3,733	-	3,733	8,698	(556)	8,142
General	33,624	(99)	33,525	6,903	(790)	6,113
Total Retakaful contracts held	55,126	(99)	55,027	17,166	(1,347)	15,819

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)**Reconciliation of the Takaful liability for remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) measured under PAA***30 September 2024 (Unaudited)*

	<i>Liabilities for remaining coverage</i>		<i>Liabilities for incurred claims</i>		
	<i>Excluding loss component AED'000</i>	<i>Loss component AED'000</i>	<i>Estimates of the present value of future cash flows AED'000</i>	<i>Risk adjustment AED'000</i>	<i>Total AED'000</i>
Takaful contracts liabilities at beginning of period	(30,788)	(20,783)	(93,461)	(2,918)	(147,950)
Takaful revenue	87,445	-	-	-	87,445
Takaful service expenses					
Incurred claims and other expenses	-	-	(156,030)	(77)	(156,107)
Losses on onerous contracts and reversals of those losses	-	6,643	-	-	6,643
Changes to liabilities for incurred claims	-	-	48,674	(347)	48,327
Takaful service expenses*	-	6,643	(107,356)	(424)	(101,137)
Takaful service result	87,445	6,643	(107,356)	(424)	(13,692)
Takaful finance expenses	-	-	(2,292)	(3)	(2,295)
Total amount recognised in the statement of profit or loss and other comprehensive income	87,445	6,643	(109,648)	(427)	(15,987)
Cash flows					
Contributions received	(121,588)	-	-	-	(121,588)
Claims and other expenses paid	-	-	111,448	-	111,448
Total cash flows	(121,588)	-	111,448	-	(10,140)
Net Takaful contracts liabilities at end of the period	(64,931)	(14,140)	(91,661)	(3,345)	(174,077)

*Takaful service expense of AED 101,137 thousand consist of AED 69,305 thousand pertaining to Participants' operations (note 15) and AED 31,832 thousand relating to Wakala charged by Shareholders to Participants.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

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

31 December 2023 (Audited)

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

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

30 September 2024 (Unaudited)

	<i>Assets for remaining coverage</i>		<i>Amounts recoverable on incurred claims</i>		
	<i>Excluding loss recovery component AED'000</i>	<i>Loss component AED'000</i>	<i>Estimates of the present value of future cash flows AED'000</i>	<i>Risk adjustment AED'000</i>	<i>Total AED'000</i>
Retakaful contract assets at start of the period	(3,437)	24	19,882	697	17,166
Retakaful contract liabilities at start of the period	(7,491)	306	5,638	200	(1,347)
Net retakaful contract assets at start of the period	(10,928)	330	25,520	897	15,819
Allocation of retakaful contributions	(38,846)	(330)	-	-	(39,176)
Amounts recoverable incurred claims and other expenses			51,568	554	52,122
Amortisation of takaful acquisition cash flows	6,671	-	-	-	6,671
Loss-recovery on onerous underlying contracts and adjustments	-	516	-	-	516
Changes to amounts recoverable for incurred claims	-	-	(12,365)	261	(12,104)
Amounts recoverable from retakaful for incurred claims	6,671	516	39,203	815	47,205
Net income or expense from retakaful contracts held	(32,175)	186	39,203	815	8,029
Retakaful finance income	-	-	710	1	711
Total amount recognized in the statement of profit or loss and comprehensive income	(32,175)	186	39,913	816	8,740
Cash flows					
Contributions received	59,263	-	-	-	59,263
Claims and other acquisition expenses paid	(10,541)	-	(18,254)	-	(28,795)
Total cash flows	48,722	-	(18,254)	-	30,468
Retakaful contract assets at end of the period	5,790	516	47,108	1,712	55,126
Retakaful contract liabilities at end of the period	(171)	-	69	3	(99)
Net retakaful contract assets at end of the period	5,619	516	47,179	1,713	55,027

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

6 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

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

31 December 2023 (Audited)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

7 CASH AND BANK BALANCES

	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Cash in hand	<u>11</u>	<u>6</u>
Bank balances:		
Wakala deposits	157,488	193,881
Current accounts	<u>5,626</u>	<u>10,276</u>
	<u>163,125</u>	<u>204,163</u>
<i>Attributable to:</i>		
Participants	98,657	107,717
Shareholders	<u>64,468</u>	<u>96,446</u>
	<u>163,125</u>	<u>204,163</u>

8 CASH AND CASH EQUIVALENTS

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

	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>30 September 2023 AED'000 (Unaudited)</i>
Cash and bank balances	163,125	226,351
Wakala deposits with maturity over 3 months	<u>(157,488)</u>	<u>(93,159)</u>
	<u>5,637</u>	<u>133,192</u>

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

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the companies under common control, shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Amounts due to related parties:		
<i>Related parties due to common ownership</i>		
Others	<u>3,733</u>	<u>2,671</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>30 September 2023 AED'000 (Unaudited)</i>
Retakaful share of ceded business	4,529	-
Commission on retakaful share of ceded business	46	5
Gross written contribution	2,212	1,093
Recovery claims	910	-
Claim settlement	626	381
	<u> </u>	<u> </u>
<i>Compensation of key management personnel</i>		
Short term benefits	572	810
Long term benefits	17	57
	<u> </u>	<u> </u>

10 SHARE CAPITAL

	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
<i>Authorised, issued and fully paid:</i>		
154,000,000 ordinary shares of AED 1 each (2023: 154,000,000)	154,000	154,000
	<u> </u>	<u> </u>

11 STATUTORY RESERVE

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. 32 of 2021, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable legal reserve. As per the Company's Articles of Association, such transfers are required until the balance in the legal reserve equals 50% of the Company's paid-up share capital. No transfer to the statutory reserve has been made during the nine-months period ended 30 September 2024 (nine-months period ended 30 September 2023: Nil), as this has already reached to the 50% of the share capital.

12 RETAKAFUL RESERVE

In accordance with Article 34 of the Central Bank of UAE's Board of Directors Decision No. (23) of 2019, the Company allocated an amount equals to 0.5% of the total retakaful contributions ceded to retakaful reserve. During the nine-months period ended 30 September 2024 amount of AED 306 thousand (nine-months period ended 30 September 2023: nil) was transferred from retained earnings to this reserve. This reserve is accumulated year after year and may not be disposed off without the written approval of the Central Bank of United Arab Emirates.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

13 WAKALA AND MUDARIB'S FEES*Wakala fees*

Wakala fee for the period ended 30 September 2024 amounted to AED 31,832 thousand (30 September 2023: AED 25,110 thousand). The fee is calculated based on each line of business of gross contribution of AED 123,505 thousand (2023: AED 92,403 thousand) without any deduction of policy acquisition cost. Wakala fee is charged to the statement of profit or loss when incurred.

Mudarib fees

The shareholders also manage the participants' investment funds and charge Mudarib fees. Mudarib fees is charged at 30% of realised investment income. Mudarib fees for the period ended 30 September 2024 amounted to AED 1,285 thousand (30 September 2023: AED 504 thousand).

14 TAKAFUL REVENUE

	<i>Motor AED'000</i>	<i>General AED'000</i>	<i>Medical & group life AED'000</i>	<i>Total AED'000</i>
<i>For the Nine-month period ended 30 September 2024 (Unaudited)</i>				
Contracts measured under the PAA	26,461	36,257	24,727	87,445
	<i>Motor AED'000</i>	<i>General AED'000</i>	<i>Medical & life AED'000</i>	<i>Total AED'000</i>
<i>For the Nine-month period ended 30 September 2023 (Unaudited)</i>				
Contracts measured under the PAA	44,679	27,453	25,809	97,941

15 TAKAFUL SERVICE EXPENSES

	<i>Motor AED'000</i>	<i>General AED'000</i>	<i>Medical & life AED'000</i>	<i>Total AED'000</i>
<i>For the Nine-month period ended 30 September 2024 (unaudited)</i>				
Incurring claims and other expenses	56,807	39,518	27,950	124,275
Losses on onerous contracts and reversals of those losses	(5,389)	-	(1,253)	(6,642)
Changes to liabilities for incurred claims	(32,022)	(8,461)	(7,845)	(48,328)
	19,396	31,057	18,852	69,305
	<i>Motor AED'000</i>	<i>General AED'000</i>	<i>Medical & life AED'000</i>	<i>Total AED'000</i>
<i>For the nine-month period ended 30 September 2023 (unaudited)</i>				
Incurring claims and other expenses	53,088	2,834	24,495	80,417
Losses on onerous contracts and reversals of those losses	863	-	(1,925)	(1,062)
Changes to liabilities for incurred claims	16,135	(287)	(1,212)	14,636
	70,086	2,547	21,358	93,991

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

16 INVESTMENT INCOME

	<i>Nine-months period ended 30 September</i>		<i>Three-months period ended 30 September</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Income from investment properties	3,979	6,470	1,340	1,626
Profit on sukuk	1,149	1,274	643	210
Dividend from other financial assets	362	384	96	143
Income from wakala deposits	7,938	5,162	2,501	2,654
Profit on call account	56	-	(26)	-
Realised loss on sale of Sukuks reclassified from OCI	(752)	-	(752)	-
Loss on sale of investment property	-	(3,181)	-	(3,687)
Profit on disposal of FVTPL investments	-	15	-	-
Loss on sale of sukuk at FVTOCI	-	(3,019)	-	-
Dividends from financial investments at FVTPL	-	23	-	-
Profit on sale of asset	-	68	-	-
Expenses allocated to investment	-	(407)	-	(60)
	12,732	6,789	3,802	886
<i>Attributable to:</i>				
Participants	4,284	1,666	1,431	1,284
Shareholders	8,448	5,123	2,371	(398)
	12,732	6,789	3,802	886

17 EARNINGS PER SHARE

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

	<i>Nine-months period ended 30 September</i>		<i>Three-months period ended 30 September</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Profit/(Loss) for the period attributable to shareholders (in AED'000)	10,163	(32,849)	4,463	(9,477)
Number of ordinary shares outstanding (shares)	154,000,000	154,000,000	154,000,000	154,000,000
Basic and diluted earnings/(loss) per share (in AED)	0.07	(0.21)	0.03	(0.06)

Diluted earnings/(loss) per share as of 30 September 2024 and 30 September 2023 are equivalent to basic earnings/(loss) per share as the Company did not issue any new instrument that would impact loss per share when executed.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

18 SEGMENT INFORMATION

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

	<i>Nine-months period ended 30 September 2024 (Unaudited)</i>			<i>Nine-months period ended 30 September 2023 (Unaudited)</i>		
	<i>Attributable to Participants AED'000</i>	<i>Attributable to shareholders AED'000</i>	<i>Total AED'000</i>	<i>Attributable to participants AED'000</i>	<i>Attributable to shareholders AED'000</i>	<i>Total AED'000</i>
Takaful						
Takaful revenue	87,445	-	87,445	97,941	-	97,941
Takaful service expenses	(69,305)	-	(69,305)	(93,991)	-	(93,991)
Allocation of retakaful contributions	(39,176)	-	(39,176)	(34,229)	-	(34,229)
Amounts recoverable from retakaful for incurred claims	47,205	-	47,205	21,278	-	21,278
Takaful finance expenses for takaful contracts issued	(2,295)	-	(2,295)	(958)	-	(958)
Retakaful finance income for retakaful contracts held	711	-	711	210	-	210
Net takaful income	24,585	-	24,585	(9,749)	-	(9,749)
Wakala fees	(31,832)	31,832	-	(25,110)	25,110	-
Mudarib fees	(1,285)	1,285	-	(504)	504	-
Other income	2,280	-	2,280	816	-	816
Investment income	4,284	-	4,284	1,666	-	1,666
	(1,968)	33,117	31,149	(32,881)	25,614	(7,267)
Investment						
Investment income	-	8,448	8,448	-	5,123	5,123
Other income	-	38	38	-	1,782	1,782
Policy acquisition cost	-	(9,908)	(9,908)	-	(13,058)	(13,058)
General and administration expenses	-	(18,581)	(18,581)	-	(19,429)	(19,429)
Profit/(Loss) before tax for the period	(1,968)	13,114	11,146	(32,881)	32	(32,849)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

18 SEGMENT INFORMATION (continued)

Other information

	<i>Takaful</i>		<i>Investment</i>		<i>Total</i>	
	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Segment assets	185,533	158,581	216,258	214,354	401,791	372,935
Segment liabilities	185,533	158,581	30,220	39,033	215,753	197,614
	<i>Nine-months period ended 30 September (unaudited)</i>		<i>Nine-months period ended 30 September (unaudited)</i>		<i>Nine-months period ended 30 September (unaudited)</i>	
	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Capital expenditure	-	-	159	180	159	180
Depreciation and amortisation	-	-	704	941	704	941

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value of investments designated at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the interim condensed financial statements approximate their fair values except for financial investments measured at fair value through other comprehensive income of which fair value is determined based on the quoted market prices and disclosed in Note 5 of this interim condensed financial statements.

Fair value of financial instruments carried at fair value*Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2023.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

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

		<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
30 September 2024 (Unaudited)					
<i>Investments at FVTOCI</i>					
Unquoted equity securities		-	-	7,851	7,851
Quoted debt securities	(a)	11,356	-	-	11,356
Unquoted securities	(b)	-	-	247	247
		<u>11,356</u>	<u>-</u>	<u>8,098</u>	<u>19,454</u>
<i>Investments at FVTPL</i>					
Unquoted equity securities	(b)	-	-	557	557
		<u>-</u>	<u>-</u>	<u>557</u>	<u>557</u>
<i>Investments at amortised cost</i>					
Quoted debt securities	(a)	46,558	-	-	46,558
		<u>46,558</u>	<u>-</u>	<u>-</u>	<u>46,558</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

19 FAIR VALUE MEASUREMENTS (continued)**Fair value of financial instruments carried at fair value (continued)**

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

(a) Fair values have been determined by reference to their quoted prices at the reporting date.

(b) The Company holds investments in unquoted securities of three entities as at 30 September 2024 (31 December 2023: three entities). These investments are fair valued based on Net Asset Value Techniques using observable market data. Management believes that there is no significant deterioration in the value of these unquoted investments during the period ended 30 September 2024. All the unquoted securities fall under level 3 of fair value hierarchy therefore use of estimate is significant.

20 CAPITAL RISK MANAGEMENT

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

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations. The Company has disclosed the solvency position for the immediately preceding period since the current period's solvency position is not yet finalised.

	<i>30 June</i> <i>2024</i> <i>AED '000</i>
Minimum Capital Requirement (MCR)	100,000
Solvency Capital Requirement (SCR)	29,043
Minimum Guarantee Fund (MGF)	19,766
Basic Own Funds	159,549
MCR Solvency Margin - Surplus	59,549
SCR Solvency Margin - Surplus	130,506
MGF Solvency Margin – Surplus	<u>139,782</u>

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

In accordance with Circular number CBUAE/BIS/2023/6163 of CBUAE dated 15 December 2023, the assets which are not in the Company's name should not be considered as admissible in regulatory statement of financial position. In the reported solvency figures as at 30 June 2024 as mentioned above, there are no such assets.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2024 (Unaudited)

21 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Letters of guarantee	10,438	10,421

22 INTERNAL SHARIA SUPERVISION COMMITTEE

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

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

23 SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the interim condensed financial statements as at and for the nine-months period ended 30 September 2024.

24 INCOME TAX

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

	<i>Nine-months period ended 30 September</i>		<i>Three-months period ended 30 September</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Current income tax expense	983	-	496	-
Deferred tax change	-	-	-	-
	983	-	496	-

25 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issue by the Board of Directors on 24 October 2024