SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES
(formerly OMAN INSURANCE COMPANY P.S.C.)

Review report and condensed consolidated interim financial information for the nine month period ended 30 September 2024

<u>Report of the Board of Directors</u>

Dear Shareholders,

We have the pleasure in presenting you the financial results of Sukoon Insurance PJSC (“Group”, “the Company”) for the nine month period ended 30 September 2024.

Insurance revenue continue to show stellar growth reaching AED 3.9 billion, a year-on-year growth of 16%. Insurance service results growth is flat reaching AED 156.7 million.

Net investment income has reached AED 133.5 million, a growth of 7% year-on-year. During 3Q, as part of our strategy we have continued to divest non-core assets to further bolster our liquidity and investments into yielding assets.

Net profit before tax has grown by 5% to reach AED 194.4 million from AED 185.9 million in the same period last year.

Sukoon Takaful, our takaful subsidiary, has delivered a 3rd consecutive quarter of profitable results, demonstrating a successful turnaround stemming from management actions to improve profitability and efficiency with a robust solvency ratio. It now forms a vital part of our diversified growth strategy, offering takaful solutions to a wider clientele. With this acquisition, Sukoon Group is now a one-stop shop composite insurance solution provider for both conventional and sharia compliant customers.

The UAE has been witnessing an increasing trend of precipitation in the form of rain and hailstorms, causing widespread floods and damage to property. This has propelled a surge in claims and will ultimately result in increased reinsurance costs. The insurance industry needs to incorporate these increasing costs adequately in the product pricing to ensure sustainable profitable results.

We will continue building on our strengths and remain committed to delivering on our customer centric strategy and generating sustainable profitable growth.

Total Assets of the Group stood at AED 10.13 billion as at 30 September 2024.

Total shareholders’ Equity of the Group stood at AED 2.88 billion as at 30 September 2024.

We would like to put on record our sincere appreciation and gratitude towards all stakeholders of Sukoon. We continue to draw inspiration and guidance from our valued customers and partners whose trust and confidence helps us to continue the journey untiringly. We would like to thank our management and staff of Sukoon for their sincere and dedicated contribution to the successful growth of the Group.

May God; the Almighty; guide our steps.

On behalf of the Board,

Badr Abdulla Ahmad Al Ghurair
Chairman
24 October 2024

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Review report and condensed consolidated interim financial information for the nine month period ended 30 September 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

The Board of Directors
Sukoon Insurance P.J.S.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Sukoon Insurance P.J.S.C. (Formerly Oman Insurance Company P.S.C. - Note 1 to the condensed consolidated interim financial information) (the "Company") and its Subsidiaries (the "Group") as at 30 September 2024 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended and a summary of material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)

Signed by:
Nurani Subramanian Sundar
Registration No. 5540
24 October 2024
Sharjah, United Arab Emirates

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of financial position

	Notes	**At 30 September 2024 (Unaudited) AED'000**	At 31 December 2023 (Audited) AED'000
Assets			
Property and equipment		**116,692**	130,488
Intangible assets		**44,300**	44,300
Investment properties		**245,749**	515,120
Deferred tax assets		**2,481**	2,481
Statutory deposits		**197,130**	195,528
Financial investments at amortised cost	6	**2,345,595**	1,923,693
Financial investments at fair value through other comprehensive income (FVTOCI)	6	**855,764**	718,399
Financial investments at fair value through profit or loss	6	**1,205,834**	1,180,592
Insurance contract assets	7	**2,035**	934
Reinsurance contract assets	8	**3,532,272**	2,756,863
Prepayments and other receivables	9	**257,545**	230,375
Deposits with banks		**1,038,286**	969,541
Cash and cash equivalents		**290,838**	161,327
Total assets		**10,134,521**	8,829,641
Equity and liabilities			
Equity			
Share capital	10	**461,872**	461,872
Other reserves	11	**1,534,328**	1,521,673
Cumulative changes in fair value of securities		**(58,188)**	(124,978)
Finance income and expenses reserve		**9,818**	13,054
Retained earnings		**927,958**	882,424
Net equity attributable to the owners of the Company		**2,875,788**	2,754,045
Non-controlling interests		**12,203**	15,006
Total equity		**2,887,991**	2,769,051
Liabilities			
Deferred tax liabilities		**3,987**	3,987
Employees' end of service benefits		**45,001**	43,978
Insurance contract liabilities	7	**5,200,988**	4,245,101
Reinsurance contract liabilities	8	**15,761**	12,589
Investment contract liabilities		**1,041,141**	1,095,494
Other payables		**853,652**	573,441
Bank borrowings	12	**86,000**	86,000
Total liabilities		**7,246,530**	6,060,590
Total equity and liabilities		**10,134,521**	8,829,641

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

……………………..………………..
Badr Abdulla Ahmad Al Ghurair
Chairman

..……………………………
Jean-Louis Laurent-Josi
Chief Executive Officer

SUKOON INSURANCE

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of profit or loss

	Notes	For the three month period ended 30 September 2024 (Unaudited) AED '000	2023 (Unaudited) AED '000	For the nine month period ended 30 September 2024 (Unaudited) AED '000	2023 (Unaudited) AED '000
Insurance revenue	15	**1,350,969**	1,167,309	**3,905,643**	3,356,582
Insurance service expenses		**(1,071,840)**	(874,251)	**(3,320,695)**	(2,656,870)
Insurance service result before reinsurance contracts held		**279,129**	293,058	**584,948**	699,712
Net expense from reinsurance contracts held		**(231,999)**	(229,574)	**(428,199)**	(543,051)
Insurance service result		**47,130**	63,484	**156,749**	156,661
Interest income from financial investment at amortised cost		**43,316**	31,762	**122,773**	87,457
Realised gains/(losses) on sale of financial investments at amortised cost		**35**	(3)	**110**	75
Other investment income - net		**10,783**	4,376	**10,571**	37,646
Net investment income		**54,134**	36,135	**133,454**	125,178
Finance expenses from insurance contracts issued		**(27,338)**	(22,027)	**(111,055)**	(85,146)
Finance income from reinsurance contracts held		**19,798**	19,152	**88,139**	71,838
Net insurance finance expenses		**(7,540)**	(2,875)	**(22,916)**	(13,308)
Net insurance and investment result		**93,724**	96,744	**267,287**	268,531
General and administrative expenses		**(28,084)**	(25,947)	**(84,139)**	(80,054)
Board of directors' remuneration	16.3	**(562)**	(562)	**(1,687)**	(1,687)
Finance costs		**(1,275)**	(1,273)	**(3,916)**	(1,923)
Other (expense)/income - net		**(9,169)**	(5,287)	**16,876**	985
Profit before tax		**54,634**	63,675	**194,421**	185,852
Income tax expenses		**(7,842)**	(429)	**(21,189)**	(976)
Profit for the period		**46,792**	63,246	**173,232**	184,876
Attributable to:					
Owners of the Company		**46,501**	63,684	**172,591**	185,311
Non-controlling interests		**291**	(438)	**641**	(435)
		46,792	63,246	**173,232**	184,876
Earnings per share (AED)	13	**0.10**	0.14	**0.37**	0.40

SUKOON INSURANCE

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of comprehensive income

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024 (Unaudited) AED '000	2023 (Unaudited) AED '000	**2024 (Unaudited) AED '000**	2023 (Unaudited) AED '000
Profit for the period	**46,792**	63,246	**173,232**	184,876
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss:				
Net fair value gains on revaluation of equity investments at FVTOCI	**31,996**	16,125	**44,673**	64,261
Items that may be reclassified subsequently to profit or loss:				
Finance (expense)/income from insurance contracts issued	**(19,559)**	5,031	**(17,423)**	17,718
Finance income/(expense) from reinsurance contracts held	**15,794**	(3,623)	**14,187**	(13,177)
Net fair value gains/(losses) on revaluation of debt investments at FVTOCI	**371**	(201)	**623**	(220)
Total other comprehensive income for the period	**28,602**	17,332	**42,060**	68,582
Total comprehensive income for the period	**75,394**	80,578	**215,292**	253,458
Attributable to:				
Owners of the Company	**75,115**	81,030	**214,678**	253,908
Non-controlling interests	**279**	(452)	**614**	(450)
	75,394	80,578	**215,292**	253,458

Condensed consolidated interim statement of changes in equity

	Share capital AED'000	Other reserves AED'000	Cumulative changes in fair value of securities AED'000	Finance income and expenses reserve AED'000	Retained Earnings AED'000	Net equity attributable to the owners of the Company AED'000	Non-controlling interests AED'000	Total equity AED'000
At 31 December 2022 (Audited)	461,872	1,507,580	(154,667)	11,449	724,521	2,550,755	-	2,550,755
Profit for the period	-	-	-	-	185,311	185,311	(435)	184,876
Other comprehensive income/(loss) for the period	-	-	64,056	4,541	-	68,597	(15)	68,582
Total comprehensive income for the period	-	-	64,056	4,541	185,311	253,908	(450)	253,458
Transfer to reinsurance regulatory reserve (note 11)	-	9,802	-	-	(9,802)	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	(11,660)	-	11,660	-	-	-
Cash dividend (note 23)	-	-	-	-	(92,374)	(92,374)	-	(92,374)
Non-controlling interests on acquisition of subsidiary (note 3.3)	-	-	-	-	-	-	13,649	13,649
At 30 September 2023 (Unaudited)	461,872	1,517,382	(102,271)	15,990	819,316	2,712,289	13,199	2,725,488
At 31 December 2023 (Audited)	**461,872**	**1,521,673**	**(124,978)**	**13,054**	**882,424**	**2,754,045**	**15,006**	**2,769,051**
Profit for the period	**-**	**-**	**-**	**-**	**172,591**	**172,591**	**641**	**173,232**
Other comprehensive income/(loss) for the period	**-**	**-**	**45,323**	**(3,236)**	**-**	**42,087**	**(27)**	**42,060**
Total comprehensive income for the period	**-**	**-**	**45,323**	**(3,236)**	**172,591**	**214,678**	**614**	**215,292**
Transfer to reinsurance regulatory reserve (note 11)	**-**	**12,655**	**-**	**-**	**(12,655)**	**-**	**-**	**-**
Transfer to retained earnings on disposal of investments at FVTOCI	**-**	**-**	**21,467**	**-**	**(21,467)**	**-**	**-**	**-**
Cash dividend (note 23)	**-**	**-**	**-**	**-**	**(92,374)**	**(92,374)**	**-**	**(92,374)**
Transaction with non-controlling interest (note 3.3)	**-**	**-**	**-**	**-**	**(561)**	**(561)**	**(3,417)**	**(3,978)**
At 30 September 2024 (Unaudited)	**461,872**	**1,534,328**	**(58,188)**	**9,818**	**927,958**	**2,875,788**	**12,203**	**2,887,991**

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of cash flows

	For the nine month period ended 30 September	
	2024 (Unaudited) AED ’000	2023 (Unaudited) AED ’000
Cash flows from operating activities		
Profit for the period before tax	**194,421**	185,852
Adjustments for:		
Depreciation	**19,338**	18,271
Unrealised gain on financial investments at FVTPL (excluding unit linked investments)	**-**	(2,142)
Loss on sale of investment properties	**32,381**	2,295
Provision for employees’ end of service benefits	**4,947**	4,718
Allowance for/(release of) impairment of financial investments at amortised cost	**427**	(45)
Allowance for/(release of) impairment of bank balances and deposits	**54**	(183)
Dividend income from financial investments at FVTPL and FVTOCI	**(50,633)**	(39,104)
Interest income from financial assets	**(122,433)**	(89,579)
Net (accretion)/amortisation of financial assets measured at amortised cost	**(1,100)**	1,728
Realised gain on sale of financial investments at FVTPL	**-**	(186)
Realised loss on sale of financial investments at FVTOCI	**-**	83
Finance cost	**3,916**	1,923
Realised gain on sale of financial investments at amortised cost	**(110)**	(75)
Interest expense on lease liabilities	**662**	648
Other investment expenses	**18,023**	12,962
Cash receipt on acquisition of a portfolio	**8,225**	-
Rental income from investment properties	**(9,883)**	(10,932)
Operating cash flows before changes in working capital and payment of employees’ end of service benefits and income tax	**98,235**	86,234
Changes in working capital		
Changes in insurance and reinsurance contract assets/liabilities	**147,290**	51,822
Increase in prepayment and other receivables	**(19,348)**	(95,860)
Increase in other payables	**259,083**	170,075
Increase in unit linked investments	**(4,689)**	(84,260)
(Decrease)/increase in investment contract liabilities	**(54,353)**	62,241
Net cash generated from operations	**426,218**	190,252
Employees’ end of service benefits paid	**(3,924)**	(4,551)
Income tax paid	**(809)**	(2,369)
Net cash generated from operating activities	**421,485**	183,332

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of cash flows (continued)

	For the nine month period ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	AED '000	AED '000
Cash flows from investing activities		
Purchases of financial investments at FVTOCI	**(194,958)**	(220,594)
Proceeds from sale of financial investments at FVTOCI	**106,134**	230,449
Purchases of financial investments at FVTPL (excluding unit linked investments)	**-**	(2,307)
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)	**-**	3,359
Proceeds from disposals/maturities of financial investments at amortised cost	**176,979**	82,794
Purchases of financial investments at amortised cost	**(594,005)**	(217,796)
Dividend received from financial investments at FVTPL and FVTOCI	**44,373**	35,693
Interest received from deposits and financial investments	**95,449**	77,762
Rental income received from investment properties	**8,091**	11,432
Other investment expenses paid	**(16,030)**	(13,495)
Purchase of property and equipment	**(5,542)**	(8,951)
Proceeds from sale of investment properties	**236,990**	117,376
Increase in term deposits with original maturities of more than three months	**(45,624)**	(23,106)
Increase in statutory deposits	**(1,602)**	(941)
Acquisition of subsidiary, net of cash acquired	**-**	(165,309)
Net cash used in investing activities	**(189,745)**	(93,634)
Cash flows from financing activities		
Dividend paid	**(92,374)**	(92,374)
Interest element of lease payments	**(158)**	(19)
Principal element of lease payments	**(2,982)**	(1,702)
Cash proceeds from borrowings	**-**	86,000
Finance costs paid	**(2,683)**	-
Transaction with non-controlling interest (note 3.3)	**(3,978)**	-
Net cash used in financing activities	**(102,175)**	(8,095)
Net increase in cash and cash equivalents	**129,565**	81,603
Cash and cash equivalents at the beginning of the period	**161,475**	235,079
Cash and cash equivalents at the end of the period (note 14)	**291,040**	316,682

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents are before the allowance for impairment as disclosed in note 14.

During the nine month period ended 30 September 2024, the principal non-cash transactions relate to the additions of the lease liability and right of use asset amounting to AED 584 thousand each (30 September 2023: the principal non-cash transactions relate to the additions of the lease liability and right of use asset amounting to AED 5,147 thousand each).

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024

1 General information

Sukoon Insurance P.J.S.C. (the "Company" or "Sukoon") (formerly known as Oman Insurance Company P.S.C.) is a public joint stock company, which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai. The Company is registered under the UAE Federal Law No. 32 of 2021, relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Decree-Law No. 48 of 2023 Regarding the Regulation of Insurance Activities and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, the UAE Insurance Authority ("IA")) under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai. The Company's registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Sukoon Insurance P.J.S.C. and its subsidiaries (note 3.3). The Company's ordinary shares are listed on the Dubai Financial Market ("DFM"), United Arab Emirates.

On 2 October 2023, the UAE Federal Decree Law No. 48 of 2023 regarding the regulation of Insurance activities was issued and came into effect on 30 November 2023 (the "New Insurance Law") which repealed the UAE Federal Law No. 6 of 2007. The Companies must within a period not exceeding (6) six months from the date of the enforcement of its provisions from 30 November 2023 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No 48 of 2023. The Group complies with the requirements of the New Insurance Law. The General Assembly of shareholders held on 29 February 2024 has approved amendments to its Articles of Association in order to align with the new provisions and the requirements.

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The tax charge for period ended 30 September 2024 is AED 21,189 thousand (30 September 2023: AED 976 thousand)

The licensed activities of the Company are issuing short term and long-term insurance contracts and trading in securities. The insurance contracts are issued in connection with property, engineering, energy, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products. The Company also operates in the Sultanate of Oman, State of Qatar, England and Wales., the United Kingdom.

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) ('IFRS')

2.1 New and revised IFRS adopted in the condensed consolidated interim financial information

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRS, did not have any material impact on the amounts reported for the current and prior periods.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendment to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to IAS 1 Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2024

2.2 New and revised IFRS in issue but not yet effective and not early adopted

New and revised IFRS	***Effective for annual periods beginning on or after***
Amendments to IAS 21 Lack of exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025
IFRS 9 and IFRS 7— Amendment regarding the classification and measurement of financial instrument	1 January 2026, earlier application is permitted
IFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027, earlier application is permitted
IFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027, earlier application is permitted
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011)	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Summary of material accounting policy information

3.1 Basis of preparation

This condensed consolidated interim financial information for the nine month period ended 30 September 2024 has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board ("IASB") and also complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information is presented in Arab Emirates Dirham ("AED") and all values are rounded to nearest thousand ("AED'000") except when otherwise indicated.

This condensed consolidated interim financial information has been prepared on the historical cost basis, except for the revaluation of financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income and investment properties measured at fair value.

The Group presents its condensed consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current).

This condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2023. In addition, results for the nine month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3.2 Material accounting policy information

The accounting policies, including those pertaining to financial assets, property and equipment and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2023.

3.3 Basis of consolidation

The condensed consolidated interim financial information of Sukoon Insurance P.J.S.C. and its subsidiaries (the "Group") incorporate the financial information of the Company and the entities controlled by the Company (its subsidiaries).

Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

3 Summary of material accounting policy information (continued)

3.3 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in ownership interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The table below represents the legal ownership of subsidiaries as at 30 September 2024 and 31 December 2023:

Name of subsidiary	Place of incorporation and operation	Proportion of legal ownership interest		Proportion of voting power held	Principal activity
		At 30 September 2024	At 31 December 2023		
Equator Insurance Agency L.L.C.*	Dubai - UAE	99.97%	99.97%	100%	Insurance agency.
Synergize Services FZ L.L.C**	Dubai - UAE	100%	100%	100%	Management information technology and transaction processing.
OIC Corporate Member Limited***	England and Wales - United Kingdom	100%	100%	100%	A limited liability underwriting member of Lloyd’s
Oman Insurance Management Services Limited***	Dubai - UAE	100%	100%	100%	Insurance management company
Sukoon Workplace Savings Solutions Limited ****	Dubai - UAE	100%	100%	100%	Acting as an administrator of an employee money purchase scheme
Sukoon Takaful P.J.S.C.*****	Dubai - UAE	94.61%	93.04%	94.61%	General and life takaful insurance

3 Summary of material accounting policy information (continued)

3.3 Basis of consolidation (continued)

Changes in ownership interests (continued)

* The Company holds the remaining equity in Equator Insurance Agency L.L.C, beneficially through nominee arrangements.

** Synergize Services FZ L.L.C was incorporated on 24 January 2014 in Dubai Outsource Zone, UAE and is engaged in the business of providing management information technology and transaction processing services.

*** Sukoon has incorporated Oman Insurance Management Services Limited (the “Service company”) in Dubai International Financial Centre (“DIFC”) as a fully owned subsidiary of Sukoon Insurance P.J.S.C. to act on behalf of Sukoon’s Syndicate 2880 under the delegated authority from the Syndicate 2880 and approval from Lloyd’s of London. As part of SIAB arrangement, Sukoon has also incorporated “OIC Corporate Member Limited”, a private limited company in England and Wales, United Kingdom as a fully owned subsidiary of Sukoon Insurance P.J.S.C.

**** On 13 April 2023, Sukoon has incorporated Sukoon Workplace Savings Solutions Limited (“SWSS”) (formerly Oman Insurance Workplace Savings Solutions Limited) in DIFC as a fully owned subsidiary of Sukoon Insurance P.J.S.C. SWSS received its license from the DFSA on 10 July 2023.

***** On 19 December 2022, Sukoon had signed a sale and purchase agreement to acquire a majority stake in Sukoon Takaful P.J.S.C. (formerly Arabian Scandinavian Insurance Company (PLC) - Takaful - Ascana Insurance) (“Sukoon Takaful”) from the key shareholders of Sukoon Takaful who represent this stake. On 18 May 2023 (“the acquisition date”), the Group acquired a 93.0432% of the share capital and voting interests of Sukoon Takaful for a cash consideration of AED 186,089 thousand and thereby obtaining control of Sukoon Takaful. The purchase consideration of the acquisition has been allocated to the assets acquired and liabilities assumed using their fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of Sukoon Takaful based on their respective fair values as of 18 May 2023 is presented below.

	18 May 2023 (Audited) AED’000
Fair value of identifiable net assets	208,271
Fair value of consideration transferred	(186,089)
Non-controlling interest on proportionate basis	(14,489)
Bargain purchase	**7,693**

On 4 March 2024, Sukoon Takaful announced that it had received the offer document from Sukoon in regard to the purchase of the shares of the remaining shareholders of Sukoon Takaful. Pursuant to the offer on 2 April 2024, Sukoon has received acceptances for 2,411,030 shares which represent 1.5656% of the shares of Sukoon Takaful at a total purchase value of AED 3,978 thousand. Upon the purchase of additional 1.5656% of shares, Sukoon holding in Sukoon Takaful increased to 94.6089%.

4 Critical accounting judgements and key sources of estimation of uncertainty

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5 Risk management

The Group’s insurance and financial risk management objectives and policies are consistent with those disclosed in the audited annual consolidated financial statements as at and for the year ended 31 December 2023. There have been no changes in any risk management policies since the year end. The Group is in compliance with the applicable solvency and capital requirements issued by the CBUAE (formerly, the IA).

5 Risk management (continue)

The Group's objectives when managing capital are i) to comply with the insurance capital requirements required by the regulators of the insurance industry where the entities within the Group operate, ii) to protect its policy holders' interests, iii) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and iv) to provide an adequate return to the shareholders by pricing insurance contracts commensurately with the level of risk.

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the CBUAE (formerly, the IA) identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Group is subject to the Regulations which has been complied with during the period/year. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

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

	At 30 June 2024 (Unaudited) AED '000	At 31 December 2023 (Audited) AED '000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**921,150**	895,154
Minimum Guarantee Fund (MGF)	**569,724**	507,146
Own Funds:		
Basic Own Funds	**2,495,773**	2,344,551
Minimum Capital Requirement Surplus (over MCR)	**2,395,773**	2,244,551
Minimum Capital Requirement Surplus (over SCR)	**1,574,623**	1,449,397
Minimum Capital Requirement Surplus (over MGF)	**1,926,049**	1,837,405

Based on the regulatory requirements, the minimum regulatory capital required is AED 100 million as at 30 September 2024 and 31 December 2023 against which the paid-up capital of the Company is AED 462 million.

6 Financial investments

The Group's financial investments at the end of the reporting period are detailed below.

	At 30 September 2024 (Unaudited) AED '000	At 31 December 2023 (Audited) AED '000
At fair value through profit or loss	**1,205,834**	1,180,592
At fair value through other comprehensive income	**855,764**	718,399
At amortised cost	**2,346,930**	1,924,601
Less: allowance for impairment as per IFRS 9 on investments at amortised cost	**(1,335)**	(908)
	4,407,193	3,822,684

The fair value of the quoted debt instruments held at amortised cost as at 30 September 2024 amounted to AED 2,283,955 thousand (31 December 2023: AED 1,800,597 thousand). These bonds carry coupon rates of 0.9% to 9% (31 December 2023: 0.5% to 7.60%) per annum.

As part of SIAB arrangement, Sukoon on behalf of 'OIC Corporate Member Limited' has pledged certain bonds having nominal value of USD 57,830 thousand (equivalent to AED 212,381 thousand) to be held at Lloyd's deposit with the beneficial ownership remaining with Sukoon Insurance P.J.S.C. The net book value of these bonds was AED 230,127 thousand as at 30 September 2024 (31 December 2023: AED 190,589 thousand).

SUKOON INSURANCE

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

7 Insurance contract assets and liabilities

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	LRC		LIC for	LIC for contracts under PAA		
	Excluding loss component AED ’000	Loss component AED ’000	contracts not under PAA AED ’000	Present value of future cash flows AED ’000	Risk adjustment for non-fin-risk AED ’000	Total AED ’000
Opening insurance contract liabilities	824,247	22,678	2,673	3,161,483	234,020	**4,245,101**
Opening insurance contract assets	(7,366)	-	-	5,865	567	**(934)**
Net balance as at 1 January 2024	**816,881**	**22,678**	**2,673**	**3,167,348**	**234,587**	**4,244,167**
Insurance revenue	**(3,905,643)**	**-**	**-**	**-**	**-**	**(3,905,643)**
Insurance service expenses						
Incurred claims and other directlyattributable expenses	-	-	9,468	2,902,615	90,729	**3,002,812**
Changes that relate to past service -adjustments to the LIC	-	-	(16)	(63,522)	(55,524)	**(119,062)**
Losses on onerous contracts and reversal of those losses	-	(4,196)	-	-	-	**(4,196)**
Insurance acquisition cash flows amortisation	441,141	-	-	-	-	**441,141**
Insurance service expenses	**441,141**	**(4,196)**	**9,452**	**2,839,093**	**35,205**	**3,320,695**
Insurance service result	**(3,464,502)**	**(4,196)**	**9,452**	**2,839,093**	**35,205**	**(584,948)**
Finance (income)/expenses from insurance contracts issued	(1,037)	173	-	120,359	8,983	**128,478**
Total amounts recognised in comprehensive income	**(3,465,539)**	**(4,023)**	**9,452**	**2,959,452**	**44,188**	**(456,470)**
Investment components	(10,974)	-	10,974	-	-	-
Acquisition of a portfolio	28,912	-	-	-	-	**28,912**
Cash flows						
Premiums received	4,178,537	-	-	-	-	**4,178,537**
Claims and other directly attributable expenses paid	-	-	(21,703)	(2,362,395)	-	**(2,384,098)**
Insurance acquisition cash flows	(412,095)	-	-	-	-	**(412,095)**
Total cash flows	**3,766,442**	**-**	**(21,703)**	**(2,362,395)**	**-**	**1,382,344**
Net balance as at 30 September 2024	**1,135,722**	**18,655**	**1,396**	**3,764,405**	**278,775**	**5,198,953**
Closing insurance contract liabilities	1,138,866	18,655	1,396	3,763,398	278,673	**5,200,988**
Closing insurance contract assets	(3,144)	-	-	1,007	102	**(2,035)**
Net balance as at 30 September 2024	**1,135,722**	**18,655**	**1,396**	**3,764,405**	**278,775**	**5,198,953**

7 Insurance contract assets and liabilities (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	LRC		LIC for	LIC for contracts under PAA		
	Excluding loss component	Loss component	contracts not under PAA	Present value of future cash flows	Risk adjustment for non-fin-risk	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Opening insurance contract liabilities	884,138	330	3,383	2,536,367	194,619	3,618,837
Opening insurance contract assets	(1,887)	204	-	879	88	(716)
Net balance as at 1 January 2023	882,251	534	3,383	2,537,246	194,707	3,618,121
Insurance revenue	(4,644,425)	-	-	-	-	(4,644,425)
Insurance service expenses						
Incurred claims and other directlyattributable expenses	-	-	12,434	3,121,257	80,395	3,214,086
Changes that relate to past service -adjustments to the LIC	-	-	(30)	25,744	(49,478)	(23,764)
Losses on onerous contracts and reversal of those losses	-	(21,008)	-	-	-	(21,008)
Insurance acquisition cash flows amortisation	540,259	-	-	-	-	540,259
Insurance service expenses	540,259	(21,008)	12,404	3,147,001	30,917	3,709,573
Insurance service result	(4,104,166)	(21,008)	12,404	3,147,001	30,917	(934,852)
Finance (income)/expenses from insurance contracts issued	(148)	52	-	90,874	7,149	97,927
Total amounts recognised in comprehensive income	(4,104,314)	(20,956)	12,404	3,237,875	38,066	(836,925)
Investment components	(10,652)	-	10,652	-	-	-
Acquisition of a subsidiary	50,369	43,100	-	91,356	1,814	186,639
Cash flows						
Premiums received	4,545,448	-	-	-	-	4,545,448
Claims and other directly attributable expenses paid	-	-	(23,766)	(2,699,129)	-	(2,722,895)
Insurance acquisition cash flows	(546,221)	-	-	-	-	(546,221)
Total cash flows	3,999,227	-	(23,766)	(2,699,129)	-	1,276,332
Net balance as at 31 December 2023	816,881	22,678	2,673	3,167,348	234,587	4,244,167
Closing insurance contract liabilities	824,247	22,678	2,673	3,161,483	234,020	4,245,101
Closing insurance contract assets	(7,366)	-	-	5,865	567	(934)
Net balance as at 31 December 2023	816,881	22,678	2,673	3,167,348	234,587	4,244,167

SUKOON INSURANCE

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

8 Reinsurance contracts assets and liabilities

Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims

	Remaining coverage excluding loss-recovery component	Remaining coverage - loss recovery component	Incurred claims for contracts not under PAA	Incurred claims for contracts under PAA		Total
				Present value of future cash flows	Risk adj. for non-financial risk	
	AED ’000	AED ’000	AED ’000	AED ’000	AED ’000	AED ’000
Opening reinsurance contract liabilities	(25,235)	306	-	11,690	650	**(12,589)**
Opening reinsurance contract assets	127,143	1,920	1,865	2,438,829	187,106	**2,756,863**
Net balance as at 1 January 2024	**101,908**	**2,226**	**1,865**	**2,450,519**	**187,756**	**2,744,274**
Net (expense)/income from reinsurance contracts held						
Reinsurance expenses	(2,155,383)	(330)	-	-	-	**(2,155,713)**
Incurred claims recovery	-	-	1,003	1,715,283	70,533	**1,786,819**
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	(18,603)	(43,858)	**(62,461)**
Income on initial recognition of onerous underlying contracts	-	828	-	-	-	**828**
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	(1,009)	-	-	-	**(1,009)**
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	2,933	-	-	-	**2,933**
Effect of changes in risk of reinsurers' non-performance	-	-	(1)	378	27	**404**
Net (expense)/income from reinsurance contracts held	**(2,155,383)**	**2,422**	**1,002**	**1,697,058**	**26,702**	**(428,199)**
Finance (expense)/income from reinsurance contracts held	(857)	73	-	95,739	7,371	**102,326**
Total amounts recognised in comprehensive income	**(2,156,240)**	**2,495**	**1,002**	**1,792,797**	**34,073**	**(325,873)**
Acquisition of a portfolio	(3,111)	-	-	-	-	**(3,111)**
Cash flows						
Premiums paid net of ceding commissions	2,405,909	-	-	-	-	**2,405,909**
Recoveries from reinsurance	-	-	(1,992)	(1,302,696)	-	**(1,304,688)**
Total cash flows	**2,405,909**	**-**	**(1,992)**	**(1,302,696)**	**-**	**1,101,221**
Net balance as at 30 September 2024	**348,466**	**4,721**	**875**	**2,940,620**	**221,829**	**3,516,511**
Closing reinsurance contract liabilities	(20,088)	68	-	3,955	304	**(15,761)**
Closing reinsurance contract assets	368,554	4,653	875	2,936,665	221,525	**3,532,272**
Net balance as at 30 September 2024	**348,466**	**4,721**	**875**	**2,940,620**	**221,829**	**3,516,511**

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

8 Reinsurance contracts assets and liabilities (continued)

Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims

	Remaining coverage excluding loss-recovery component	Remaining coverage - loss recovery component	Incurred claims for contracts not under PAA	Incurred claims for contracts under PAA		Total
				Present value of future cash flows	Risk adj. for non-financial risk	
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Opening reinsurance contract liabilities	(11,553)	-	-	6,080	428	(5,045)
Opening reinsurance contract assets	203,665	-	2,046	2,009,806	158,175	2,373,692
Net balance as at 1 January 2023	192,112	-	2,046	2,015,886	158,603	2,368,647
Net income/(expense) from reinsurance contracts held						
Reinsurance expenses	(2,682,790)	-	-	-	-	(2,682,790)
Incurred claims recovery	-	-	107	1,855,599	66,005	1,921,711
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	73,997	(43,375)	30,622
Income on initial recognition of onerous underlying contracts	-	350	-	-	-	350
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	(190)	-	-	-	(190)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	(3,544)	-	-	-	(3,544)
Effect of changes in risk of reinsurers' non-performance	-	-	-	22	-	22
Net (expense)/income from reinsurance contracts held	(2,682,790)	(3,384)	107	1,929,618	22,630	(733,819)
Finance income from reinsurance contracts held	2,970	13	-	73,168	5,845	81,996
Total amounts recognised in comprehensive income	(2,679,820)	(3,371)	107	2,002,786	28,475	(651,823)
Acquisition of a subsidiary	(6,786)	5,597	-	21,536	678	21,025
Cash flows						
Premiums paid net of ceding commissions	2,596,402	-	-	-	-	2,596,402
Recoveries from reinsurance	-	-	(288)	(1,589,689)	-	(1,589,977)
Total cash flows	2,596,402	-	(288)	(1,589,689)	-	1,006,425
Net balance as at 31 December 2023	101,908	2,226	1,865	2,450,519	187,756	2,744,274
Closing reinsurance contract liabilities	(25,235)	306	-	11,690	650	(12,589)
Closing reinsurance contract assets	127,143	1,920	1,865	2,438,829	187,106	2,756,863
Net balance as at 31 December 2023	101,908	2,226	1,865	2,450,519	187,756	2,744,274

9 Prepayments and other receivables

	At 30 September 2024 (Unaudited) AED '000	At 31 December 2023 (Audited) AED '000
Accrued income	**2,946**	4,692
Prepayments	**22,104**	24,293
Staff debtors and allowances	**4,976**	6,341
Other receivables (net of expected credit losses)	**227,519**	195,049
	257,545	230,375

10 Share capital

	At 30 September 2024 (Unaudited) AED '000	At 31 December 2023 (Audited) AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2023: 461,872,125 shares of AED 1 each)	**461,872**	461,872

11 Other reserves

	Statutory reserve AED '000	**Strategic reserve AED '000**	**General reserve AED '000**	**Contingency reserve AED '000**	**Reinsurance regulatory reserve AED '000**	**Total AED '000**
At 1 January 2023 (Audited)	230,936	303,750	933,051	18,255	21,588	1,507,580
Transfer from retained earnings*	-	-	-	-	9,802	9,802
At 30 September 2023 (Unaudited)	230,936	303,750	933,051	18,255	31,390	1,517,382
At 1 January 2024 (Audited)	**230,936**	**303,750**	**933,051**	**19,311**	**34,625**	**1,521,673**
Transfer from retained earnings*	**-**	**-**	**-**	**-**	**12,655**	**12,655**
At 30 September 2024 (Unaudited)	**230,936**	**303,750**	**933,051**	**19,311**	**47,280**	**1,534,328**

* In accordance with Article 34 of the CBUAE's Board of Directors Decision No. (23) of 2019, the Group has transferred to the reinsurance regulatory reserve AED 12,655 thousand for the nine month period ended 30 September 2024 (30 September 2023: AED 9,802 thousand), being 0.5% of the total reinsurance premiums ceded by the Group in the United Arab Emirates in all classes of business. The Group shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General.

12 Bank borrowings

	At 30 September 2024 (Unaudited) AED '000	At 31 December 2023 (Audited) AED '000
Short term bank loans	**86,000**	86,000

Short term bank loans are secured by assignment of certain bonds in favor of financial institutions. These loans carry a fixed interest rate of 5.80% per annum. (31 December 2023: 6.17% per annum). Short term loans are utilised for Group's operational activities.

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

13 Earnings per share

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Profit for the period attributable to the Owners of the Company (AED '000)	**46,501**	63,684	**172,591**	185,311
Weighted average number of shares	**461,872,125**	461,872,125	**461,872,125**	461,872,125
Basic and diluted earnings per share (AED)	**0.10**	0.14	**0.37**	0.40

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

14 Cash and cash equivalents

	For the nine month period ended 30 September	
	2024 (Unaudited) AED '000	2023 (Unaudited) AED '000
Deposits with banks maturing within three months	**115,948**	164,771
Current accounts and cash	**175,092**	151,911
Cash and cash equivalents for the purpose of the condensed consolidated interim statement of cash flows	**291,040**	316,682
Less: allowance for impairment as per IFRS 9	**(202)**	(122)
Cash and cash equivalents	**290,838**	316,560

The interest rates on fixed deposits and call accounts with banks range from 0.2% to 6.1% (31 December 2023: 0.3% to 6.3%) per annum. Certain bank balances and deposits with carrying amount of AED 6,228 thousand at 30 September 2024 (31 December 2023: AED 6,093 thousand) are subject to lien in respect of guarantees.

15 Insurance revenue

The following table presents an analysis of insurance revenue recognised in the period.

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024 (Unaudited) AED '000	2023 (Unaudited) AED '000	**2024 (Unaudited) AED '000**	2023 (Unaudited) AED '000
Amounts relating to changes in the LRC:				
- Expected incurred claims and other directly attributable expenses	**4,252**	4,154	**13,902**	10,641
- Change in risk adjustment for non-financial risk for the risk expired	**1,168**	165	**608**	628
- CSM recognised for the services provided	**416**	856	**2,627**	2,629
Insurance acquisition cash flow recovery	**2,124**	1,214	**5,471**	3,135
Contracts not measured under PAA	**7,960**	6,389	**22,608**	17,033
Contracts measured under PAA	**1,343,009**	1,160,920	**3,883,035**	3,339,549
Total insurance revenue	**1,350,969**	1,167,309	**3,905,643**	3,356,582

SUKOON INSURANCE P.J.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

16 Related party balances and transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

16.1 Balances with related parties included in the condensed consolidated interim statement of financial position are as follows:

	At 30 September 2024 (Unaudited) AED'000	At 31 December 2023 (Audited) AED'000
Balances with a Major shareholder:		
Cash and cash equivalents	**28,234**	15,665
Financial investments	**145,076**	123,857
Statutory deposits	**10,000**	-
Bank borrowings	**86,000**	86,000
Due from/(to) a Major shareholder:		
Net insurance receivables	**10,123**	6,592
Net insurance and other payables	**(2,134)**	(3,052)
Due from/(to) Directors and businesses over which they exercise significant management influence:		
Net insurance receivables	**15,243**	8,852
Net insurance and other payables	**(4,984)**	(3,199)

16.2 Transactions with related parties:

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024 (Unaudited) AED '000	2023 (Unaudited) AED '000	**2024 (Unaudited) AED '000**	2023 (Unaudited) AED '000
Transactions arising from insurance contracts with a Major shareholder:				
Insurance premiums	**20,050**	20,672	**109,672**	99,515
Claims settled	**(15,343)**	(14,836)	**(47,032)**	(36,983)
Other transactions with a Major shareholder:				
Interest income	**222**	102	**700**	252
Dividend income	**-**	-	**11,207**	5,452
Other expenses	**(1,794)**	(1,917)	**(5,747)**	(3,922)
Rental expense	**(1,718)**	(1,647)	**(5,116)**	(4,873)
Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:				
Insurance premiums	**3,257**	5,282	**37,134**	32,429
Claims settled	**(1,909)**	(1,539)	**(23,656)**	(6,382)
Other transactions with Directors and businesses over which they exercise significant management influence:				
Other investment expenses	**(1,596)**	(1,636)	**(4,916)**	(4,872)

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2024 (continued)

16 Related party balances and transactions (continued)

The Group has entered into the above transactions with the related parties which were made on substantially the same terms as those prevailing at the same time for the comparable transactions with third parties.

16.3 Compensation of key management personnel

	For the three month period ended 30 September		**For the nine month period ended 30 September**	
	2024 (Unaudited) AED '000	2023 (Unaudited) AED '000	**2024 (Unaudited) AED '000**	2023 (Unaudited) AED '000
Directors' fees	**(562)**	(562)	**(1,687)**	(1,687)
Salaries and benefits	**(1,283)**	(1,232)	**(4,032)**	(3,888)
End of service benefits	**(39)**	(37)	**(174)**	(147)
	(1,884)	(1,831)	**(5,893)**	(5,722)

17 Contingent liabilities

As at 30 September 2024, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 50 million (31 December 2023: AED 49 million).

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Group's condensed consolidated interim financial performance or condensed consolidated interim financial position.

18 Commitments

	At 30 September 2024 (Unaudited) AED '000	At 31 December 2023 (Audited) AED '000
Commitments in respect of uncalled subscription of financial investments	**47,423**	26,302
Capital commitments towards acquisitions of property and equipment	**17,715**	18,898

19 Location of assets

Geographical locations of assets are disclosed below:

	At 30 September 2024 (Unaudited)			At 31 December 2023 (Audited)		
	Inside UAE AED '000	**Outside UAE AED '000**	**Total AED '000**	Inside UAE AED '000	Outside UAE AED '000	Total AED '000
Property and equipment	**115,295**	**1,397**	**116,692**	129,600	888	130,488
Investment properties	**245,749**	**-**	**245,749**	515,120	-	515,120
Statutory deposits	**58,543**	**138,587**	**197,130**	56,974	138,554	195,528
Financial investments at FVTOCI	**452,805**	**402,959**	**855,764**	366,368	352,031	718,399
Financial investments at FVTPL	**42,296**	**1,163,538**	**1,205,834**	15,393	1,165,199	1,180,592
Financial investments at amortised cost	**947,877**	**1,397,718**	**2,345,595**	819,175	1,104,518	1,923,693
Deposits with banks and cash and cash equivalents	**1,175,890**	**153,234**	**1,329,124**	979,953	150,915	1,130,868
	3,038,455	**3,257,433**	**6,295,888**	2,882,583	2,912,105	5,794,688

20 Segment information

For management purposes, the Group is organised into three business segments: general insurance including medical, life insurance including and investments. The general insurance segment comprises property, engineering, energy, motor, general accident, aviation, marine and medical risks. The life insurance segment includes individual life (participating and non-participating), group life and personal accident as well as investment linked products. Investment comprises of investments (financial and non-financial) excluding unit linked investments.

These segments are the basis on which the Group reports its segment information to the Chief Operating Decision Maker.

20.1 Segment results by operating segments

	For the nine month period ended 30 September (Unaudited)					
	Non-Life insurance		Life insurance		Total	
	2024	2023	**2024**	2023	**2024**	2023
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Insurance service result from insurance contracts issued	**568,934**	650,834	**16,014**	48,878	**584,948**	699,712
Net expense from reinsurance contracts held	**(425,412)**	(510,518)	**(2,787)**	(32,533)	**(428,199)**	(543,051)
Insurance service result	**143,522**	140,316	**13,227**	16,345	**156,749**	156,661
Net investment income					**133,454**	125,178
Net insurance finance expenses					**(22,916)**	(13,308)
General and administrative expenses					**(84,139)**	(80,054)
Board of directors' remuneration					**(1,687)**	(1,687)
Finance cost					**(3,916)**	(1,923)
Other income - net					**16,876**	985
Profit before tax					**194,421**	185,852
Income tax expenses					**(21,189)**	(976)
Profit for the period					**173,232**	184,876
Attributable to:						
Owners of the Company					**172,591**	185,311
Non-controlling interests					**641**	(435)
Profit for the period					**173,232**	184,876

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Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

20 Segment information (continued)

20.2 Segment results by geographical distribution

	For the nine month period ended 30 September (Unaudited)					
	GCC		Non GCC		Total	
	2024	2023	**2024**	2023	**2024**	2023
	AED ’000	AED ’000	**AED ’000**	AED ’000	**AED ’000**	AED ’000
Insurance service result from insurance contracts issued	**561,894**	691,514	**23,054**	8,198	**584,948**	699,712
Net expense from reinsurance contracts held	**(387,801)**	(534,784)	**(40,398)**	(8,267)	**(428,199)**	(543,051)
Insurance service result	**174,093**	156,730	**(17,344)**	(69)	**156,749**	156,661
Net investment income	**131,200**	124,878	**2,254**	300	**133,454**	125,178
Net insurance finance expenses	**(20,924)**	(12,716)	**(1,992)**	(592)	**(22,916)**	(13,308)
General and administrative expenses	**(84,139)**	(80,054)	**-**	-	**(84,139)**	(80,054)
Board of directors’ remuneration	**(1,687)**	(1,687)	**-**	-	**(1,687)**	(1,687)
Finance cost	**(3,916)**	(1,923)	**-**	-	**(3,916)**	(1,923)
Other income/(expense) - net	**17,452**	2,152	**(576)**	(1,167)	**16,876**	985
Profit/(loss) before tax	**212,079**	187,380	**(17,658)**	(1,528)	**194,421**	185,852
Income tax expenses	**(21,189)**	(976)	**-**	-	**(21,189)**	(976)
Profit/(loss) for the period	**190,890**	186,404	**(17,658)**	(1,528)	**173,232**	184,876
Attributable to:						
Owners of the Company	**190,249**	186,839	**(17,658)**	(1,528)	**172,591**	185,311
Non-controlling interests	**641**	(435)	**-**	-	**641**	(435)
Profit/(loss) for the period	**190,890**	186,404	**(17,658)**	(1,528)	**173,232**	184,876

20 Segment information (continued)

20.3 Segment assets and liabilities by operating segments

At 30 September 2024 (Unaudited)

	Non-Life insurance	**Life insurance**	**Investments**	**Total**
	AED ’000	**AED ’000**	**AED ’000**	**AED ’000**
Segment assets	**5,185,433**	**1,501,423**	**3,447,665**	**10,134,521**
Segment liabilities	**5,820,808**	**1,425,722**	**-**	**7,246,530**

At 31 December 2023 (Audited)

	Non-Life insurance	Life insurance	Investments	Total
	AED ’000	AED ’000	AED ’000	AED ’000
Segment assets	4,234,391	1,437,481	3,157,769	8,829,641
Segment liabilities	4,685,054	1,375,536	-	6,060,590

21 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 Group 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.

21.1 Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial information approximate their fair values except for financial investments measured at amortised cost of which fair value is determined based on the quoted market prices and disclosed in note 6 of this condensed consolidated interim financial information.

21.2 Fair value of financial items carried at fair value

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

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

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

21 Fair value measurements (continued)

21.2 Fair value of financial items carried at fair value (continued)

21.2.2 Fair value of the Group's financial assets and liabilities that are measured at fair value on recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined:

	Fair value as at					
	30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
Financial assets measured at FVTPL						
Unit linked investments	**1,205,277**	1,180,035	Level 2	Quoted prices in a secondary market	None	Not applicable
Unquoted equity investments	**557**	557	Level 3	Net assets as per financial statements	EV/EBITDA multiple	EV/EBITDA multiple for similar companies will directly impact the fair value calculation
Financial assets measured at FVTOCI						
Quoted equity investments	**621,141**	575,360	Level 1	Quoted bid prices in an active market	None	Not applicable
Quoted fund	**182,593**	91,330	Level 2	Quoted prices in a secondary market	None	Not applicable
Quoted bonds	**20,899**	21,293	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity and private equity fund	**31,131**	30,416	Level 3	Multiple based approach and net assets as per financial statements	Price to book value multiple	Price to book value multiple for similar companies will directly impact the fair value calculation.
Financial liabilities measured at FVTPL						
Investment contract liabilities	**1,041,141**	1,095,494	Level 2	Quoted prices in a secondary market	None	Not applicable

There were no transfers between levels during the period. There are no other financial liabilities which should be categorised under any of the levels in the above table.

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Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

21 Fair value measurements (continued)

21.2 Fair value of financial items carried at fair value (continued)

21.2.3 Reconciliation of level 3 fair value measurement of financial assets measured at FVTOCI

	At 30 September 2024 (Unaudited) AED '000	At 31 December 2023 (Audited) AED '000
Balance at the beginning of the period/year	**30,416**	37,559
Disposals during the period/year	**(1,102)**	(12,429)
Changes in fair value recognised in other comprehensive income	**1,817**	(3,659)
Acquisition of subsidiary	**-**	8,945
Balance at the end of the period/year	**31,131**	30,416

22 Seasonality of results

Net investment income includes dividend income of AED 50,633 thousand for the nine month period ended 30 September 2024 (30 September 2023: AED 39,104 thousand), which is of a seasonal nature.

23 Dividends

At the Annual General Meeting held on 29 February 2024, the shareholders approved a cash dividend distribution of 20% of the share capital amounting to AED 92,374 thousand (AED 20 fils per share) for the year ended 31 December 2023 (At the Annual General Meeting held on 27 March 2023, the shareholders approved a cash dividend distribution of 20% of the share capital amounting to AED 92,374 thousand (AED 20 fils per share) for the year ended 31 December 2022).

24 Other information

a) The Group established operations in Qatar on 6 January 2008 through an agency agreement entered with a local sponsor valid for an indefinite period. On 25 February 2019, the Qatar Central Bank ("QCB") did not accept the Group's application to open a foreign branch. Accordingly, the Group's management has taken the decision to no longer issue new policies in the State of Qatar. The Group will continue to service the existing policies as per the applicable conditions of the underlying contracts.

b) On 24 August 2023, Sukoon and Chubb Tempest Life Reinsurance Ltd. acting through its branch office in the UAE ("Chubb UAE") signed an agreement to transfer the life insurance portfolio of Chubb UAE to Sukoon. The migration of the portfolio was completed on 24 February 2024 (portfolio transfer date) after obtaining necessary approvals from the regulators (the CBUAE, Bermuda Monetary Authority and the Supreme Court of Bermuda).

25 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 24 October 2024.