SUKOON TAKAFUL P.J.S.C

REVIEW REPORT AND INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2025 (UNAUDITED)

SUKOON
TAKAFUL

Report of the Board of Directors

Dear Shareholders,

We have the pleasure in presenting you the financial results of Sukoon Takaful PJSC, (the "Company") ("Sukoon Takaful") for the financial period ended 31 March 2025.

We are pleased to inform you that Sukoon Takaful has reported a strong growth in revenue and profitability for the three months ended 31 March 2025.

Takaful revenue for the three months ended 31 March 2025 is AED 46.35 million against AED 26.03 million for the same period last year, a growth of 78% year-on-year.

Net profit before tax attributable to shareholders has reached AED 6.31 million in three months ended 31 March 2025 against AED 3.32 million in the same period last year, a growth of 90% year-on-year.

The results are a testament to the strategic initiatives implemented last year, which has stabilized our operations and set us on a path of accelerated growth. Our top and bottom lines are showing robust improvement, reflecting the effectiveness of our focused efforts on expanding our market reach, enhancing operational efficiency, and delivering exceptional value to our stakeholders. We remain committed to sustaining this momentum during the year.

We would like to thank all our stakeholders for their sincere and dedicated contributions.

May God; the Almighty; guide our steps.

On behalf of the Board,

Saood Abdulaziz Al Ghurair
Chairman
24 April 2025

SUKOON TAKAFUL P.J.S.C.

Review report and interim condensed financial statements for the three-month period ended 31 March 2025

Shape the future
with confidence

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SUKOON TAKAFUL P.J.S.C

Introduction

We have reviewed the accompanying interim condensed financial statements of Sukoon Takaful P.J.S.C which comprise the interim condensed statement of financial position as at 31 March 2025 and the related interim condensed statements of profit or loss, interim condensed statement of comprehensive income, interim condensed statement of changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of 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”.

Ernst & Young Middle East (Dubai Branch)

Ashraf Abu-Sharkh
Registration No.: 690

24 April 2025

Dubai, United Arab Emirates

SUKOON TAKAFUL P.J.S.C.

Interim condensed statement of financial position
As at 31 March 2025 (unaudited)

	Notes	31 March 2025 (unaudited) AED'000	31 December 2024 (audited) AED'000
ASSETS			
Participants' Assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	8	**1,660**	1,654
Financial assets measured at fair value through profit and loss (FVTPL)	8	**1,235**	-
Financial assets at amortized cost	8	**18,677**	16,795
Takaful contract assets	9	**1,638**	-
Retakaful contract assets	9	**62,313**	51,920
Prepayments and other receivables		**3,394**	2,498
Due from shareholders		**30,419**	29,638
Bank balances and cash	6	**99,061**	90,426
Total participants' assets		**218,397**	192,931
Shareholders' assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	8	**16,932**	17,595
Financial assets measured at fair value through profit and loss (FVTPL)	8	**545**	545
Financial assets at amortized cost	8	**83,142**	66,376
Investment properties		**75,540**	75,540
Property and equipment		**1,263**	763
Deferred policy acquisition cost		**11,222**	8,765
Prepayments and other receivables		**5,572**	5,853
Bank balances and cash	6	**42,600**	51,406
Statutory deposits		**10,000**	10,000
Total shareholders' assets		**246,816**	236,843
TOTAL ASSETS		**465,213**	429,774
PARTICIPANTS' LIABILITIES AND DEFICIT			
Participants' liabilities			
Takaful contract liabilities	9	**202,160**	182,022
Retakaful contract liabilities	9	**1,352**	239
Investment contract liabilities	18	**992**	-
Other liabilities		**13,893**	10,670
Total participants' liabilities		**218,397**	192,931
Participants' deficit			
Qard Hassan against deficit in participants' fund		**(167,433)**	(164,254)
Provision against Qard Hassan to participants' fund		**167,433**	164,254
		-	-
Total participants' liabilities and deficit		**218,397**	192,931

SUKOON TAKAFUL P.J.S.C.

Interim condensed statement of financial position (continued)
As at 31 March 2025 (unaudited)

	Notes	**31 March 2025 (unaudited) AED'000**	31 December 2024 (audited) AED'000
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Employees' end of service benefits		**1,694**	1,616
Due to participants		**30,419**	29,638
Other liabilities		**15,003**	10,789
Total shareholders' liabilities		**47,116**	42,043
Shareholders' equity			
Share capital	10	**154,000**	154,000
Statutory reserve	11	**77,000**	77,000
Retakaful reserves	11	**1,246**	1,105
Cumulative changes in fair value of FVTOCI investments		**(4,988)**	(4,468)
Accumulated losses		**(27,558)**	(32,837)
Total shareholders' equity		**199,700**	194,800
Total shareholders' liabilities and equity		**246,816**	236,843
TOTAL LIABILITIES, PARTICIPANTS' FUND AND EQUITY		**465,213**	429,774

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

....
Ahmed M.A.Abushanab
Chief Executive Officer

SUKOON TAKAFUL P.J.S.C.

Interim condensed statement of profit or loss

	Notes	For the three-month period ended 31 March 2025 (unaudited) AED '000	2024 (unaudited) AED '000
Attributable to participants			
Takaful revenue	14	**46,347**	26,032
Takaful service expenses		**(17,680)**	(12,377)
Takaful service result before retakaful contracts held		**28,667**	13,655
Allocation of retakaful contributions		**(18,019)**	(11,569)
Amounts recoverable from retakaful for incurred claims		**5,344**	6,571
Net expenses from retakaful contracts held	9	**(12,675)**	(4,998)
Takaful service result		**15,992**	8,657
Takaful finance expenses for takaful contracts issued	9	**(1,229)**	(1,352)
Retakaful finance income for retakaful contracts held	9	**587**	368
Net takaful income		**15,350**	7,673
Investment income	15	**1,217**	1,342
Other income		**275**	255
Wakala fee	19	**(19,656)**	(8,016)
Mudarib fee	19	**(365)**	(402)
(Loss)/profit for the period attributable to participants		**(3,179)**	852
Attributable to shareholders			
Investment income	15	**3,426**	2,920
Other income		**-**	11
Total investment income		**3,426**	2,931
Wakala fee	19	**19,656**	8,016
Mudarib fee	19	**365**	402
		23,447	11,349
Expenses			
Policy acquisition costs		**(4,764)**	(3,227)
General and administration expenses		**(9,196)**	(5,653)
Income for the period before Qard Hassan		**9,487**	2,469
(Provision)/recovery against Qard Hassan to participants		**(3,179)**	852
Profit before tax		**6,308**	3,321
Income tax expense	22	**(888)**	(261)
Profit for the period		**5,420**	3,060
Earnings per share (AED)	12	**0.035**	0.020

The accompanying notes form an integral part of these interim condensed financial statements.

SUKOON TAKAFUL P.J.S.C.

Interim statement of comprehensive income

	For the three-month period ended 31 March	
	2025 (unaudited) AED '000	2024 (unaudited) AED '000
Attributable to shareholders		
Profit for the period	**5,420**	3,060
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Unrealised loss of equity investments designated at FVTOCI – net of tax	**(582)**	(402)
Items that may be reclassified subsequently to profit or loss:		
Unrealised gain/(loss) on debt instruments designated at FVTOCI	**62**	(13)
Other comprehensive loss for the period attributable to Shareholders	**(520)**	(415)
Total comprehensive income for the period attributable to Shareholders	**4,900**	2,645

SUKOON TAKAFUL P.J.S.C.

Interim condensed statement of changes in equity
For the period ended 31 March 2025 (unaudited)

	Share capital AED'000	Statutory reserves AED'000	Retakaful Reserve AED'000	Cumulative changes in fair value of FVTOCI investment AED'000	Accumulated losses AED'000	Total Equity AED'000
Balance at 1 January 2024 (audited)	154,000	77,000	695	(4,960)	(51,414)	175,321
Profit for the period	-	-	-	-	3,060	3,060
Other comprehensive loss for the period	-	-	-	(415)	-	(415)
Total comprehensive income for the period	-	-	-	(415)	3,060	2,645
Transfer to re-takaful reserve (note 11)	-	-	72	-	(72)	-
At 31 March 2024 (unaudited)	154,000	77,000	767	(5,375)	(48,426)	177,966
Balance at 1 January 2025 (audited)	**154,000**	**77,000**	**1,105**	**(4,468)**	**(32,837)**	**194,800**
Profit for the period	**-**	**-**	**-**	**-**	**5,420**	**5,420**
Other comprehensive loss for the period	**-**	**-**	**-**	**(520)**	**-**	**(520)**
Total comprehensive income for the period	**-**	**-**	**-**	**(520)**	**5,420**	**4,900**
Transfer to re-takaful reserve (note 11)	**-**	**-**	**141**	**-**	**(141)**	**-**
At 31 March 2025 (unaudited)	**154,000**	**77,000**	**1,246**	**(4,988)**	**(27,558)**	**199,700**

The accompanying notes form an integral part of these interim condensed financial statements.

SUKOON TAKAFUL P.J.S.C.

Interim condensed statement of cash flows

	For the three-month period ended 31 March	
	2025	2024
	(unaudited)	(unaudited)
	AED ’000	AED ’000
Cash flows from operating activities		
Profit before tax	**6,308**	3,321
Adjustments for:		
Depreciation and amortization	**176**	187
Profit on wakala deposits & sukuks	**(3,057)**	(2,969)
Provision for employees’ end of service indemnity	**219**	303
Rental income	**(1,472)**	(1,160)
Dividends income from financial assets	**(114)**	(133)
Amortisation of intangible assets	**48**	48
Operating cash flows before changes in working capital and payment of employees’ end of service benefits	**2,108**	(403)
Changes in working capital		
Change in retakaful contract assets	**(12,030)**	1,494
Change in prepayments and other receivables	**(362)**	(804)
Change in deferred acquisition costs	**(2,457)**	76
Change in takaful & retakaful contract liabilities	**21,252**	(15,198)
Change in other liabilities	**6,249**	1,024
Net cash generated from/(used in) operations	**14,760**	(13,811)
Employees’ end of service benefits paid	**(140)**	(211)
Net cash generated from/(used in) operating activities	**14,620**	(14,022)
Cash flows from investing activities		
Purchase of investments securities	**(18,454)**	-
Purchase of property and equipment	**(63)**	(14)
Rental income received	**1,373**	1,097
Profit received on sukuk and wakala deposit	**2,900**	1,796
Dividend received	**114**	133
Change in wakala deposit with maturity more than 3 months	**10,646**	2,842
Net cash (used in)/from investing activities	**(3,484)**	5,854
Cash flows from financing activities		
Payment of lease liability	**(659)**	(526)
Net cash used in financing activity	**(659)**	(526)
Net increase/(decrease) in cash and cash equivalents	**10,477**	(8,694)
Cash and cash equivalents at the beginning of the period	**8,416**	13,510
Cash and cash equivalents at the end of the period (note 7)	**18,893**	4,816

1 General information

Sukoon Takaful PJSC (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.

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

2.1 New and revised IFRS adopted in the interim condensed financial statements

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these interim condensed financial statements. 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***
Lack of exchangeability - Amendments to IAS 21	1 January 2025

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***
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

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

3 Basis of preparation and material accounting policy information

3.1 Basis of preparation

These interim condensed financial statements for the three-month period ended 31 March 2025 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 interim condensed financial statements are presented in Arab Emirates Dirham ("AED") and all values are rounded to nearest thousand ("AED'000") except when otherwise indicated.

These interim condensed financial statements 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 Company presents its 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).

These interim condensed financial statements does not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2024. In addition, results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

3.2 Material accounting policy information

The accounting policies, including those pertaining to financial assets, property and equipment and investment properties, applied by the Company in the preparation of the interim condensed financial statements are consistent with those applied by the Company in the annual financial statements for the year ended 31 December 2024 except for the following;

3.2.1 Takaful Contracts related to Family Takaful

The nature of the individual takaful contracts issued by the Company, their classification and measurement model are summarized in the table below:

Nature of contracts	Product Classification	Measurement Model
Family Takaful – Term	Takaful Contracts	GMM
Family Takaful - Unit Linked	Takaful Contracts	VFA
Investment contracts without discretionary participation features (DPF)	Financial instruments	Financial liabilities measured at FVTPL under IFRS 9

Measurement:
The company measures a group on contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the Contractual Service Margin (CSM) representing the unearned profit in contracts relating to services that will be provided under the contracts.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Company's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

3 Basis of preparation and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

3.2.1 Takaful Contracts related to Family Takaful (continued)

Measurement (continued)
When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:
- Contribution and related cash flows
- Claims and benefits, including reported claims not yet paid and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- Claims handling costs
- Policy administration and maintenance costs, including recurring acquisition costs that are expected to be paid to intermediaries
- Costs incurred for performing investment activities that enhance takaful coverage benefits for the policyholder
- Costs incurred for providing investment-related service and investment-return service to policyholders
- Other costs specifically chargeable to the policyholder under the terms of the contract

The Company updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Company determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Company considers the most recent experience and earlier experience, as well as other information.

The measurement of fulfilment cash flows includes takaful acquisition cash flows which are allocated as a portion of contribution to profit or loss (through takaful revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time.

Subsequent measurement:
The CSM at the end of the reporting period represents the profit in the group of takaful contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of takaful contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- For contracts measured under the GMM, profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as takaful revenue because of the transfer of takaful contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

For direct participating contracts measured under the VFA, the Group adjusts the CSM for the change in the amount of the Company’s share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- a decrease in the amount of the Company’s share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in takaful service expenses) and creating a loss component; or
- an increase in the amount of the Company’s share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in takaful service expenses).

3 Basis of preparation and material accounting policy information (continued)

3.2 Material accounting policy information (continued)

3.2.1 Takaful Contracts related to Family Takaful (continued)

Subsequent measurement (continued)
The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from takaful revenue and takaful service expenses.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the contribution receipts (and any related cash flows such as takaful acquisition cash flows and takaful contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to contributions received (or due) for future services are adjusted against the CSM;

- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM);

- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period
plus any takaful finance income or expenses related to that expected payment before it becomes payable.

- Changes in the risk adjustment for non-financial risk that relate to future service

For direct participating contracts measured under the VFA changes in fulfilment cash flows that relate to future services and adjust the CSM are measured at current discount rates and include the changes in the effect of the time value of money and financial risks that do not arise from underlying items.

Where, during the coverage period, a group of takaful contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised

The Company measures the carrying amount of a group of takaful contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the group comprising the fulfilment cash flows related to past service allocated to the group at that date.

4 Critical accounting judgements and key sources of estimation of uncertainty

The preparation of interim condensed financial statements 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 interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2024.

5 Risk management

The Company's takaful and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2024. There have been no changes in any risk management policies since the year end. The Company is in compliance with the applicable solvency and capital requirements issued by the CBUAE.

The Company's objectives when managing capital are i) to comply with the takaful capital requirements required by the regulators of the insurance industry where the entity operate, ii) to protect its participants' interests, iii) to safeguard the Company'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 takaful contracts commensurately with the level of risk.

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the CBUAE identifies the required solvency margin to be held in addition to takaful liabilities. The solvency margin must be maintained at all times throughout the year. The Company is subject to the Regulations which has been complied with during the period/year. The Company 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 Company 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 Company has disclosed the solvency position for the immediately preceding period as the current period solvency position is not yet finalised.

	At 31 December 2024 AED '000
Minimum Capital Requirement (MCR)	**100,000**
Solvency Capital Requirement (SCR)	**28,546**
Minimum Guarantee Fund (MGF)	**19,032**
Own Funds:	
Basic Own Funds	**174,085**
Minimum Capital Requirement Surplus (over MCR)	**74,085**
Minimum Capital Requirement Surplus (over SCR)	**145,539**
Minimum Capital Requirement Surplus (over MGF)	**155,053**

Based on the regulatory requirements, the minimum regulatory capital required is AED 100 million as at 31 March 2025 and 31 December 2024 against which the paid-up capital of the Company is AED 154 million.

6 Cash and bank balances

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Cash in hand	**-**	2
Bank balances:		
Wakala deposits	**123,768**	133,414
Current accounts	**17,893**	8,416
	141,661	141,832
Attributable to:		
Participants	**99,061**	90,426
Shareholders	**42,600**	51,406

SUKOON TAKAFUL P.J.S.C.

Notes to the interim condensed financial statements
for the three-month period ended 31 March 2025

7 Cash and cash equivalents

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

	31 March 2025 AED'000 (unaudited)	31 March 2024 AED'000 (unaudited)
Cash and bank balances	**141,661**	192,627
Wakala deposits with maturity over 3 months	**(122,768)**	(187,811)
	18,893	4,816

The profit rates on fixed deposits and call accounts with banks range from 4.20% to 5.55% (31 December 2024: 4.20% to 5.85%) per annum.

8 Financial investments

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

	31 March 2025 (unaudited)			31 December 2024 (audited)		
	Inside UAE AED'000	**Outside UAE AED'000**	**Total AED'000**	Inside UAE AED'000	Outside UAE AED'000	Total AED'000
Investments at fair value through profit or loss						
Unit linked investments	**491**	**744**	**1,235**	-	-	-
Unquoted equity securities	**545**	**-**	**545**	545	-	545
	1,036	**744**	**1,780**	545	-	545
Attributable to:						
Participants	**491**	**744**	**1,235**	-	-	-
Shareholders	**545**	**-**	**545**	545	-	545
Investments at fair value through other comprehensive income						
Unquoted equity securities	**270**	**7,077**	**7,347**	270	7,795	8,065
Quoted Sukuks	**11,245**	**-**	**11,245**	11,184	-	11,184
	11,515	**7,077**	**18,592**	11,454	7,795	19,249
Attributable to:						
Participants	**1,660**	**-**	**1,660**	1,654	-	1,654
Shareholders	**9,855**	**7,077**	**16,932**	9,800	7,795	17,595
Investments at Amortised Cost						
Quoted Sukuks	**101,855**	**-**	**101,855**	83,203	-	83,203
Less: ECL	**(36)**	**-**	**(36)**	(32)	-	(32)
	101,819	**-**	**101,819**	83,171	-	83,171
Attributable to:						
Participants	**18,677**	**-**	**18,677**	16,795	-	16,795
Shareholders	**83,142**	**-**	**83,142**	66,376	-	66,376

Investment at amortised costs includes the quoted Sukuks which carry profit rates of 1.41% to 6.25% (31 December 2024: 1.82% to 5.78%) per annum.

9 Takaful and retakaful contract assets and liabilities

	31 March 2025 (unaudited)			31 March 2024 (unaudited)		
	Assets AED'000	**Liabilities AED'000**	**Net AED'000**	Assets AED'000	Liabilities AED'000	Net AED'000
Takaful contracts issued						
Motor	**1,413**	**(58,412)**	**(56,999)**	-	(63,145)	(63,145)
Medical & life	**225**	**(49,458)**	**(49,233)**	-	(34,925)	(34,925)
General	**-**	**(94,290)**	**(94,290)**	-	(83,952)	(83,952)
Total takaful contracts issued	**1,638**	**(202,160)**	**(200,522)**	-	(182,022)	(182,022)
Retakaful contracts held						
Motor	**8,856**	**-**	**8,856**	9,106	-	9,106
Medical & life	**8,469**	**(547)**	**7,922**	4,593	-	4,593
General	**44,988**	**(805)**	**44,183**	38,221	(239)	37,982
Total Retakaful contracts held	**62,313**	**(1,352)**	**60,961**	51,920	(239)	51,681

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for the three-month period ended 31 March 2025

9 Takaful and retakaful contract assets and liabilities (continued)

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

31 March 2025 (unaudited)	Liabilities for remaining coverage			Liabilities for incurred claims under PAA		
	Excluding loss component AED '000	Loss component AED '000	LIC for contracts not under PAA AED '000	Estimates of the present value of future cash flows AED '000	Risk adjustment AED '000	Total AED '000
Takaful contracts liabilities at beginning of year	(75,922)	(17,496)	-	(85,452)	(3,152)	(182,022)
Takaful revenue	46,347	-	-	-	-	46,347
Takaful service expenses						
Incurred claims and other expenses	-	-	(56)	(61,361)	816	(60,601)
Losses on onerous contracts and reversals of those losses	-	(2,481)	-	-	-	(2,481)
Changes to liabilities for incurred claims	-	-	-	26,566	(820)	25,746
Takaful service expenses*	-	(2,481)	(56)	(34,795)	(4)	(37,336)
Takaful service result	46,347	(2,481)	(56)	(34,795)	(4)	9,011
Takaful finance expenses	2	-	-	(1,228)	(3)	(1,229)
Total amount recognised in the statement of profit or loss and other comprehensive income	46,349	(2,481)	(56)	(36,023)	(7)	7,782
Cash flows						
Contributions received	(53,015)	-	-	-	-	(53,015)
Claims and other expenses paid	-	-	56	26,676	-	26,732
Total cash flows	(53,015)	-	56	26,676	-	(26,283)
Takaful contract assets at end of the period	(2,032)	(5,315)	-	9,028	(43)	1,638
Takaful contract liabilities at end of the period	(80,556)	(14,662)	-	(103,827)	(3,115)	(202,160)
Net Takaful contracts liabilities at end of the period	(82,588)	(19,977)	-	(94,799)	(3,158)	(200,522)

*Takaful service expense of AED 37,336 thousand consist of AED 17,680 thousand pertaining to Participants' operations and AED 19,656 thousand relating to Wakala charged by Shareholders to Participants.

9 Takaful and retakaful contract assets and liabilities (continued)

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

31 December 2024 (audited)	Liabilities for remaining coverage		Liabilities for incurred claims under PAA			
	Excluding loss component AED '000	Loss component AED '000	LIC for contracts not under PAA AED '000	Estimates of the present value of future cash flows AED '000	Risk adjustment AED '000	Total AED '000
Takaful contracts liabilities at beginning of year	(30,788)	(20,783)	-	(93,461)	(2,918)	(147,950)
Takaful revenue	121,616	-	-	-	-	121,616
Takaful service expenses						
Incurred claims and other expenses	-	-	-	(189,362)	(103)	(189,465)
Losses on onerous contracts and reversals of those losses	-	3,287	-	-	-	3,287
Changes to liabilities for incurred claims	-	-	-	57,976	(132)	57,844
Takaful service expenses*	121,616	3,287	-	(131,386)	(235)	(6,718)
Takaful service result	121,616	3,287	-	(131,386)	(235)	(6,718)
Takaful finance expenses	-	-	-	(2,358)	1	(2,357)
Total amount recognised in the statement of profit or loss and other comprehensive income	121,616	3,287	-	(133,744)	(234)	(9,075)
Cash flows						-
Contributions received	(166,750)	-	-	-	-	(166,750)
Claims and other expenses paid	-	-	-	141,753	-	141,753
Total cash flows	(166,750)	-	-	141,753	-	(24,997)
Net Takaful contracts liabilities at end of the year	(75,922)	(17,496)	-	(85,452)	(3,152)	(182,022)

*Takaful service expense of AED 128,334 thousand consist of AED 84,105 thousand pertaining to Participants' operations and AED 44,229 thousand relating to Wakala charged by Shareholders to Participants.

9 Takaful and retakaful contract assets and liabilities (continued)

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

31 March 2025 (unaudited)	Assets for remaining coverage			Assets for incurred claims for contracts under PAA		
	Excluding loss recovery component	Loss Component	Asset for Incurred claims for contracts not under PAA	Estimates of the present value of future cash flows adjustment	Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Retakaful contract assets at start of the year	8,465	679	-	41,130	1,646	51,920
Retakaful contract liabilities at start of the year	(324)	-	-	81	4	(239)
Net retakaful contract assets at start of the year	8,141	679	-	41,211	1,650	51,681
Allocation of retakaful contributions	(17,340)	(679)	-	-	-	(18,019)
Amounts recoverable incurred claims and other expenses	-	-	-	13,718	(508)	13,210
Amortisation of takaful acquisition cash flows	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts and adjustments	-	1,175	-	-	-	1,175
Changes to amounts recoverable for incurred claims	-	-	-	(9,517)	476	(9,041)
Amounts recoverable from retakaful for incurred claims	(17,340)	496	-	4,201	(32)	(12,675)
Net income or expense from retakaful contracts held	(17,340)	496	-	4,201	(32)	(12,675)
Retakaful finance income	-	-	-	586	1	587
Total amount recognized in the statement of profit or loss and comprehensive income	(17,340)	496	-	4,787	(31)	(12,089)
Cash flows						
Contributions paid net of ceding discount	25,087	-	-	-	-	25,087
Claims and other acquisition expenses recovered	-	-	-	(3,720)	-	(3,720)
Total cash flows	25,087	-	-	(3,720)	-	21,367
Retakaful contract assets at end of the period	18,702	1,175	-	40,898	1,538	62,313
Retakaful contract liabilities at end of the period	(2,812)	-	-	1,381	79	(1,352)
Net retakaful contract assets at end of the period	15,890	1,175	-	42,279	1,617	60,961

9 Takaful and retakaful contract assets and liabilities (continued)

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

31 December 2024 (audited)	Assets for remaining coverage			Amounts for incurred claims for contracts under PAA		
	Excluding loss recovery component	Loss Component	Asset for Incurred claims for contracts not under PAA	Estimates of the present value of future cash flows adjustment	Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Retakaful contract assets at start of the year	(3,437)	24	-	19,882	697	17,166
Retakaful contract liabilities at start of the year	(7,491)	306	-	5,638	200	(1,347)
Net retakaful contract assets at start of the year	(10,928)	330	-	25,520	897	15,819
Allocation of retakaful contributions	(55,454)	(330)	-		-	(55,784)
Amounts recoverable incurred claims and other expenses	-	-	-	60,081	659	60,740
Amortisation of takaful acquisition cash flows	9,465	-	-	-	-	9,465
Loss-recovery on onerous underlying contracts and adjustments	-	679	-	-	-	679
Changes to amounts recoverable for incurred claims	-	-	-	(18,417)	94	(18,323)
Amounts recoverable from retakaful for incurred claims	9,465	679	-	41,664	753	52,561
Net income or expense from retakaful contracts held	(45,989)	349	-	41,664	753	(3,223)
Retakaful finance income	-	-	-	728	-	728
Total amount recognized in the statement of profit or loss and comprehensive income	(45,989)	349	-	42,392	753	(2,495)
Cash flows						
Contributions paid net of ceding discount	65,058	-	-	-	-	65,058
Claims and other acquisition expenses recovered	-	-	-	(26,701)	-	(26,701)
Total cash flows	65,058	-	-	(26,701)	-	38,357
Net balance as at 31 December 2024	8,141	679		41,211	1,650	51,681
Retakaful contract assets at end of the year	8,465	679	-	41,130	1,646	51,920
Retakaful contract liabilities at end of the year	(324)	-	-	81	4	(239)
Net retakaful contract assets at end of the year	8,141	679	-	41,211	1,650	51,681

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Notes to the interim condensed financial statements for the three-month period ended 31 March 2025

10 Share capital

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Authorised, issued and fully paid 154,000,000 shares of AED 1 each (31 December 2024: 154,000,000shares of AED 1 each)	**154,000**	154,000

11 Other reserves

	Statutory reserve AED '000	Retakaful reserve AED '000	Total AED '000
At 1 January 2024 (audited)	77,000	695	77,695
Transfer from retained earnings*	-	72	72
At 31 March 2024 (unaudited)	77,000	767	77,767
At 1 January 2025 (audited)	**77,000**	**1,105**	**78,105**
Transfer from retained earnings*	**-**	**141**	**141**
At 31 March 2025 (unaudited)	**77,000**	**1,246**	**78,246**

* In accordance with Article 34 of the CBUAE's Board of Directors Decision No. (23) of 2019, the Company has transferred to the Retakaful reserve AED 141 thousand for the three-month period ended 31 March 2025 (31 March 2024: AED 72 thousand), being 0.5% of the total retakaful contributions ceded by the Company in the United Arab Emirates in all classes of business. The Company shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General.

12 Earnings per share

	For the three-month period ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Profit for the period attributable to the Shareholder of the Company (AED '000)	**5,420**	3,060
Weighted average number of shares	**154,000,000**	154,000,000
Basic and diluted earnings per share (AED)	**0.035**	0.020

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.

13 Takaful revenue

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

	For the three-month period ended 31 March	
	2025 AED '000 (unaudited)	2024 AED '000 (unaudited)
Amounts relating to changes in the LRC:		
- Expected incurred claims and other directly attributable expenses	**44**	-
- Change in risk adjustment for non-financial risk for the risk expired	**(8)**	-
- CSM recognised for the services provided	**39**	-
Contracts not measured under PAA	**75**	-
Contracts measured under PAA	**46,272**	26,032
Total takaful revenue	**46,347**	26,032

14 Investment Income

	For the three-month period ended 31 March	
	2025 AED'000 (unaudited)	2024 AED'000 (unaudited)
Income from investment properties	**1,473**	1,160
Profit on sukuk	**1,466**	252
Dividend from other financial assets	**114**	133
Income from wakala deposits	**1,542**	2,698
Profit on call account	**48**	19
	4,643	4,262
Attributable to:		
Participants	**1,217**	1,342
Shareholders	**3,426**	2,920
	4,643	4,262

15 Related party balances and transactions

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.

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Amounts due from related parties:		
Related parties due to common ownership		
Others	**2,711**	24
All amount due from related parties are attributable to participants		
Amounts due to related parties:		
Related parties due to Shareholding		
Others	**7,890**	4,973
Attributable to:		
Participants	**5,949**	4,095
Shareholders	**1,941**	878

Transactions with related parties:

	For the three-month period ended 31 March	
	2025 AED '000 (unaudited)	2024 AED '000 (unaudited)
Retakaful share of ceded business	**3,810**	852
Discount on retakaful share of ceded business	**450**	40
Gross written contribution	**2,920**	-
Recovery claims	**517**	206
Policy acquisition costs	**282**	-
Claim settlement	**458**	195

Compensation of key management personnel:

	For the three-month period ended 31 March	
Compensation of key management personnel:	**2025 AED '000 (unaudited)**	2024 AED '000 (unaudited)
Short term benefits	**220**	193
Long term benefits	**6**	6
	226	199

16 Contingent liabilities and commitments

	31 March 2025 (unaudited) AED '000	31 December 2024 (audited) AED '000
Letters of guarantee	**10,590**	10,579

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17 Segment information

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

	Three-months period ended 31 March 2025 (unaudited)			Three-months period ended 31 March 2024 (unaudited)		
	Attributable to Participants AED'000	**Attributable to shareholders AED'000**	**Total AED'000**	Attributable to participants AED'000	Attributable to Shareholders AED'000	Total AED'000
Takaful						
Takaful revenue	**46,347**	**-**	**46,347**	26,032	-	26,032
Takaful service expenses	**(17,680)**	**-**	**(17,680)**	(12,377)	-	(12,377)
Allocation of retakaful contributions	**(21,525)**	**-**	**(21,525)**	(11,569)	-	(11,569)
Amounts recoverable from retakaful for incurred claims	**8,850**	**-**	**8,850**	6,571	-	6,571
Takaful finance expenses for takaful contracts issued	**(1,229)**	**-**	**(1,229)**	(1,352)	-	(1,352)
Retakaful finance income for retakaful contracts held	**587**	**-**	**587**	368	-	368
Net takaful income	**15,350**	**-**	**15,350**	7,673	-	7,673
Wakala fees	**(19,656)**	**19,656**	**-**	(8,016)	8,016	-
Mudarib fees	**(365)**	**365**	**-**	(402)	402	-
Other income	**275**	**-**	**275**	255	-	255
Investment income	**1,217**	**-**	**1,217**	1,342	-	1,342
	(3,179)	**20,021**	**16,842**	852	8,418	9,270
Investment						
Investment income	**-**	**3,426**	**3,426**	-	2,920	2,920
Other income	**-**	**-**	**-**	-	11	11
Policy acquisition cost	**-**	**(4,764)**	**(4,764)**	-	(3,227)	(3,227)
General and administration expenses	**-**	**(9,196)**	**(9,196)**	-	(5,653)	(5,653)
Profit/(Loss) before tax for the period	**(3,179)**	**9,487**	**6,308**	852	2,469	3,321

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17 Segment information (continued)

Other Information

	Takaful		Investment		Total	
	31-Mar 2025 AED'000 (unaudited)	31-Dec 2024 AED'000 (audited)	**31-Mar 2025 AED'000 (unaudited)**	31-Dec 2024 AED'000 (audited)	**31-Mar 2025 AED'000 (unaudited)**	31-Dec 2024 AED'000 (audited)
Segment assets	**218,397**	192,931	**246,816**	236,843	**465,213**	429,774
Segment liabilities	**218,397**	192,931	**47,116**	42,043	**265,513**	234,974

	Three-months period ended 31 March		Three-months period ended 31 March		Three-months period ended 31 March	
	2025 AED'000 (unaudited)	2024 AED'000 (unaudited)	**2025 AED'000 (unaudited)**	2024 AED'000 (unaudited)	**2025 AED'000 (unaudited)**	2024 AED'000 (unaudited)
Capital expenditure	**-**	-	**63**	14	**63**	14
Depreciation and amortization	**-**	-	**224**	235	**224**	235

18 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.

18.1 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 interim condensed financial statements 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 (08) of this interim condensed financial statements.

18.2 Fair value of financial items carried at fair value

i. 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 financial statements for the year ended 31 December 2024.

ii. Fair value of the Company’s financial assets and liabilities that are measured at fair value on recurring basis

Some of the Company’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:

18 Fair value measurements (continued)

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

iii. Fair value of the Company's financial assets and liabilities that are measured at fair value on recurring basis (continued)

	Fair value as at					
	31 March 2025 AED'000 (unaudited)	31 December 2024 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	**1,235**	-	Level 2	Quoted prices in a secondary market	None	Not applicable
Unquoted equity investments	**545**	545	Level 3	Net assets valuation method	Net assets value	EV/EBITDA multiple for similar companies will directly impact the fair value calculation
Financial assets measured at FVTOCI						
Unquoted equity securities	**7,077**	7,795	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of investees, higher the fair value
Unquoted equity securities	**270**	270	Level 3	Multiple base approach	Relative value	Higher the multiple based value of investees, higher the fair value
Quoted debt securities	**11,245**	11,184	Level 1	Quoted bid prices in an active market	None	Not applicable
Financial liabilities measured at FVTPL						
Investment contract liabilities	**992**	-	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.

18 Fair value measurements (continued)

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

iv. Reconciliation of fair value measurement of financial assets measured at FVTOCI

	At 31 March 2025 (unaudited) AED '000	At 31 December 2024 (audited) AED '000
Balance at the beginning of the period/year	**19,249**	30,239
Disposals during the period/year	**-**	(10,600)
Changes in fair value recognised in other comprehensive income	**(579)**	(333)
Maturities / redemption	**(78)**	(57)
Balance at the end of the period/year	**18,592**	19,249

18.3 Investment contract liabilities

	At 31 March 2025 (unaudited) AED '000	At 31 December 2024 (audited) AED '000
Balance at the beginning of the period/year	**-**	-
Addition during the period/year	**992**	-
Movement during the year	**-**	-
Balance at the end of the period/year	**992**	-

19 Wakala and Mudarib's Fees

Wakala fees
Wakala fee for the period ended 31 March 2025 amounted to AED 19,656 thousand (31 March 2024: AED 8,016 thousand). The fee is calculated based on each line of business of gross contribution of AED 73,605 thousand (2024: AED 26,720 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 31 March 2025 amounted to AED 365 thousand (31 March 2024: AED 402 thousand).

20 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.

21 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 three-months period ended 31 March 2025.

22 Corporate Income tax

The Company is owned by a Group which is in scope of Pillar Two legislation as it operates in jurisdictions that have enacted or substantively enacted Pillar Two legislation and Group's its consolidated revenue exceeds Euro 750 million threshold.

The tax expense for the period ended 31 March 2025 is AED 888 thousand (31 March 2024: AED 261 thousand), reflecting a significant year-on-year increase which is primarily driven by the introduction and adoption of Top-up Tax on Multinational Enterprises with effect from 01 January 2025. The Effective Tax Rate ("ETR") of 14.08% (31 March 2024: 7.86%).

23 Approval of the interim condensed financial statements

The interim condensed financial statements were approved and authorised for issue by the Board of Directors on 24 April 2025.