5th Pillar
Family Takaful Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

DIRECTORS’ REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

5th Pillar
Family Takaful Limited

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting to you the Directors' Report of the Company along with the audited financial statements for the year ended December 31, 2022.

The Company was incorporated in March 2020, as a public unlisted Company under Companies Act, 2017. The Company has obtained registration as Family Takaful (Life Insurer) as per the requirement of the Insurance Ordinance, 2000, in October 2021. The Company is a subsidiary of 5th Pillar Holdings Limited (a company registered under the laws of Dubai International Financial Center, UAE).

During the year ended December 31, 2022, the Company was mainly engaged in setting-up of Family Takaful infrastructure, including but not limited to, obtaining takaful & commencement licenses, development of IT infrastructure, hiring of human resources, setting-up of head-office etc. The Company also started its group family takaful business segment from July 2022, after completing necessary regulatory approvals.

The Company also initiated the process for issuance of right shares amounting to Rs. 1.3 billion (completed subsequent to year-end), which makes the Company to secure largest FDI investment in Pakistan in Family Takaful Industry. The current paid-up capital of the Company now stood at Rs. 2.00 billion.

Subsequent to year-end, the Company was also able to secure "A+ with Stable Outlook" credit rating from PACRA, which itself is the highest credit rating in the Takaful sector for a start-up Company.

PERFORMANCE REVIEW 2022

A. MARKET OVERVIEW:

Financial year 2022 turned out to be extremely unpredictable and turbulent despite the stronger than expected GDP growth rate of 6% in FY22 as compared to 5.7% last year. While large-scale manufacturing and improved agricultural output contributed to the economy's growth in the first half of the year, signs of economic imbalances started to appear in the latter half due to various internal and external factors such as the fluctuations in international commodity prices due to Russia-Ukraine conflict, delays in the resumption of IMF program with dwindling foreign reserves due to external debt repayments, catastrophic floods impacting the infrastructure and agricultural land, while continuous domestic political unrest also continued to impact the macroeconomic outlook.

The equity market also witnessed another lackluster year as it declined by 4,176 points (down by 9.4%) to close the year at 40,420 points. The drop in the market was caused by several factors, including a tight monetary policy, catastrophic flood leading to massive losses, and the reduced foreign exchange reserves. CPI based inflation for FY22 was recorded at 24.5%. The State Bank of Pakistan's (SBP) monetary policy decisions were calibrated in response to the unfolding pandemic, the evolving outlook for inflation, initiatives to bring financial stability, and growth. Resultantly the SBP increased the policy rates with a series of revision that resulted in a cumulative increase of 625 bps during FY22.

5th Pillar
Family Takaful Limited

B. *GROSS CONTRIBUTION*

The Company commenced its business operations from July 01, 2022, and has underwritten a gross contribution of Rs. 52 million under its Group Family Takaful business segment.

The Company has not yet commenced its Individual Family Takaful business and is currently in the process of obtaining necessary approvals from regulatory bodies.

C. *APPROPRIATIONS AND SOLVENCY MANAGEMENT*

On the recommendation of the appointed actuary and with the approval of the Board, the Company has made surplus transfer of Rs. Nil from its Statutory Funds to the Shareholders' Fund.

The excess solvency margins of the Company stood at Rs. 330 million.

D. *PROFITABILITY*

Summarized view of profit and loss statement is as follows:

Summary of Profit and Loss Statement	**2022**	**2021**
	-----------------Rupees in 000's-----------------	
Gross Contribution	52,577	N/A
Wakala Fees	9,850	N/A
Investment and Other Incomes	59,742	32,437
(Loss) / profit before tax	(94,738)	10,510
Taxation	(8,307)	7,261
(Loss) / profit after tax	(86,431)	3,249
(Loss) / earnings per share	(1.23)	0.05

PRODUCTS AND DISTRIBUTION CHANNELS

The Company is presently offering the Group Family Takaful Plan to its valuable customers through various distribution channels.

The Company intends to launch a wide range of Family Takaful Plans under its Individual Family Takaful business segment with its flagship product ***"Hajj Savings Plan"*** and ***"Umrah Savings Plan"*** supported by end-to-end value chain services offered under 5th Pillar umbrella.

For the purpose of setting up aforementioned end-to-end value chain for facilitation of Hajj & Umrah services, the Company had already set-up a fully owned travel company which has been incorporated subsequent to the year end.

5th Pillar
Family Takaful Limited

INFORMATION TECHNOLOGY AND OPERATIONAL EFFICIENCY

The Company is in the process of developing a state-of-the-art IT system. The system has been partially made available for group family takaful business operations while other user testings' are being performed on Individual Family Takaful business. The new system functionality will not only help the Company to improve operational efficiencies and customer services, but also will automate the various business processes to reduce the turn-around time for business operations. Also, client portals' and mobile applications are in the process of development to service our clients in a much more simplified manner.

RELATED PARTY TRANSACTIONS

At each Board meeting, the Board of Directors approves Company's transactions made with associated companies and related parties based on the recommendations of the Audit Committee. All such transactions are executed on an arms' length basis.

HUMAN RESOURCE MANAGEMENT

During the year 2022, the Company focused on building a new team of professions to strengthen its human capital in various departments which are aligned with their vision of the sponsors including Underwriting, Finance, Group Operations, Marketing, Claims, Actuarial, Human Resources and Customer Services etc. These efforts will remain continued and make the 5th Pillar an employer by choice.

INTERNAL AUDIT

The Company has outsourced the internal audit function to Ms. BDO Ebrahim & Co. Chartered Accountants, which is overseen by the Audit Committee. The Internal Audit function also ensures compliance with regulatory obligations.

EXTERNAL AUDITORS

Based on the recommendation of the Audit Committee, the Board of Directors has recommended appointment of M/s. KPMG Taseer Hadi & Chartered Accountants as external auditors of the Company.

INSURER FINANCIAL STRENGTH RATING

Subsequent to the year end, the Company's has been able to secure highest initial IFS rating from PACRA. The Company has been given an ***"A+ with stable outlook"*** which shows the trust and strong financial ability of a rating agency on the financial outlook of the Company as well as sponsors.

5th Pillar
Family Takaful Limited

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE, 2016
FOR THE YEAR ENDED DECEMBER 31, 2022

5th Pillar
Family Takaful Limited

FUTURE OUTLOOK

Despite of the hardened economic situation prevailing in the country along with the lowest family takaful penetration ratios and large working population, we believe that Pakistani market has a huge potential for growth specifically for our ***"Hajj Product"***. We believe that we are in a position to leverage our strengths to take full advantage of the growing family takaful market in Pakistan by introducing vide range unique product products supported by our complete end-to-end Hajj value chain. In the midst of the current economic situation, the focus of the company is to continue operating prudently on the path of profitability and generating higher value for the participant holders and shareholders.

GRATITUDE

The Board of Directors would like to express appreciation of the dedicated hard work and contribution made by the employees. We also take this opportunity to express our gratitude to SECP for their valuable support and guidance. Lastly, our thanks go to our policyholders whose continued patronage has been most valuable for the Company.

N. Samad
Nasar us Samad Qureshi
Chief Executive Officer
Dated: May 22, 2023

Saleh Al-Selmi
Chairman
Dated: May 22, 2023

5th Pillar
Family Takaful Limited

STATEMENT OF COMPLIANCE UNDER CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance

The Company, being an unlisted family takaful operator, has applied the principles contained in the Code with effect from its commencement of business activities from July 2022 in following manner:

1. The Board of Directors of the Company comprises of eight (8) members including one (1) female director. The Company also ensures representation of non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

S.No	Name of Director(s)	Category
1	Mr. Saleh Saleh Naser Al-Selmi	Non-Executive Director
2	Mr. Yusuf Abdul Rahman Saleh Al-Shaya	Non-Executive Director
3	Mr. Tariq Sayed Jamal Al-Rifai	Non-Executive Director
4	Mr. Rami A. Habli	Non-Executive Director
5	Mr. Muhammad Ali	Non-Executive Director
6	Mr. Mirza Baseer Baig	Non-Executive Director
7	Ms. Zulekha Sohail Tabba*	Non-Executive Director / Female Director
8	Mr. Nasar us Samad Qureshi	Chief Executive Officer & Executive Director

*Appointed during the year on resignation of Ms. Fatimah Tabba.

As per clause 20 of the amendments made in the Code vide SRO # 1013(I)/2022 dated July 05, 2023, which requires to appoint independent director for unlisted takaful operator on completion of six months from coming into effect of amendments of this code, after which on the expiry of the current term of board of directors. Accordingly, the Company will appoint the required number of independent directors on the expiry of the current term of its board.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this takaful (excluding the listed subsidiaries of listed holding companies in which each one of them is a director).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. One (1) casual vacancy occurred on the Board on October 05, 2022, was filled up by the directors within five (5) days thereof.

5. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company subsequent to the year end.

6. The Board has developed a vision/mission statement and overall corporate strategy of the Company. As the Company has been recently incorporated and licensed, it is in the process of developing various other significant policies which will be approved by the Board in due course.

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over the Chairman and, in his/her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.

10. The Board arranged no Orientation course(s) / training programs for its directors during the year to apprise them of their duties and responsibilities.

11. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

16. The Board has formed the following Management Committees:

Underwriting & Retakaful Committee	
Name of Members	**Category**
Nasar-us-Samad Qureshi	Chairman
Kamran Khan	Member
Imran Irshad	Secretary

Claims Settlement Committee	
Name of Members	**Category**
Nasar-us-Samad Qureshi	Chairman
Awais Hanif	Member
Najam-us-Saqib	Secretary

Risk Management and Compliance Committee	
Name of Members	**Category**
Nasar-us-Samad Qureshi	Chairman
Awais Hanif	Member
Aneel Akhtar	Secretary

17. The Board has formed the following Board Committees:

Ethics, Human Resource, Remuneration and Nomination Committee	
Name of Members	**Category**
Mirza Baseer Baig	Chairman
Rami A. Habli	Member
Muhammad Ali	Member
Awais Hanif	Secretary

Investment Committee	
Name of Members	**Category**
Muhammad Ali	Chairman
Tariq Al Rifai	Member
Rami A. Habli	Member
Mirza Baseer Baig	Member
Nasar-us-Samad Qureshi	Member
Awais Hanif	Member
Sumair Sayani	Member
Awais Hanif	Secretary

18. The Board has formed an Audit Committee. It comprises of three (3) members, of whom all are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:

Audit Committee	
Name of Members	**Category**
Rami A. Habli	Chairman
Muhammad Ali	Member
Mirza Baseer Baig	Member
Aneel Akhtar	Secretary

19. The terms of references of the Committees have been formed and advised to the Committees for compliance. As the Company commenced its business operations from July 2022, following meetings were conducted during the period:

Name of Board & Management Committees'	Number of Meetings Held
Audit Committee	One (1)
Investment Committee	Nil
Ethics, Human Resource, Remuneration and Nomination Committee	Nil
Underwriting & Retakaful Committee	Two (2)
Claims Settlement Committee	Two (2)
Risk Management and Compliance Committee	Two (2)

20. The Board has outsourced the internal audit function to Ms. BDO & Co, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possesses such qualifications and experience as is required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Persons	Designations
Nasar us Samad Qureshi	Chief Executive Officer
Awais Hanif	Chief Financial Officer / Company Secretary
Aneel Akhtar	Compliance Officer / Head of Internal Audit
Muhammad Nasir Ali Syed	Head of Operations (Individual and Group)
Muhammad Adnan	Actuary / Head of Risk Management / Head of Retakaful
Naseer Ahmed	Head of Information Technology
Kamran Ali Khan	Head of Underwriting
Najam us Saqib	Head of Claims
Nainta Nazim	Head of Grievance

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The Appointed Actuary of the Company has confirmed that he/she or his/her spouse and minor children do not hold shares of the Company.

25. The Board ensures that the Appointed Actuary complies with the requirements set out for him/her in the Code of Corporate Governance for Insurers, 2016.

26. The Board ensured that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016, subsequent to the year-end.

27. The Board is in process of establishing the risk management system of the Company as per the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

29. The Board ensured that as part of the risk management system, the Company gets itself rated from PACRA (credit rating agency) which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency ***"A+ with Stable Outlook*** "subsequent to the year-end.

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF 5th PILLAR FAMILY TAKAFUL LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 ("the Code") as prepared by the Board of Directors ("the Board") of 5th Pillar Family Takaful Limited ("the Company") for the year ended 31 December 2022 in accordance with the requirements of the Code.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2022.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance.

Reference	Description
Paragraph 1	As per the S.R.O.1013(I)/2022 dated 5 July 2022, the composition of the Board of Directors of the Company shall mandatorily consist of at least one third of the total members as independent directors, applicable from six months from coming into effect of these amendments after which on expiry of the current term of board of directors. Accordingly, the Company will appoint the required number of independent directors on expiry of current term of board of directors.
Paragraph 5	The Board shall approve and disseminate a Code of Conduct to all the directors, senior management and employees. The code of conduct was approved and disseminated to the directors, senior management and employees subsequent to the year end.
Paragraph 6	The Board of Directors shall formulate and approve significant policies, having regard to the level of materiality, as may be determined by it. The Company has formed significant policies subsequent to year end while various policies are in process of formulation and approval by the Board of Directors.
Paragraph 10	The Company shall make appropriate arrangements to carry out orientation courses for its directors to acquaint them with their duties and responsibilities and enable them to manage the affairs of the insurer on behalf of policyholders. The Company did not arrange orientation course for its directors during the year.
Paragraph 19	All Board Committees of the Company (except the Audit Committee) shall meet at least twice in a year and Audit Committee shall meet at least once in every quarter. However, the Nomination Committee, and Ethics, Human Resource & Remuneration Committee shall be required to meet on need basis. Audit Committee and Investment Committee meetings were held only once during the year.
Paragraph 26	The investment policy drawn up by the Investment Committee shall be placed before the Board of Directors of the Company for approval. The investment policy was approved by the Board subsequent to the year end.

KPMG Taseer Hadi & Co.

Reference	Description
Paragraph 27	The Board of the Company shall be responsible for ensuring that the risk management system is suitable, effective and proportionate for the business and that it is implemented and monitored. The Board is in process of establishing the risk management system.
Paragraph 29	The Company shall get itself rated from a credit rating agency, and such rating shall act as a risk monitoring tool for the risk management function. The Company initiated the process of credit rating during the year. The credit rating agency assigned the credit rating subsequent to the year end.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 26 May 2023

Karachi

UDIN: CR202210106WbNBs81ql

5th Pillar
Family Takaful Limited

30. The Board has set up a grievance department/function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

31. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the Code of Corporate Governance for Insurers, 2016.

32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

    - Exceptions noted in point 1 of this statement.
    - Exceptions noted in point 5 of this statement.
    - Exceptions noted in point 6 of this statement.
    - Exceptions noted in point 10 of this statement.
    - Exceptions noted in point 19 of this statement.
    - Exceptions noted in point 26 of this statement.
    - Exceptions noted in point 27 of this statement.
    - Exceptions noted in point 29 of this statement.

By Order of the Board
Date: May 22, 2023

N. Samad

Nasar us Samad Qureshi
Chief Executive Officer

Saleh Al-Selmi
Chairman

5th Pillar
Family Takaful Limited

FINANCIAL STATEMENTS (AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of 5th Pillar Family Takaful Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **5th Pillar Family Takaful Limited** (the Company), which comprise the statement of financial position as at 31 December 2022, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

KPMG

KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;

c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;

d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

e) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 26 May 2023

Karachi

UDIN: AR202210106byql8YZRp

5TH PILLAR FAMILY TAKAFUL LIMITED
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	Note	Shareholders' Fund	Participant holders' Fund	2022	2021
		----------------	Rupees in 000	----------------	
Assets					
Property and equipment	6	155,488	-	155,488	48
Intangible assets	7	38,638	-	38,638	-
Investments					
Government securities	8	330,066	-	330,066	70,014
Term deposits	9	110,000	7,000	117,000	600,000
		440,066	7,000	447,066	670,014
Takaful / retakaful receivables	10	6,471	24,282	30,753	-
Deposits and other receivables	11	16,380	66	16,446	21,344
Inter-fund balances		9,114	(9,114)	-	-
Deferred tax asset	12	7,409	-	7,409	109
Taxation - payments less provision		10,147	-	10,147	
Prepayments	13	8,530	-	8,530	-
Cash and bank	14	14,052	20,619	34,671	4,423
Total Assets		706,295	42,853	749,148	695,938
Equity and Liabilities					
Capital and Reserves					
Authorised share capital (200,000,000 (2021: 100,000,000) ordinary shares of Rs. 10 each)		2,000,000	-	2,000,000	1,000,000
Issued, subscribed and paid-up capital	15	700,000	-	700,000	700,000
Ledger account D		(10,023)	-	(10,023)	-
Deficit on revaluation of available for sale investments - net		(8,116)	-	(8,116)	(619)
Accumulated loss		(88,127)	-	(88,127)	(11,719)
Total equity		593,734	-	593,734	687,662
Liabilities					
Takaful liabilities	16	6,492	15,205	21,697	-
Contribution received in advance		342	-	342	-
Retakaful payables	17	-	27,648	27,648	-
Other creditors and accruals	18	28,118	-	28,118	4,697
Lease liability against right-of-use assets	19	77,609	-	77,609	-
Taxation - payments less provision		-	-	-	3,579
Total Liabilities		112,561	42,853	155,414	8,276
Total Equity and Liabilities		706,295	42,853	749,148	695,938
Contingencies and Commitments	20				

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Shareholder' Fund	Participant holders'	2022	Shareholder' Fund	Participant holders'	2021
		-------Rupees in 000-------					
Contribution revenue	21	-	52,577	52,577	-	-	-
Less: Wakala fee recognised		9,850	(9,850)	-	-	-	-
		9,850	42,727	52,577	-	-	-
Less: Contribution ceded to retakaful operators	21	-	(30,773)	(30,773)	-	-	-
Net contribution revenue		9,850	11,954	21,804	-	-	-
Investment income	22	56,219	126	56,345	26,741	-	26,741
Other income	23	3,397	-	3,397	5,696	-	5,696
		59,616	126	59,742	32,437	-	32,437
Net income		69,466	12,080	81,546	32,437	-	32,437
Takaful benefits		-	6,277	6,277	-	-	-
Recoveries from retakaful operators		-	(3,125)	(3,125)	-	-	-
Net takaful benefits	24	-	3,152	3,152	-	-	-
		69,466	8,928	78,394	32,437	-	32,437
Net change in takaful liabilities		6,492	8,994	15,486	-	-	-
Acquisition expenses	25	1,802	-	1,802	-	-	-
Marketing and administration expenses	26	155,910	-	155,910	21,927	-	21,927
Total expenses		164,204	8,994	173,198	21,927	-	21,927
		(94,738)	(66)	(94,804)	10,510	-	10,510
Surplus appropriated to Shareholders' Fund from Ledger Account D		-	-	-	-	-	-
		(94,738)	(66)	(94,804)	10,510	-	10,510
(Surplus) / deficit retained in Waqf Fund		-	66	66	-	-	-
(Loss) / profit before tax		(94,738)	-	(94,738)	10,510	-	10,510
Taxation	27	(8,307)	-	(8,307)	7,261	-	7,261
(Loss) / profit after tax		(86,431)	-	(86,431)	3,249	-	3,249
				Rupees			**Rupees**
(Loss) / profit per share	28			(1.23)			0.05

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Shareholder' Fund	Participant holders'	2022	Shareholder' Fund	Participant holders'	2021
		Rupees in 000					
Contribution revenue	21	-	52,577	52,577	-	-	-
Less: Wakala fee recognised		9,850	(9,850)	-	-	-	-
		9,850	42,727	52,577	-	-	-
Less: Contribution ceded to retakaful operators	21	-	(30,773)	(30,773)	-	-	-
Net contribution revenue		9,850	11,954	21,804	-	-	-
Investment income	22	56,219	126	56,345	26,741	-	26,741
Other income	23	3,397	-	3,397	5,696	-	5,696
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Net income		69,466	12,080	81,546	32,437	-	32,437
Takaful benefits		-	6,277	6,277	-	-	-
Recoveries from retakaful operators		-	(3,125)	(3,125)	-	-	-
Net takaful benefits	24	-	3,152	3,152	-	-	-
		69,466	8,928	78,394	32,437	-	32,437
Net change in takaful liabilities		6,492	8,994	15,486	-	-	-
Acquisition expenses	25	1,802	-	1,802	-	-	-
Marketing and administration expenses	26	155,910	-	155,910	21,927	-	21,927
Total expenses		164,204	8,994	173,198	21,927	-	21,927
		(94,738)	(66)	(94,804)	10,510	-	10,510
Surplus appropriated to Shareholders' Fund from Ledger Account D		-	-	-	-	-	-
		(94,738)	(66)	(94,804)	10,510	-	10,510
(Surplus) / deficit retained in Waqf Fund		-	66	66	-	-	-
(Loss) / profit before tax		(94,738)	-	(94,738)	10,510	-	10,510
Taxation	27	(8,307)	-	(8,307)	7,261	-	7,261
(Loss) / profit after tax		(86,431)	-	(86,431)	3,249	-	3,249
				Rupees			**Rupees**
(Loss) / profit per share	28			(1.23)			0.05

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Shareholder' Fund	Participant holders'	2022	Shareholder' Fund	Participant holders'	2021
		Rupees in 000					
(Loss) / profit after tax		(86,431)	-	(86,431)	3,249	-	3,249
Other comprehensive (loss) / income							
Items that will be reclassified subsequently to profit or loss:							
Change in unrealised loss on available-for-sale financial assets		(10,703)	-	(10,703)	(728)	-	(728)
Less: Related taxation		3,206	-	3,206	109	-	109
		(7,497)	-	(7,497)	(619)	-	(619)
Total comprehensive loss for the year		(93,928)	-	(93,928)	2,630	-	2,630

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman | Director | Director | Chief Executive Officer | Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Attributable to equity holders of the Company				
				Capital reserve	
	Share capital	Un-appropriated profit *	Ledger D account	Net deficit in revaluation of available for sale investments	Total
	--		Rupees in 000	--	
Balance as at December 31, 2020	25,000	(14,968)	-	-	10,032
Total comprehensive income / (loss)					
Profit for the year ended December 31, 2021	-	3,249	-	-	3,249
Other comprehensive loss for the year ended December 31, 2021	-	-	-	(619)	(619)
	-	3,249	-	(619)	2,630
Transactions with owners recorded directly in equity					
Issuance of right shares	675,000	-	-	-	675,000
Balance as at December 31, 2021	700,000	(11,719)	-	(619)	687,662
Total comprehensive income / (loss)					
Loss for the year ended December 31, 2022	-	(76,408)	(10,023)	-	(86,431)
Other comprehensive loss for the year ended December 31, 2022	-	-	-	(7,497)	(7,497)
	-	(76,408)	(10,023)	(7,497)	(93,928)
Balance as at December 31, 2022	700,000	(88,127)	(10,023)	(8,116)	593,734

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman | Director | Director | Chief Executive Officer | Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		----------------Rupees in 000----------------	
Operating Cash flows			
(a) Underwriting activities			
Contribution received net of policy transfers		22,166	-
Commission paid		(1,767)	-
Net cash inflow from underwriting activities		20,399	-
(b) Other operating activities			
Income tax paid		(9,513)	(3,670)
Marketing and administrative expenses paid		(120,359)	(22,006)
Other operating receipts		-	-
Net cash outflow from other operating activities		(129,872)	(25,676)
Total cash outflow from all operating activities		(109,473)	(25,676)
Investment activities			
Profit received		55,656	26,062
Payments for investments		(17,694)	(670,742)
Proceeds from disposal of investments		335,031	-
Capital expenditure		(94,255)	(49)
Addition to capital work-in-progress		(22,017)	(14,744)
Total cash inflow / (outflow) from investing activities		256,721	(659,473)
Financing activities			
Proceeds from issuance of shares		-	675,000
Total cash inflow from financing activities		-	675,000
Net cash inflow / (outflow) from all activities		147,248	(10,149)
Cash and cash equivalents at beginning of the year		4,423	14,572
Cash and cash equivalents at end of the year	14.2	151,671	4,423
Reconciliation to Profit and Loss Account			
Operating cash flows		(109,473)	(25,676)
Depreciation and amortisation expenses		(24,466)	(1)
Other Investment Income		49,039	32,437
Increase in assets other than cash		86,101	214
Decrease / (increase) in liabilities		(77,609)	(3,725)
(Deficit) / surplus generated on takaful statutory funds		(10,023)	-
(Loss) / profit after taxation		(86,431)	3,249

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 5th Pillar Family Takaful Limited (the Company) was incorporated in Pakistan on March 05, 2020 as a public unlisted Company under the Companies Act, 2017 (the Act). The Company`s registered office is situated at SF-01 to SF-06, 2nd Floor, Emerald Mall, Clifton Block 5, Karachi.

1.2 The Company has obtained registration as Family Takaful (Life Insurer) as per the requirement of the Insurance Ordinance, 2000 on October 04, 2021.

1.3 The Company is a subsidiary of 5th Pillar Holdings Limited, a company registered under the laws of Dubai International Financial Center, UAE and was incorporated in accordance with the resolution of the Board of Directors of the Holding Company on February 03, 2020.

1.4 In accordance with the requirements of the Insurance Ordinance, 2000, the Company established a Shareholders' Fund and Separate Takaful Statutory Funds, in respect of each class of family takaful business. The takaful statutory funds established by the Company, in accordance with the advice of the appointed actuary are as follows:

- Individual Family Takaful*
- Group Family Takaful

* The Company has not yet commenced its Individual Family Takaful business.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and,

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, and Takaful Rules, 2012 shall prevail.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for available for sale investment which are carried at their fair value.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3 Accounting Standards, IFRIC Interpretations and Amendments

3.1 Standards, interpretations of and amendments to the accounting and reporting standards that are effective in the current year:

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these financial statements.

3.2 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2023:

	Effective date (period beginning on or after)
- Classification of liabilities as current and non-current and application of materiality to disclosure accounting policies - Amendments to IAS 1	January 01, 2024
- Disclosure of accounting policies - Amendments to IAS 1 and IFRS practice statement 2	January 01, 2023
- Lease liability in a sale and lease back - Amendments to IFRS 16	January 01, 2024
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	January 01, 2023
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28	Not yet finalised

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan

	Effective date (period beginning on or after)
- IFRS 1 - First time adoption of IFRSs	July 01, 2009
- IFRS 17 - Insurance Contracts	January 01, 2023

3.2.1 Temporary exemption from application of IFRS 9

As a takaful company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

3.2.1.1 Fair value of financial assets as at December 31, 2022 and change in the fair values during the year ended December 31, 2022:

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	**Rupees in '000**
GOP Ijara Sukuk - available for sale (refer note 8)	
Opening fair value	70,014
Additions during the year - net	270,754
Decrease in fair value	(10,702)
Closing fair value	330,066

Fair value of term deposits receipt is equivalent to the carrying value as these are short-term in nature.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Takaful contracts

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a programme based on Shariah compliant, approved concept funded on the principles of mutual cooperation, solidarity and brotherhood. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there are insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the shareholders' sub fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the shareholders' sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with the requirement of section 50 of the Insurance Ordinance, 2000.

Group takaful contracts

The Company offers Group Family Takaful Contracts to its clients. These contracts are issued typically on yearly renewable term basis.

Individual family takaful contracts - unit linked

The Company offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value which is determined as per the underlying asset's value. The death benefit design is based on Constant Sum Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contribution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit, etc) are also sold along with basic policies.

4.1.1 Revenue Recognition

Contribution Revenue

- First year individual life contribution is recognised when the policy is issued after receipt of that contribution. Subsequent contributions falling due under the policy are recognised if received before expiry of the grace period. Single contributions and top-up contributions are recognised once the related policies are issued against the receipt of contribution.

- Group contributions are recognised when due.

Takaful receivables

Receivables under takaful contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is an objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.1.2 Retakaful contracts held

These contracts are entered into by the Company with retakaful operator under which the "Waqf Fund" cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful Contribution

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the profit and loss account.

Retakaful Expenses

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

Retakaful Assets and Liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operator. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

4.1.3 Receivables and payables related to takaful contract

Receivables and payables are recognised when due. These include amounts due to and from agents and participants.

4.1.4 Claims

Claims expense include all claims occurring during the year, whether reported or not, internal and external claim handling costs that are directly related to the processing and settlement of claims and other recoveries, and any adjustments to claims outstanding from previous years.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of statement of financial position. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in the technical reserves.

4.1.5 Participants' liabilities

Participants' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each reporting date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Company underwrites are considered. The basis used are applied consistently from year to year.

As permitted under IFRS 4, related adjustments to participants' liabilities are recognised in other comprehensive income, if the unrealised gains or losses on investments are recognised in statement of comprehensive income.

4.1.6 Acquisition cost

These comprise commission and other costs incurred in acquiring and maintaining takaful policies and include without limitation all forms of remuneration paid to takaful intermediaries.

These are recognised as an expense in the earlier of the financial year in which these are paid and in a financial year in which these become due and payable, except those which are directly referable to the acquisition or renewal of specific contracts that are recognised not later than the period in which the contribution to which these refer is recognised as revenue.

4.1.7 Takaful operator's fee / Wakala fee

The shareholders of the Company manage the takaful business operations for the participants and act as Wakeel of the Waqf fund. The Company is entitled for the wakala fee for the management of takaful business operations under Waqf fund to meet its management expenses.

4.1.8 Mudarib Fee

The shareholders of the Company manages the PTF's investments as a mudarib and charge a mudarib fee on the investment incomes and profit on bank deposits earned by PTF.

4.1.9 Qard-e-Hasana

When the PTF including reserves are insufficient to meet the current payments less receipts, the deficit is funded by way of contributions (Qard-e-Hasana) from Operators' Sub-Fund.

4.2 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents include the following:

- cash and stamps in hand
- cash at bank in current and other accounts
- deposits and investments with original maturity of three months or less

4.3 Investments

4.3.1 Classification

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity (HTM). Investments designated at fair value through profit or loss represent investments acquired principally for the purpose of generating profits from short term fluctuations in market prices, interest rate movement, or dealer's margin. Available-for-sale investments are those investments that do not fall under either fair value through profit and loss account or held to maturity categories.

4.3.2 Initial recognition

All investments are initially recognised at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit or loss in which transaction cost is charged to profit and loss account.

4.3.3 Subsequent measurement

Held-to-maturity

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount received on acquistion of HTM investments is amortised over the remaining term of the investments using effective interest rate method.

Available-for-sale

Investments classified as available-for-sale are subsequently measured at market value in accordance with the requirements of the Insurance Accounting Regulations, 2017 and the unrealised gain or loss is recognised in statement of comprehensive income.

Fair value through profit and loss

Investments classified 'at fair value through profit and loss' category at inception, are subsequently measured at their fair value and gains and losses arising from changes in fair value are included in the profit and loss account.

Fair / market value measurement

For investments in government securities, fair value / market value is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP) (PKRV) where applicable. The fair value / market value of mutual fund units and listed equity securities is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP) and the Pakistan Stock Exchange (PSX) respectively.

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is a date on which a trade (bonds, equities, foreign exchange, commodities, etc.) is executed i.e. the day when transaction is entered into.

4.4 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to the items recognised directly in equity in which case it is recognised in equity.

4.4.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

4.4.2 Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.5 Fixed assets

4.5.1 Tangible

Initial measurement

These are initially stated at cost and subsequently at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 6.1 to the financial statements, after taking into account residual value and charged to profit and loss account.

Depreciation on additions is charged from the month in which the asset is available for use and on disposal, upto the month the asset is in use.

Subsequent measurement

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account.

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

4.5.2 Right-of-use assets and their related lease liability

4.5.2.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over the expected useful life or lease-term which ever is shorter using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

4.5.2.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

4.5.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It includes advances to suppliers in respect of tangible fixed assets and intangible assets.

4.5.4 Intangible assets

Initial measurement

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 7.1 to the financial statements.

Amortisation on additions is charged from the month in which the asset is acquired or capitalised and on disposal up to the month the asset is in use.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

4.6 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account, as appropriate. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

4.7 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

4.8 Investment income

- Income from held to maturity / available is the difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the profit and loss account.

- Dividend income on investments is recognised when the Company's right to receive the payment is established.

- Gain or loss on sale of investments is included in the profit and loss account.

- Profit on bank deposits are recognised as and when due.

- Unrealised gain / loss on investments held 'at fair value through profit or loss' is recognised as income / expense in the profit and loss account.

- Unrealised gain / loss on investments held 'Available-for-sale' is recognised as income / expense in the statement of comprehensive income.

4.9 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.10 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been identified as the Chief Executive Officer.

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Takaful Rules, 2012. The Company has 2 Operating segments for reporting purposes namely; a) Individual family takaful and b) Group family takaful.

- The Individual Family Takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Company. The Company has not yet commenced this segment of business.

- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Company.

Actuarial valuation of life insurance business is required to be carried out annually at the reporting date. Takafulholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2022.

The Company reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Company's appointed actuary.

4.11 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are recorded in profit and loss account.

4.12 Statutory funds

The Company maintains statutory funds in respect of each class of life takaful business. Assets, liabilities, revenues, and expenses of the Company are usually referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

4.13 Financial instruments

Financial instruments carried on the statement of financial position include cash and bank deposits, loans secured against other assets, investment in government securities and listed securities, premiums due but unpaid, amount due from / to agents, sundry receivables, accrued interest, accrued expenses, other creditors and accruals, and dividend payable.

All the financial assets and financial liabilities arising from, other than takaful contracts, are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. These financial assets and liabilities are subsequently measured at fair market value or amortised cost as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

4.14 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.15 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.16 **Dividend and appropriation of reserve**

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance 2000, are recognised in the year in which these are approved.

5 **Use of estimates and judgements**

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected in accordance with the requirements of International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

	Note
Takaful liabilities and underlying assumptions	16
Useful lives of property & equipment and intangibles (including right-of-use assets)	6 & 7
Taxation	27
Incremental borrowing rate and lease term for lease liability	19

6 **PROPERTY AND EQUIPMENT**

	Note	2022	2021
		(Rupees in '000)	
Tangible assets (including right-of-use assets)	6.1	155,488	48
		155,488	48

6.1 **Tangible assets (including right-of-use assets)**

	2022							
	Cost			Accumulated depreciation			Net book value as at December 31	Depreciation rate
	As at January 01	Additions	As at December 31	As at January 01	Charge for the year	As at December 31		
	Rupees in (000)							%
Leasehold improvements	-	33,163	33,163	-	871	871	32,292	10
Computer equipment	49	11,562	11,611	1	1,781	1,782	9,829	33.33
Vehicles owned	-	23,789	23,789	-	4,612	4,612	19,177	20
Right-of-use assets	-	87,528	87,528	-	15,234	15,234	72,294	10 - 20
Furniture and fixtures	-	17,905	17,905	-	988	988	16,917	20
Office equipment	-	5,558	5,558	-	579	579	4,979	20
	49	179,505	179,554	1	24,065	24,066	155,488	

	2021							
	Cost			Accumulated depreciation / depreciation			Net book value as at December 31	Depreciation rate
	As at January 01	Additions / (disposals)	As at December 31	As at January 01	Charge for the year	As at December 31		
	Rupees in (000)							%
Computer equipment	-	49	49	-	1	1	48	33.33
	-	49	49	-	1	1	48	

7 **INTANGIBLE ASSETS**

	Note	2022	2021
		(Rupees in '000)	
Computer softwares	7.1	1,877	-
Capital work in progress	7.2	36,761	-
		38,638	-

7.1 **Computer softwares**

	2022							
	Cost			Accumulated amortisation			Net book value as at December 31	Amortisation rate
	As at January 01	Additions / (disposal)	As at December 31	As at January 01	Charge for the year	As at December 31		
	Rupees in (000)							%
Computer Licenses	-	2,278	2,278	-	401	401	1,877	20 - 33.33
	-	2,278	2,278	-	401	401	1,877	

		Note	2022	2021
7.2	**Capital work in progress**		---------- (Rupees in '000) ---------	
	Opening balance		-	-
	Additions during the year		39,039	-
	Transfers during the year		(2,278)	-
	Closing balance	7.2.1	36,761	-

7.2.1 These include capital work in progress pertaining to the software acquired by the Company.

8 **INVESTMENTS IN GOVERNMENT SECURITIES**

	2022			2021		
	Carrying amount	Market value	Deficit on revaluation of investments	Carrying amount	Market value	Deficit on revaluation of investments
	---- (Rupees in '000) ----					
Available-for-sale:						
Government of Pakistan						
Ijarah Sukuk Certificates	341,496	330,066	(11,430)	70,742	70,014	(728)
	341,496	330,066	(11,430)	70,742	70,014	(728)

8.1 The effective yield on Government of Pakistan Ijarah Sukuk Certificates ranges from 8.02% to 15.56% (2021: 8.02%) per annum.

8.2 The Company has deposited 5 years Government of Pakistan Ijarah Sukuk Certificates amounting to Rs. 70 million (2021: Rs. 70 million) with State Bank of Pakistan (SBP) under section 29 of the Insurance Ordinance, 2000.

8.3 **Particulars of government securities**

	Tenure	Maturity year	Rate of return (%) per annum	Profit payment	Market value 2022	Market value 2021
					-----------Rupees in '000-----------	
GOP Ijarah Sukuk Certificates - FRR	5 years	2025	8.37%	Semi-annual	61,334	70,014
GOP Ijarah Sukuk Certificates - VRR	5 years	2025	15.69%	Semi-annual	268,732	-
					330,066	70,014

9 **INVESTMENTS IN TERM DEPOSITS**

	2022 Principal amount	2022 Rate per Annum	2021 Principal amount	2021 Rate per Annum
	Rupees in 000		Rupees in 000	
Term deposit (with original maturity of less than 3 months)	117,000	14.50%	600,000	8.10%

		Note	2022	2021
			---------- (Rupees in '000) ---------	
10	**TAKAFUL / RETAKAFUL RECEIVABLES**			
	Due from takaful participants' - unsecured - Considered good		30,753	-
	Due from retakaful - unsecured - Considered good		-	-
			30,753	-
	Less: provision for impairment of receivables from takaful participants'		-	-
			30,753	-
11	**DEPOSITS AND OTHER RECEIVABLES**			
	Security deposits		5,961	226
	Accrued investment incomes	11.1	10,460	6,374
	Advance to supplier		-	14,744
	Other receivables		25	-
			16,446	21,344

11.1 This represents accrued profit on Government Securities and Term Deposits.

12 **DEFERRED TAX ASSET**

	2022	2021
Deferred debits arising in respect of :		
Unrealised losses on investments classified as available for sale - net	3,315	109
On Ledger D account balances	4,094	-
	7,409	109

12.1 The Company has not recorded the deferred tax asset amounting to Rs. 27.721 million on loss related to shareholder fund on prudent basis as the Company has not generated sufficient taxable profits in the current year.

		Note	2022	2021
			---------- (Rupees in '000) ----------	
12.2	**Reconciliation of deferred tax**			
	Deferred tax report in profit and loss account			
	On Ledger D account balances		4,094	-
	Deferred tax report in statement of comprehensive income			
	Unrealised losses on investments classified as available for sale - net		3,315	109
			7,409	109

13 PREPAYMENTS

	Note	2022	2021
Prepaid rent		724	-
Prepaid commission		3,323	-
Others		4,483	-
		8,530	-

14 CASH AND BANK

	Note	2022	2021
Cash in hand		71	-
Cash at bank			
- Savings accounts	14.1	34,600	4,423
		34,671	4,423

14.1 These accounts carry a profit rate of 7.00% (2021: 2.00% to 3.50%).

14.2 Cash and cash equivalents for statement of cash flows

	Note	2022	2021
Cash and bank	14	34,671	4,423
Term deposit (with original maturity of less than 3 months)	9	117,000	-
		151,671	151,671

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

15.1 Issued, subscribed and paid-up share capital

2022	2021		Note	2022	2021
(Number of shares)				---------- (Rupees in '000) ----------	
70,000,000	70,000,000	Ordinary shares of Rs. 10 each fully paid in cash		700,000	700,000
70,000,000	70,000,000			700,000	700,000

16 TAKAFUL LIABILITIES

	Note	2022	2021
Reported outstanding claims	16.1	6,277	-
Incurred but not reported claims	16.2	2,256	-
Liabilities under group takaful contracts	16.3	13,230	-
Other takaful liabilities	16.4	(66)	-
		21,697	-

16.1 Reported outstanding claims

	Note	2022	2021
Opening balance		-	-
Total gross claims	24	6,277	-
Claims paid /settled		-	-
Closing balance		6,277	-

16.2 Incurred but not reported claims

	2022	2021
Gross of retakaful	7,369	-
Retakaful recoveries	(5,113)	-
Net of retakaful	2,256	-

16.3 Liabilities under group takaful contracts

	2022	2021
Gross of retakaful	34,387	-
Retakaful credit	(21,157)	-
Net of retakaful	13,230	-

		Note	2022	2021
			---------- (Rupees in '000) ---------	
16.4	**Other takaful liabilities**			
	Gross of retakaful		(66)	-
	Retakaful		-	-
	Net of retakaful		(66)	-
17	**RETAKAFUL PAYABLES**			
	Due to other takaful / retakaful operators		27,648	-
18	**OTHER CREDITORS AND ACCRUALS**			
	Commission payable		3,304	-
	Payable to vendors		17,374	1,885
	Withholding tax payable		1,833	1,002
	Accrued expenses		-	610
	Other liabilities		5,607	1,200
			28,118	4,697
19	**LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS**			
	Lease liability against right-of-use assets	19.1	77,609	-
			77,609	-
	Present value of minimum lease payments		77,609	-
	Less: Current portion		(10,008)	-
			67,601	-

19.1 The Company leases out property premises for its head office and branch network.

19.2

	2022			2021		
	Minimum lease payments	Financial charges for future payments	Principal outstanding	Minimum lease payments	Financial charges for future payments	Principal outstanding
	---- (Rupees in '000) ----					
Not later than one year	21,829	(11,821)	10,008	-	-	-
Later than one year and not later than five years	74,105	(33,361)	40,744	-	-	-
More than five years	42,583	(15,726)	26,857			
	138,517	(60,908)	77,609	-	-	-

20 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2022.

		2022	2021
21	**NET CONTRIBUTION REVENUE**	----------(Rupees in '000)----------	
	Gross contribution:		
	Group policies without cash values	52,577	-
	Total gross contributions	52,577	-
	Less: retakaful contributions ceded		
	On group policies	30,773	-
	Net contributions	21,804	-
22	**INVESTMENT INCOME**		
	Income from debt securities		
	Return on government securities	5,901	3,305
	Income from term deposits		
	Return on term deposits	50,444	23,436
		56,345	26,741
23	**OTHER INCOME**		
	Return on bank balances	3,397	1,997
	Others	-	3,699
		3,397	5,696

		Note	2022	2021
			----------(Rupees in '000)----------	
24	**NET TAKAFUL BENEFITS**			
	Gross claims			
	Claims under group takaful contracts			
	- by death		6,250	-
	- by insured event other than death		27	-
	Total gross group contract claims		6,277	-
	Total gross takaful claims		6,277	-
	Less: retakaful recoveries			
	On group family		3,125	-
			3,125	-
	Net takaful benefit expense		3,152	-
25	**ACQUISITION EXPENSES**			
	Remuneration to takaful intermediaries on group policies:			
	- Commission		1,748	-
			1,748	-
	Other acquisition cost :			
	- Policy stamps		54	-
			1,802	-
26	**MARKETING AND ADMINISTRATION EXPENSES**			
	Salaries, allowances & other benefits		65,804	12,000
	Travelling expenses		6,596	451
	Auditors' remuneration	26.1	4,931	1,040
	Actuary's fees		6,441	-
	Legal and professional charges		5,143	1,204
	Regulatory Fees		4,578	6,995
	Advertisement and publicity		3,027	-
	Printing and stationery		869	-
	Depreciation and amortisation	6.1 & 7.1	24,466	1
	Rental		1,517	146
	Utilities		8,985	-
	Vehicle and general repair & maintenance		6,943	-
	Communication		1,343	-
	Entertainment		1,767	36
	Takaful Charges		445	-
	Finance charges on lease rentals		11,910	-
	Miscellaneous expenses		1,145	54
			155,910	21,927
26.1	**Auditors' remuneration**			
	Audit fees		1,500	750
	Other certifications		2,150	125
	Out of pocket expenses		915	88
	Sales tax		366	77
			4,931	1,040
27	**TAXATION**			
	For the year			
	- Current		-	7,261
	- Deferred		(4,094)	-
	For the prior year			
	- Current		(4,213)	-
			(8,307)	7,261
27.1	**Relationship between tax expense and accounting profit**			
	Loss / profit before tax		(94,738)	10,510
	Tax at the applicable rate of 29% (2021: 29%)		(27,474)	3,048
	Effect of:			
	- Prior year adjustment		(4,213)	-
	- other adjustment		23,380	4,213
	Taxation for the year		(8,307)	7,261

27.2 The Company has claimed a total tax refundable amounting to Rs. 0.634 million with the Income Tax Return submitted till the year ended December 31, 2021.

	2022	2021
	(Rupees in '000)	
28 (LOSS) / PROFIT PER SHARE		
(Loss) / profit for the year	(86,431)	3,249
	(Number of shares)	
Weighted average number of ordinary shares	70,000,000	70,000,000
	(Rupees)	
(Loss) / profit per share	(1.23)	0.05

28.1 Diluted earnings per share has not been presented as the Company has not issued any instrument which would have any impact on basic earnings per share when exercised.

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2022			2021		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	(Rupees in '000)					
Managerial remuneration	15,430	34,343	49,773	12,000	-	12,000
	15,430	**34,343**	**49,773**	**12,000**	**-**	**12,000**
	(Number)					
Number of persons	1	14	15	1	0	1

29.1 In addition to above, the Chief Executive has been provided with two cars maintained by the Company.

29.2 "Executive" means employee (other than CEO and directors) whose basic salary exceeds Rs. 1.2 million per year.

30 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding company, directors and key management personnel of the Company. Remuneration to the key personnel is determined in accordance with the terms of their appointments. All transactions involving related parties arise in the normal course of business. Transactions with the key management personnel are made under their terms of employment / entitlements.

30.1 The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	2022	2021
	(Rupees in '000)	
Transactions with related parties		
Reimbursement of expenses of Directors of the Company	2,738	-
Reimbursement of expenses of Chief Executive of the Company	2,896	-
Balances with related parties		
Payable to Directors of the Company	376	21

30.2 Following is the related party of the Company:

S. No.	Name of related party	Basis of association / relationship
1	5th Pillar Holdings Limited (A DIFC incorporated in UAE)	Parent Company

31 SEGMENT INFORMATION

Each class of business has been identified as a reportable segment. The following is a schedule of class of business wise assets, liabilities, revenues and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

31.1 Revenue account by statutory funds

	STATUTORY FUNDS		AGGREGATE	
	Individual Family	Group Family	2022	2021
	(Rupees in '000)			
Participants' Takaful Fund (PTF)				
Income				
Contribution net of retakaful	-	11,954	11,954	-
Net investment income	-	126	126	-
Total net income	-	12,080	12,080	-
Less: Claims and Expenditure				
Claims	-	3,152	3,152	-
Total claims and expenses	-	3,152	3,152	-
Excess of Income over Claims and expenditure	-	8,928	8,928	-
Add: Technical reserves at the beginning of the year	-	-	-	-
Less: Technical reserves at the end of the year	-	(8,928)	(8,928)	-
Change in technical reserves	-	(8,928)	(8,928)	-
Surplus / (deficit)	-	-	-	-
Movement in technical reserves	-	8,928	8,928	-
Qard-e-Hasna contributed OSF	-	9,000	9,000	-
Balance of PTF at the beginning of the year	-	-	-	-
Balance of PTF at the end of the year	-	17,928	17,928	-

	STATUTORY FUNDS		AGGREGATE	
	Individual Family	Group Family	2022	2021
Shareholders' Sub Fund (OSF)	(Rupees in '000)			
Income				
Allocation fee	-	9,850	9,850	-
Other Income	-	43	43	-
Total net income	-	9,893	9,893	-
Less: Expenditures				
Acquisition cost	-	1,802	1,802	-
Administration expenses	-	15,716	15,716	-
Total expenses	-	17,518	17,518	-
Excess of expenditure over income	-	(7,625)	(7,625)	-
Add: Technical reserves at the beginning of the year	-	-	-	-
Less: Technical reserves at the end of the year	-	(6,492)	(6,492)	-
Change in technical reserves	-	(6,492)	(6,492)	-
Deficit before tax	-	(14,117)	(14,117)	-
Taxation	-	4,094	4,094	-
Deficit before tax	-	(10,023)	(10,023)	-
Movement in technical reserves	-	6,492	6,492	-
Capital Contribution during the year	-	34,000	34,000	-
Qard-e-Hasna contributed to the Participants' Takaful Fund	-	(9,000)	(9,000)	-
Balance of OSF at the beginning of the year	-	-	-	-
Balance of OSF at the end of the year	-	21,469	21,469	-
Balance of Takaful statutory fund	-	30,397	30,397	-

32 STATEMENT OF SOLVENCY

	SHARE HOLDERS' FUND	TAKAFUL - STATUTORY FUNDS Individual Family	Group Family	2022
	----------------	(Rupees in '000)	----------------	
Assets				
Property and equipment	155,488	-	-	155,488
Intangible assets	38,638	-	-	38,638
Investments				
Government securities	318,122	-	11,944	330,066
Term deposits	110,000	-	7,000	117,000
Takaful / retakaful receivables	-	-	30,753	30,753
Deposits and other receivables	16,034	-	412	16,446
Inter-fund balances	1,177	-	(1,177)	-
Deferred tax asset	3,315	-	4,094	7,409
Taxation - payments less provision	10,147	-	-	10,147
Prepayments	5,207	-	3,323	8,530
Cash and bank	14,052	-	20,619	34,671
Total Assets (A)	672,180	-	76,968	749,148
Total Inadmissible Assets				
(a) - (b)	1,177	-	(1,177)	-
(i)	38,638	-	-	38,638
(j)	3,315	-	4,094	7,409
(u)	41,073	-	-	41,073
(w)	-	-	2,250	2,250
Total Inadmissible Assets (B)	84,203	-	5,167	89,370
Total Admissible Assets (C=A-B)	587,977	-	71,801	659,778
Liabilities				
Takaful liabilities	-	-	21,697	21,697
Contribution received in advance	-	-	342	342
Retakaful payables	-	-	27,648	27,648
Other liabilities and accruals	24,814	-	3,304	28,118
Lease liability against right-of-use assets	77,609	-	-	77,609
Total Liabilities (D)	102,423	-	52,991	155,414
Total net admissible assets (E=C-D)	485,554	-	18,810	504,364
Margin for solvency				
Shareholders' fund	165,000	-	-	165,000
Statutory fund	-	-	9,112	9,112
Solvency margins (F)	165,000	-	9,112	174,112
Excess of minimum solvency requirements	320,554	-	9,698	330,252

33 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Company is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the Participant to the respective PTF. This section summarises the risks and the way the Company manages them, as part of the Company's Takaful Operations.

Takaful risk

The PTF issues takaful contracts that are classified in the following segments:

- Individual Family Takaful
- Group Family Takaful

33.1 Individual family takaful

These risks are managed along similar lines as explained for individual family unit linked business.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. However, a risk of concentration of risk on any one Participant of the PTF still exists. The Company caters to this risk by entering into suitable Retakaful arrangements. The Company charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Company manages these risks through its underwriting strategy and the results are revised quarterly by the Underwriting and Retakaful Committee.

The table below presents the concentration of covered benefits across five bands of benefits covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented show total exposure of the PTF including exposure in respect of supplemental benefits attached to the main membership.

Benefits assured per life	Assured at the end of 2022			
	Total benefits assured			
Rupees	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	-	0.00%	-	0.00%
200,001 - 400,000	-	0.00%	-	0.00%
400,001 - 800,000	-	0.00%	-	0.00%
800,001 - 1,000,000	-	0.00%	-	0.00%
More than 1,000,000	-	0.00%	-	0.00%
Total	**-**	**0.00%**	**-**	**0.00%**

b) Source of uncertainty in the estimate of future benefits payments and contributions receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long term takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in Participants' behaviour (this primarily impacts persistency).

c) Process used to decide on assumptions

- **Mortality:** The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.

- **Persistency:** A periodic analysis of the Company's recent and historic experience is performed and persistency is calculated every month. Persistency rates vary by products and more importantly the sales distribution channel.

- **Expense levels and inflation:** A periodic study is conducted on the Company's current business expenses and future projections to calculate per membership expenses. Expense inflation is assumed in line with assumed investment return.

- **Investment returns:** The investment returns assumptions are based on the assets backing the portfolio.

d) Changes in assumptions

There has been no change in assumptions.

33.2 Group Life Family Takaful

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Company manages these risks through its:

a) Pricing and Underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Company also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Retakaful Committee reviews the underwriting performance of the Company on a quarterly basis.

b) Retakaful:

Retakaful agreements are in place to limit the mortality exposure. Underwriting & Retakaful Committee reviews every quarter the performance of the treaties to ensure that adequate retakaful coverage is in place.

c) Claims handling policy:

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and to make sure that adequate claims controls are in place.

d) Frequency and severity of claims:

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe excess of loss retakaful agreement which protects the waqf fund from exposure to the catastrophic events.

	Covered at the end of 2022			
	Total takaful benefits			
	Before retakaful		After retakaful	
Rupees	**(Rupees in '000)**	**%**	**(Rupees in '000)**	**%**
0-500,000	12,584,900	44.15%	6,292,450	71.90%
500,001-1,000,000	1,100,350	3.86%	550,175	6.29%
1,000,001-1,500,000	632,200	2.22%	241,550	2.76%
1,500,001-2,000,000	56,828	0.20%	14,750	0.17%
2,000,001-2,500,000	34,031	0.12%	8,000	0.09%
More than 2,500,000	14,092,509	49.45%	1,644,226	18.79%
Total	**28,500,818**	**100.00%**	**8,751,151**	**100.00%**

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts:

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

h) Changes in assumptions

There has been no material change in assumptions.

i) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2022 Rupees in '000
Worsening of mortality rates	10%	1,040
Increase in reporting lag	10%	500

34 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign currency risk

Risk management framework

The Board of Directors meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

34.1 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

34.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments (except for government securities), premium due but unpaid, amount due from other insurers / reinsurers , reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	2022	2021
	---------- (Rupees in '000) ----------	
Bank Balances	34,600	4,423
Investments in Term Deposit	117,000	600,000
Takaful / retakaful receivables	30,753	-
Deposits and other receivables	16,446	21,344
	198,799	625,767

The credit quality of Company's Government securities, term finance certificates, open ended mutual funds, term deposit receipts and bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating
	Short term	Long term	Agency
Meezan Bank Limited	A-1+	AAA	VIS
MCB Islamic Bank Limited	A-1	A	PACRA

The credit quality of Company's bank balances and investment in government securities, debt securities and mutual funds is categorised as follows:

Rating	Government securities	Debt Securities	Open end mutual funds	Term deposit receipts	Bank Balances	Total
	-----------------------(Rupees in '000)-----------------------					
AAA	-	-	-	117,000	34,600	151,600
Not Rated	330,066	-	-	-	-	330,066
	330,066	-	-	117,000	34,600	481,666

34.1.2 Fair value of financial instruments

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.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the Pakistan Stock Exchange.
- Fair value of mutual funds is determined on the basis of closing net assets value (NAV) per unit published by Mutual Fund Association of Pakistan (MUFAP).
- Fair values of Government of Pakistan Ijarah Sukuk Certificates are derived using the PKISRV rates.
- The fair value of all other financial assets and financial liabilities of the Company approximate their carrying amounts due to short term maturities of these instruments.

34.1.3 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities (Level 1).
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

As at December 31, 2022, the Company held the following financial instruments measured at fair value:

	As at December 31, 2022		
	Level 1	Level 2	Level 3
	---------- Rupees in '000 ----------		
Assets carried at fair value			
Available-for-sale investments	-	330,066	117,000

	As at December 31, 2021		
	Level 1	Level 2	Level 3
	---------- Rupees in '000 ----------		
Assets carried at fair value			
Available-for-sale investments	-	70,014	600,000

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

The following are the contractual maturities of financial liabilities:

	2022			2021		
Non-derivative financial liabilities	**Carrying Amount**	**Contractual cash flows upto one year**	**Contractual cash flows for more than one year**	**Carrying Amount**	**Contractual cash flows upto one year**	**Contractual cash flows for more than one year**
	(Rupees in '000)					
Outstanding claims	6,277	6,277	-	-	-	-
Retakaful payables	27,648	27,648	-	-	-	-
Other creditors and accruals	26,285	26,285	-	3,695	3,695	-
Lease liabilities against right-of-use assets	77,609	10,008	67,601	-	-	-
	137,819	70,218	67,601	3,695	3,695	-

34.2.1 Maturity profile of financial asset and financial liabilities

	2022					
	Total	**Upto one year**	**Over one year upto five years**	**Over five years upto ten years**	**Over ten years**	**Non-interest bearing financial instruments**
	(Rupees in '000)					
Financial Assets						
Cash	71	-	-	-	-	71
Bank Balance	34,600	34,600	-	-	-	-
Government securities	330,066	330,066	-	-	-	-
Term deposits	117,000	117,000	-	-	-	-
Takaful / retakaful receivables	30,753	30,753	-	-	-	-
Deposits and other receivables	16,446	-	-	-	-	16,446
	528,936	512,419	-	-	-	16,517
Financial Liabilities						
Outstanding claims	6,277	-	-	-	-	6,277
Retakaful payables	27,648	-	-	-	-	27,648
Other creditors and accruals	26,285	-	-	-	-	26,285
Lease liabilities against right-of-use assets	77,609	21,829	74,105	42,583	-	-
	137,819	21,829	74,105	42,583	-	60,210

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to any significant foreign exchange risk. The Company invests in government securities and debt securities which are accounted for at fair value, therefore the change in market prices is shown in note 34.3.1.

34.3.1 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

The carrying value of investments subject to equity price risk are based on market prices as of the reporting date.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarises the Company's equity price risk as of December 31, 2022 and December 31, 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in the Company's equity investment portfolio because of the nature of equity markets. The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in total comprehensive income
	(Rupees in '000)				
2022	330,066	10% increase	363,073	33,007	33,007
		10% decrease	297,059	(33,007)	(33,007)
2021	70,014	10% increase	77,015	7,001	7,001
		10% decrease	63,013	(7,001)	(7,001)

34.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from investment in government securities and balances held in profit and loss sharing accounts with reputable banks. At the reporting date the detailed interest rate profile of the Company's interest-bearing financial instruments is disclosed in note 34.4.1. The table below summarises Company's interest rate risk as of December 31, 2022 and 2021 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

Cash flow sensitivity analysis for fixed rate instruments	Impact on the profit and loss	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2022		
Cash flow sensitivity - fixed rate financial assets	2,216	(2,216)
As at December 31, 2021		
Cash flow sensitivity - fixed rate financial assets	6,744	(6,744)

Cash flow sensitivity analysis for variable rate instruments	Impact on the profit and loss	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2022		
Cash flow sensitivity - variable rate financial assets	2,700	(2,700)
As at December 31, 2021		
Cash flow sensitivity - variable rate financial assets	-	-

34.4.1 Interest rate profile

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments based on their maturities is:

	2022						
	Effective Yield / Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instruments
		(Rupees in '000)					
Statement of financial position - financial instruments							
Financial Assets							
Cash		71	-	-	-	-	71
Bank Balance	7.00	34,600	34,600	-	-	-	-
Government securities	8.40 - 15.69	330,066	330,066	-	-	-	-
Term deposits	14.5	117,000	117,000	-	-	-	-
Takaful / retakaful receivables		30,753	-	-	-	-	30,753
Deposits and other receivables		16,446	-	-	-	-	16,446
		528,936	481,666	-	-	-	47,270
Financial Liabilities							
Outstanding claims		6,277	-	-	-	-	6,277
Retakaful payables		27,648	-	-	-	-	27,648
Other creditors and accruals		26,285	-	-	-	-	26,285
Lease liabilities against right-of-use assets		77,609	21,829	74,105	42,583	-	-
		137,819	21,829	74,105	42,583	-	60,210
Balance sheet gap		391,117	459,837	(74,105)	(42,583)	-	(12,940)
Total yield / interest rate risk sensitivity gap			459,837	(74,105)	(42,583)	-	
Cumulative yield / interest rate risk sensitivity gap			459,837	385,732	343,149	343,149	

	2021						
	Effective Yield / Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instruments
		(Rupees in '000)					
Statement of financial position - financial instruments							
Financial Assets							
Cash		-	-	-	-	-	-
Bank Balance	2.50-3.00	4,423	4,423	-	-	-	-
Government securities	8.40	70,014	70,014	-	-	-	-
Term deposits	14.5	600,000	600,000	-	-	-	-
Deposits and other receivables		21,344	-	-	-	-	21,344
		695,781	674,437	-	-	-	21,344
Financial Liabilities							
Other creditors and accruals		3,695	-	-	-	-	3,695
		3,695	-	-	-	-	3,695
Balance sheet gap		692,086	674,437	-	-	-	17,649
Total yield / interest rate risk sensitivity gap			674,437	-	-	-	
Cumulative yield / interest rate risk sensitivity gap			674,437	674,437	674,437	674,437	

34.5 Foreign Currency Risk

As at reporting date, there are no material financial instruments denominated in foreign currency. Therefore, the Company is not materially exposed to risk from foreign currency exchange rate fluctuation.

	2022	2021
34.6 FINANCIAL INSTRUMENTS BY CATEGORY	----------(Rupees in '000)----------	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and bank	34,671	4,423
Term deposits	117,000	600,000
Takaful / retakaful receivables	30,753	-
Deposits and other receivables	16,446	21,344
	198,870	625,767
Investments - Available-for-sale		
Government securities	330,066	70,014
Financial Liabilities		
Amortised cost		
Outstanding claims	6,277	-
Retakaful payables	27,648	-
Other creditors and accruals	26,285	3,695
Lease liabilities against right-of-use assets	77,609	-
	137,819	3,695

35 CAPITAL MANAGEMENT

The Company's goals and objectives when managing capital are:

- To comply with the minimum paid-up capital requirements as prescribed by SECP;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- Maintain strong ratings and to protect the Company against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

As prescribed by SECP, the Company is required to maintain the minimum capital and to comply with the solvency requirements both for Shareholders' and Statutory Funds in accordance with the Insurance Ordinance, 2000 and the Insurance Rules, 2017 (previously the SEC (Insurance) Rules, 2002 as amended by S.R.O. 16 (1)/2012 dated January 9, 2012), with which the Company is in compliance.

36 CORRESPONDING FIGURES

Corresponding figures have been re-arranged or re-classified, wherever necessary. There has been no significant reclassification during the year.

37 SUBSEQUENT EVENTS

37.1 Subsequent to the year end, the Company incorporated a subsidiary on January 10, 2023 namely "5th Pillar Travel (Private) Limited. The said event is a non-adjusting event as per IAS 10 "Events after the Reporting Period" and therefore not reported in these financial statements.

37.2 The Board of Directors of the Company approved the issuance of right shares amounting to Rs. 1.3 billion in their meeting held on October 10, 2022. The process of issuance and allotment of shares have been completed subsequent to the year-end, therefore not reported in these financial statements.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on MAY 22, 2023 by the Board of Directors of the Company.

39 GENERAL

All figures have been rounded off to the nearest of thousand, except otherwise stated.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer