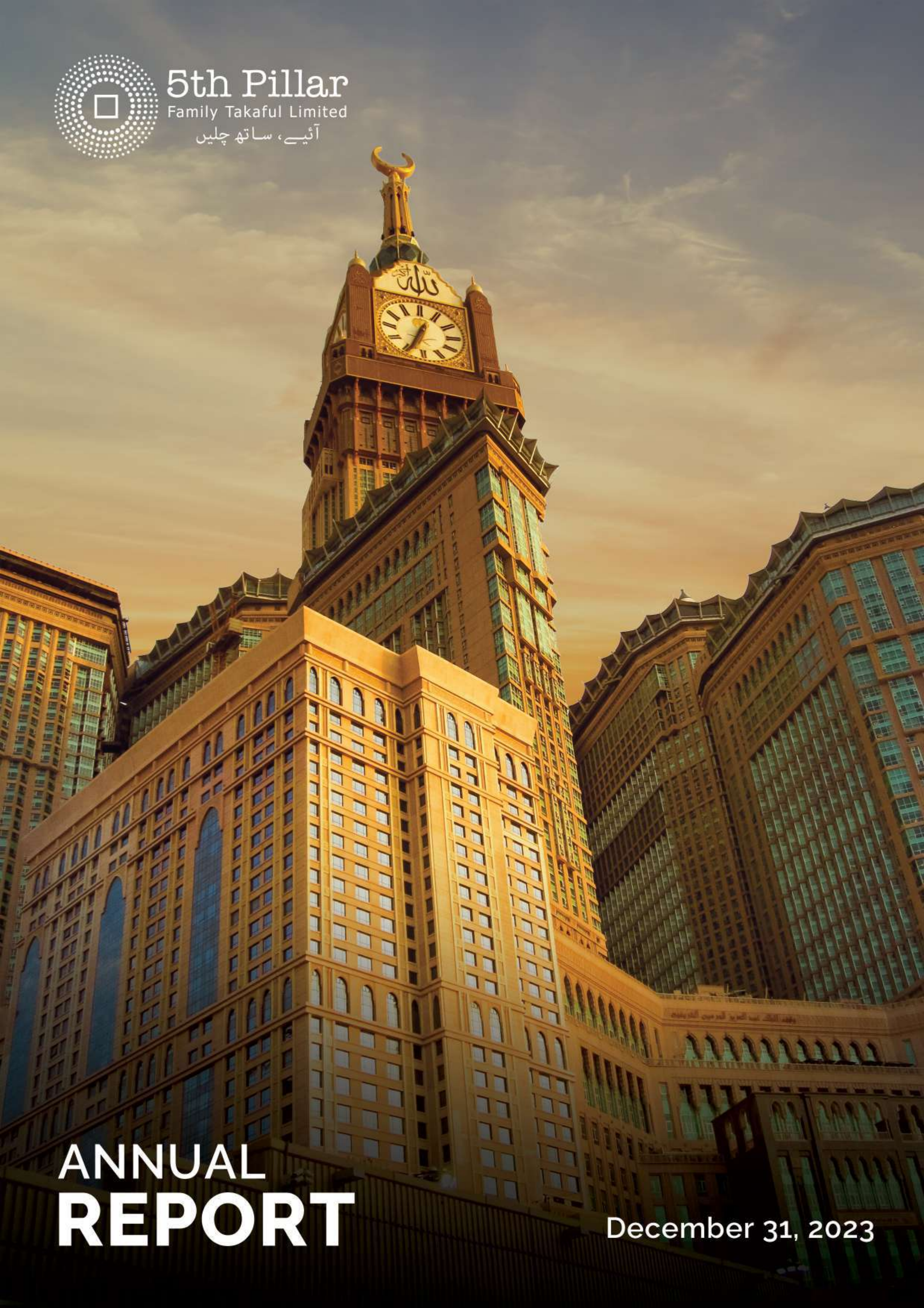
5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں



ANNUAL REPORT

December 31, 2023

ABOUT US

5th Pillar Family Takaful Limited is a new entrant into the Family Takaful sector of Pakistan which is supported by eminent business houses from Kuwait and Pakistan. The company has set industry records with remarkable milestones such as:

- Largest FDI in Takaful sector of Pakistan
- Foreign shareholders own 68% of 5th Pillar Takaful and 32% is held by Pakistani interests
- Largest initial paid up capital of Rs 2.00 billion in Pakistan's Takaful sector history
- Highest initial credit rating "A+ Stable outlook" from Pakistan Credit Rating Agency (PACRA)
- Licensed by the SECP to underwrite Shariah compliant Family Takaful business in Pakistan
- State of the art IT platform to support business operations throughout the membership lifecycle
- Upcoming customer engagement mobile app/web portal to provide 24/7 information and assistance to members from the comfort of their homes

OUR
VISION

Strengthen the financial capacity of our clients through innovative Shariah compliant Takaful products empowering them to achieve their cherished goals in life.

OUR
MISSION

Provide structured Takaful savings and protection solutions specifically to Muslims in Pakistan to perform Hajj, the 5th Pillar of Islam.

OUR **BOARD** OF **DIRECTORS**

SALEH SALEH NASER AL-SELMI – CHAIRMAN

Mr. Saleh Saleh Naser Al-Selmi is a staunch leader in the areas of Finance & Investment, with commendable experience in managing highly reputable insurance projects at the strategic level.

Mr. Al-Selmi is the Vice Chairman & CEO at International Financial Advisors Holding (IFA), Vice Chairman at Umm Al Hayman for Wastewater Treatment Company, Board Member at Automated Systems Company, Board Member at Addax Bank (Kingdom of Bahrain). Mr. Al-Selmi is also currently Chairman at Union of Investment Companies, Kuwait.

He has previously held positions in many high-profile companies including: First Takaful Insurance Company in Kuwait as a Vice Chairman, Neoava Sigorta Insurance Co., the first Takaful company in Turkey as a founding Board Member, former vice-chairman of Kuwait Insurance Federation, Kuwait Clearing Company as a Chairman, International Investment Projects & IFA Aviation as a Chairman, and board member at Bank of Kuwait & the Middle East ("Now" Ahli United Bank) as well as Gulf Bank. Mr. Al-Selmi is a graduate from Kuwait University which is one of the prestigious local educational institutes.

YUSUF ABDUL RAHMAN SALEH AL-SHAYA – DIRECTOR

Mr. Yusuf Abdul Rahman Saleh Al-Shaya is the Founder and Chairman of 5th Pillar Holdings Limited. Mr. Al-Shaya is an accomplished businessman involved in developing, funding and managing several projects including Islamic Finance, Technology, Real Estate, Education and Travel & Tourism.

He is also founder and major shareholder in various companies across the region. Mr. Al-Shaya is a member of the renowned Al-Shaya family which currently owns multi-billion business establishments in the region and globally, combining various renowned global brands within the Al-Shaya business.

TARIQ SAYED JAMAL – DIRECTOR

Mr. Tariq Sayed Jamal has been involved in the Islamic Banking and Finance sector for over 20 years and is viewed as a leading authority on Islamic investments, private equity, and Sukuk in the region.

He has held several senior management positions at Kuwait Finance House (Kuwait), S&P Dow Jones Indices (Dubai), UIB Capital (a Chicago-based private equity firm), and HSBC Bank's Islamic Finance Program in New York.

RAMI A. HABLI – DIRECTOR

Mr. Rami A. Habli is serving as Head of Investment for Al-Bahar Group of Companies for the past 11 years. He has 23 years of experience in Corporate Finance, Business Development, Private Equities & Direct Investments, Post Acquisition Management, Accounting, and Auditing across multiple industries including Insurance, Automotive, FMCG, Retail, Telecommunications, Manufacturing, and Pharmaceuticals.

Mr. Habli is proficient in assessing and formulating business plans, business strategies and the related financial and operational structures, establishing priorities, setting KPIs, performing profound financial analysis and applying advanced financial concepts.

He has vast experience in mergers and acquisitions with an impressive track record of selling private equities. In addition, he has experience in raising funds from banks and investors, including restructuring of bank loans. Mr. Habli serves on the board of directors and audit committees of public and private entities as well. He was a member of the Board of Directors, Head of Audit Committee, and Risk Committee member of First Takaful Insurance Company of Kuwait.

MUHAMMAD ALI – DIRECTOR

Mr. Muhammad Ali is the Director and Chief Operating Officer of F&M Ventures (Private) Limited and serving on the board since August 2019. Prior to this, he worked as Head of Sales for Fidelity Insurance Brokers, a network partner of Lockton Global (the world's largest privately held insurance brokerage firm) headquartered in Kansas City, Missouri, United States.

Mr. Ali has also served as the General Manager of Business Development for PICIC Insurance. He completed his graduation from the University of Waterloo, Ontario, Canada.

MIRZA BASEER BAIG – DIRECTOR

Mr. Mirza Baseer Baig is a Founder and Executive Director of Business Development in 5th Pillar Holdings Limited (DIFC, UAE) – the holding company of 5th Pillar Family Takaful Limited. He has over 25 years' experience in Pakistan / GCC region with core expertise in financial sector mergers & acquisitions (M&As), start-up business development and subsequent business management.

Earlier, Mr. Baig has held the position of Director Strategy & Investments at Qaf Holdings Limited (UAE) which acquired and managed three regulated investment companies that include:
(a) Bayt-Al Mal Investment Co – Kuwait,
(b) The Investor for Securities – Saudi Arabia and
(c) The Investment House – Qatar.

Earlier, he also held the position of Director Strategic M&As with a Bahrain-based investment bank where he has undertaken several M&A transactions and start-up business developments, including the establishment of a Takaful Co in Bahrain. Earlier, he served as Senior Manager at Ernst & Young (Transaction Advisory Services) in Bahrain and a Financial Consultant in Aldukheil Financial Group in Saudi Arabia. Mr. Baig is an FCMA and FCA (with Grant Thornton International) from Pakistan.

ZULEKHA SOHAIL TABBA - FEMALE DIRECTOR

Ms. Zulekha Sohail Tabba, represents on the Board of Directors of 5th Pillar Family Takaful Limited as a female director Ms. Tabba belongs to the reputed Tabba business family and brings a vast experience of governance and management.

NASAR US SAMAD QURESHI – CHIEF EXECUTIVE OFFICER

Mr. Nasar us Samad Qureshi is the CEO of 5th Pillar Family Takaful Limited. He is a seasoned insurance professional with a rich insurance industry experience, in Pakistan and UAE.

Mr. Qureshi was the Founding Managing Director and CEO of Alfalah Insurance Company Limited (Pakistan) for 15 years till voluntary retirement in 2019. Mr. Qureshi was instrumental in building Alfalah Insurance in Pakistan, set and executed the strategy securing AA rating for the company.

Prior to joining Alfalah Insurance, he worked at Al Buhaira National Insurance Company, UAE and served at various senior positions in Underwriting, Reinsurance and Claims. He was elected Chairman of Lahore Insurance Institute (2013/14, 2014/15) and elected Vice Chairman (2011), Senior Vice Chairman (2015/2016) and Chairman (2018/2019) of the Insurance Association of Pakistan.

He also served as member of core committee of the National Taskforce for Insurance Sector Reforms established by the Pakistan Ministry of Commerce in 2019. Mr. Qureshi is a graduate from University of the Punjab with Economics and Statistics, as well as Certified Director from Pakistan Institute of Corporate Governance.istan.

DIRECTORS' REPORT TO THE SHAREHOLDERS'
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023.

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, and formally commenced its operations from July 2022.

During the year ended December 31, 2023, the Company was mainly engaged in setting-up of Family Takaful Infrastructure, including but not limited to, development of IT infrastructure, hiring of human resources, setting-up of distribution networks/partnerships etc. The Company also commenced its individual family takaful business segment from October 2023, after completing necessary regulatory approvals.

The Company also issued right shares amounting to Rs. 1.3 billion, which makes the Company to secure largest Foreign Direct Investment (FDI) in Pakistan in Family Takaful Industry. The current paid-up capital of the Company now stood at Rs. 2.00 billion.

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 2023

A. MARKET OVERVIEW:

The first half of the financial year 2023 turned out to be extremely turbulent in continuation with the impacts carried forwarded from 2022 as the real GDP of the country contracted by 0.2%. This downturn in economic activity is attributed 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. Pakistan recorded historic high inflation readings with average headline inflation for 2023 standing at 30.80% as compared to 19.90% in 2022. Inflation even peaked at 38% in May 2023, resultantly, the SBP raised the policy rate to 22% during the year.

However, the second half of the year relatively showed some positive developments whereby the interim government was able to secure IMF Stand-by Agreement (SBA) continued by deposits of USD 3 billion dollars from friendly countries averted the risk of default. The stock market also showed some positive changes posting a positive return of 55% in 2023. The volumes at KSE-100 index also improved by 41% as the foreign investors turned out to be the net buyers in market.

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B. GROSS CONTRIBUTION

The Company has underwritten a gross contribution of Rs. 180 million under its Individual Family Takaful and Group Family Takaful business segment.

Your company has been able to sign distribution agreements with various banks to distribute its hajj and umrah product. These agreements itself is an historic achievement in the history of family takaful sector whereby the Company was able to secure these agreements in the first year of its operations.

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. 1,468 million.

D. PROFITABILITY

Summarized view of profit and loss statement is as follows:

Summary of Unconsolidated Profit and Loss Statement	**2023**	**2022**
	----------------Rupees in 000's----------------	
Gross Contribution	180,437	52,577
Wakala Fees	42,781	9,850
Investment and Other Incomes	296,610	59,742
Loss before tax	(81,459)	(94,738)
Taxation	(9,993)	(8,307)
Loss after tax	(71,466)	(86,431)
Loss per share	(0.36)	(0.43)

Summary of Consolidated Profit and Loss Statement	**2023**	**2022**
	----------------Rupees in 000's----------------	
Loss after tax from continued operations	(69,884)	(86,431)
Loss after tax from discontinued operations	(10,859)	-
Loss per share attributable to the equity shareholders of the Company	(0.41)	(0.43)
Loss per share from continuing operations attributable to the equity shareholders of the Company	(0.35)	(0.43)

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Family Takaful Limited

PRODUCTS AND DISTRIBUTION CHANNELS

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

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 travel company which was incorporated during the year. The 5th Pillar group also setting-up hospitality segment in Saudi Arabia in order to complete its value chain.

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 individual and group family takaful business operations while other user testings' are being performed on interlinked modules. 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 2023, 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 Sales & Distribution, 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 the appointment of M/s. KPMG Taseer Hadi & Chartered Accountants as external auditors of the Company.

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INSURER FINANCIAL STRENGTH RATING

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.

FUTURE OUTLOOK

With the installation of formal new government, supported by the tough decision made by the interim government to reduce balance of trade, reduction in energy subsidies, crack-down against illegal dollar trade, the economy is expected to be in a better shape during the next year. SBP is likely to cut the discount rate subject to satisfactory inflation figures, which may give a boost to business in all sectors. Despite of the hardened economic situation, we believe that Pakistani market has a huge potential for growth specifically for our ***"Hajj and Umrah Savings 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.

Nasar us Samad Qureshi	**Saleh Al-Selmi**
Chief Executive Officer	Chairman
Dated: March 27, 2024	Dated: March 27, 2024

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE, 2016

FOR THE YEAR ENDED DECEMBER 31, 2023

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, 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) prepared by the Board of Directors of **5th Pillar Family Takaful Limited** (the Company) for the year ended 31 December 2023 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 2023.

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.

KPMG Taseer Hadi & Co.

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 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 various significant policies while various policies are in the process of approval which will be approved by the Board in due course.
Paragraph 8	Written notices of the Board meetings, along with agenda, shall be circulated not less than seven days before the meeting. The Company did not meet the criteria for one of the Board meetings held during the year.
Paragraph 15	The quarterly unaudited financial statements of insurer shall be prepared and circulated along with Directors' Review Report on the affairs of the insurer for the quarter. The Company did not circulate the unaudited financial statements for the quarter ended 31 March 2023.
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.

Date: 5 April 2024

Karachi

UDIN: CR202310106sPLKchTeg

KPMG Taseer Hadi & Co.
Chartered Accountants

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 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

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. No casual vacancy occurred on the Board during the year.

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

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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, the Company has obtained approval on various significant policies while various other significant policies are in the process of approval 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, except for one meeting where the notice was overdue by one day. 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. All Board members have attended Orientation course(s) / training programs to acquaint them with their of their duties and responsibilities under this code and relevant laws/regulations.

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, except for the financial statements for the quarter ended March 31, 2023, were not prepared due to audit for the year ended December 31, 2022 was in-progress.

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16. The Board has formed the following Management Committees:

Underwriting & Retakaful Committee	
Name of Members	**Category**
Nasar-us-Samad Qureshi	Chairman
Adnan Ahmed	Member
Imran Irshad	Member
Aneel Akhtar	Member
Nainta Nazim	Member
Kamran Ali Khan	Secretary

Claims Settlement Committee	
Name of Members	**Category**
Nasar-us-Samad Qureshi	Chairman
Muhammad Nasir Ali Syed	Member
Awais Hanif	Member
Iftikhar Ahmed	Secretary

Risk Management and Compliance Committee	
Name of Members	**Category**
Nasar-us-Samad Qureshi	Chairman
Muhammad Nasir Ali Syed	Member
Awais Hanif	Member
Muhammad Adnan	Member
Imran Irshad	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. Following meetings were conducted during the period:

Name of Board & Management Committees'	Number of Meetings Held
Audit Committee	Four (4)
Investment Committee	Two (2)
Ethics, Human Resource, Remuneration and Nomination Committee	Two (2)
Underwriting & Retakaful Committee	Four (4)
Claims Settlement Committee	Four (4)
Risk Management and Compliance Committee	Four (4)

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
Asim Raja	Chief Commercial 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
Iftikhar Ahmed *	Head of Claims
Nainta Nazim	Head of Grievance

*Replaced Mr. Najam us Saqib during the year.

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.

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.

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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"***.

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.

By Order of the Board
Date: February 19, 2023

Nasar us Samad Qureshi	**Saleh Al-Selmi**
Chief Executive Officer	Chairman

UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of 5th Pillar Family Takaful Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **5th Pillar Family Takaful Limited** (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2023, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information 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 unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated 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 Company's affairs as at 31 December 2023 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 *Auditor's Responsibilities for the Audit of the Unconsolidated 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 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 Unconsolidated Financial Statements and Auditor's Report Thereon

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

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

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

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

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

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

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

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

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 unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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.

Date: 5 April 2024

Karachi

UDIN: AR202310106I2ADamP9w

KPMG Taseer Hadi & Co.
Chartered Accountants

5TH PILLAR FAMILY TAKAFUL LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023 Shareholders' Fund	2023 Participant holders' Fund	2023 Total	2022
		(Rupees in 000)			
Assets					
Property and equipment	6	175,690	-	175,690	155,488
Intangible assets	7	83,226	-	83,226	38,638
Investments					
Equity Securities	8	106,313	12,797	119,110	-
Government securities	9	914,864	69,074	983,938	330,066
Term deposits	10	70,000	-	70,000	117,000
Mutual Funds	11	189,357	11,225	200,582	-
		1,280,534	93,096	1,373,630	447,066
Takaful / retakaful receivables	12	-	41,912	41,912	30,753
Deposits and other receivables	13	38,390	2,558	40,948	16,446
Inter-fund balances		36,677	(36,677)	-	-
Deferred tax asset - net	14	17,293	-	17,293	7,409
Taxation - provision less payments		46,470	-	46,470	10,147
Prepayments	15	15,809	-	15,809	8,530
Cash and bank	16	366,248	38,855	405,103	34,671
Investment classfied as held for sale	17	23,995	-	23,995	-
Total assets		2,084,332	139,744	2,224,076	749,148
Equity and liabilities					
Capital and reserves attributable to the Company's Shareholders'					
Authorised share capital (200,000,000 (2022: 200,000,000) ordinary shares of Rs. 10 each)		2,000,000	-	2,000,000	2,000,000
Issued, subscribed and paid-up capital	18	2,000,000	-	2,000,000	700,000
Ceded money to waqf fund		-	500	500	500
Ledger account D		(44,991)	-	(44,991)	(10,023)
Surplus / (deficit) on revaluation of available for sale investments - net		2,653	-	2,653	(8,116)
Accumulated losses		(125,125)	-	(125,125)	(88,627)
Total equity		1,832,537	500	1,833,037	593,734
Liabilities					
Takaful liabilities	19	16,466	85,540	102,006	21,697
Contribution received in advance		3,333	-	3,333	342
Staff retirement benefits	20	6,798	-	6,798	-
Takaful / retakaful payables	21	-	48,043	48,043	27,648
Other creditors and accruals	22	131,740	5,661	137,401	28,118
Lease liability	23	93,458	-	93,458	77,609
Total liabilities		251,795	139,244	391,039	155,414
Total equity and liabilities		2,084,332	139,744	2,224,076	749,148
Contingencies and commitments	24				

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

N. Jawad

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Shareholder' Fund	Participant holders' Fund	2023	Shareholder' Fund	Participant holders' Fund	2022
		(Rupees in '000)					
Contribution revenue		-	180,437	180,437	-	52,577	52,577
Less: Wakala fee recognised		42,781	(42,781)	-	9,850	(9,850)	-
		42,781	137,656	180,437	9,850	42,727	52,577
Less: Contribution ceded to retakaful operators		-	(63,154)	(63,154)	-	(30,773)	(30,773)
Net contribution revenue	25	42,781	74,502	117,283	9,850	11,954	21,804
Investment income	26	85,714	3,459	89,173	56,219	126	56,345
Net realised fair value gains on financial assets		19,978	6,394	26,372	-	-	-
Mudarib Share		5,617	(5,617)	-	-	-	-
Other income	27	177,965	3,100	181,065	3,397	-	3,397
		289,274	7,336	296,610	59,616	126	59,742
Net income		332,055	81,838	413,893	69,466	12,080	81,546
Takaful benefits		-	76,446	76,446	-	6,277	6,277
Recoveries from retakaful operators		-	(42,758)	(42,758)	-	(3,125)	(3,125)
Net takaful benefits	28	-	33,688	33,688	-	3,152	3,152
		332,055	48,150	380,205	69,466	8,928	78,394
Net change in takaful liabilities (other than outstanding claims)		9,953	33,054	43,007	6,492	8,994	15,486
Acquisition expenses	29	44,625	-	44,625	1,802	-	1,802
Marketing and administration expenses	30	358,936	60	358,996	155,910	-	155,910
Total expenses		(413,514)	(33,114)	(446,628)	(164,204)	(8,994)	(173,198)
		(81,459)	15,036	(66,423)	(94,738)	(66)	(94,804)
Surplus appropriated to Shareholders' Fund from Ledger Account D		-	-	-	-	-	-
		(81,459)	15,036	(66,423)	(94,738)	(66)	(94,804)
Surplus retained in Waqf Fund		-	(15,036)	(15,036)	-	66	66
Loss before taxation		(81,459)	-	(81,459)	(94,738)	-	(94,738)
Taxation	31	(9,993)	-	(9,993)	(8,307)	-	(8,307)
Loss after taxation		(71,466)	-	(71,466)	(86,431)	-	(86,431)
				Rupees			Rupees *Restated*
Loss per share	32			(0.36)			(0.43)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	Shareholder' Fund	Participant holders' Fund	2023	Shareholder' Fund	Participant holders' Fund	2022
	(Rupees in '000)					
Loss after taxation	(71,466)	-	(71,466)	(86,431)	-	(86,431)
Other comprehensive loss						
Items that will be reclassified subsequently to profit or loss:						
Change in unrealised gain / (loss) on available-for-sale financial assets	15,168	1,434	16,602	(10,703)	-	(10,703)
Less: Related deferred tax	(4,399)	-	(4,399)	3,206	-	3,206
Less: Net change in takaful liabilities	-	(1,434)	(1,434)	-	-	-
	10,769	-	10,769	(7,497)	-	(7,497)
Total comprehensive loss for the year	(60,697)	-	(60,697)	(93,928)	-	(93,928)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Attributable to equity holders of the Company					
				Capital reserve		
	Issued, Subscribed and Paid-up Capital	Accumulated Loss	Ledger D account	Net (Deficit) / Surplus in revaluation of available for sale Investments	Ceded Money to Waqf Fund	Total Equity
	(Rupees in '000)					
Balance as at January 01, 2022	700,000	(12,219)	-	(619)	500	687,662
Total comprehensive 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	(88,627)	(10,023)	(8,116)	500	593,734
Balance as at January 01, 2023	700,000	(88,627)	(10,023)	(8,116)	500	593,734
Total comprehensive loss						
Loss for the year ended December 31, 2023	-	(36,498)	(34,968)	-	-	(71,466)
Other comprehensive income for the year ended December 31, 2023	-	-	-	10,769	-	10,769
	-	(36,498)	(34,968)	10,769	-	(60,697)
Transactions with owners recorded directly in equity						
Issuance of right shares	1,300,000	-	-	-	-	1,300,000
Balance as at December 31, 2023	2,000,000	(125,125)	(44,991)	2,653	500	1,833,037

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees in 000	
Operating Activities			
(a) **Takaful activities**			
Contribution received		172,269	22,166
Claims paid		(55,635)	-
Retakaful recoveries		32,022	-
Commission paid		(13,374)	(1,767)
Net cash inflow from takaful activities		135,282	20,399
(b) **Other operating activities**			
Income tax paid		(40,613)	(9,513)
Marketing and administrative expenses paid		(277,872)	(120,359)
Other operating receipts		228	-
Net cash outflow from other operating activities		(318,257)	(129,872)
Total cash outflow from all operating activities		(182,975)	(109,473)
Investment activities			
Profit received		274,324	55,656
Dividend received		62	-
(Payments for purchase) / proceeds from disposal investments - net		(990,296)	317,337
Fixed capital expenditure		(32,956)	(94,255)
Proceeds from disposal of fixed assets		680	-
Addition to capital work-in-progress		(45,407)	(22,017)
Total cash (outflow) / inflow from investing activities		(793,593)	256,721
Financing activities			
Proceeds from issuance of shares		1,300,000	-
Total cash inflow from financing activities		1,300,000	-
Net cashflow from all activities		323,432	147,248
Cash and cash equivalents at beginning of the year		151,671	4,423
Cash and cash equivalents at end of the year	16.2	475,103	151,671
Reconciliation to Profit and Loss Account			
Operating cash flows		(182,975)	(109,473)
Depreciation and amortisation expenses		(39,909)	(24,466)
Finance charges on lease rentals		(15,291)	(11,910)
Gain on disposal of fixed assets		228	-
Gain on disposal of investments		26,372	-
Dividend income		62	-
Other Investment Income		269,948	49,039
Increase in assets other than cash		55,634	86,101
Increase in liabilities		(150,567)	(65,699)
Deficit generated on takaful statutory funds		(34,968)	(10,023)
Loss after taxation		(71,466)	(86,431)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

N. Saeed

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

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 was granted authorisation on October 04, 2021 under rule 3 of Takaful Rules, 2012 to undertake takaful operations in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP). For the purpose of carrying on takaful business, the Company has established an irrevocable fund called 5th Pillar Family Takaful Limited Waqf Fund (here-in-after referred to as Participant Takaful Fund (PTF) under a waqf deed executed by company with a cede amount of Rs 500,000.

1.3 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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These unconsolidated 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);
- Islamic Finance Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017; 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.

These unconsolidated financial statements are separate financial statements of the Company. The consolidated financial statements of the Company and its subsidiary have been prepared separately.

2.1 Basis of measurement

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

3 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated 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	5.1 & 19
Useful lives of property & equipment and intangibles (including right-of-use assets)	5.5 & 6 & 7
Staff retirement benefits	20
Provision for taxation and deferred tax	5.4 & 31
Lease liability related to right-of-use asset	5.5.2.2 & 23

4 ACCOUNTING STANDARDS, IFRIC INTERPRETATIONS AND AMENDMENTS

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

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 01, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The information disclosed in Note 5 material accounting policies has been assessed to be in line with the amendments.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these unconsolidated financial statements.

4.2 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, 2024:

	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, 2024
- 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, 2024
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28	Not yet finalised
- IFRS 1 - First time adoption of IFRSs	July 01, 2009
- IFRS 17 - Insurance Contracts	January 01, 2026

The Company expects that such improvements / amendments to the standards (except IFRS 17) will not have any material impact on the Company's financial statements in the period of initial application.

SECP vide its SRO 1715 dated November 21, 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

The Company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS. However, this standard will be applied along with the application of IFRS 17.

4.2.1 Temporary exemption from application of IFRS 9

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 financial instruments: Recognition and Measurement. As notified by the SECP, IFRS 9 is applicable for annual periods beginning on or after July 01, 2018.

In September 2016, the IASB issued amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until the application of IFRS 17 and continue to apply IAS 39 to financial assets and liabilities. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has applied the temporary exemption which allows the Company to defer the application of IFRS 9.

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computations adopted and applied in the preparation of these unconsolidated financial statements are set out below. These have been consistently applied to all the periods presented.

5.1 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.

5.1.1 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.

5.1.2 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.

5.1.3 Receivables and payables related to takaful contract

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

5.1.4 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.

5.1.5 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.

5.1.6 **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.

5.1.7 **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.

5.1.8 **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.

5.1.9 **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.

5.2 **Cash and cash equivalents**

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

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

5.3 **Investments**

5.3.1 **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.

5.3.2 **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.

5.3.3 **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 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 (PKISRV) is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP) 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.

5.4 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.

5.4.1 Current tax

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.

5.4.2 Deferred tax

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.

5.5 Fixed assets

5.5.1 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.

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

5.5.2.1 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.

5.5.2.2 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.

5.5.3 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 unconsolidated 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.

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 intangible assets.

5.6 **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.

5.7 **Provisions, contingent assets and contingent liabilities**

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.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until the inflow of economic benefits is virtually certain.

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the Amount of the obligation cannot be measured with sufficient reliability.

5.8 **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 and term deposit 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.

5.9 **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.

5.10 **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;

- The Individual Family Takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Company.

- 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, 2023.

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.

5.11 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.

5.12 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.

5.13 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.

5.14 Assets classified as Held for Sale

Financial assets classified as held for sale are recorded at "Fair value less cost to sell" in the unconsolidated statement of financial position at the reporting date.

5.15 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated 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.

5.16 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.

5.17 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. Surplus related to investments are not available for distribution.

6 PROPERTY AND EQUIPMENT

	Note	2023	2022
		------ (Rupees in '000) ------	
Tangible assets		**95,053**	83,194
Right-of-use assets		**80,637**	72,294
	6.1	**175,690**	155,488

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

	2023							
	Cost			Accumulated 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 / (disposals)	As at December 31		
	(Rupees in '000)							%
Leasehold improvements	33,163	11,566	44,729	871	3,877	4,748	39,981	10
Computer equipment	11,611	12,451 (134)	23,928	1,782	6,074 (44)	7,812	16,116	33.33
Vehicles owned	23,789	-	23,789	4,612	4,758	9,370	14,419	20
Right-of-use assets	87,528	27,858 (1,256)	114,130	15,234	18,573 (314)	33,493	80,637	10 - 20
Furniture and fixtures	17,905	3,910 (558)	21,257	988	3,896 (102)	4,782	16,475	20
Office equipment	5,558	4,995	10,553	579	1,912	2,491	8,062	20
	179,554	**60,780** **(1,948)**	**238,386**	**24,066**	**39,090** **(460)**	**62,696**	**175,690**	

	2022							
	Cost			Accumulated depreciation / 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	

6.2 Disposal of operating assets

Particulars of asset	Cost	Accumulated depreciation	Net book value	Sale proceeds	Net gain / (loss)	Mode of disposal
Disposals having book value exceeding Rs. 50,000 individually						
Furniture and fixtures						
Various	558	102	456	558	102	Return to vendor
Computer equipments						
Laptop	126	42	84	114	30	Insurance Claim
Others	7	2	5	7	2	Return to vendor
Right-of-use assets	1,256	314	942	N/A	94	Change in Scope of Lease

7 INTANGIBLE ASSETS

	Note	2023	2022
		(Rupees in '000)	
Computer softwares	7.1	2,476	1,877
Capital work in progress	7.2	80,750	36,761
		83,226	38,638

7.1 Computer softwares

	2023							
	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	1,418	3,696	401	819	1,220	2,476	20 - 33.33
	2,278	1,418	3,696	401	819	1,220	2,476	

	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	

7.2 Capital work in progress	Note	2023	2022
		------ (Rupees in '000) ------	
Opening balance		36,761	-
Additions during the year		45,407	39,039
Transfers during the year		(1,418)	(2,278)
Closing balance	7.2.1	80,750	36,761

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

8 INVESTMENTS IN EQUITY SECURITIES

	2023			2022		
	Carrying amount	Market value	Surplus on revaluation of investments	Carrying amount	Market value	Surplus on revaluation of investments
	------ (Rupees in '000) ------					
Available-for-sale:						
Listed Equity Securities	118,559	119,110	551	-	-	-
	118,559	119,110	551	-	-	-

8.1 Details of listed equity securities

	2023	2022
	------ (Rupees in '000) ------	
Cement		
Fauji Cement Limited	7,814	-
Lucky Cement Limited	11,640	-
Maple Leaf Cement Limited	4,637	-
Commercial Banks		
Meezan Bank Limited	11,520	-
Oil and Gas Exploration Companies		
Mari Petroleum Company Limited	9,390	-
Oil And Gas Development Company Limited	12,782	-
Pakistan Petroleum Limited	26,061	-
Oil and Gas Marketing Companies		
Pakistan State Oil Company Limited	7,295	-
Power Generations and Distribution		
The Hub Power Company Limited	15,464	-
Technology and Telecommunication		
Systems Limited	4,300	-
Textile		
Interloop Limited	8,207	-
	119,110	-

9 INVESTMENTS IN GOVERNMENT SECURITIES

	2023			2022		
	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	985,311	983,938	(1,373)	341,496	330,066	(11,430)
	985,311	983,938	(1,373)	341,496	330,066	(11,430)

9.1 The effective yield on Government of Pakistan Ijarah Sukuk Certificates ranges from 8.02% to 22.49% (2022: 8.02% to 15.56%%) per annum.

9.2 The Company has deposited 5 years Government of Pakistan Ijarah Sukuk Certificates amounting to Rs. 200 million (2022: Rs. 70 million) with State Bank of Pakistan (SBP) under section 29 of the Insurance Ordinance, 2000.

9.3 Particulars of government securities

	Tenure	Maturity year	Rate of return (%) per annum	Profit payment	Market value 2023	Market value 2022
					------- (Rupees in '000) -------	
Variables rate of return:						
GOP Ijarah Sukuk Certificates	1 year	2024	22.21%	Semi-annual	100,730	-
GOP Ijarah Sukuk Certificates	1 year	2024	22.49%	Semi-annual	199,029	-
GOP Ijarah Sukuk Certificates	3 years	2026	21.12%	Semi-annual	350,720	-
GOP Ijarah Sukuk Certificates	5 years	2027	22.39%	Semi-annual	274,806	268,732
Fixed rate of return:						
GOP Ijarah Sukuk Certificates	5 years	2025	8.37%	Semi-annual	58,653	61,334
					983,938	330,066

10 INVESTMENTS IN TERM DEPOSITS

	2023 Principal amount	2023 Rate per Annum	2022 Principal amount	2022 Rate per Annum
	(Rupees in 000)		(Rupees in 000)	
Term deposit (with original maturity of less than 3 months)	70,000	20.25%	117,000	14.50%

11 INVESTMENTS IN MUTUAL FUNDS

	2023 Carrying amount	2023 Market value	2023 Surplus on revaluation of investments	2022 Carrying amount	2022 Market value	2022 Surplus on revaluation of investments
	------- (Rupees in '000) -------					
Available-for-sale:						
Listed Mutual Funds	194,589	200,582	5,993	-	-	-
	194,589	200,582	5,993	-	-	-

11.1 Details of listed mutual funds

	Note	2023	2022
		------ (Rupees in '000) ------	
Meezan Islamic Fund		26,648	-
Meezan Sovereign Fund		70,659	-
Meezan Daily Income Plan		900	-
HBL Islamic Income Fund		40,617	-
Al Ameen Islamic Cash Fund		40,569	-
Al Ameen Shariah Stock Fund		10,403	-
Al Ameen Islamic Energy Fund		10,786	
		200,582	-

12 TAKAFUL / RETAKAFUL RECEIVABLES

	2023	2022
Unsecured		
Due from takaful participants' - unsecured		
- Considered good	41,912	30,753
Due from retakaful - unsecured		
- Considered good	-	-
	41,912	30,753
Less: provision for impairment of receivables from takaful participants'	-	-
	41,912	30,753

13 DEPOSITS AND OTHER RECEIVABLES

	Note	2023	2022
Security deposits		6,445	5,961
Accrued investment incomes	13.1	33,263	10,460
Other receivables		1,240	25
		40,948	16,446

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

		2023	2022
		-------- (Rupees in '000) --------	
14	**DEFERRED TAX ASSET**		
	Deferred credits arising in respect of :		
	Unrealised gains on investments classified as available for sale - net	**(1,084)**	-
	Deferred debits arising in respect of :		
	Unrealised losses on investments classified as available for sale - net	**-**	3,315
	On Ledger D account balances	**18,377**	4,094
		17,293	7,409

14.1 Reconciliation of deferred tax

	2023	2022
Deferred tax report in profit and loss account		
On Ledger D account balances	**18,377**	4,094
Deferred tax report in statement of comprehensive income		
Unrealised losses on investments classified as available for sale - net	**(1,084)**	3,315
	17,293	7,409

14.2 The Company had not recognized a deferred tax asset on accumulated accounting losses attributable to the shareholders' fund amounting Rs. 36.286 million (2022: Rs. 27.721 million)..

		Note	2023	2022
			-------- (Rupees in '000) --------	
15	**PREPAYMENTS**			
	Prepaid rent		**-**	724
	Prepaid commission		**8,025**	3,323
	Others		**7,784**	4,483
			15,809	8,530
16	**CASH AND BANK**			
	Cash in hand		**62**	71
	Cash at bank			
	- Savings accounts	16.1	**405,041**	34,600
			405,103	34,671

16.1 These accounts carry a profit rate of 11.01% - 20.5% (2022: 7.00%).

16.2 Cash and cash equivalents for statement of cash flows

	Note	2023	2022
Cash and bank	16	405,103	34,671
Term deposit (with original maturity of less than 3 months)	10	70,000	117,000
		475,103	151,671

17 INVESTMENTS CLASSIFIED AS HELD FOR SALE

	Percentage of Holding	Relationship	Carrying Amount	Impairment, if any	Fair value less cost to sell	2022
			--------------- (Rupees in '000) ---------------			
5th Pillar Travel (Private) Limited (fair value less cost to sale)	100%	Subsidiary	**23,995**	**-**	**23,995**	-
			23,995	**-**	**23,995**	**-**

The board of directors of the Company vide its resolution dated November 27, 2023, approved the disposal of 1,649,520 shares of 5th Pillar Travel (Private) Limited (the travel Company) at Rs. 10 per share to one of the director of the Company, after completion of necessary regulatory approvals.

The travel Company was incorporated on January 10, 2023, under the requirements of Companies Act, 2017. The travel company was formed with the objective to complete the component of value chain offerings in the Hajj and Umrah product offered by the 5th Pillar Family Takaul Limited. Originally, the agreed ownership structure for travel company was never intended to be held by the Company. However, due to the nature of its business and immediate incorporation of travel company for approval of hajj and umrah product with SECP, the board of directors of the Company agreed to incorporate the travel Company with an intention to change the ownership structure at late stage of the year.

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

18.1 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
(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
130,000,000	-	Issuance of right shares at Rs.10 each fully paid in cash	**1,300,000**	-
200,000,000	70,000,000		**2,000,000**	700,000

18.1.1 There is only one class of ordinary shares issued.

18.1.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

19 TAKAFUL LIABILITIES

	Note	2023	2022
		-------- (Rupees in '000) --------	
Reported outstanding claims	19.1	**27,088**	6,277
Investment component of unit-linked and account value of participants	19.2	**21,664**	-
Incurred but not reported claims	19.3	**3,800**	2,256
Liabilities under group takaful contracts	19.4	**32,928**	13,230
Other takaful liabilities	19.5	**16,526**	(66)
		102,006	21,697

19.1 Reported outstanding claims

	Note	2023	2022
Opening balance		**6,277**	-
Total gross claims	28	**76,446**	6,277
Claims paid /settled		**(55,635)**	-
Closing balance		**27,088**	6,277

19.2 Investment component of unit-linked and account value of participants

	2023	2022
Gross of retakaful	**21,664**	-
Retakaful recoveries	-	-
Net of retakaful	**21,664**	-

19.3 Incurred but not reported claims

	2023	2022
Gross of retakaful	**8,574**	7,369
Retakaful recoveries	**(4,774)**	(5,113)
Net of retakaful	**3,800**	2,256

19.4 Liabilities under group takaful contracts

	2023	2022
Gross of retakaful	**64,423**	34,387
Retakaful credit	**(31,495)**	(21,157)
Net of retakaful	**32,928**	13,230

		2023	2022
		------- (Rupees in '000) -------	
19.5	**Other takaful liabilities**		
	Gross of retakaful	**16,526**	(66)
	Retakaful	-	-
	Net of retakaful	**16,526**	(66)

20 STAFF RETIREMENT BENEFITS

20.1 DEFINED BENEFIT PLAN - GRATUITY FUND

The Company offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity scheme is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Currently, the scheme of the Company is in course of registeration and it is expected that registeration process will be completed in next few months.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

20.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2023. The information provided in notes 20.3 to 20.10 has been obtained from the actuarial valuation carried out as at December 31, 2023. The following significant assumptions have been used for valuation of this scheme:

	2023	2022
	Per annum	
a) Expected rate of increase in salary level	**10.75%**	N/A
b) Discount rate	**14.75%**	N/A
c) Normal retirement age	**65 years**	N/A
d) Mortality rates	**State Life Insurance Corporation (SLIC) 2001-05**	N/A
e) Withdrawal rates	**0.00%**	N/A

	2023	2022
	------- (Rupees in '000) -------	
20.3 Amounts recognised in the statement of financial position:		
Present value of defined benefit obligation	**6,798**	-
Less: Fair value of plan assets	-	-
	6,798	-

	2023	2022
	------- (Rupees in '000) -------	

20.4 Movement in liability during the year

	2023	2022
Obligation at the beginning of the year	-	-
Charge to profit and loss account	6,798	-
Obligation at the end of the year	6,798	-

20.5 Amounts recognised in the profit and loss account:

	2023	2022
Current service cost	6,798	-
Interest cost	-	-
Expense for the year	6,798	-

20.6 Analysis of present value of defined benefit obligation

	2023	2022
Split by vested / non-vested		
(i) Vested benefits	-	-
(ii) Non-vested benefits	6,798	-
	6,798	-

20.7 Sensitivity analysis

Particulars	2023			2022		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in '000)		(%)	(Rupees in '000)
Discount rate	+1%	-12.34%	(839)	+1%	0.00%	-
	-1%	15.43%	1,049	-1%	0.00%	-
Salary increase rate	+1%	16.12%	1,096	+1%	0.00%	-
	-1%	-13.03%	(886)	-1%	0.00%	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

20.8 Based on actuarial advice, the Company intends to charge an amount of Rs. 7.160. million in the unconsolidated financial statements for the year ending December 31, 2024.

20.9 The weighted average duration of defined benefit obligation is 13.88 years (2022: Nil).

20.10 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2023	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
Gratuity	1,696	31	247	180,845	182,819

	2023	2022
	------- (Rupees in '000) -------	

21 TAKAFUL / RETAKAFUL PAYABLES

	2023	2022
Due to other takaful / retakaful operators	48,043	27,648

22 OTHER CREDITORS AND ACCRUALS

	2023	2022
Commission payable	18,242	3,304
Payable to employees	20	-
Payable to vendors	10,413	17,374
Withholding tax payable	3,018	1,833
Accrued expenses	20,013	-
Payable against equity investments	62,339	-
Other liabilities	23,356	5,607
	137,401	28,118

		Note	2023	2022
			------- (Rupees in '000) -------	
23	**LEASE LIABILITY**			
	Lease liability against right-of-use assets	23.1	**93,458**	77,609
			93,458	77,609
	Present value of minimum lease payments		**93,458**	77,609
	Less: Current portion		**(8,933)**	(10,008)
			84,525	67,601

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

23.2

	2023			2022		
	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	**22,606**	**(13,673)**	**8,933**	21,829	(11,821)	10,008
Later than one year and not later than five years	**74,855**	**(40,205)**	**34,650**	74,105	(33,361)	40,744
More than five years	**64,329**	**(14,454)**	**49,875**	42,583	(15,726)	26,857
	161,790	**(68,332)**	**93,458**	138,517	(60,908)	77,609

24 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2023 (2022: Nil).

		2023	2022
25	**NET CONTRIBUTION REVENUE**	--------(Rupees in '000)--------	
	Gross contribution:		
	Regular contribution individual memberships		
	First year contribution	**29,295**	-
	Single contribution	**5,500**	-
	Group policies without cash values	**145,642**	52,577
	Total gross contributions	**180,437**	52,577
	Less: retakaful contributions ceded		
	On family takaful first year business	**26**	-
	On group policies	**63,128**	30,773
		63,154	30,773
	Net contribution revenue	**117,283**	21,804
26	**INVESTMENT INCOME**		
	Income from equity securities and mutual funds		
	Dividend income	**62**	-
	Income from debt securities		
	Return on government securities	**85,229**	5,901
	Income from term deposits		
	Return on term deposits	**3,882**	50,444
		89,173	56,345
27	**OTHER INCOME**		
	Return on bank balances	**180,837**	3,397
	Gain on disposal of property and equipment	**134**	-
	Gain on termination of right-of-use asset	**94**	-
		181,065	3,397

		Note	2023	2022
			(Rupees in '000)	
28	**NET TAKAFUL BENEFITS**			
	Gross claims			
	Claims under group takaful contracts			
	- by death		69,269	6,250
	- by insured event other than death		7,177	27
	Total gross group contract claims		76,446	6,277
	Total gross takaful claims		76,446	6,277
	Less: retakaful recoveries			
	On group family		42,758	3,125
			42,758	3,125
	Net takaful benefits		33,688	3,152

28.1 Claims Development Table

	2021	2022	2023
	(Rupees in '000)		
Estimate of Ultimate Claims Cost the end of year:			
One year later	-	6,277	76,446
Current estimate of cummulative claims	-	6,277	76,446
Cummulative claim payments to date	-	-	(55,635)
Liability recognised in the statement of Financial position	-	6,277	20,811

		Note	2023	2022
			(Rupees in '000)	
29	**ACQUISITION EXPENSES**			
	Remuneration to takaful intermediaries on individual memberships:			
	- Commission on first year contribution		11,343	-
	- Commission on single contribution		170	-
	- Other benefits to takaful intermediaries		20,596	-
			32,109	-
	Remuneration to takaful intermediaries on group memberships:			
	- Commission		12,097	1,748
			12,097	1,748
	Other acquisition cost :			
	- Membership stamps		419	54
			44,625	1,802
30	**MARKETING AND ADMINISTRATION EXPENSES**			
	Salaries, allowances & other benefits		207,087	65,804
	Travelling expenses		14,967	6,596
	Auditors' remuneration	30.1	6,615	4,931
	Actuary's fees		8,813	6,441
	Legal and professional charges		11,288	5,143
	Regulatory Fees		139	4,578
	Advertisement and publicity		9,941	3,027
	Printing and stationery		3,339	869
	Depreciation and amortisation	6.1 & 7.1	39,909	24,466
	Rental		110	1,517
	Utilities		14,661	8,985
	Vehicle and general repair & maintenance		18,533	6,943
	Communication		3,266	1,343
	Entertainment		3,509	1,767
	Takaful Charges		606	445
	Finance charges on lease rentals		15,291	11,910
	Miscellaneous expenses		922	1,145
			358,996	155,910
30.1	**Auditors' remuneration**			
	Audit fees		3,000	1,500
	Other certifications		2,200	2,150
	Out of pocket expenses		925	915
	Sales tax		490	366
			6,615	4,931
31	**TAXATION**			
	For the year			
	- Current		3,545	-
	- Deferred		(14,283)	(4,094)
	For prior year charge / (reversal)		745	(4,213)
			(9,993)	(8,307)

		2023	2022
31.1	**Relationship between tax expense and accounting profit**	**-------(Rupees in '000)-------**	
	Loss before tax	**(81,459)**	(94,738)
	Tax at the applicable rate of 29% (2022: 29%)	**(23,623)**	(27,474)
	Effect of:		
	- Prior year adjustment	**745**	(4,213)
	- Minimum tax under section 113 @ 1.25%	**3,545**	-
	- Other adjustment	**9,340**	23,380
	Taxation for the year	**(9,993)**	(8,307)

32 LOSS PER SHARE

	2023	2022
Loss for the year	**(71,466)**	(86,431)
	-----(Number of shares)-----	
Weighted average number of ordinary shares	**197,999,400**	199,997,000
	-----------(Rupees)-------------	
Loss per share - Basic	**(0.36)**	(0.43)

32.1 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.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2023			2022		
	Chief Executive	**Executives**	**Total**	**Chief Executive**	**Executives**	**Total**
	(Rupees in '000)					
Managerial remuneration	22,440	90,490	112,930	15,430	34,343	49,773
Bonus / Exgratia payments	2,500	4,180	6,680	-	-	-
Contribution to defined contribution plan	2,399	4,785	7,184	-	-	-
	27,339	99,455	126,794	15,430	34,343	49,773
	(Number)					
Number of persons	1	19	20	1	14	15

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

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

34 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Subsidiary and Associate companies, 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.

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

Nature of Transaction	2023					
	5th Pillar Travel (Private) Limited	Kuwait International Investments Holding Company	5th Pillar Holdings Limited	Directors	Key Management Personnel	Total
	(Rupees in '000)					
Transactions						
Reimbursement of Expenses by Company	27,363	-	-	1,792	-	29,155
Incorporation & Initial Expenses paid by Company	744	-	-	-	-	744
Contribution underwritten	-	-	-	-	138	138
Issuance of Share Capital by Company	-	835,000	-	325,000	-	1,160,000
Subscription of Share Capital by Company	23,995	-	-	-	-	23,995
Balances						
Receivable / (payable) by Company	372	-	-	-	-	372

Nature of Transaction	2022					
	5th Pillar Travel (Private) Limited	Kuwait International Investments Holding Company	5th Pillar Holdings Limited	Directors	Key Management Personnel	Total
	(Rupees in '000)					
Transactions						
Reimbursement of Expenses by Company	-	-	-	2,738	-	2,738
Balances						
Receivable / (payable) by Company	-	-	-	(376)	-	(376)

34.2 Following are the related parties of the Company:

S. No.	Name of related party	Basis of association / relationship
1	5th Pillar Travel (Private) Limited	Subsidiary
2	Kuwait International Investments Holdings Company	Associate Company
3	5th Pillar Holdings Limited (A DIFC incorporated in UAE)	Associate Company

35 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.

35.1 Revenue account by statutory funds

	STATUTORY FUNDS		AGGREGATE	
	Individual Family	Group Family	2023	2022
Participants' Investment Fund (PIF)	(Rupees in '000)			
Income				
Allocated Contribution	21,433	-	21,433	-
Net Investment Income	315	-	315	-
Other Income	29	-	29	-
Total Net Income	21,777	-	21,777	-
Less: Claims and Expenditure				
Risk Contributions	54	-	54	-
Wakalat-ul-Istismar	21	-	21	-
Policy admin fee	32	-	32	-
Fund Management Expenses	6	-	6	-
	113	-	113	-
Excess of Income over Claims and expenditure	21,664	-	21,664	-
Add: Technical reserves at the beginning of the year	-	-	-	-
Less:Technical reserves at the end of the year	(21,664)	-	(21,664)	-
	(21,664)	-	(21,664)	-
Surplus	-	-	-	-
Movement in technical reserves	21,664	-	21,664	-
Balance of PIF at the beginning of the year	-	-	-	-
Balance of PIF at the end of the period	21,664	-	21,664	-

	STATUTORY FUNDS		AGGREGATE	
	Individual Family	Group Family	2023	2022
Participants' Takaful Fund (PTF)	(Rupees in '000)			
Income				
Contribution net of retakaful (including risk contribution)	18	53,158	53,176	11,954
Net investment income	-	10,972	10,972	126
Other income	582	2,489	3,071	-
Total net income	600	66,619	67,219	12,080
Less: Claims and Expenditure				
Claims	-	33,688	33,688	3,152
Mudarib share	233	5,384	5,617	-
Administration expenses	-	54	54	-
Total claims and expenses	233	39,126	39,359	3,152
Excess of Income over Claims and expenditure	367	27,493	27,860	8,928
Add: Technical reserves at the beginning of the year	-	8,928	8,928	-
Less: Technical reserves at the end of the year	(367)	(36,421)	(36,788)	(8,928)
Change in technical reserves	(367)	(27,493)	(27,860)	(8,928)
Surplus / (deficit)	-	-	-	-
Movement in technical reserves	367	27,493	27,860	8,928
Qard-e-Hasna contributed OSF	-	9,000	9,000	9,000
Balance of PTF at the beginning of the year	-	17,928	17,928	-
Balance of PTF at the end of the year	367	54,421	54,788	17,928

Shareholders' Sub Fund (OSF)	STATUTORY FUNDS Individual Family	Group Family	AGGREGATE 2023	2022
	(Rupees in '000)			
Income				
Allocation fee	13,375	29,356	42,731	9,850
Other Income	-	-	-	43
Mudarib share	233	5,384	5,617	-
Wakala fee on risk contribution	18	-	18	-
Wakalat-ul-Istismar	21	-	21	-
Policy admin fee	32	-	32	-
Total net income	13,679	34,740	48,419	9,893
Less: Expenditures				
Acquisition cost	32,413	12,212	44,625	1,802
Administration expenses	7,178	35,893	43,071	15,716
Total expenses	39,591	48,105	87,696	17,518
Excess of expenditure over income	(25,912)	(13,365)	(39,277)	(7,625)
Add: Technical reserves at the beginning of the year	-	6,492	6,492	-
Less: Technical reserves at the end of the year	(118)	(16,348)	(16,466)	(6,492)
Change in technical reserves	(118)	(9,856)	(9,974)	(6,492)
Deficit before tax	(26,030)	(23,221)	(49,251)	(14,117)
Taxation	7,549	6,734	14,283	4,094
Deficit after tax	(18,481)	(16,487)	(34,968)	(10,023)
Movement in technical reserves	118	9,856	9,974	6,492
Capital Contribution during the year	30,000	28,000	58,000	34,000
Qard-e-Hasna contributed to the Participants' Takaful Fund	-	(9,000)	(9,000)	(9,000)
Balance of OSF at the beginning of the year	-	21,469	21,469	-
Balance of OSF at the end of the year	11,637	33,838	45,475	21,469
Balance of Takaful statutory fund	33,668	88,259	121,927	39,397

36 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

36.1 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 2023**			
	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	4,133	2.01%	2,066	3.00%
400,001 - 800,000	23,158	11.28%	11,579	16.84%
800,001 - 1,000,000	15,486	7.54%	7,743	11.26%
More than 1,000,000	162,487	79.16%	47,370	68.89%
Total	**205,264**	**100%**	**68,758**	**100%**

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.

36.2 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 2023			
	Total takaful benefits			
	Before retakaful		After retakaful	
Rupees	(Rupees in	%	(Rupees in	%
0-500,000	16,025,700	27.58%	8,012,850	39.08%
500,001-1,000,000	15,814,368	27.23%	7,907,184	38.56%
1,000,001-1,500,000	1,765,206	3.04%	713,167	3.48%
1,500,001-2,000,000	2,594,256	4.47%	1,151,794	5.62%
2,000,001-2,500,000	1,002,046	1.73%	216,949	1.06%
More than 2,500,000	20,881,447	35.95%	2,503,506	12.21%
Total	**58,083,023**	**100%**	**20,505,450**	**100%**

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 2023 (Rupees in '000)
Worsening of mortality rates	10%	4,656
Increase in reporting lag	10%	377

37 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.

37.1 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.

37.1.1 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:

	2023	2022
	---------- (Rupees in '000) ----------	
Bank balances	**405,041**	34,600
Investments in Term Deposit	**70,000**	117,000
Takaful / retakaful receivables	**41,912**	30,753
Deposits and other receivables	**40,948**	16,446
	557,901	198,799

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 - Short term	Rating - Long term	Rating Agency
Meezan Bank Limited	A-1+	AAA	VIS
MCB Islamic Bank Limited	A-1	A	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
BankIslami (Pakistan) Limited	A-1	AA-	PACRA
Bank Alfalah Limited	A-1+	AA+	PACRA
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	VIS

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	Bank Balances	Total
	(Rupees in '000)					
AAA	-	-	-	-	161,042	161,042
AA+	-	-	-	-	140,534	140,534
AA-	-	-	-	70,000	208	70,208
A+	-	-	200,582	-	3	200,585
A	-	-	-	-	103,254	103,254
Not Rated	983,938	-	-	-	-	983,938
	983,938	-	200,582	70,000	405,041	1,659,561

37.1.2 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 (Level 1).
- 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) (Level 2).
- Fair values of Government of Pakistan Ijarah Sukuk Certificates are derived using the PKISRV rates (Level 2).
- 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 (Level 3).

37.1.3 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, 2023, the Company held the following financial instruments measured at fair value:

	As at December 31, 2023		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Available-for-sale investments	119,110	1,184,520	70,000

	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

37.2 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:

	2023			2022		
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	**27,088**	**27,088**	-	6,277	6,277	-
Staff retirement benefits	**6,798**	**6,798**	-	-	-	-
Takaful / retakaful payables	**48,043**	**48,043**	-	27,648	27,648	-
Other creditors and accruals	**134,383**	**134,383**	-	26,285	26,285	-
Lease liabilities	**93,458**	**8,933**	**84,525**	77,609	10,008	67,601
	309,770	**225,245**	**84,525**	137,819	70,218	67,601

37.2.1 Maturity profile of financial asset and financial liabilities

	2023					
	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	62	-	-	-	-	62
Bank Balance	405,041	405,041	-	-	-	-
Equity securities	119,110	119,110	-	-	-	-
Government securities	983,938	983,938	-	-	-	-
Term deposits	70,000	70,000	-	-	-	-
Mutual funds	200,582	200,582	-	-	-	-
Takaful / retakaful receivables	41,912	41,912	-	-	-	-
Deposits and other receivables	40,948	-	-	-	-	40,948
	1,861,593	1,820,583	-	-	-	41,010
Financial Liabilities						
Outstanding claims	27,088	-	-	-	-	27,088
Staff retirement benefits	6,798	-	-	-	-	6,798
Takaful / retakaful payables	48,043	-	-	-	-	48,043
Other creditors and accruals	134,383	-	-	-	-	134,383
Lease liabilities	93,458	8,933	34,650	49,875	-	-
	309,770	8,933	34,650	49,875	-	216,312

37.3 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 37.3.1.

37.3.1 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, 2023 and December 31, 2022 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)				
2023	**1,303,630**	**10% increase**	**1,433,993**	**130,363**	**130,363**
		10% decrease	**1,173,267**	**(130,363)**	**(130,363)**
2022	330,066	10% increase	363,073	33,007	33,007
		10% decrease	297,059	(33,007)	(33,007)

37.4 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 37.4.1. The table below summarises Company's interest rate risk as of December 31, 2023 and 2022 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Impact on the profit and loss	
Cash flow sensitivity analysis for fixed rate instruments	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2023		
Cash flow sensitivity - fixed rate financial assets	**5,450**	**(5,450)**
As at December 31, 2022		
Cash flow sensitivity - fixed rate financial assets	2,216	(2,216)

	Impact on the profit and loss	
Cash flow sensitivity analysis for variable rate instruments	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2023		
Cash flow sensitivity - variable rate financial assets	**9,173**	**(9,173)**
As at December 31, 2022		
Cash flow sensitivity - variable rate financial assets	2,700	(2,700)

37.4.1 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:

	2023						
	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		62	-	-	-	-	62
Bank Balance	11.01 - 20.5	405,041	405,041	-	-	-	-
Equity securities		119,110	119,110	-	-	-	-
Government securities	8.37 - 22.49	983,938	983,938	-	-	-	-
Term deposits	20.25	70,000	70,000	-	-	-	-
Mutual funds		200,582	200,582	-	-	-	-
Takaful / retakaful receivables		41,912	-	-	-	-	41,912
Deposits and other receivables		40,948	-	-	-	-	40,948
		1,861,593	1,778,671	-	-	-	82,922
Financial Liabilities							
Outstanding claims		27,088	-	-	-	-	27,088
Staff retirement benefits		6,798	-	-	-	-	6,798
Takaful / retakaful payables		48,043	-	-	-	-	48,043
Other creditors and accruals		134,383	-	-	-	-	134,383
Lease liabilities		93,458	8,933	34,650	49,875	-	-
		309,770	8,933	34,650	49,875	-	216,312
Balance sheet gap		1,551,823	1,769,738	(34,650)	(49,875)	-	(133,390)
Total yield / interest rate risk sensitivity gap			1,769,738	(34,650)	(49,875)	-	
Cumulative yield / interest rate risk sensitivity gap			1,769,738	1,735,088	1,685,213	1,685,213	

	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
Takaful / retakaful payables		27,648	-	-	-	-	27,648
Other creditors and accruals		26,285	-	-	-	-	26,285
Lease liabilities		77,609	10,008	40,744	26,857	-	-
		137,819	10,008	40,744	26,857	-	60,210
Balance sheet gap		391,117	471,658	(40,744)	(26,857)	-	(12,940)
Total yield / interest rate risk sensitivity gap			471,658	(40,744)	(26,857)	-	
Cumulative yield / interest rate risk sensitivity gap			471,658	430,914	404,057	404,057	

37.5 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.

37.6 Financial instruments by category

	2023	2022
	(Rupees in '000)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and bank	405,103	34,671
Term deposits	70,000	117,000
Takaful / retakaful receivables	41,912	30,753
Deposits and other receivables	40,948	16,446
	557,963	198,870
Investments - Available-for-sale		
Equity securities	119,110	-
Government securities	983,938	330,066
Mutual funds	200,582	-
	1,303,630	330,066
Financial Liabilities		
Amortised cost		
Outstanding claims	27,088	6,277
Staff retirement benefits	6,798	-
Takaful / retakaful payables	48,043	27,648
Other creditors and accruals	134,383	26,285
Lease liabilities	93,458	77,609
	309,770	137,819

38 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.

39 NUMBER OF EMPLOYEES

	2023	2022
	(in number)	
Number of employees	96	34
Average Number of Employees during the year	65	18

40 CORRESPONDING FIGURES

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

41 GENERAL

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

42 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on __________ by the Board of Directors of the Company.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of 5th Pillar Family Takaful Limited

Opinion

We have audited the annexed consolidated financial statements of **5th Pillar Family Takaful Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of 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 Consolidated Financial Statements and Auditor's Report Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.

KPMG

KPMG Taseer Hadi & Co.

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 5 April 2024

Karachi

UDIN: AR202310106GsWxtaVC2

5TH PILLAR FAMILY TAKAFUL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023 Shareholders' Fund	2023 Participant holders' Fund	2023 Total	2022
		(Rupees in 000)			
Assets					
Property and equipment	6	175,690	-	175,690	155,488
Intangible assets	7	83,226	-	83,226	38,638
Investments					
Equity securities	8	106,313	12,797	119,110	-
Government securities	9	914,864	69,074	983,938	330,066
Term deposits	10	70,000	-	70,000	117,000
Mutual funds	11	189,357	11,225	200,582	-
		1,280,534	93,096	1,373,630	447,066
Takaful / retakaful receivables	12	-	41,912	41,912	30,753
Deposits and other receivables	13	37,622	2,558	40,180	16,446
Inter-fund balances		36,677	(36,677)	-	-
Deferred tax asset - net	14	17,293	-	17,293	7,409
Taxation - provision less payments		46,470	-	46,470	10,147
Prepayments	15	15,809	-	15,809	8,530
Cash and bank	16	366,248	38,855	405,103	34,671
Assets classified as held for sale	17	50,448	-	50,448	-
Total assets		2,110,017	139,744	2,249,761	749,148
Equity and liabilities					
Capital and reserves attributable to the Company's Shareholders'					
Authorised share capital (200,000,000 (2022: 200,000,000) ordinary shares of Rs. 10 each)		2,000,000	-	2,000,000	2,000,000
Issued, subscribed and paid-up capital	18	2,000,000	-	2,000,000	700,000
Non-controlling interest		3	-	3	-
Ceded money to waqf fund		-	500	500	500
Ledger account D		(44,802)	-	(44,802)	(10,023)
Surplus / (deficit) on revaluation of available for sale investments - net		2,653	-	2,653	(8,116)
Accumulated losses		(134,589)	-	(134,589)	(88,627)
Total equity		1,823,265	500	1,823,765	593,734
Liabilities					
Takaful liabilities	19	16,466	85,540	102,006	21,697
Contribution received in advance		3,333	-	3,333	342
Staff retirement benefits	20	6,798	-	6,798	-
Takaful / retakaful payables	21	-	48,043	48,043	27,648
Other creditors and accruals	22	131,344	5,661	137,005	28,118
Lease liability	23	93,458	-	93,458	77,609
Liabilities directly associated with assets held for sale	17	35,353	-	35,353	-
Total liabilities		286,752	139,244	425,996	155,414
Total equity and liabilities		2,110,017	139,744	2,249,761	749,148
Contingencies and commitments	24				

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

N. Samad

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Shareholder' Fund	Participant holders' Fund	2023	Shareholder' Fund	Participant holders' Fund	2022
		(Rupees in '000)					
Contribution revenue		-	180,437	180,437	-	52,577	52,577
Less: Wakala fee recognised		42,781	(42,781)	-	9,850	(9,850)	-
		42,781	137,656	180,437	9,850	42,727	52,577
Less: Contribution ceded to retakaful operators		-	(63,154)	(63,154)	-	(30,773)	(30,773)
Net contribution revenue	25	42,781	74,502	117,283	9,850	11,954	21,804
Investment income	26	85,714	3,459	89,173	56,219	126	56,345
Net realised fair value gains on financial assets		19,978	6,394	26,372	-	-	-
Mudarib share		5,617	(5,617)	-	-	-	-
Other income	27	177,965	3,100	181,065	3,397	-	3,397
		289,274	7,336	296,610	59,616	126	59,742
Net income		332,055	81,838	413,893	69,466	12,080	81,546
Takaful benefits		-	76,446	76,446	-	6,277	6,277
Recoveries from retakaful operators		-	(42,758)	(42,758)	-	(3,125)	(3,125)
Net takaful benefits	28	-	33,688	33,688	-	3,152	3,152
		332,055	48,150	380,205	69,466	8,928	78,394
Net change in takaful liabilities (other than outstanding claims)		9,953	33,054	43,007	6,492	8,994	15,486
Acquisition expenses	29	44,625	-	44,625	1,802	-	1,802
Marketing and administration expenses	30	357,354	60	357,414	155,910	-	155,910
Total expenses		(411,932)	(33,114)	(445,046)	(164,204)	(8,994)	(173,198)
		(79,877)	15,036	(64,841)	(94,738)	(66)	(94,804)
Surplus appropriated to Shareholders' Fund from Ledger Account D		-	-	-	-	-	-
		(79,877)	15,036	(64,841)	(94,738)	(66)	(94,804)
Surplus retained in Waqf Fund		-	(15,036)	(15,036)	-	66	66
Loss before taxation from continuing operations		(79,877)	-	(79,877)	(94,738)	-	(94,738)
Taxation	31	(9,993)	-	(9,993)	(8,307)	-	(8,307)
Loss after taxation from continuing operations		(69,884)	-	(69,884)	(86,431)	-	(86,431)
Loss after taxation from discontinued operations	17.3	(10,859)	-	(10,859)	-	-	-
Loss after taxation		(80,743)	-	(80,743)	(86,431)	-	(86,431)
Atributable to:							
Equity shareholders of the Company				(80,741)			(86,431)
Non-controlling interest				(2)			-
				(80,743)			(86,431)
				Rupees			Rupees *Restated*
Loss per share attributable to the equity shareholders of the Company							
Basic and diluted	32			(0.41)			(0.43)
Loss per share from continuing operations attributable to the equity shareholders of the Company							
Basic and diluted	32			(0.35)			(0.43)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

N.I. Saeed

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	Shareholder' Fund	Participant holders' Fund	2023	Shareholder' Fund	Participant holders' Fund	2022
	(Rupees in '000)					
Loss attributable to:						
Equity shareholders of the Company	(80,743)	-	(80,743)	(86,431)	-	(86,431)
Non-controlling interest	(2)	-	(2)	-	-	-
Other comprehensive income / (loss)						
Items that will be reclassified subsequently to profit or loss:						
Change in unrealised gain / (loss) on available-for-sale financial assets	15,168	1,434	16,602	(10,703)	-	(10,703)
Less: Related deferred tax	(4,399)	-	(4,399)	3,206	-	3,206
Less: Net change in takaful liabilities	-	(1,434)	(1,434)	-	-	-
	10,769	-	10,769	(7,497)	-	(7,497)
Total comprehensive loss for the year	(69,976)	-	(69,976)	(93,928)	-	(93,928)
Total comprehensive loss attributable to:						
Equity shareholders of the Company			(69,974)			(93,928)
Non-controlling interest			(2)			-
			(69,976)			(93,928)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

5TH PILLAR FAMILY TAKAFUL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		---Rupees in 000---	
Operating Activities			
(a) **Takaful activities**			
Contribution received		172,269	22,166
Claims paid		(55,635)	-
Retakaful recoveries		32,022	-
Commission paid		(13,374)	(1,767)
Net cash inflow from takaful activities		135,282	20,399
(b) **Other operating activities**			
Income tax paid		(40,613)	(9,513)
Marketing and administrative expenses paid		(275,918)	(120,359)
Other operating receipts		228	-
Net cash outflow from other operating activities		(316,303)	(129,872)
Total cash outflow from all operating activities from continuing operations		(181,021)	(109,473)
Total cash outflow from all operating activities from discontinued operations	17.5	(7,408)	-
Total cash outflow from all operating activities		(188,429)	(109,473)
Investment activities			
Profit received		274,324	55,656
Dividend received		62	-
(Payments for purchase) / proceeds from disposal investments - net		(1,000,570)	317,337
Fixed capital expenditure		(32,956)	(94,255)
Proceeds from disposal of fixed assets .		680	-
Addition to capital work-in-progress		(45,407)	(22,017)
Total cash (outflow) / inflow from investing activities from continuing operations		(803,867)	256,721
Total cash outflow from investing activities from discontinued operations	17.5	(6,326)	-
Total cash (outflow) / inflow from investing activities		(810,193)	256,721
Financing activities			
Proceeds from issuance of shares		1,300,000	-
Total cash inflow from financing activities from continuing operations		1,300,000	-
Total cash inflow from financing activities from discontinued operations	17.5	34,502	-
Total cash inflow from financing activities		1,334,502	-
Net cashflow from all activities		335,880	147,248
Cash and cash equivalents at beginning of the period		151,671	4,423
Cash and cash equivalents at end of the period	16.2	487,551	151,671
Reconciliation to Profit and Loss Account			
Operating cash flows		(188,429)	(109,473)
Depreciation and amortisation expenses		(39,909)	(24,466)
Finance charges on lease rentals		(15,291)	(11,910)
Gain on disposal of fixed assets		228	-
Gain on disposal of investments		26,372	-
Dividend income		62	-
Other investment income		296,548	49,039
Increase in assets other than cash		106,082	86,101
Increase in liabilities		(231,627)	(65,699)
Deficit generated on takaful statutory funds		(34,779)	(10,023)
Loss after taxation		(80,743)	(86,431)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

N. Samad

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

5TH PILLAR FAMILY TAKAFUL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Attributable to equity holders of the Company						
				Capital reserve			
	Issued, Subscribed and Paid-up Capital	Accumulated Loss	Ledger D account	Net (Deficit) / Surplus in revaluation of available for sale investments	Ceded Money to Waqf Fund	Non-controlling Interest	Total Equity
	(Rupees in '000)						
Balance as at January 01, 2022	700,000	(12,219)	-	(619)	500	-	687,662
Total comprehensive 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	(88,627)	(10,023)	(8,116)	500	-	593,734
Balance as at January 01, 2023	700,000	(88,627)	(10,023)	(8,116)	500	-	593,734
Total comprehensive loss							
Loss for the year ended December 31, 2023	-	(45,962)	(34,779)	-	-	(2)	(80,743)
Other comprehensive income for the year ended December 31, 2023	-	-	-	10,769	-	-	10,769
	-	(45,962)	(34,779)	10,769	-	(2)	(69,974)
Transactions with owners recorded directly in equity							
Issuance of right shares	1,300,000	-	-	-	-	-	1,300,000
Addition of Non-controlling interest on incorporation of subsidiary	-	-	-	-	-	5	5
Balance as at December 31, 2023	2,000,000	(134,589)	(44,802)	2,653	500	3	1,823,766

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

1 LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The Holding Company was granted authorisation on October 04, 2021 under rule 3 of Takaful Rules, 2012 to undertake takaful operations in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP). For the purpose of carrying on takaful business, the Holding Company has established an irrevocable fund called 5th Pillar Family Takaful Limited Waqf Fund (here-in-after referred to as Participant Takaful Fund (PTF) under a waqf deed executed by the Holding Company with a cede amount of Rs 500,000.

1.3 In accordance with the requirements of the Insurance Ordinance, 2000, the Holding 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 Holding Company, in accordance with the advice of the appointed actuary are as follows:

- Individual Family Takaful
- Group Family Takaful

1.4 The Group consists of the Holding Company and 5th Pillar Travel (Private) Limited (the Subsidiary) in which the Holding Company owns 99.98% of voting rights. The Subsidiary was incorporated in Pakistan on January 10, 2023 as a private limited company under the Companies Act, 2017. The principal / registered office of the Subsidiary is situated at SF-08 to SF-11, 2nd Floor, Emerald Mall, Clifton Block 5, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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);

- Islamic Finance Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017; 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.

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary, herein after collectively referred to as the Group.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiary have been changed to conform with accounting policies of the Group, where required.

All material intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The Subsidiary has been classified as held for sale (Refer note 17) and is incorporated within these consolidated financial statements in accordance with IFRS 05: Non-current Assets Held for Sale and Discontinued Operations. The investment held by the Holding Company is eliminated against the corresponding share capital of the Subsidiary in these consolidated financial statements.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in respective policy notes. In these consolidated financial statements, all the transactions are recorded on accrual basis except for the consolidated statement of cash flows.

2.4 Functional and presentation currency

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

3 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated 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	5.1 & 19
Useful lives of property & equipment and intangibles (including right-of-use assets)	5.5 & 6 & 7
Staff retirement benefits	20
Provision for taxation and deferred tax	5.4 & 31
Lease liability related to right-of-use asset	5.5.2.2 & 23

4 ACCOUNTING STANDARDS, IFRIC INTERPRETATIONS AND AMENDMENTS

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

The Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 01, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The information disclosed in Note 5 material accounting policies has been assessed to be in line with the amendments.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

4.2 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, 2024:

	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, 2024
- 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, 2024
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28	Not yet finalised
- IFRS 1 - First time adoption of IFRSs	July 01, 2009
- IFRS 17 - Insurance Contracts	January 01, 2026

The Group expects that such improvements / amendments to the standards (except IFRS 17) will not have any material impact on the Group's financial statements in the period of initial application.

SECP vide its SRO 1715 dated November 21, 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

The Group has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS. However, this standard will be applied along with the application of IFRS 17.

4.2.1 Temporary exemption from application of IFRS 9

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 financial instruments: Recognition and Measurement. As notified by the SECP, IFRS 9 is applicable for annual periods beginning on or after July 01, 2018.

In September 2016, the IASB issued amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until the application of IFRS 17 and continue to apply IAS 39 to financial assets and liabilities. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Group has applied the temporary exemption which allows the Group to defer the application of IFRS 9.

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computations adopted and applied in the preparation of these consolidated financial statements are set out below. These have been consistently applied to all the periods presented.

5.1 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 Group 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 Group 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.

5.1.1 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 Group reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

5.1.2 Retakaful contracts held

These contracts are entered into by the Group 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.

5.1.3 Receivables and payables related to takaful contract

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

5.1.4 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.

5.1.5 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 Group 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.

5.1.6 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.

5.1.7 Wakala fee

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

5.1.8 Mudarib Fee

The shareholders of the Group 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.

5.1.9 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.

5.2 Cash and cash equivalents

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

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

5.3 Investments

5.3.1 Classification

Investments with fixed or determinable payments and fixed maturity, where the Group 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.

5.3.2 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.

5.3.3 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 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 (PKISRV) is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP) 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.

5.4 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.

5.4.1 Current tax

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.

5.4.2 Deferred tax

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.

5.5 Fixed assets

5.5.1 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 Group 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.

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

5.5.2.1 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.

5.5.2.2 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 Group'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 Group 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.

5.5.3 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 consolidated 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 Group.

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 intangible assets.

5.6 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.

5.7 Provisions, contingent assets and contingent liabilities

A provision is recognised when the Group 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.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised until the inflow of economic benefits is virtually certain.

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.8 **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 Group'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 and term deposit 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.

5.9 **Earnings per share**

The Group 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 Group 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.

5.10 **Segment reporting**

An operating segment is a component of the Group 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 Group's other components.

All operating segments' results are reviewed regularly by the Group'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 of the Holding Company.

The Group 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 Group has 2 Operating segments for reporting purposes namely;

- The Individual Family Takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Group.
- 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 Group.

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, 2023.

The Group 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 the Group's appointed actuary.

5.11 **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.

5.12 **Statutory funds**

The Group maintains statutory funds in respect of each class of life takaful business. Assets, liabilities, revenues, and expenses of the Group 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.

5.13 **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 Group becomes a party to the contractual provisions of the instrument and derecognised when the Group 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.

5.14 **Assets classified as Held for Sale**

Financial assets classified as held for sale are recorded at "Fair value less cost to sell" in the consolidated statement of financial position at the reporting date.

5.15 **Offsetting of financial assets and liabilities**

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

5.16 **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.

5.17 **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. Surplus related to investments are not available for distribution.

6 **PROPERTY AND EQUIPMENT**	Note	**2023**	2022
		(Rupees in '000)	
Tangible assets		**95,053**	83,194
Right-of-use assets		**80,637**	72,294
	6.1	**175,690**	155,488

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

	2023							
	Cost			**Accumulated 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 / (disposals)**	**As at December 31**		
	(Rupees in '000)							**%**
Leasehold improvements	**33,163**	**11,566**	**44,729**	**871**	**3,877**	**4,748**	**39,981**	**10**
Computer equipment	**11,611**	**12,451** (**134**)	**23,928**	**1,782**	**6,074** (**44**)	**7,812**	**16,116**	**33.33**
Vehicles owned	**23,789**	**-**	**23,789**	**4,612**	**4,758**	**9,370**	**14,419**	**20**
Right-of-use assets	**87,528**	**27,858** (**1,256**)	**114,130**	**15,234**	**18,573** (**314**)	**33,493**	**80,637**	**10 - 20**
Furniture and fixtures	**17,905**	**3,910** (**558**)	**21,257**	**988**	**3,896** (**102**)	**4,782**	**16,475**	**20**
Office equipment	**5,558**	**4,995**	**10,553**	**579**	**1,912**	**2,491**	**8,062**	**20**
	179,554	**60,780** (**1,948**)	**238,386**	**24,066**	**39,090** (**460**)	**62,696**	**175,690**	

	2022							
	Cost			Accumulated depreciation / 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	

6.2 **Disposal of operating assets**

Particulars of asset	Cost	Accumulated depreciation	Net book value	Sale proceeds	Net gain / (loss)	Mode of disposal
Disposals having book value exceeding Rs. 50,000 individually						
Furniture and fixtures						
Various	558	102	456	558	102	Return to vendor
Computer equipments						
Laptop	126	42	84	114	30	Insurance Claim
Others	7	2	5	7	2	Return to vendor
Right-of-use assets	1,256	314	942	N/A	94	Change in Scope of Lease

7 INTANGIBLE ASSETS

	Note	2023	2022
		(Rupees in '000)	
Computer softwares	7.1	2,476	1,877
Capital work in progress	7.2	80,750	36,761
		83,226	38,638

7.1 Computer softwares

	2023							
	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**	**1,418**	**3,696**	**401**	**819**	**1,220**	**2,476**	**20 - 33.33**
	2,278	**1,418**	**3,696**	**401**	**819**	**1,220**	**2,476**	

	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	

7.2 Capital work in progress

	Note	2023	2022
		------ (Rupees in '000) ------	
Opening balance		36,761	-
Additions during the year		45,407	39,039
Transfers during the year		(1,418)	(2,278)
Closing balance	7.2.1	80,750	36,761

7.2.1 These include capital work in progress pertaining to the softwares.

8 INVESTMENTS IN EQUITY SECURITIES

	2023			2022		
	Carrying amount	Market value	Surplus on revaluation of investments	Carrying amount	Market value	Surplus on revaluation of investments
	------------ (Rupees in '000) ------------					
Available-for-sale:						
Listed Equity Securities	118,559	119,110	551	-	-	-
	118,559	119,110	551	-	-	-

8.1 Details of listed equity securities

	2023	2022
	------ (Rupees in '000) ------	
Cement		
Fauji Cement Limited	7,814	-
Lucky Cement Limited	11,640	-
Maple Leaf Cement Limited	4,637	-
Commercial Banks		
Meezan Bank Limited	11,520	-
Oil and Gas Exploration Companies		
Mari Petroleum Company Limited	9,390	-
Oil And Gas Development Company Limited	12,782	-
Pakistan Petroleum Limited	26,061	-
Oil and Gas Marketing Companies		
Pakistan State Oil Company Limited	7,295	-
Power Generations and Distribution		
The Hub Power Company Limited	15,464	-
Technology and Telecommunication		
Systems Limited	4,300	-
Textile		
Interloop Limited	8,207	-
	119,110	-

9 INVESTMENTS IN GOVERNMENT SECURITIES

	2023			2022		
	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	985,311	983,938	(1,373)	341,496	330,066	(11,430)
	985,311	983,938	(1,373)	341,496	330,066	(11,430)

9.1 The effective yield on Government of Pakistan Ijarah Sukuk Certificates ranges from 8.02% to 22.49% (2022: 8.02% to 15.56%%) per annum.

9.2 5 years Government of Pakistan Ijarah Sukuk Certificates amounting to Rs. 200 million have been deposited (2022: Rs. 70 million) with State Bank of Pakistan (SBP) under section 29 of the Insurance Ordinance, 2000.

9.3 Particulars of government securities

	Tenure	Maturity year	Rate of return (%) per annum	Profit payment	Market value 2023	Market value 2022
					--------- (Rupees in '000) --------	
Variables rate of return:						
GOP Ijarah Sukuk Certificates	1 year	2024	22.21%	Semi-annual	100,730	-
GOP Ijarah Sukuk Certificates	1 year	2024	22.49%	Semi-annual	199,029	-
GOP Ijarah Sukuk Certificates	3 years	2026	21.12%	Semi-annual	350,720	-
GOP Ijarah Sukuk Certificates	5 years	2027	22.39%	Semi-annual	274,806	268,732
Fixed rate of return:						
GOP Ijarah Sukuk Certificates	5 years	2025	8.37%	Semi-annual	58,653	61,334
					983,938	330,066

10 INVESTMENTS IN TERM DEPOSITS

	2023		2022	
	Principal amount	Rate per Annum	Principal amount	Rate per Annum
	(Rupees in 000)		(Rupees in 000)	
Term deposit (with original maturity of less than 3 months)	70,000	20.25%	117,000	14.50%

11 INVESTMENTS IN MUTUAL FUNDS

	2023			2022		
	Carrying amount	Market value	Surplus on revaluation of investments	Carrying amount	Market value	Surplus on revaluation of investments
	---------- (Rupees in '000) ----------					
Available-for-sale:						
Listed Mutual Funds	194,589	200,582	5,993	-	-	-
	194,589	200,582	5,993	-	-	-

11.1 Details of listed mutual funds

	Note	2023	2022
		------ (Rupees in '000) ------	
Meezan Islamic Fund		26,648	-
Meezan Sovereign Fund		70,659	-
Meezan Daily Income Plan		900	-
HBL Islamic Income Fund		40,617	-
Al Ameen Islamic Cash Fund		40,569	-
Al Ameen Shariah Stock Fund		10,403	-
Al Ameen Islamic Energy Fund		10,786	
		200,582	-

12 TAKAFUL / RETAKAFUL RECEIVABLES

	2023	2022
Unsecured		
Due from takaful participants' - unsecured		
- Considered good	41,912	30,753
Due from retakaful - unsecured		
- Considered good	-	-
	41,912	30,753
Less: provision for impairment of receivables from takaful participants'	-	-
	41,912	30,753

13 DEPOSITS AND OTHER RECEIVABLES

	Note	2023	2022
Security deposits		6,445	5,961
Accrued investment incomes	13.1	33,263	10,460
Other receivables		472	25
		40,180	16,446

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

		2023	2022
		-------- (Rupees in '000) --------	

14 DEFERRED TAX ASSET

	2023	2022
Deferred credits arising in respect of :		
Unrealised gains on investments classified as available for sale - net	**(1,084)**	-
Deferred debits arising in respect of :		
Unrealised losses on investments classified as available for sale - net	**-**	3,315
On Ledger D account balances	**18,377**	4,094
	17,293	7,409

14.1 Reconciliation of deferred tax

	2023	2022
Deferred tax report in profit and loss account		
On Ledger D account balances	**18,377**	4,094
Deferred tax report in statement of comprehensive income		
Unrealised losses on investments classified as available for sale - net	**(1,084)**	3,315
	17,293	7,409

14.2 The Group had not recognized a deferred tax asset on accumulated accounting losses attributable to the shareholders' fund amounting Rs. 38.976 million (2022: Rs. 27.721 million)..

15 PREPAYMENTS

	Note	2023	2022
		-------- (Rupees in '000) --------	
Prepaid rent		**-**	724
Prepaid commission		**8,025**	3,323
Others		**7,784**	4,483
		15,809	8,530

16 CASH AND BANK

	Note	2023	2022
Cash in hand		**62**	71
Cash at bank			
- Savings accounts	16.1	**405,041**	34,600
		405,103	34,671

16.1 These accounts carry a profit rate of 11.01% - 20.5% (2022: 7.00%).

16.2 Cash and cash equivalents for statement of cash flows

	Note	2023	2022
From continuing operations:			
Cash and bank	16	**405,103**	34,671
Term deposit (with original maturity of less than 3 months)	10	**70,000**	117,000
From discontinued operations:			
Cash and bank	17.2	**12,448**	-
		487,551	151,671

17 SUBSIDIARY CLASSIFIED AS HELD FOR SALE

17.1 The Board of Directors of the Holding Company vide its resolution dated November 27, 2023, approved the disposal of 1,649,520 shares of 5th Pillar Travel (Private) Limited (the Subsidiary) at Rs. 10 per share to one of the director of the Holding Company, after completion of necessary regulatory approvals.

The Subsidiary was incorporated on January 10, 2023, under the requirements of Companies Act, 2017. It was formed with the objective to complete the component of value chain offerings in the Hajj and Umrah product offered by the Holding Company. Originally, the agreed ownership structure for the Subsidiary was never intended to be held by the Holding Company. However, due to the nature of its business and immediate incorporation of the Subsidiary for approval of hajj and umrah product with SECP, the board of directors of the Holding Company agreed to incorporate the Subsidiary with an intention to change the ownership structure at later stage of the year.

17.2 Assets and directly associated liabilities classified as held for sale

	2023	2022
	-------- (Rupees in '000) --------	
Property and equipment	**4,770**	-
Investment in equity securities	**600**	-
Deposits and other receivables	**31,943**	-
Prepayments	**411**	-
Taxation - provision less payments	**276**	-
Cash and bank	**12,448**	-
Assets classified as held for sale	**50,448**	-
Other creditors and accruals	**35,353**	-
Liabilities directly associated with assets held for sale	**35,353**	-

17.3 Loss from discontinued operations

	2023	2022
Revenue from travel business	**14,396**	-
Expenses attributable to travel business	**(25,255)**	-
Loss after taxation from discontinued operations	**(10,859)**	-

17.4 There are no incomes and expenses included in other comprehensive income relating to investments classified as held for sale.

17.5 Cashflows generated from / (used in) discontinued operations

	2023	2022
	-------- (Rupees in '000) --------	
OPERATING ACTIVITIES		
(Increase) / decrease in current assets		
Trade and other receivables	**(29,116)**	-
Deposits and prepayments	**(3,635)**	-
Advance taxation	**(276)**	-
(Decrease) / increase in current liabilities		
Trade creditors & other payables	**25,619**	-
Total cash outflow from all operating activities from discontinued operations	**(7,408)**	-
INVESTING ACTIVITIES		
Investment in subsidiary	**(600)**	-
Fixed assets acquired	**(5,726)**	-
Total cash outflow from investing activities from discontinued operations	**(6,326)**	-
FINANCING ACTIVITIES		
Issuance of share capital	**24,000**	-
Advance against issuance of share capital	**10,502**	-
Total cash outflow from financing activities from discontinued operations	**34,502**	-

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

18.1 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
(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
130,000,000	-	Issuance of right shares at Rs.10 each fully paid in cash	1,300,000	-
200,000,000	70,000,000		2,000,000	700,000

18.1.1 There is only one class of ordinary shares issued.

18.1.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

19 TAKAFUL LIABILITIES

	Note	2023	2022
		-------- (Rupees in '000) --------	
Reported outstanding claims	19.1	27,088	6,277
Investment component of unit-linked and account value of participants	19.2	21,664	-
Incurred but not reported claims	19.3	3,800	2,256
Liabilities under group takaful contracts	19.4	32,928	13,230
Other takaful liabilities	19.5	16,526	(66)
		102,006	21,697

19.1 Reported outstanding claims

	Note	2023	2022
Opening balance		6,277	-
Total gross claims	28	76,446	6,277
Claims paid /settled		(55,635)	-
Closing balance		27,088	6,277

19.2 Investment component of unit-linked and account value of participants

	2023	2022
Gross of retakaful	21,664	-
Retakaful recoveries	-	-
Net of retakaful	21,664	-

19.3 Incurred but not reported claims

	2023	2022
Gross of retakaful	8,574	7,369
Retakaful recoveries	(4,774)	(5,113)
Net of retakaful	3,800	2,256

19.4 Liabilities under group takaful contracts

	2023	2022
Gross of retakaful	64,423	34,387
Retakaful credit	(31,495)	(21,157)
Net of retakaful	32,928	13,230

	2023	2022
	-------- (Rupees in '000) -------	

19.5 Other takaful liabilities

Gross of retakaful	**16,526**	(66)
Retakaful	**-**	-
Net of retakaful	**16,526**	(66)

20 STAFF RETIREMENT BENEFITS

20.1 DEFINED BENEFIT PLAN - GRATUITY FUND

The Group offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity scheme is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Currently, the scheme of the Group is in course of registeration and it is expected that registeration process will be completed in next few months.

The Group faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

20.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2023. The information provided in notes 20.3 to 20.10 has been obtained from the actuarial valuation carried out as at December 31, 2023. The following significant assumptions have been used for valuation of this scheme:

	2023	2022
	Per annum	
a) Expected rate of increase in salary level	**10.75%**	N/A
b) Discount rate	**14.75%**	N/A
c) Normal retirement age	**65 years**	N/A
d) Mortality rates	**State Life Insurance Corporation (SLIC) 2001-05**	N/A
e) Withdrawal rates	**0.00%**	N/A

20.3 Amounts recognised in the statement of financial position:

	2023	2022
	-------- (Rupees in '000) -------	
Present value of defined benefit obligation	**6,798**	-
Less: Fair value of plan assets	**-**	-
	6,798	-

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		2023	2022
		-------- (Rupees in '000) -------	
20.4	**Movement in liability during the year**		
	Obligation at the beginning of the year	-	-
	Charge to profit and loss account	6,798	-
	Obligation at the end of the year	6,798	-
20.5	**Amounts recognised in the profit and loss account:**		
	Current service cost	6,798	-
	Interest cost	-	-
	Expense for the year	6,798	-
20.6	**Analysis of present value of defined benefit obligation**		
	Split by vested / non-vested		
	(i) Vested benefits	-	-
	(ii) Non-vested benefits	6,798	-
		6,798	-

20.7 Sensitivity analysis

Particulars	2023			2022		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in '000)		(%)	(Rupees in '000)
Discount rate	**+1%**	**-12.34%**	**(839)**	+1%	0.00%	-
	-1%	**15.43%**	**1,049**	-1%	0.00%	-
Salary increase rate	**+1%**	**16.12%**	**1,096**	+1%	0.00%	-
	-1%	**-13.03%**	**(886)**	-1%	0.00%	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

20.8 Based on actuarial advice, the Group intends to charge an amount of Rs. 7.160. million in the consolidated financial statements for the year ending December 31, 2024.

20.9 The weighted average duration of defined benefit obligation is 13.88 years (2022: Nil).

20.10 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2023	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	-----	-----	(Rupees in '000)	-----	-----
Gratuity	1,696	31	247	180,845	182,819

		2023	2022
		-------- (Rupees in '000) -------	
21	**TAKAFUL / RETAKAFUL PAYABLES**		
	Due to other takaful / retakaful operators	**48,043**	27,648
22	**OTHER CREDITORS AND ACCRUALS**		
	Commission payable	**18,242**	3,304
	Payable to employees	**20**	-
	Payable to vendors	**10,017**	17,374
	Withholding tax payable	**3,018**	1,833
	Accrued expenses	**20,013**	-
	Payable against equity investments	**62,339**	-
	Other liabilities	**23,356**	5,607
		137,005	28,118

		Note	2023	2022
			-------- (Rupees in '000) -------	
23	**LEASE LIABILITY**			
	Lease liability against right-of-use assets	23.1	**93,458**	77,609
			93,458	77,609
	Present value of minimum lease payments		**93,458**	77,609
	Less: Current portion		**(8,933)**	(10,008)
			84,525	67,601

23.1 The Group leases out property premises for its head office and branch network.

23.2

	2023			2022		
	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	**22,606**	**(13,673)**	**8,933**	21,829	(11,821)	10,008
Later than one year and not later than five years	**74,855**	**(40,205)**	**34,650**	74,105	(33,361)	40,744
More than five years	**64,329**	**(14,454)**	**49,875**	42,583	(15,726)	26,857
	161,790	**(68,332)**	**93,458**	138,517	(60,908)	77,609

24 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2023 (2022: Nil).

		2023	2022
25	**NET CONTRIBUTION REVENUE**		
		---------(Rupees in '000)--------	
	Gross contribution:		
	Regular contribution individual memberships		
	First year contribution	**29,295**	-
	Single contribution	**5,500**	-
	Group policies without cash values	**145,642**	52,577
	Total gross contributions	**180,437**	52,577
	Less: retakaful contributions ceded		
	On family takaful first year business	**26**	-
	On group policies	**63,128**	30,773
		63,154	30,773
	Net contribution revenue	**117,283**	21,804
26	**INVESTMENT INCOME**		
	Income from equity securities and mutual funds		
	Dividend income	**62**	-
	Income from debt securities		
	Return on government securities	**85,229**	5,901
	Income from term deposits		
	Return on term deposits	**3,882**	50,444
		89,173	56,345
27	**OTHER INCOME**		
	Return on bank balances	**180,837**	3,397
	Gain on disposal of property and equipment	**134**	-
	Gain on termination of right-of-use asset	**94**	-
		181,065	3,397

			2023	2022
28	**NET TAKAFUL BENEFITS**		-----------(Rupees in '000)----------	
	Gross claims			
	Claims under group takaful contracts			
	- by death		69,269	6,250
	- by insured event other than death		7,177	27
	Total gross group contract claims		76,446	6,277
	Total gross takaful claims		76,446	6,277
	Less: retakaful recoveries			
	On group family		42,758	3,125
			42,758	3,125
	Net takaful benefits		33,688	3,152

		2021	2022	2023
28.1	**Claims Development Table**	----------------(Rupees in '000)----------------		
	Estimate of Ultimate Claims Cost the end of year:			
	One year later	-	6,277	76,446
	Current estimate of cummulative claims	-	6,277	76,446
	Cummulative claim payments to date	-	-	(55,635)
	Liability recognised in the statement of Financial position	-	6,277	20,811

		Note	2023	2022
29	**ACQUISITION EXPENSES**		-----------(Rupees in '000)----------	
	Remuneration to takaful intermediaries on individual memberships:			
	- Commission on first year contribution		11,343	-
	- Commission on single contribution		170	-
	- Other benefits to takaful intermediaries		20,596	-
			32,109	-
	Remuneration to takaful intermediaries on group memberships:			
	- Commission		12,097	1,748
			12,097	1,748
	Other acquisition cost :			
	- Membership stamps		419	54
			44,625	1,802
30	**MARKETING AND ADMINISTRATION EXPENSES**			
	Salaries, allowances & other benefits		207,087	65,804
	Travelling expenses		13,385	6,596
	Auditors' remuneration	30.1	6,615	4,931
	Actuary's fees		8,813	6,441
	Legal and professional charges		11,288	5,143
	Regulatory Fees		139	4,578
	Advertisement and publicity		9,941	3,027
	Printing and stationery		3,339	869
	Depreciation and amortisation	6.1 & 7.1	39,909	24,466
	Rental		110	1,517
	Utilities		14,661	8,985
	Vehicle and general repair & maintenance		18,533	6,943
	Communication		3,266	1,343
	Entertainment		3,509	1,767
	Takaful Charges		606	445
	Finance charges on lease rentals		15,291	11,910
	Miscellaneous expenses		922	1,145
			357,414	155,910
30.1	**Auditors' remuneration**			
	Audit fees		3,000	1,500
	Other certifications		2,200	2,150
	Out of pocket expenses		925	915
	Sales tax		490	366
			6,615	4,931
31	**TAXATION**			
	For the year			
	- Current		3,545	-
	- Deferred		(14,283)	(4,094)
	For prior year charge / (reversal)		745	(4,213)
			(9,993)	(8,307)

		2023	2022
31.1	**Relationship between tax expense and accounting profit**	--------(Rupees in '000)-------	
	Loss before tax	**(79,877)**	(94,738)
	Tax at the applicable rate of 29% (2022: 29%)	**(23,164)**	(27,474)
	Effect of:		
	- Prior year adjustment	**745**	(4,213)
	- Minimum tax under section 113 @ 1.25%	**3,545**	-
	- Other adjustment	**12,030**	23,380
	Taxation for the year	**(6,844)**	(8,307)

32 LOSS PER SHARE

	2023	2022
Loss for the year attributable to the equity shareholders of the Holding Company	**(80,741)**	(86,431)
Loss for the year from continuing operations attributable to equity shareholders of the Holding Company	**(69,884)**	(86,431)
	-----(Number of shares)-----	
Weighted average number of ordinary shares	**197,999,400**	199,997,000
	------------(Rupees)-------------	
Loss per share attributable to the equity shareholders of of the Holding Company	**(0.41)**	(0.43)
Loss per share from continuing operations attributable to the equity shareholders of the Holding Company	**(0.35)**	(0.43)

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

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2023			2022		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	---- (Rupees in '000) ----					
Managerial remuneration	**22,440**	**99,190**	**121,630**	15,430	34,343	49,773
Bonus / Exgratia payments	**2,500**	**4,180**	**6,680**	-	-	-
Contribution to defined contribution plan	**2,399**	**4,785**	**7,184**	-	-	-
	27,339	**108,155**	**135,494**	15,430	34,343	49,773
	---- (Number) ----					
Number of persons	**1**	**22**	**23**	1	14	15

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

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

34 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Subsidiary and Associate companies, directors and key management personnel of the Group. 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.

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

Nature of Transaction	2023					
	5th Pillar Travel (Private) Limited	Kuwait International Investments Holding Company	5th Pillar Holdings Limited	Directors	Key Management Personnel	Total
	(Rupees in '000)					
Transactions						
Reimbursement of Expenses by the Holding Company	**27,363**	**-**	**-**	**1,792**	**-**	**29,155**
Incorporation & Initial Expenses paid by Holding Company	**744**	**-**	**-**	**-**	**-**	**744**
Contribution underwritten	**-**	**-**	**-**	**-**	**138**	**138**
Issuance of Share Capital by the Holding Company	**-**	**835,000**	**-**	**325,000**	**-**	**1,160,000**
Subscription of Share Capital by the Holding Company	**23,995**	**-**	**-**	**-**	**-**	**23,995**
Balances						
Receivable / (payable) by the Holding Company	**372**	**-**	**-**	**-**	**-**	**372**

Nature of Transaction	2022					
	5th Pillar Travel (Private) Limited	Kuwait International Investments Holding Company	5th Pillar Holdings Limited	Directors	Key Management Personnel	Total
	(Rupees in '000)					
Transactions						
Reimbursement of Expenses by the Holding Company	-	-	-	2,738	-	2,738
Balances						
Receivable / (payable) by the Holding Company	-	-	-	(376)	-	(376)

34.2 Following are the related parties of the Group:

S. No.	Name of related party	Basis of association / relationship
1	5th Pillar Family Takaful Limited	Holding Company
2	5th Pillar Travel (Private) Limited	Subsidiary
3	Kuwait International Investments Holdings Company	Associate Company
4	5th Pillar Holdings Limited (A DIFC incorporated in UAE)	Associate Company

35 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.

35.1 Revenue account by statutory funds

Participants' Investment Fund (PIF)	STATUTORY FUNDS Individual Family	STATUTORY FUNDS Group Family	AGGREGATE 2023	AGGREGATE 2022
	(Rupees in '000)			
Income				
Allocated Contribution	21,433	-	21,433	-
Net Investment Income	315	-	315	-
Other Income	29	-	29	-
Total Net Income	21,777	-	21,777	-
Less: Claims and Expenditure				
Risk Contributions	54	-	54	-
Wakalat-ul-Istismar	21	-	21	-
Policy admin fee	32	-	32	-
Fund Management Expenses	6	-	6	-
	113	-	113	-
Excess of Income over Claims and expenditure	21,664	-	21,664	-
Add: Technical reserves at the beginning of the year	-	-	-	-
Less:Technical reserves at the end of the year	(21,664)	-	(21,664)	-
	(21,664)	-	(21,664)	-
Surplus	-	-	-	-
Movement in technical reserves	21,664	-	21,664	-
Balance of PIF at the beginning of the year	-	-	-	-
Balance of PIF at the end of the period	21,664	-	21,664	-

Participants' Takaful Fund (PTF)	STATUTORY FUNDS Individual Family	STATUTORY FUNDS Group Family	AGGREGATE 2023	AGGREGATE 2022
	(Rupees in '000)			
Income				
Contribution net of retakaful (including risk contribution)	18	53,158	53,176	11,954
Net investment income	-	10,972	10,972	126
Other income	582	2,489	3,071	-
Total net income	600	66,619	67,219	12,080
Less: Claims and Expenditure				
Claims	-	33,688	33,688	3,152
Mudarib share	233	5,384	5,617	-
Administration expenses	-	54	54	-
Total claims and expenses	233	39,126	39,359	3,152
Excess of Income over Claims and expenditure	367	27,493	27,860	8,928
Add: Technical reserves at the beginning of the year	-	8,928	8,928	-
Less: Technical reserves at the end of the year	(367)	(36,421)	(36,788)	(8,928)
Change in technical reserves	(367)	(27,493)	(27,860)	(8,928)
Surplus / (deficit)	-	-	-	-
Movement in technical reserves	367	27,493	27,860	8,928
Qard-e-Hasna contributed OSF	-	9,000	9,000	9,000
Balance of PTF at the beginning of the year	-	17,928	17,928	-
Balance of PTF at the end of the year	367	54,421	54,788	17,928

Shareholders' Sub Fund (OSF)	STATUTORY FUNDS		AGGREGATE	
	Individual Family	Group Family	2023	2022
	(Rupees in '000)			
Income				
Allocation fee	13,375	29,356	42,731	9,850
Other Income	-	-	-	43
Mudarib share	233	5,384	5,617	-
Wakala fee on risk contribution	18	-	18	-
Wakalat-ul-Istismar	21	-	21	-
Policy admin fee	32	-	32	-
Total net income	13,679	34,740	48,419	9,893
Less: Expenditures				
Acquisition cost	32,413	12,212	44,625	1,802
Administration expenses	7,147	35,735	42,882	15,716
Total expenses	39,560	47,947	87,507	17,518
Excess of expenditure over income	(25,881)	(13,207)	(39,088)	(7,625)
Add: Technical reserves at the beginning of the year	-	6,492	6,492	-
Less: Technical reserves at the end of the year	(118)	(16,348)	(16,466)	(6,492)
Change in technical reserves	(118)	(9,856)	(9,974)	(6,492)
Deficit before tax	(25,999)	(23,063)	(49,062)	(14,117)
Taxation	7,549	6,734	14,283	4,094
Deficit after tax	(18,450)	(16,329)	(34,779)	(10,023)
Movement in technical reserves	118	9,856	9,974	6,492
Capital Contribution during the year	30,000	28,000	58,000	34,000
Qard-e-Hasna contributed to the Participants' Takaful Fund	-	(9,000)	(9,000)	(9,000)
Balance of OSF at the beginning of the year	-	21,469	21,469	-
Balance of OSF at the end of the year	11,668	33,996	45,664	21,469
Balance of Takaful statutory fund	33,699	88,417	122,116	39,397

36 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Group 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 Group manages them, as part of the Group's Takaful Operations.

Takaful risk

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

- Individual Family Takaful
- Group Family Takaful

36.1 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 Group caters to this risk by entering into suitable Retakaful arrangements. The Group charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Group 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 2023**			
	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	**4,133**	**2.01%**	**2,066**	**3.00%**
400,001 - 800,000	**23,158**	**11.28%**	**11,579**	**16.84%**
800,001 - 1,000,000	**15,486**	**7.54%**	**7,743**	**11.26%**
More than 1,000,000	**162,487**	**79.16%**	**47,370**	**68.89%**
Total	**205,264**	**100%**	**68,758**	**100%**

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 Group'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 Group'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.

36.2 Group Life Family Takaful

The main risk written by the Group is mortality. The Group 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 Group 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 Group 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 Group. 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 Group ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Group 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 Group 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 Group 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 Group 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 Group maintains a catastrophe excess of loss retakaful agreement which protects the waqf fund from exposure to the catastrophic events.

	Covered at the end of 2023			
	Total takaful benefits			
	Before retakaful		After retakaful	
Rupees	(Rupees in	%	(Rupees in	%
0-500,000	**16,025,700**	**27.58%**	**8,012,850**	**39.08%**
500,001-1.000,000	**15,814,368**	**27.23%**	**7,907,184**	**38.56%**
1,000,001-1,500,000	**1,765,206**	**3.04%**	**713,167**	**3.48%**
1,500,001-2,000,000	**2,594,256**	**4.47%**	**1,151,794**	**5.62%**
2,000,001-2,500,000	**1,002,046**	**1.73%**	**216,949**	**1.06%**
More than 2,500,000	**20,881,447**	**35.95%**	**2,503,506**	**12.21%**
Total	**58,083,023**	**100%**	**20,505,450**	**100%**

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 2023 (Rupees in '000)
Worsening of mortality rates	**10%**	**4,656**
Increase in reporting lag	**10%**	**377**

37 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Holding Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group 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 Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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 Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The 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.

37.1 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 Group 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.

37.1.1 Exposure to credit risk

Credit risk of the Group 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 Group 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:

	2023	2022
	---------- (Rupees in '000) ----------	
Bank balances	**405,041**	34,600
Investments in Term Deposit	**70,000**	117,000
Takaful / retakaful receivables	**41,912**	30,753
Deposits and other receivables	**40,180**	16,446
	557,133	198,799

The credit quality of Group'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 Agency
	Short term	Long term	
Meezan Bank Limited	A-1+	AAA	VIS
MCB Islamic Bank Limited	A-1	A	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
BankIslami (Pakistan) Limited	A-1	AA-	PACRA
Bank Alfalah Limited	A-1+	AA+	PACRA
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	VIS

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	Bank Balances	Total
	(Rupees in '000)					
AAA	-	-	-	-	161,042	161,042
AA+	-	-	-	-	140,534	140,534
AA-	-	-	-	70,000	208	70,208
A+	-	-	200,582	-	3	200,585
A	-	-	-	-	103,254	103,254
Not Rated	983,938	-	-	-	-	983,938
	983,938	-	200,582	70,000	405,041	1,659,561

37.1.2 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 Group 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 (Level 1).
- 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) (Level 2).
- Fair values of Government of Pakistan Ijarah Sukuk Certificates are derived using the PKISRV rates (Level 2).
- The fair value of all other financial assets and financial liabilities of the Group approximate their carrying amounts due to short term maturities of these instruments (Level 3).

37.1.3 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group 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, 2023, the Group held the following financial instruments measured at fair value:

	As at December 31, 2023		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Available-for-sale investments	119,110	1,184,520	70,000

	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

37.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group 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 Group'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 Group's reputation. The Group ensures that it has sufficient cash on demand to meet expected operational requirements. The Group 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:

	2023			2022		
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	**27,088**	**27,088**	-	6,277	6,277	-
Staff retirement benefits	**6,798**	**6,798**	-	-	-	-
Takaful / retakaful payables	**48,043**	**48,043**	-	27,648	27,648	-
Other creditors and accruals	**133,987**	**133,987**	-	26,285	26,285	-
Lease liabilities	**93,458**	**8,933**	**84,525**	77,609	10,008	67,601
	309,374	**224,849**	**84,525**	137,819	70,218	67,601

37.2.1 Maturity profile of financial asset and financial liabilities

	2023					
	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	**62**	-	-	-	-	**62**
Bank Balance	**405,041**	**405,041**	-	-	-	-
Equity securities	**119,110**	**119,110**	-	-	-	-
Government securities	**983,938**	**983,938**	-	-	-	-
Term deposits	**70,000**	**70,000**	-	-	-	-
Mutual funds	**200,582**	**200,582**	-	-	-	-
Takaful / retakaful receivables	**41,912**	**41,912**	-	-	-	-
Deposits and other receivables	**40,180**	-	-	-	-	**40,180**
	1,860,825	**1,820,583**	-	-	-	**40,242**
Financial Liabilities						
Outstanding claims	**27,088**	-	-	-	-	**27,088**
Staff retirement benefits	**6,798**	-	-	-	-	**6,798**
Takaful / retakaful payables	**48,043**	-	-	-	-	**48,043**
Other creditors and accruals	**133,987**	-	-	-	-	**133,987**
Lease liabilities	**93,458**	**8,933**	**34,650**	**49,875**	-	-
	309,374	**8,933**	**34,650**	**49,875**	-	**215,916**

37.3 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 Group'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 Group is not exposed to any significant foreign exchange risk. The Group invests in government securities and debt securities which are accounted for at fair value, therefore the change in market prices is shown in note 37.3.1.

37.3.1 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 Group has no significant concentration of price risk.

Sensitivity analysis

The table below summarises the Group's equity price risk as of December 31, 2023 and December 31, 2022 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 Group'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)				
2023	**1,303,630**	**10% increase**	**1,433,993**	**130,363**	**130,363**
		10% decrease	**1,173,267**	**(130,363)**	**(130,363)**
2022	330,066	10% increase	363,073	33,007	33,007
		10% decrease	297,059	(33,007)	(33,007)

37.4 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 Group's interest-bearing financial instruments is disclosed in note 37.4.1. The table below summarises Group's interest rate risk as of December 31, 2023 and 2022 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, 2023		
Cash flow sensitivity - fixed rate financial assets	**5,450**	**(5,450)**
As at December 31, 2022		
Cash flow sensitivity - fixed rate financial assets	2,216	(2,216)

Cash flow sensitivity analysis for variable rate instruments	Impact on the profit and loss	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2023		
Cash flow sensitivity - variable rate financial assets	**9,173**	**(9,173)**
As at December 31, 2022		
Cash flow sensitivity - variable rate financial assets	2,700	(2,700)

37.4.1 Interest rate profile

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

	2023						
	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		62	-	-	-	-	62
Bank Balance	11.01 - 20.5	405,041	405,041	-	-	-	-
Equity securities		119,110	119,110	-	-	-	-
Government securities	8.37 - 22.49	983,938	983,938	-	-	-	-
Term deposits	20.25	70,000	70,000	-	-	-	-
Mutual funds		200,582	200,582	-	-	-	-
Takaful / retakaful receivables		41,912	-	-	-	-	41,912
Deposits and other receivables		40,180	-	-	-	-	40,180
		1,860,825	1,778,671	-	-	-	82,154
Financial Liabilities							
Outstanding claims		27,088	-	-	-	-	27,088
Staff retirement benefits		6,798	-	-	-	-	6,798
Takaful / retakaful payables		48,043	-	-	-	-	48,043
Other creditors and accruals		133,987	-	-	-	-	133,987
Lease liabilities		93,458	8,933	34,650	49,875	-	-
		309,374	8,933	34,650	49,875	-	215,916
Balance sheet gap		1,551,451	1,769,738	(34,650)	(49,875)	-	(133,762)
Total yield / interest rate risk sensitivity gap			1,769,738	(34,650)	(49,875)	-	
Cumulative yield / interest rate risk sensitivity gap			1,769,738	1,735,088	1,685,213	1,685,213	

	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
Takaful / retakaful payables		27,648	-	-	-	-	27,648
Other creditors and accruals		26,285	-	-	-	-	26,285
Lease liabilities		77,609	10,008	40,744	26,857	-	-
		137,819	10,008	40,744	26,857	-	60,210
Balance sheet gap		391,117	471,658	(40,744)	(26,857)	-	(12,940)
Total yield / interest rate risk sensitivity gap			471,658	(40,744)	(26,857)	-	
Cumulative yield / interest rate risk sensitivity gap			471,658	430,914	404,057	404,057	

37.5 Foreign Currency Risk

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

37.6 Financial instruments by category

	2023	2022
	----------(Rupees in '000)----------	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and bank	**405,103**	34,671
Term deposits	**70,000**	117,000
Takaful / retakaful receivables	**41,912**	30,753
Deposits and other receivables	**40,180**	16,446
	557,195	198,870
Investments - Available-for-sale		
Equity securities	**119,110**	-
Government securities	**983,938**	330,066
Mutual funds	**200,582**	-
	1,303,630	330,066
Financial Liabilities		
Amortised cost		
Outstanding claims	**27,088**	6,277
Staff retirement benefits	**6,798**	-
Takaful / retakaful payables	**48,043**	27,648
Other creditors and accruals	**133,987**	26,285
Lease liabilities	**93,458**	77,609
	309,374	137,819

38 CAPITAL MANAGEMENT

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

- To comply with the minimum paid-up capital requirements as prescribed by SECP;
- To safeguard the Group'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 Group 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 Holding 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 Holding Company is in compliance.

39 NUMBER OF EMPLOYEES

	2023	2022
	------------(in number)------------	
Number of employees	**107**	34
Average Number of Employees during the year	**71**	18

41 GENERAL

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

42 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on __________ by the Board of Directors of the Company.

N. Samad

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer