

PAK QATAR FAMILY TAKAFUL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Pak-Qatar Family Takaful Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pak-Qatar Family Takaful Limited** (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit and loss account and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 statement of financial position, the statement of profit and loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit and other comprehensive income of the Shareholder's Fund and surplus reserve of Participant's Fund, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* as adopted by the Institute of 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.

Emphases for matter

We draw attention to note 28.1 to the financial statements where it is disclosed that the Company has challenged the scope and applicability of Punjab Sales Tax (PST) and Sindh Sales Tax (SST) on life insurance services. Our opinion is not modified in this respect.

Information Other than the Financial Statements and Auditors' 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 financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with such other information therefore we cannot report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit and loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- 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 deducted 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 Hena Sadiq.



Chartered Accountants

Place: Karachi

Date:

UDIN:

PAK-QATAR FAMILY TAKAFUL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		Aggregate			
		Shareholders' Fund	Participants' Fund	December 31, 2024	December 31, 2023
Note		(Rupees)			
ASSETS					
Property and equipment	8	433,948,479	-	433,948,479	474,886,768
Intangible assets	9	76,074,407	-	76,074,407	84,707,828
Investment property	10	-	1,200,000,000	1,200,000,000	1,124,510,000
		510,022,886	1,200,000,000	1,710,022,886	1,684,204,596
Investments					
Equity securities	11	39,764,835	-	39,764,835	7,084,956,770
Government securities	12	985,885,562	188,003,493	1,173,889,055	4,420,170,012
Debt securities	13	-	-	-	89,437,480
Term deposits	14	-	50,000,000	50,000,000	50,000,000
Mutual funds	15	379,675,827	52,110,908,583	52,490,584,410	23,937,145,826
		1,405,326,224	52,348,912,076	53,754,238,300	35,581,710,088
Advance against investment property		3,775,000	318,149,000	321,924,000	132,399,000
Takaful / Re-takaful receivables	16	-	842,186,279	842,186,279	1,109,930,970
Deposits, loans and other receivables	17	163,791,250	78,163,183	241,954,433	326,384,877
Taxation - payments less provision		-	941,516,559	941,516,559	901,724,562
Prepayments	18	27,748,980	-	27,748,980	20,778,575
Cash and bank	19	319,977,817	4,061,547,895	4,381,525,712	4,031,939,196
Total Assets		2,430,642,157	59,790,474,992	62,221,117,149	43,789,071,864
EQUITY and LIABILITIES					
Share capital	20	1,307,124,400	-	1,307,124,400	1,307,124,400
Unappropriated profit - net		802,858,966	-	802,858,966	606,773,532
Shareholders' Equity		2,109,983,366	-	2,109,983,366	1,913,897,932
Qard -e -Hasna		(260,000,000)	-	(260,000,000)	(260,000,000)
Total Equity		1,849,983,366	-	1,849,983,366	1,653,897,932
Waqf / Participant Takaful Fund (PTF)					
Cede money		-	500,000	500,000	500,000
Accumulated surplus		-	706,020,945	706,020,945	697,580,853
Total PTFs Equity		-	706,520,945	706,520,945	698,080,853
Qard -e -Hasna		-	260,000,000	260,000,000	260,000,000
Total Participants' Takaful Fund		-	966,520,945	966,520,945	958,080,853
Liabilities					
Deferred tax	21	7,823,121	-	7,823,121	12,508,208
Takaful liabilities	22	-	58,104,031,781	58,104,031,781	39,873,614,394
Staff retirement benefits	24	106,019,063	-	106,019,063	84,757,974
Contributions received in advance		-	507,886,930	507,886,930	751,488,717
Takaful / Re-takaful payable	25	-	143,681,016	143,681,016	117,046,472
Other creditors and accruals	26	256,037,932	68,354,320	324,392,252	339,880,513
Lease liabilities	27	133,995,874	-	133,995,874	184,547,201
Tax provision - payment less provision		76,782,801	-	76,782,801	13,239,600
Total Liabilities		580,658,791	58,823,954,047	59,404,612,838	41,177,093,079
Total Equity and Liabilities		2,430,642,157	59,790,474,992	62,221,117,149	43,789,071,864
Contingencies and commitments					
	28				

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Executive Officer

Director

Director

Chairman

PAK-QATAR FAMILY TAKAFUL LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME - PARTICIPANTS' FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	December 31, 2024	December 31, 2023
Participants' fund			
Gross contributions revenue	29	28,817,016,910	16,296,690,302
Wakala fee	30	(1,352,815,349)	(1,507,754,812)
		<u>27,464,201,561</u>	<u>14,788,935,490</u>
Re-takaful contribution ceded		(417,833,165)	(449,816,541)
Net contribution revenue		<u>27,046,368,396</u>	<u>14,339,118,949</u>
Investment income	31	570,597,925	669,423,985
Net realised fair value gains on investments	32	3,696,819,800	2,537,532,256
Net fair value gains / (losses) on investments	33	5,459,666,815	3,840,474,268
Unrealised gain on revaluation of investment property	10	75,490,000	13,643,705
Impairment on debt securities		(33,437,500)	-
Surplus income		-	82,815,115
		<u>9,769,137,039</u>	<u>7,143,889,329</u>
Net income		<u>36,815,505,435</u>	<u>21,483,008,278</u>
Takaful benefits	35	(17,773,459,111)	(10,954,415,360)
Recoveries from re-takaful	35	283,023,444	301,897,982
Takaful operator fee	36	(1,066,243,573)	(841,814,243)
Surplus distribution		(64,091,014)	(99,852,952)
Other expenses		(89,492,616)	(88,969,189)
Net takaful benefits		<u>(18,710,262,870)</u>	<u>(11,483,153,762)</u>
Net change in takaful liabilities (Other than outstanding claims)		(18,096,802,473)	(10,062,232,213)
Surplus / (deficit) reserve for the year [Participant Takaful Fund (PTF)]		<u>8,440,093</u>	<u>(62,377,697)</u>

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Executive Officer

Director

Director

Chairman

PAK-QATAR FAMILY TAKAFUL LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME - SHAREHOLDERS' FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	December 31, 2024	December 31, 2023
		(Rupees)	
Shareholders' fund			
Wakala fee	30	1,352,815,349	1,507,754,812
Commission expense	37	(598,981,272)	(628,211,309)
		<u>753,834,077</u>	<u>879,543,503</u>
Takaful operator fee	36	1,066,243,573	841,814,243
Investment income	31	217,207,289	181,856,378
Net realised fair value gains on investments	32	73,739,560	93,224,438
Other income	34	16,062,810	32,465,318
		<u>1,373,253,231</u>	<u>949,460,377</u>
Net income		<u>2,127,087,308</u>	<u>1,829,003,880</u>
Acquisition expenses	37	(815,210,112)	(803,409,785)
Marketing and administration expenses	38	(904,330,005)	(790,553,037)
Other expenses	39	(14,019,220)	(17,230,880)
Total expenses		<u>(1,733,559,336)</u>	<u>(1,611,193,702)</u>
Mark up on finance lease	27	(27,071,624)	(25,697,528)
Profit before tax		<u>366,456,348</u>	<u>192,112,650</u>
Taxation	40	(96,735,200)	(35,814,547)
Profit after tax		<u>269,721,148</u>	<u>156,298,103</u>
Other comprehensive income			
<i>Items not to be recognised to profit and loss account in subsequent year</i>			
Actuarial loss on staff retirement benefit	24.6.2	932,635	(4,093,333)
Tax effect		(270,464)	1,187,067
		<u>662,171</u>	<u>(2,906,266)</u>
<i>Items that may be recognised to profit and loss account in subsequent years</i>			
Change in unrealised gains on available for sale investments		61,647,066	160,364,238
Loss on disposal reclassified to profit or loss account		(74,240,940)	(62,414,762)
Tax effect		3,652,223	(28,405,248)
Change in unrealised (losses) / gains available for-sale-investments - net of tax		<u>(8,941,650)</u>	<u>69,544,228</u>
Total other comprehensive income		<u>(8,279,480)</u>	<u>66,637,962</u>
Total comprehensive income for the year (Share holder fund-SHF)		<u>261,441,668</u>	<u>222,936,065</u>
Earnings per share	41	<u>2.06</u>	<u>1.20</u>

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Executive Officer

Director

Director

Chairman

Pak-Qatar Family Takaful Limited
Statement of Changes in Equity
As at December 31, 2024

	Attributable to Participants of the Company			
	Code Money	Accumulated surplus / (deficit)	Qard-e-Hasna	Total
Balance at January 01, 2023	500,000	759,958,550	175,000,000	935,458,550
Accumulated surplus	-	(62,377,697)	-	(62,377,697)
Contribution by Shareholder's Fund	-	-	85,000,000	85,000,000
Balance as at December 31, 2023	500,000	697,580,853	260,000,000	958,080,853
Accumulated surplus	-	8,440,092	-	8,440,092
Contribution by Shareholder's fund	-	-	-	-
Balance as at December 31, 2024	500,000	706,020,945	260,000,000	966,520,945

	Attributable to Shareholders of the Company					
	Net Unappropriated profit / (Accumulated loss)					
	Share Capital	Unappropriated Accumulated Profit/(Loss)	Surplus / (Deficit) on revaluation of available for sale investments	Capital Contribution to Statutory Funds	Net Unappropriated Accumulated Profit/(Loss)	Total
	(Rupees)					
Balance at January 01, 2023	1,307,124,400	640,556,776	(91,383,083)	(175,000,000)	449,193,693	1,581,318,093
Total comprehensive income for the year ended December 31, 2023						
Profit for the year	-	156,298,103	-	-	156,298,103	156,298,103
Other comprehensive income for the year - net of tax	-	(2,806,268)	66,544,228	-	66,637,962	66,637,962
	-	153,391,837	66,544,228	-	222,936,065	222,936,065
Transactions with the owners						
Dividend for the year ended December 31, 2023 @ Re. 0.5 per share i.e 5%	-	(65,356,226)	-	-	(65,356,226)	(65,356,226)
Card-e-Hisra returned by statutory fund	-	-	-	(86,000,000)	-	(86,000,000)
Total comprehensive income for the year	-	(65,356,226)	-	(86,000,000)	(65,356,226)	(150,356,226)
Balance at December 31, 2023	1,307,124,400	628,592,367	(21,616,855)	(260,000,000)	606,773,532	1,653,887,932
Total comprehensive income for the year ended December 31, 2024						
Profit for the year	-	269,721,148	-	-	269,721,148	269,721,148
Other comprehensive income for the year	-	692,171	(8,941,650)	-	(8,279,480)	(8,279,480)
Total comprehensive income for the year	-	270,383,319	(8,941,650)	-	261,441,668	261,441,668
Transaction with the owners						
Dividend for the year ended December 31, 2024 @ Re. 0.5 per share i.e 5%	-	(65,356,234)	-	-	(65,356,234)	(65,356,234)
Card-e-Hisra returned by statutory fund	-	-	-	-	-	-
	-	(65,356,234)	-	-	(65,356,234)	(65,356,234)
Balance at December 31, 2024	1,307,124,400	833,619,472	(30,760,505)	(260,000,000)	802,858,965	1,849,983,368

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Executive Officer

Director

Director

Chairman

PAK-QATAR FAMILY TAKAFUL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

			Aggregate		
	Note	Shareholders' Fund	Participants' Fund	December 31, 2024	December 31, 2023
				(Rupees)	
Operating Cash flows					
(a) Takaful activities					
Contributions received		-	28,832,636,468	28,832,636,468	16,301,948,155
Retakaful payment - net		-	(99,651,831)	(99,651,831)	(9,187,132)
Claims / benefits paid		-	(17,439,844,203)	(17,439,844,203)	(10,591,347,173)
Commission paid		(593,069,612)	-	(593,069,612)	(652,499,913)
Wakala fees / Modarib received		2,419,058,921	-	2,419,058,921	2,149,569,055
Wakala fees / Modarib paid		-	(2,419,058,921)	(2,419,058,921)	(2,149,569,055)
Net cash flow from takaful activities		1,825,989,309	8,874,081,513	10,700,070,822	5,048,913,937
(b) Other operating activities					
Income tax paid		(34,495,327)	(39,791,996)	(74,287,323)	(92,106,283)
Management and other expenses paid		(1,644,705,389)	-	(1,644,705,389)	(1,428,710,824)
Other operating receipts / (payments)		2,602,086	(78,203,328)	(75,601,242)	(4,019,668)
Advances and deposits		(494,436)	(193,574,477)	(194,068,913)	(1,305,000)
Surplus distributed		-	(64,091,014)	(64,091,014)	(98,852,952)
Net cash flow from other operating activities		(1,677,093,066)	(375,660,815)	(2,052,753,881)	(1,825,996,727)
Total cash flow from all operating activities		148,896,243	8,498,420,698	8,647,316,941	3,422,917,210
(c) Investment activities					
Profit / return received		198,014,650	4,247,219,333	4,445,233,993	3,290,086,530
Payment for investments		(1,307,125,386)	(94,781,593,400)	(96,088,718,786)	(56,582,275,658)
Proceeds from disposal of investments		1,362,903,363	81,974,601,092	83,337,504,455	50,715,024,771
Dividend received		-	128,663,100	128,663,100	183,960,500
Fixed capital expenditure		(55,411,311)	-	(55,411,311)	(178,967,187)
Proceeds from disposal of operating assets		354,350	-	354,350	3,373,896
Total cash flow from investing activities		198,735,676	(8,431,109,875)	(8,232,374,199)	(2,556,797,047)
(d) Financing activities					
Dividend paid		(65,356,226)	-	(65,356,226)	(65,356,226)
Total cash flow from financing activities		(65,356,226)	-	(65,356,226)	(65,356,226)
Net cash flow from all activities		282,275,693	67,310,823	349,586,516	755,763,937
Cash and cash equivalents at beginning of year		37,702,124	4,044,237,072	4,081,939,196	3,293,175,259
Cash and cash equivalents at end of year	19	319,977,817	4,111,547,895	4,431,525,712	4,081,939,196
Reconciliation to profit and loss account					
Cash flow from operating activities		148,896,243	8,498,420,698	8,647,316,941	3,422,917,210
Surplus of participants' funds for the year (Before distribution and changes in reserves)					
Exchange gain / (loss)		(18,725)	-	(18,725)	53,016
Depreciation expense		(160,795,284)	-	(160,795,284)	(168,411,788)
Amortisation expense		(9,181,753)	-	(9,181,753)	(9,059,505)
Actuarial (gain) / loss - retirement benefits obligation		(932,634)	-	(932,634)	4,093,333
Tax paid		34,495,327	39,791,996	74,287,323	92,106,283
(Loss) / Gain on disposal of operating assets		(58,291)	-	(58,291)	34,313
Return on investments		217,207,289	570,597,925	787,805,214	851,380,363
Long term deposits		494,436	193,574,477	194,068,913	1,305,000
Increase / (decrease) in receivables and other assets		2,602,086	(22,224,279)	(19,622,193)	(51,433,559)
(Increase) / decrease in liabilities		(1,638,973)	(314,847,552)	(316,486,525)	(471,746,727)
Fair value gain / (loss) on investments		61,647,086	5,426,229,315	5,487,876,381	4,034,882,564
Net realised fair value gain on investments		73,739,560	3,696,819,800	3,770,559,360	2,630,756,694
Income tax expense		(96,735,200)	-	(96,735,200)	(35,814,547)
Profit / Deficit for the year (after Tax / Reserves)		269,721,148	18,088,362,380	18,454,818,728	10,336,879,197



Chief Executive Officer

Director

Director

Chairman

PAK-QATAR FAMILY TAKAFUL LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

1. CORPORATE INFORMATION

Pak Qatar Family Takaful Limited (the Company) was incorporated in Pakistan as an unquoted public company limited by shares on March 15, 2006 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company received certificate of registration on August 16, 2007 under Section 6 of the Insurance Ordinance, 2000. The principal business activity of the Company is to undertake family takaful business in accordance with the Insurance Ordinance 2000, Securities and Exchange Commission, Repealed Insurance Rules, 2002 (now Insurance Rules, 2017) and Takaful Rules, 2012. The registered office of the Company is situated at suite # 101-105, Business Arcade, Block 6, P.E.C.H.S, Karachi. The major shareholder is Pak Qatar Investment (Private) Limited who holds 34.58 percent holding.

To carry out the family takaful business, the Company has established the Takaful Business Statutory Fund as per Rule 8 of the Repealed Takaful Rules, 2005 (now Takaful Rules, 2012) and Section 15 of the Insurance Ordinance, 2000. The Takaful Business Statutory Fund has the following components in accordance with the Waqf-Wakala Model adopted by the Company.

- i) Participant Takaful Fund (PTF i.e. PQFTL Waqf): The Company formed a Waqf on August 17, 2007 under a trust deed executed by the Company with a cede amount of Rs. 500,000. Waqf deed also governs the relationship of the shareholders and policyholders for the management of the takaful operations, investment of participants' and shareholders' respective funds approved by the Shariah Board established by the Company and to manage the risk related contributions and payment of Takaful benefits. The Waqf supports the following:
 - a) Individual Family;
 - b) Group Family; and
 - c) Group Health.
- ii) Participant Investment Fund (PIF): Investment component of the participants contributions are managed in PIF which represents the aggregate of the individual Participant's Investment Accounts (PIA).

As per Section 21 of the Insurance Ordinance, 2000 capital contribution to a statutory fund is distributable back to the shareholders' fund subject to the written advice of the appointed actuary.

2. BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2017 (the Rules) vide SRO 89(I)/2017 and Insurance Accounting Regulations, 2017 (the Regulations) vide SRO 88(I)/2017 dated 09 February 2017, with appropriate modifications based on the advice of Shariah Advisor of the Company. In this regard, the Company has sought approval from the SECP vide email dated 29 April, 2019.

The Company maintains statutory / participants' funds in respect of each class of family takaful business. Assets, liabilities, revenues and expenses referable to respective funds have been recorded accordingly.

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

These financial statements have been presented in Pakistani rupees, which is the functional currency of the Company.

These financial statements reflect the financial position and results of operations of both shareholders' Fund and participants' funds in a manner that the assets, liabilities, income and expenses remain separately identifiable.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), as are notified under the Companies Act, 2017 (the Act), and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP);

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

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

To clarify the applicability of Insurance Accounting Regulations, 2017 on Takaful business, the Company has applied through letter number SEC/19-08/20 dated August 09, 2019 which was responded by Securities and Exchange Commission of Pakistan (SECP) vide letter ID/OSM/PQFTL/2019/1507 dated August 20, 2019 that directed the company to apply Insurance Accounting Regulation 2017 format to maximum extent possible.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except as disclosed in accounting policies relating to investments, investment property, lease liabilities, retirement benefits obligation and insurance liabilities. These financial statements have been presented in Pakistani rupees, which is the functional currency of the Company.

5. ACCOUNTING STANDARDS INTERPRETATIONS AND AMENDMENTS

5.1 Amendments and improvements that are effective for the year ended December 31, 2024

The following amendments and improvements are effective for the year ended December 31, 2024. These amendments and improvements are either not relevant to the Operator's operations or are not expected to have significant impact on the Operator's financial statements other than certain additional disclosures.

- Amendments to IFRS 16 'Leases' - Clarification on how seller - lessee subsequently measures sale and leaseback transactions;
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants;
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments : Disclosures' - Supplier Finance Arrangements.

5.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Operator's operations or are not expected to have significant impact on the Operator's financial statements other than certain additional disclosures.

	Effective Date (accounting periods beginning on or after)
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments : Disclosures' - Classification and measurement of financial instruments	January 01, 2026
- Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments : Disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026



Other than the aforesaid standards and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

5.3 The SECP vide SRO 1715 (I) / 2023 dated November 21, 2023 has directed the companies engaged in insurance / takaful and reinsurance / retakaful to follow IFRS 17 from January 01, 2026. The Company is in the process of determination of impact assessment of IFRS - 17 on the Company's financial statements.

5.4 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.

The tables below set out the fair value as at the end of the reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, excluding any financial assets that meets the definition of fair value through profit and loss in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b) all other financial assets.

	December 31, 2024			
	Other Financial Assets		Financial Assets that will pass the SPPI test	
	Fair Value	Change in unrealized gain or loss during the year	Fair Value	Change in unrealized gain or loss during the year
Financial assets				
	(Rupees)			
Equity securities	39,764,835	(15,215,441)	-	-
Government securities	188,003,493	-	188,003,493	2,621,567
Debt securities	-	-	-	-
Term deposits	-	-	50,000,000	-
Mutual funds	52,490,584,410	-	-	-
Takaful / Re-takaful receivables	-	-	842,186,279	-
Deposits, loans and other receivables	-	-	241,954,433	-
Cash and bank	-	-	4,381,525,712	-
	<u>52,718,352,738</u>	<u>(15,215,441)</u>	<u>5,703,669,917</u>	<u>2,621,567</u>



Financial assets	December 31, 2023			
	Other Financial Assets		Financial Assets that will pass the SPPI test	
	Fair Value	Change in unrealized gain or loss during the year	Fair Value	Change in unrealized gain or loss during the year
	(Rupees)			
Equity securities	7,084,956,770	470,406,424	-	-
Government securities	3,566,760,012	-	854,410,000	7,174,433
Debt securities	89,437,480	-	-	-
Term deposits	-	-	50,000,000	-
Mutual funds	23,937,145,826	-	-	-
Takaful / Re-takaful receivables	-	-	1,109,930,970	-
Deposits, loans and other receivables	-	-	326,384,877	-
Cash and bank	-	-	23,937,145,826	-
	<u>34,678,300,088</u>	<u>470,406,424</u>	<u>26,277,671,673</u>	<u>7,174,433</u>

6. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2024.

6.1 Leases

6.1.1 Leases (Policy applicable before 1 January 2019)

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

6.1.2 The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

At the commencement date of the lease, the right-of-use asset (RoU) is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.



6.1.3 Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

6.1.4 Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the RoU in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as stand-alone credit rating, or to reflect the terms and conditions of the lease).

6.2 Property and equipment - operating assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged using reducing balance method at the rates specified in note 8 to the financial statements. Depreciation on additions is charged from the month in which asset is available for use while no depreciation is charged in the month of disposal. Gains and losses on disposals are taken to profit and loss account and other comprehensive income.

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

Subsequent cost 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 items 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 and other comprehensive income.

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 and other comprehensive income in the year the asset is derecognised.

6.3 Intangible assets

These are stated at cost less accumulated amortisation and any provision for impairment loss. Amortisation on intangible fixed assets is charged to income applying the straight line method at the rates specified in note 9 to the financial statements after taking into account residual value, if any.

Full month's amortisation is calculated from the month the assets are available for use, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortisation method is reviewed, and adjusted if appropriate, at each reporting date.

6.4 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. It also includes advances to suppliers in respect of tangible and intangible assets. These are transferred to specific assets as and when assets are available for use. Capital work-in-progress is stated at cost less impairment in value, if any.



6.5 Investments

6.5.1 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. Investments acquired principally for the purpose of selling or repurchasing in the near future are classified as held for trading. All investments that have not been classified as either held to maturity, held for trading or as fair value through profit or loss have been classified as available-for-sale.

6.5.2 Initial recognition and measurement

All financial instruments are recognised in the financial statements when, and only when, the company becomes a party to the contractual provisions of the instruments.

All investments are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the investments, except for held for trading investments and at fair value through profit or loss categories, wherein the transaction costs are charged to the profit and loss account and other comprehensive income.

6.5.2 Investment categories and subsequent measurement

Investments

The company classifies its investments into the following categories:

Fair Value through profit or loss

Investments at FVTPL comprise held-for-trading investments and investments other than held-for-trading that are designated at fair value through profit or loss.

- a) Held-for-trading investments are investments that are acquired and held principally for the purpose of selling in the short term or it is part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.
- b) Investments other than held-for-trading that are designated at fair value are classified as such if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

All investments under participants' funds except investment in short term deposits have been designated as carried at fair value through profit or loss.

Investments classified as FVTPL are subsequently measured at their fair values with fair value adjustments and realised gains and losses recognised in their respective funds. Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost.

Available-for-sale

All investments under shareholders' fund except investment in short term deposits have been classified as available-for-sale (AFS) investments.

AFS investments are investments that are not classified in any of the other categories and are measured at fair value. AFS investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition and are subsequently carried at fair value. Fair value gains or losses of those investments are recognised directly in other comprehensive income, except for impairment losses. Significant or prolonged decline in the fair value of the investments below its cost is considered in determining whether the assets are impaired. If any such evidence exist for AFS investments, the cumulative losses, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in equity is removed from equity and recognised in profit or loss. If in a subsequent period, the fair value of debt instrument classified as AFS increase and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss. Impairment losses previously recognised in profit or loss for equity instruments are not reversed through profit or loss. On de-recognition, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account and other comprehensive account.

Held-to-maturity

This represents term deposits of fixed maturity maintained with Islamic commercial banks under profit and loss sharing basis.

Investment in an associate - equity method

Associates are those entities in which the company has significant influence, but does not have control, over the financial and operating policies. These financial statements account for the Company's investment in associates under the equity method i.e. recognising Company's share of the total recognised gains and losses of associates on the equity accounting basis. The investment's carrying amount is reduced to nil where the Company's share of losses of the associate, exceeds its interest in an associate. Having reduced the carrying amount to Nil, further recognition of the associate's losses is discontinued, except to the extent that the Company has incurred legal or constructive obligation.

For investment in Government and Other fixed income securities, fair market value is determined by reference to quotations obtained from brokers. The fair market value of mutual fund units is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP). The fair / market value of shares is determined on the basis of closing quoted market prices available at the Pakistani Stock Exchange.

Investment properties

Investment properties comprising of land and buildings, is held for long term rental yields / capital appreciation. The investment property of the Company comprises of land which is valued using the Fair Value model i.e. its initial measurement at cost (expenditure that is directly attributable to the acquisition of the investment property) and subsequently at fair value with any change therein recognised in profit and loss account and other comprehensive income.

The Company engages external, independent and qualified valuers to determine the fair value of the investment property at least once every financial year. The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as income or expense in profit and loss account and other comprehensive income.

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

6.6 Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to profit and loss account and other comprehensive income.

6.7 Ijarah arrangements

Ijarah rentals are recognised as an expense on accrual basis as and when the rentals become due.

6.8 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is fair value of the consideration to be paid in future for goods and / or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

6.9 Takaful liabilities

These includes outstanding claims and the technical reserves comprising reserve for claims – incurred but not reported (IBNR), contribution deficiency reserve (CDR) and reserve for unearned contribution.

6.10 Financial instruments

Financial assets and financial liabilities other than those arising out of takaful contracts are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition, financial assets and liabilities are measured at fair values which is the cost of consideration given or received for it. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities are recognised in the statement of profit and loss and other comprehensive income.

6.11 Off-setting

A financial asset and financial liability is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognised amounts and it intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

6.12 Takaful contracts

The takaful contracts are based on the principles of Waqf Wakala Model. Takaful is a programme based on shariah compliant, approved concept founded 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 is 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 fund to the participants' funds (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the shareholders' 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 Section 50 of the Insurance Ordinance, 2000.

Principal actuarial assumptions used by the actuary in computing technical reserves are:

- a) the liability in respect of Family Takaful Business and riders of all types is set using the unearned contribution method. Due provision is made for claims incurred but not reported (IBNR) and contingencies over the term of coverage.
- b) the liability is calculated by summing up individual mathematical reserves for the policies. The mathematical reserves as at the valuation date are calculated individually.

Group takaful

The group family takaful contracts are issued typically on yearly renewable term basis. The Company offers group term life and group credit plans to its participants.

Individual 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. The death benefit design is based on Constant Sum at Risk approach i.e. the sum cover is paid up to the cash value. The plans offer investment choices to the customer to direct their investment related contributions based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants.



Term life

The Company offers term life contracts which provides financial protection to individual participants. The death benefit design is based on decreasing term value i.e. the face value is reduced with term. The plan offers financial protection choices by selecting the factors for decreasing the face value.

6.13 Provision for outstanding claims

A liability for outstanding claims is recognised in respect of all claims incurred up to the reporting date and includes expected settlement cost, except for accident and health claims / surrenders / partial withdrawals which are recognised as soon as reliable estimates of the claims amount can be made.

Claims where intimation of the event giving rise to the claim is received or in respect of investment linked business when the policy ceases to participate in the earnings of the participants' funds are reported as claims in profit and loss account and other comprehensive income.

Claim recoveries receivable from the retakaful operator are recognised at the same time as the claim which gave rise to the right of recovery and are measured at the amount expected to be recovered.

6.14 Reserve for claims – Incurred but not reported (IBNR)

The liability for claims - IBNR is determined by the Appointed Actuary and included in the technical reserves. The IBNR is expressed on the basis of past claims reporting pattern as percentage of earned contribution.

The Company maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. Provision for contribution deficiency reserve is made as per the advice of appointed actuary. The movement in the contribution deficiency reserve is recorded as an expense / income in profit and loss account and other comprehensive income.

6.15 Commission

Commission expense incurred in obtaining and recording policies is recognised as an expense in accordance with the pattern of recognition / receipt of contribution revenue.

6.16 Retakaful

Contracts entered into by the Company with retakaful operator under which the Waqf cedes takaful risks assumed during normal course of its business and according to which the 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 profit and loss account and other comprehensive income.

Retakaful expense

Retakaful expense is 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 companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

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

Retakaful assets and liabilities are derecognised when the contractual rights are extinguished or expired.



Impairment of retakaful assets

An impairment review of retakaful assets is performed at each reporting date. If there is an objective evidence that the asset is impaired, the Company reduces the carrying amount of the retakaful asset to its recoverable amount and recognises that impairment loss in the profit and loss account and other comprehensive income.

6.17 Operating segment

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The Company accounts for segment reporting using the classes or sub classes of business (Takaful Business Statutory Funds) as specified under the Insurance Ordinance, 2000.

The Company has following three primary business segments for reporting purposes:

- a) The Individual Family Takaful segment provides family takaful coverage to individuals.
- b) The Group Family Takaful business segment provides family takaful coverage to member of business enterprises, corporate entities and common interest groups under group family takaful schemes.
- c) The Group Health Takaful segment provides accident coverage and inpatient / outpatient health coverage to members of business enterprises and corporate entities under group health schemes.

6.18 Revenue recognition

Contributions

i) Individual Family

- First year contributions and single contributions are recognised once the related policies are issued against receipt of contribution.
- Renewal contributions are recognised on receipt basis.
- Top up contributions are recognised against receipt of contribution.

ii) Group Family

- Group Family contributions are recognised as and when due. In respect of certain group policies the Company continues to provide cover even if the contribution is received after the grace period.

iii) Group Health

- Group Health contributions are recognised as and when due. In respect of certain group policies the Company continues to provide cover even if the contribution is received after the grace period.
- Income from admin services only (ASO) is recognised as a fixed percentage of claims paid based on the contractual terms with ASO group health customer. The company only manages the administration of the claims and the amount received in advance is recognised as a liability on the receipt. The contribution / advance received from ASO customers is recognised separately as liability and are not included in the Waqf fund.

Income from investments

- Return on bank deposits and income on Islamic investment products is recognised on an accrual basis.
- Gain / loss on sale of available-for-sale investments and investments held at fair value through profit or loss are included in profit and loss account and other comprehensive income in the period of sale.
- Dividend income is recognised when the right to receive the dividend is established.



6.19 Reserve for unearned contribution

The unearned portion of gross contribution net off wakala is set aside as a reserve and included in the technical reserves. Such reserve is calculated as a portion of the gross contribution of each policy, determined according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

6.20 Acquisition cost

These are costs incurred in acquiring and maintaining takaful policies and include without limitation all forms of remuneration paid to takaful agents.

Commissions and other expenses are recognised as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or the renewal of specific contract are recognised not later than the period in which the contribution to which they relate is recognised as revenue.

6.21 Takaful operator's fee / Wakala fee

The shareholders of the Company manage the family takaful operations for the participants and as such the Company is entitled for the takaful operator's fee for the management of takaful operation under Waqf Fund to meet its general and administrative expenses. The takaful operator's fee is recognised upfront.

6.22 Modarib fee

The shareholders of the Company manage the PTF's investments as a Modarib and charge Modarib's share of takaful investment income and profit on bank balances earned by PTF.

6.23 Contribution due but unpaid

These are initially recognised at fair value. Provision for impairment on contribution receivable is established when there is objective evidence that the Company will not be able to collect all amount due according to original term of receivables. Receivables are analysed as per their aging and accordingly provision is maintained on a systematic basis.

6.24 Liability adequacy test

An assessment has been made to ensure that the business provisions are adequate. Using current estimates of future cash flows, appointed actuary has carried out expense projections of the Company to keep a reserve in the light of estimated future cash flows. The current estimates are adequate and no separate reserve needs to be set aside.

6.25 Claims expense

Provision is maintained in respect of all reported claims against losses incurred up to the reporting date which is measured at the undiscounted value of expected future payments. Claims are recognised if the takaful event occurs before the policy ceases to participate in the earnings of the funds.

6.26 Dividend and appropriation to reserves

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

6.27 Qard-e-Hasna

When the participants takaful fund including reserves are insufficient to meet the current payments less receipts, the deficit is funded by way of contributions (qard-e-hasna) from the shareholder's fund.



6.28 Taxation

Current

Provision for current taxation is based on taxable income of shareholders' fund at the current rate of taxation after taking into account tax credits and rebates available, if any, or 1.25 percent of turnover, whichever ever is higher.

Deferred

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

6.29 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account and other comprehensive income.

6.30 Staff retirement benefits - defined benefit plan

The Company operates funded gratuity scheme for all its permanent employees who have completed completed a minimum of five years continuous services. The condition of five years' continuous service shall be replaced by two years' continuous service when an employee dies (except suicide) or has to leave service on total permanent disablement grounds. The expense is recognised on the basis of actuarial valuation carried out at each year end using the "Projected unit credit method". Actuarial gains and losses are recognised in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss SHF account are limited to current and past service costs, gains or losses on settlements, and net interest income / (expense). All other changes in the net defined benefit obligation are recognised directly in other comprehensive income with no subsequent recycling through profit and loss account and other comprehensive income.

6.31 Staff retirement benefits - defined contribution plan

The Company operates an approved contributory provident fund for all its permanent employees. Contributions are made by both the Company and the employees to the fund at the rate of 10% of basic salary. Contribution made by the Company is recognised as an expense in profit and loss account and other comprehensive income

6.32 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.



6.33 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and savings accounts;
- Cash and stamps in hand;
- Term deposits with original maturity within three months; and
- Highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

7. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, or judgments was exercised in application of accounting policies, are as follows:

	Note
- Estimation of technical reserves and underlying actuarial assumption	6.12, 6.13, 6.15, 6.20, 6.25 and 21
- Classification and valuation of investments	6.5, 10, 11, 12, 13 and 15
- Useful lives of assets and method of depreciation	6.1, 6.2, 6.3, 6.4, 8 and 9
- Taxation	6.28, 18 and 40
- Impairment of assets	6.2, 6.3, 6.4, 6.5, 6.6 and 6.23
- Determination of the lease term for lease contracts with renewal	6.1.3
- Estimating the incremental borrowing rate	6.1.4

8. PROPERTY AND EQUIPMENT

	Note	December 31, 2024	December 31, 2023
		----- (Rupees) -----	
Operating fixed assets	8.1	296,804,442	307,220,396
Right-of-use assets	8.2	125,558,426	160,844,567
Capital work in progress	8.3	11,585,611	6,921,815
		<u>433,948,479</u>	<u>474,986,768</u>

8.1 Operating fixed assets

Particulars	Cost		Accumulated depreciation			Carrying value	Rate (%)
	As at January 01, 2024	Additions / Transfer / (disposals)	As at December 31, 2024	As at January 01, 2024	For the year / (disposals)	As at December 31, 2024	
				(Rupees)			
Building improvements	400,273,684	15,344,047	415,617,731	189,988,080	32,272,812	222,260,892	15
Furniture and fixtures	60,952,448	326,812 (34,387)	61,244,873	43,139,751	2,694,353 (5,866)	45,828,238	15
Office equipment	75,290,346	12,021,898 (688,613)	86,623,631	43,337,831	5,363,944 (460,454)	48,241,321	15
Motor vehicles	8,620,691	-	8,620,691	6,853,117	353,514	7,206,631	20
Computer equipment	163,973,466	18,928,280 (1,274,092)	181,627,654	118,571,459	15,939,727 (1,118,131)	133,393,055	30
2024	709,110,635	46,621,037 (1,997,092)	753,734,580	401,890,239	56,624,350 (1,584,451)	456,930,138	296,804,442

8.1.1 The transfers were made to building improvements amounting to Rs. 1,789 million (December 31, 2023: Rs. 28,442 million)

Particulars	Cost		Accumulated depreciation			Carrying value	Rate (%)
	As at January 01, 2023	Additions / Transfer / (disposals)	As at December 31, 2023	As at January 01, 2023	For the year / (disposals)	As at December 31, 2023	
				(Rupees)			
Building improvements	345,066,484	64,698,900 (9,491,680)	400,273,684	168,308,018	30,085,080 (6,402,998)	189,988,080	15
Furniture and fixtures	57,098,846	3,972,702 (119,100)	60,952,448	40,259,769	2,930,442 (50,460)	43,139,751	15
Office equipment	59,732,245	15,701,551 (143,450)	75,290,346	39,441,802	3,943,809 (47,780)	43,337,831	15
Motor vehicles	8,620,691	-	8,620,691	6,411,224	441,893	6,853,117	20
Computer equipment	145,557,540	18,601,426 (185,500)	163,973,466	104,181,279	14,488,989 (98,809)	118,571,459	30
2023	616,075,766	102,974,579 (9,939,730)	709,110,635	356,600,092	51,890,194 (6,600,047)	401,890,239	307,270,396

8.1.2 Disposal of operating assets

Particulars	Cost	Accumulated depreciation	Net book value	Sales value	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers along with relationship
(Rupees)							
Furniture & Fixture	34,367	5,886	28,521	10,388	(18,132)	As per company policy	Various PQFTL Employees
Office Equipment	688,613	480,454	228,159	148,960	(79,199)	As per company policy	Various PQFTL Employees
Computer Equipment	1,274,002	1,118,131	155,861	186,001	30,040	As per company policy	Various PQFTL Employees
	<u>1,997,082</u>	<u>1,584,451</u>	<u>412,541</u>	<u>354,350</u>	<u>(58,291)</u>		

8.1.3 Allocation of depreciation:

	Note	December 31, 2024 (Rupees)	December 31, 2023
Acquisition expenses	37	29,227,418	31,341,797
Marketing expenses	38	27,396,932	20,548,397
		<u>56,624,350</u>	<u>51,890,194</u>

8.2 Right-of-use assets

Buildings

Opening balance		160,844,557	185,397,127
Additions during the year		78,880,390	96,043,811
Termination during the year		(9,995,587)	(14,074,787)
Depreciation expense	8.2.1	(104,170,934)	(116,521,594)
Closing balance		<u>125,558,426</u>	<u>180,844,557</u>

8.2.1 Allocation of right-of-use assets depreciation:

Acquisition expenses	37	69,430,947	83,928,493
Marketing expenses	38	34,739,987	32,593,101
		<u>104,170,934</u>	<u>116,521,594</u>

8.2.1.1 The depreciation is charged at the rates ranging from 20 percent to 33.33 percent (2023: 20 percent to 33.33 percent).

8.3 Capital work in progress

Building improvements

Opening balance		6,921,815	28,442,018
Additions		6,452,869	6,921,815
Transfers		(1,789,073)	(28,442,018)
Closing balance		<u>11,585,611</u>	<u>8,921,815</u>

9. INTANGIBLE ASSETS

Particulars		Cost			Accumulated amortisation			Rate	
		As at	Additions	As at	As at	For the	As at		Carrying value
		January 01,		December 31,	January 01,	year	December 31,		
(Rupees)								(%)	
(note 38)									
Computer softwares	2024	188,934,974	548,332	189,483,306	104,227,146	9,181,753	113,408,859	76,074,407	05-20
	2023	187,485,974	1,469,000	188,934,974	95,167,841	8,059,505	104,227,146	84,707,828	05-20

9.1 Fully amortised assets having cost of Rs. 58.624 million (December 31, 2023; Rs. 58.624 million) are still in use.

		Aggregate			
		Shareholders' fund	Participants' fund	December 31, 2024	December 31, 2023
		(Rupees)			
10.	INVESTMENT PROPERTY	Note			
	Opening balance	-	1,124,510,000	1,124,510,000	983,381,249
	Additions and capital improvements	-	-	-	127,485,046
	Unrealised fair value gain	10.1	75,490,000	75,490,000	13,643,705
	Closing balance	-	1,200,000,000	1,200,000,000	1,124,510,000

10.1 The company acquired an investment property with the objective of capital appreciation. The fair value of investment property was determined by external, independent property valuer, Ms. Credit & Commerce Consultants (Pvt.) Limited having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The latest valuation was carried out as at December 31, 2024 resulting in total fair value of Rs. 1,200 million (December 31, 2023 : Rs. 1,124.510 million).The independent valuer provide the fair value of the Company's investment property at least once every financial year as per Company's policy.

10.2 Valuation technique

The valuer adopted marked based approach for the valuation of investment property and has arranged inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilisation, and current trends in prices of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the best estimates of the fair value. The valuation technique used is included in level 3 in fair value hierarchy.

10.3 The covered area of the freehold land is 1,865.66 sq.yards and office premises is 889 sq.yards.

10.4 The cost of freehold land amount to Rs. 600 million (December 31, 2023: Rs. 600 million) and office premises Rs. 470.23 million (December 31, 2023: Rs. 470.23 million) respectively.

11. INVESTMENTS IN EQUITY SECURITIES

		December 31, 2024			December 31, 2023		
		Cost	Impairment / Provision (Rupees)	Carrying value	Cost	Impairment / Provision (Rupees)	Carrying value
Note							
<u>Shareholders' fund:</u>							
Available for sale							
Listed shares	11.1	45,644,617	(27,071,624)	24,764,835	45,644,617	-	40,332,372
Non-Banking Finance Company							
Pak Qatar Asset Management Limited	11.2	15,000,000	-	15,000,000	15,000,000	-	15,000,000
<u>Participants' fund</u>							
Fair value through profit or loss							
Listed shares	11.3	-	-	-	5,229,528,074	-	7,029,624,398
		60,644,617	(27,071,624)	39,764,835	5,275,172,691	-	7,084,956,770

11.1 Listed Shares - Available-for-sale (SHF)

Sector wise names of the Investee companies / organisations	December 31, 2024	December 31, 2023	Face value	December 31, 2024	December 31, 2023
	Number of units / shares			Carrying amount (Rupees)	
Food and Personal care					
Al - Shaheer Corporation Limited	3,250,000	3,250,000	10	24,764,835	40,332,372

11.2 Unlisted Shares - Available-for-sale (SHF)

Non-Banking Finance Company

Pak-Qatar Asset Management Company Limited	1,500,000	1,500,000	10	15,000,000	15,000,000
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The above investment in unlisted related party is carried at cost as there is no major change in the book value of the shares. Therefore, the management considers that the impact of fair valuation is not material to the financial statements.

11.3 Listed Shares - Fair value through profit or loss (PTF)

Sector wise names of the Investee companies / organisations	December 31, 2024	December 31, 2023	Face value (Rupees)	December 31, 2024	December 31, 2023
	Number of units / shares			Carrying amount (Rupees)	
Automobile					
Honda Atlas Cars (Pakistan) Limited	-	1,875,000	10	-	400,725,000
Engineering					
Agha Steel Industries Limited	-	17,766,000	10	-	252,810,180
Crescent Steel and Allied Products Limited	-	7,725,000	10	-	367,941,750
Amreli Steels Limited	-	20,500,000	10	-	472,730,000
Food and personal care products					
Al Shaheer Corporation Limited	-	22,140,500	10	-	274,763,605
Unity Foods Limited	-	24,028,071	10	-	567,783,318
Refinery					
Pakistan Refinery Limited.	-	100,000	10	-	2,919,000
Cement					
DG Khan Cement Company Limited	-	9,623,067	10	-	744,825,386
Technology & Communication					
Pakistan Telecommunication			10		
Avanceon Limited	-	4,200,000	10	-	240,828,000
Oil and Gas exploration					
Oil and Gas Development Company Limited	-	8,000,000	10	-	899,500,000
Pakistan Petroleum Limited	-	8,000,000	10	-	920,240,000
Cables and electrical goods					
Pak Elektron Limited	-	55,781,140	10	-	1,259,536,159
Oil and Gas marketing companies					
Pakistan State Oil Company Limited	-	-	10	-	-
Sul Northern Gas Pipelines Limited	-	8,500,000	10	-	624,820,000
				-	7,029,624,398

12. INVESTMENTS IN GOVERNMENT SECURITIES	Note	December 31, 2024		December 31, 2023	
		Cost	Impairment / Provision	Carrying value	Cost
Shareholders' fund:					
Available-for-sale Sukuk certificates	12.1	966,293,208	-	985,885,562	855,622,668
Participants' fund					
Fair value through profit or loss Sukuk certificates	12.2	188,679,185	-	188,003,493	3,335,896,460
		1,154,972,393	-	1,173,889,055	4,191,521,128
Government Securities - Available-for-sale (SHF)					

13.1 Sukuk Certificates - Fair Value Through Profit or Loss (PTF)

	December 31, 2024		December 31, 2023			
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
			(Rupees)			
	33,437,480	(33,437,480)	-	33,437,480	-	33,437,480
	-	-	-	56,008,000	-	56,008,000
	33,437,480	(33,437,480)	-	89,445,480	-	89,437,480

14. INVESTMENTS IN TERM DEPOSITS

Participants' fund

Deposits maturing within 12 months

14.1 This represents term deposits of fixed maturity maintained with Islamic commercial banks under profit and loss sharing basis. The estimated profit rate on such deposits ranges from 17 percent to 21.16 percent (2023: 15.5 percent to 21 percent) per annum with maturity up to March 31, 2025.

Aggregate	
December 31, 2024	December 31, 2023
----- (Rupees) -----	
50,000,000	50,000,000

15. INVESTMENTS IN MUTUAL FUNDS

Shareholders' fund:

Available-for-sale
Mutual funds

Participants' fund

Fair value through profit or loss
Mutual funds

	December 31, 2024		December 31, 2023			
	Cost	Impairment / Provision	Carrying value (Rupees)	Cost	Impairment / Provision	Carrying value
	376,668,973	-	379,675,827	536,853,848	-	538,351,919
	46,674,480,435	-	52,110,908,583	21,577,310,579	-	23,398,793,908
	47,051,149,408	-	52,490,584,410	22,114,164,427	-	23,937,145,826

15.1 Mutual Funds - Available-for-sale (SHF)

HBL Islamic Asset Allocation Fund Plan I

Investment in related parties

Pak Qatar Cash Plan
Pak Qatar Islamic Asset Allocation Fund (Pak Qatar Stable Return Plan)
Pak Qatar Islamic Stock Fund
Pak Qatar Income Plan
Pak Qatar Islamic Pension Fund-Debt Sub Fund
Pak Qatar Islamic Pension Fund-Equity Sub Fund
Pak Qatar Islamic Pension Fund-Money Market Sub Fund

December 31, 2024	December 31, 2023	Face value (Rupees)	Carrying amount (Rupees)	December 31, 2023
	Number of units / shares			
	154	100	354,611	58,598,239
302,293	1,875,260	100	32,890,575	208,360,427
1,729	159,000		1,729,634	16,764,817
-	83,956		-	12,349,616
2,624,848	1,836,063		292,650,369	204,477,500
100,000	100,000		14,335,742	12,058,940
100,000	100,000		23,207,366	13,707,440
100,000	100,000		14,507,530	12,035,740
			379,675,827	538,351,918

		December 31, 2024	December 31, 2023	Face value (Rupees)	December 31, 2024	December 31, 2023
		Number of units / shares			Carrying amount ----- (Rupees) -----	
15.2	Mutual Funds - Fair Value Through Profit or Loss (PTF)					
	ABL Islamic Asset Allocation Fund	86,438,370	174,695,425	10	946,447,538	1,920,985,833
	AKD Islamic Income Fund	2,405,616	2,016,574	100	134,867,038	112,567,766
	Al Ameen Islamic Aggressive Income Plan I	3,551,587	6,785,795	100	426,883,733	806,729,943
	Afalah GHP Islamic Value Fund	8,279,295	33,959,606	100	1,012,271,342	3,397,954,043
	Faysal Islamic Asset Allocation Fund	7,441,489	19,368,603	100	747,572,012	1,919,882,453
	HLB Islamic Asset Allocation Fund Plan I	2,779,756	11,689,970	100	307,620,999	1,320,216,155
	Investment in related parties					
	Pak Qatar Asset Allocation Plan I (PQAAP IA)	106,428,555	24,673,552	100	11,884,285,446	2,577,865,524
	Pak Qatar Asset Allocation Plan II (PQAAP IIA)	136,272,846	17,432,112	100	15,057,100,076	1,852,951,538
	Pak Qatar Asset Allocation Plan II (PQAAP IIIA)	68,722,184	-	100	9,805,062,773	-
	Pak Qatar Islamic Asset Allocation Fund (Pak Qatar Stable Return)	-	4,450,000	100	-	469,203,995
	Pak Qatar Asan Munafa Plan	1,678,717	1,463,907	100	182,356,792	161,675,631
	Pak Qatar Cash Plan	16,991,857	5,929,466	100	1,858,302,081	657,779,665
	Pak Qatar Daily Dividend Plan	5,497,697	7,132,964	100	549,139,035	713,296,386
	Pak Qatar Income Plan	66,712,376	53,687,728	100	7,437,914,724	5,979,046,587
	Pak Qatar Islamic Stock Fund	4,481,937	4,483,898	100	978,232,249	659,566,601
	Pak Qatar Khalis Bachat Plan	2,971,782	2,861,134	100	327,726,317	317,171,883
	Pak Qatar Monthly Income Plan	4,492,755	3,789,063	100	455,126,429	381,480,806
	786 Smart Fund (Formerly: Dawood Income Fund)	-	1,643,515		-	150,429,122
					52,110,908,583	23,398,793,908
					Aggregate	
				Shareholders ' fund	December 31, 2024	December 31, 2023
16.	TAKAFUL / RETAKAFUL RECEIVABLES	Note		Participants' funds	----- (Rupees) -----	
	-Unsecured, considered good					
	Due from takaful contract holders		-	775,434,888	775,434,888	1,034,656,233
	Due from retakaful operators		-	66,751,391	66,751,391	75,274,737
			-	842,186,279	842,186,279	1,109,930,970
17.	DEPOSITS, LOANS AND OTHER RECEIVABLES					
	Accrued investment income		52,517,077	42,343,975	94,861,052	184,133,132
	Security deposit		36,400,994	10,049,477	46,450,471	42,895,430
	Advance to supplier		12,298,007	-	12,298,007	10,433,833
	Advance to employees	17.1	22,053,239	-	22,053,239	11,734,517
	Receivable against Banca takaful		20,376,806	17,002,431	37,379,237	25,264,312
	Car Ijarah receivable		9,365,428	-	9,365,428	6,149,688
	Surety against legal expense		4,022,000	-	4,022,000	4,022,000
	Other receivables		6,757,699	8,767,300	15,524,999	41,751,965
			163,791,250	78,163,183	241,954,433	326,384,877

17.1 These are secured against retirement benefit obligations of employees. Repayments are made through deduction from salary paid.

			Aggregate	
			December 31, 2024	December 31, 2023
	Shareholders ' fund	Participants' funds	(Rupees)	
18. PREPAYMENTS	Note			
Prepaid rent	493,610	-	493,610	106,220
Prepaid software / hardware maintenance fee	5,147,206	-	5,147,206	9,238,665
Prepaid marketing	3,952,637	-	3,952,637	4,468,881
Other prepayments	18,155,527	-	18,155,527	6,964,809
	<u>27,748,980</u>	<u>-</u>	<u>27,748,980</u>	<u>20,778,575</u>

19. CASH AND BANK

Cash and cash equivalent

Cash in hand	775,067	-	775,067	478,177
Stamps in hand	9,581,932	-	9,581,932	6,360,683

Cash at bank

Current accounts	4,986,489	157,551,639	162,538,128	364,481,170
Saving accounts	19.1 304,634,329	3,903,996,266	4,208,630,585	3,660,619,166
	<u>319,977,817</u>	<u>4,061,547,895</u>	<u>4,381,525,712</u>	<u>4,031,939,196</u>

19.1 Saving accounts carry profit rates of 8% to 21.6% (2023: 10% to 21%) per annum.

	December 31, 2024	December 31, 2023
	(Rupees)	
Cash for the purposes of the cash flow statement consists of:		
Cash and other equivalents		
Cash in hand	775,067	478,177
Stamps in hand	9,581,932	6,360,683
	10,356,999	6,838,860
Current and other accounts		
Current accounts	162,538,128	364,481,170
Saving accounts	4,208,630,585	3,660,619,166
	4,371,168,713	4,025,100,336
Deposits maturing within 3 months (encashable on demand)	50,000,000	50,000,000
	<u>4,431,525,712</u>	<u>4,081,939,196</u>

20. SHARE CAPITAL

20.1	December 31, 2024	December 31, 2023		Note	December 31, 2024	December 31, 2023
	(Number of shares)				(Rupees)	
			AUTHORISED SHARE CAPITAL			
	<u>200,000,000</u>	<u>140,000,000</u>	Ordinary shares of Rs. 10 each		<u>2,000,000,000</u>	<u>1,400,000,000</u>
			ISSUED, SUBSCRIBED AND PAID- UP SHARE CAPITAL			
20.2	<u>130,712,440</u>	<u>130,712,440</u>	Ordinary shares of Rs. 10 each, fully paid in cash	20.3	<u>1,307,124,400</u>	<u>1,307,124,400</u>

20.3 The Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.



21. DEFERRED TAX

Deductible temporary difference arising in respect of

Surplus on revaluation of available-for-sale-investments
Remeasurement of post retirement benefits obligation

December 31, 2024 December 31, 2023
----- (Rupees) -----

4,810,185	1,157,962
6,684,581	6,955,045
11,494,766	8,113,007

Taxable temporary difference arising in respect of

Accelerated depreciation

(19,317,897)	(20,621,215)
(7,823,121)	(12,508,208)

	As at January 01, 2023	Recognised in profit and loss	Recognised in statement of comprehensive income	As at December 31, 2023	Recognised in profit and loss	Recognised in statement of comprehensive income	As at December 31, 2024
	----- (Rupees) -----						
21.1 Reconciliation of deferred tax deductible temporary difference arising in respect of							
Remeasurement of post retirement benefits obligation	6,767,978	-	1,167,067	6,955,045	-	(270,464)	6,684,581
Surplus / (Deficit) on revaluation of available for sale investments	29,563,310	-	(28,405,348)	1,157,962	-	3,652,223	4,810,185
taxable temporary difference arising in respect of							
Accelerated depreciation	(21,797,722)	1,176,507	-	(20,621,215)	1,303,328	-	(19,317,887)
	13,533,566	1,176,507	(27,218,281)	(12,508,208)	1,303,328	3,381,759	(7,823,121)

22. TAKAFUL LIABILITIES

Reported outstanding claims (including claims in payment)
Incurred but not reported claims
Liabilities under individual takaful contracts
Liabilities under group takaful contracts
Investment component of unit-linked and account value policies

Note December 31, 2024 December 31, 2023
----- (Rupees) -----

22.1	1,703,908,248	1,370,293,340
22.2	169,259,369	168,286,622
22.3	39,859,189	50,031,565
	573,495,202	595,897,283
	55,617,509,773	37,489,105,584
	58,104,031,781	39,673,614,394

22.1 Reported outstanding claims

Gross of re-takaful

Payable within one year
Payable over a period of time exceeding one year

1,151,459,646	1,098,666,853
552,446,602	271,626,487
1,703,908,248	1,370,293,340



	December 31, 2024	December 31, 2023
	(Rupees)	
22.2 Incurred but not reported claims		
Gross of re-takaful	254,073,696	224,963,366
Re-takaful recoveries	(84,814,327)	(56,676,744)
Net of re-takaful	<u>169,259,369</u>	<u>168,286,622</u>
22.3 Liabilities under individual takaful contracts		
Gross of re-Takaful	89,585,042	104,962,420
Re-takaful recoveries	(49,725,853)	(54,930,855)
Net of re-takaful	<u>39,859,189</u>	<u>50,031,565</u>

23. UNCLAIMED TAKAFUL BENEFIT

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits are described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the Participants or their beneficiaries. Such unclaimed amounts may fall into the following categories:

	Age-wise break up - 2024					
	Total Amount	1 - 6 Months	7 - 12 Months	13 - 24 Months	25 - 36 Months	Beyond 36 months
	(Rupees)					
Unclaimed maturity benefits	5,947,913	377,528	495,313	3,050,815	409,412	1,614,845
Claims not encashed	185,214,078	159,015,942	7,582,212	4,754,354	5,469,184	8,392,386
	<u>191,161,991</u>	<u>159,393,470</u>	<u>8,077,525</u>	<u>7,805,169</u>	<u>5,878,596</u>	<u>10,007,231</u>
	Age-wise break up - 2023					
	Total Amount	1 - 6 Months	7 - 12 Months	13 - 24 Months	25 - 36 Months	Beyond 36 months
	(Rupees)					
Unclaimed maturity benefits	1,346,707	133,364	148,605	325,651	285,295	453,792
Claims not encashed	60,783,113	46,112,878	4,383,623	3,472,204	1,307,774	5,506,634
	<u>62,129,820</u>	<u>46,246,242</u>	<u>4,532,228</u>	<u>3,797,855</u>	<u>1,593,069</u>	<u>5,960,426</u>

24. STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity scheme

The Company has approved funded gratuity scheme applicable to permanent employees with effect from January 01, 2012. The actuarial valuation is carried out annually. The latest actuarial valuation was carried out as at December 31, 2024. Following were the significant assumptions used for the actuarial valuation:

	December 31 2024	December 31 2023
	(%)	
-Discount rate per annum	12.25	15.50
-Expected rate of increase in the salaries of employees per annum	12.25	15.50

24.1 The scheme typically exposes the Company to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- Salary increase risk

There is the risk that the salary at the time of cessation of service is higher than that assumed by the Company. There is a risk because the benefits payable are based on the final salary; if the final salary is higher than what was estimated, the benefits will also be higher.

- Discount rate risk

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- Mortality / withdrawal risk

There is the risk that the actual mortality/withdrawal experience is different than that assumed by the Company.

- Investment risk

There is the risk that the assets are underperforming and are not sufficient to meet the liabilities.

	Note	December 31 2024 ------(Rupees)-----	December 31 2023 -----
24.2 Statement of financial position reconciliation			
Present value of defined benefit obligations	24.3	139,559,685	109,637,114
Fair value of plan assets	24.4	(33,540,622)	(24,869,139)
Net liability	24.5	<u>106,019,063</u>	<u>84,767,975</u>
24.3 Movement in present value of obligations			
Opening balance		109,637,113	95,947,586
Past service cost		-	-
Current service cost		16,210,062	14,907,073
Interest cost		16,462,527	12,850,239
Benefits paid during the year		(6,854,525)	(14,650,500)
Actuarial loss		4,104,508	582,716
Closing balance		<u>139,559,685</u>	<u>109,637,113</u>
24.4 Movement in fair value of plan assets			
Opening balance		24,869,139	23,428,094
Interest income on plan assets		3,838,866	3,502,162
Contribution to the fund during the year		6,650,000	16,100,000
Benefits paid during the year		(6,854,525)	(14,650,500)
Actuarial gain / (loss)		5,037,142	(3,510,617)
Closing balance		<u>33,540,622</u>	<u>24,869,139</u>
24.5 Movement in liability during the year			
Opening balance		84,767,975	72,519,493
Charge for the year	24.6.1	28,833,723	24,255,149
Other comprehensive income	24.6.2	(932,635)	4,093,333
Contribution		(6,650,000)	(16,100,000)
Closing balance		<u>106,019,063</u>	<u>84,767,975</u>



			December 31 2024	December 31 2023
			------(Rupees)-----	
24.6	Charge for the year	Note		
24.6.1	Charged to profit and loss account - Shareholder's fund			
	Current service cost		16,210,062	14,907,073
	Interest cost - net	24.6.1.1	12,623,661	9,348,076
			<u>28,833,723</u>	<u>24,255,149</u>
24.6.1.1	Interest cost - net			
	Interest cost on obligation	24.3	16,462,527	12,850,239
	Interest income on plan assets	24.4	(3,838,866)	(3,502,162)
			<u>12,623,661</u>	<u>9,348,076</u>
	Allocated to:			
	Shareholder's sub fund		28,833,723	24,255,149
	Expenses not attributable to Participants' funds		-	-
24.6.2	Charged to statement of comprehensive income			
	Actuarial loss on obligations		4,104,508	582,716
	Actuarial (gain) / loss on plan assets		(5,037,142)	3,510,617
			<u>(932,634)</u>	<u>4,093,333</u>

24.6.3 Composition of fair value of plan assets

	December 31, 2024		December 31, 2023	
	Fair value (Rupees)	Percentage (%)	Fair value (Rupees)	Percentage (%)
Bank balance	215,597	1	561,749	2
Mutual funds	33,321,861	99	24,302,767	98
Accrued profit	3,164	-	4,056	-
	<u>33,540,622</u>	<u>100</u>	<u>24,868,574</u>	<u>100</u>

24.6.4 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary increase, mortality rates and withdrawal rates. Sensitivity analyses were carried out on each of these assumptions while keeping the other assumptions constant. The results are given below.

		Present value of obligation	Change from base
		(Rupees)	(%)
Base		<u>139,559,685</u>	
Discount rate	Increase by 1%	129,072,975	(7.51)
	Decrease by 1%	151,458,211	8.53
Salary growth rate	Increase by 1%	151,346,285	8.45
	Decrease by 1%	128,984,464	(7.58)

24.6.5 The estimated contribution to the fund for the year ending December 31, 2024 is Rs. 28.834 million.

Comparison for five years:	2024	2023	2022	2021	2020
	(Rupees)				
As at December 31					
Fair value of plan assets	33,540,622	24,869,139	23,428,094	26,127,955	19,901,498
Present value of defined benefit obligation	(139,559,685)	(109,637,113)	(95,947,586)	(86,479,697)	(67,517,494)
(Deficit) / Surplus	(106,019,063)	(84,767,974)	(72,519,492)	(57,351,742)	(47,615,996)
Experience adjustments					
Gain / (loss) on plan assets	5,037,142	(3,510,617)	(8,693,676)	2,100,713	(1,856,233)
Gain / (loss) on obligations	(4,104,508)	(582,716)	2,046,395	(4,232,009)	2,154,315
	(%)				
Gain / (loss) on plan assets (as a percentage of plan asset)	15.02%	(14.11%)	(37.10%)	7.21%	(8.32%)
Gain / (loss) on obligations (as a percentage of plan obligations)	(2.94%)	(0.53%)	2.13%	(4.89%)	3.19%

	Shareholders' fund	Participants' funds	December 31, 2024	December 31, 2023
	(Rupees)			
25. TAKAFUL / RE-TAKAFUL PAYABLE				
Due to re-takaful operators	-	143,681,016	143,681,016	117,046,472
			Aggregate	
	Shareholders' fund	Participants' funds	December 31, 2024	December 31, 2023
	(Rupees)			
26. OTHER CREDITORS AND ACCRUALS				
Agent commission	69,936,994	-	69,936,994	64,025,334
Payable for banca-takaful	-	-	-	14,795,361
Accrued expenses	56,732,390	98,836	56,831,226	66,820,958
Withholding tax	6,184,275	11,901	6,196,176	5,140,838
Unpaid dividend	7,397,476	-	7,397,476	9,757,811
Advance against claim - administrative services only	30,146,621	-	30,146,621	50,702,892
Computer and Software Maintenance	-	-	-	2,500
Stale cheques	924,920	35,300,130	36,225,050	28,049,838
Charity Payable	6,869,259	3,554	6,872,813	9,531,787
Others	77,845,996	32,939,900	110,785,896	91,053,196
	256,037,932	68,354,320	324,392,252	339,880,513

26.1 This includes accrual related to last month salary and provision related to bonus and leave encashment for the respective year.



	Shareholders' fund	Participants' funds	Aggregate	
			December 31, 2024	December 31, 2023
27. LEASE LIABILITIES			(Rupees)	
Current portion	68,483,288	-	68,483,288	94,250,081
Non current portion	65,512,586	-	65,512,586	90,297,120
	133,995,874	-	133,995,874	184,547,201
Opening balance	184,547,201	-	184,547,201	223,735,747
Increase in lease liability	78,880,390	-	78,880,390	96,043,811
Impact of termination	(10,912,965)	-	(10,912,965)	(19,615,679)
Finance cost	27,071,624	-	27,071,624	25,697,528
Payments	(145,590,376)	-	(145,590,376)	(141,314,206)
Closing balance	133,995,874	-	133,995,874	184,547,201

27.1 Finance cost on lease liabilities for the year ended December 31, 2024 was Rs. 27.071 million (2023: Rs. 25.697 million).

27.2 The lease liabilities are discounted using incremental borrowing ranges from 7.99% to 16.09%.

	December 31, 2024		
	Present value of minimum lease payment	Financial charge for the future	Minimum lease payment
	(Rupees)		
Not later than one year	69,677,855	8,361,343	78,039,198
Later than one year but not later than five years	64,318,020	7,074,982	71,393,002
	133,995,875	15,436,325	149,432,200
	December 31, 2023		
	Present value of minimum lease payment	Financial charge for the future	Minimum lease payment
	(Rupees)		
Not later than one year	94,250,081	19,820,234	114,070,315
Later than one year but not later than five years	90,297,120	18,059,424	108,356,544
	184,547,201	37,879,658	222,426,859

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

The company in the year 2019, together with other Life / Health insurance companies, through writ petitions in the Hon'ble Lahore High Court (LHC) and the Sindh High Court (SHC) challenged the levy of Punjab Sales Tax and Sindh Sales Tax on Life and Health Insurances in Punjab and on Life insurance in Sindh as health insurance in Sindh was granted exemption till June 30, 2023. The LHC in its hearing had directed that no final order shall be passed in pursuance to impugned show cause notices (which were issued by PRA to some of the Life and Health insurance companies) until the next date of hearing. The SHC, in their interim order dated December 02, 2019, directed that the request of the petitioners seeking exemption in terms of Section 10 of the Sindh Sales Tax Act, 2011, shall be considered by the Sindh Revenue Board (SRB) in accordance with the law. Further, the SHC, in their interim order dated December 08, 2020, implored that the Federal Government be also added as one of the respondents to the case.

The SRB through Notification No. SRB-3-4/13/2020 dated June 22, 2020, made the life insurance taxable w.e.f. July 01, 2020 at the full rate of 13%. A conditional exemption for the financial year 2019-20 was granted from the levy of SST, subject to the person providing Life Insurance services commences e- depositing with the SRB, the amount of SST due on such services for the tax periods from July 01, 2020 onwards.

Further, SRB did not extend the exemption on health insurance which was available till June 30, 2023, hence making it taxable with effect from July 01, 2023 at the full rate of 13%. The company with other 7 health insurance / takaful providers challenged the levy of Sindh Sales Tax on Health Insurance/takaful in Sindh High Court (SHC).

Further, the management of the Company after due consultation of legal advisor is of the view that since under the Unit Linked Family Takaful Policy, contribution is received for two separate purposes, i.e. "Risk coverage" and "Investment" and contributions thus received are segregated into separate funds, therefore, only the risk based portion of contribution may potentially be subject to sales tax. This contention is further strengthened by the underlying provisions of Punjab Sales Tax on Services (Specific Provisions) Rules, 2012 and Sindh Sales Tax on Services Rules, 2011. These rules clearly state that sales tax shall be calculated on the gross amount of premium charged on risk covered in the insurance policy.



Shortly after 2024, the SHC dismissed the cases, other than stay against SST on health insurance merely on technical grounds and without considering the merits of the arguments that forms the basis of the petition, essentially directing the petitioners to re-approach SRB regarding show cause notices issued by the department on the matter of taxability of the life insurance. However, it has been unanimously decided by the industry, through the platform of Insurance Association of Pakistan (IAP), to refer the case to and file a constitutional petition in the Supreme Court of Pakistan.

In view of the opinion of the legal advisors, and pending the adjudication of the petitions filed, the Company has neither billed its customers, nor recognized the contingent liability for PST, SST, which, calculated on the basis of risk premium and excluding the investment amount allocated to unit linked policies as per the opinion of the legal advisors, aggregated to Rs. 949.44 million (2023: Rs. 684.54 million). The management contends that should the administrative efforts fail, the amount will be charged to the Participants

28.2 Commitments

Commitments under ijarah arrangements amounting to Rs. 144.21 million (2023: Rs. 268.379 million) and the period in which these payments will become due are:

	December 31, 2024	December 31, 2023
	(Rupees)	
Not later than one year	56,469,075	94,888,977
Later than one year and not later than five years	87,741,161	173,490,509
	<u>144,210,236</u>	<u>268,379,486</u>

29. NET TAKAFUL CONTRIBUTION REVENUE

Gross contributions

Regular contribution individual policies

First year	309,511,412	820,806,895
Second year renewal	351,641,559	882,354,931
Subsequent year renewal	3,103,486,191	3,827,734,712
Single and top-up contributions	21,930,337,828	7,714,370,705
Group policies without cash values	3,122,039,920	3,071,423,059
Total gross contributions	28,817,016,910	16,296,690,302

Less: Re-takaful contributions ceded

On individual life first year business	(8,032,736)	(11,589,203)
On individual life second year business	(11,233,551)	(30,705,798)
On individual life subsequent renewal business	(134,859,606)	(167,909,575)
On single contributions individual policies	(17,923)	(52,471)
On group policies	(263,689,349)	(239,259,494)
	<u>(417,833,165)</u>	<u>(449,616,541)</u>
Net contributions	28,399,183,745	15,846,873,761

30. WAKALA FEE

Contribution allocated to Shareholders' sub-fund	721,464,050	834,827,499
Other wakala fee	631,351,298	672,927,313
	<u>1,352,815,349</u>	<u>1,507,754,812</u>

	Shareholders' fund	Participants' funds	Aggregate	
			December 31, 2024	December 31, 2023
	(Rupees)			
31. INVESTMENT INCOME				
-Dividend income				
Listed shares				
- Available-for-sale	-	-	-	4,855,000
- Fair value through profit or loss	-	128,663,100	128,663,100	179,105,500
-Return on debt securities				
Debt securities				
- Available-for-sale	64,909,407	-	64,909,407	70,161,764
- Fair value through profit or loss	-	343,417,185	343,417,185	384,203,912
Income from deposits	152,297,882	98,517,639	250,815,521	213,054,167
Total investment income	217,207,289	570,597,925	787,805,213	851,380,363

32. NET REALISED FAIR VALUE GAINS ON INVESTMENTS

	Shareholders' fund	Participants' funds	Aggregate	
			December 31, 2024	December 31, 2023
			(Rupees)	
Available-for-sale:				
- Listed shares	-	-	-	18,687,588
- Mutual funds	72,767,221	-	72,767,221	74,951,285
- Debt securities	972,339	-	972,339	(424,435)
	73,739,560	-	73,739,560	93,224,438
Fair value through profit or loss:				
-Listed shares	-	582,636,045	582,636,045	1,051,696,723
-Mutual funds	-	3,178,280,005	3,178,280,005	1,687,270,090
-Debt securities	-	(64,096,250)	(64,096,250)	(211,434,557)
Net gain	73,739,560	3,696,819,800	3,770,559,360	2,723,981,132

		December 31, 2024	December 31, 2023
		------(Rupees)-----	
33.	NET FAIR VALUE GAINS / (LOSSES) ON INVESTMENTS	Note	
	Fair value through profit or loss		
	Net unrealised gain / (loss)		
	-Equity securities		1,799,178,226
	-Mutual funds	5,436,550,972	1,811,434,490
	-Debt securities	23,115,843	229,861,552
		<u>5,459,666,815</u>	<u>3,840,474,268</u>
34.	OTHER INCOME		
	Gain on sale of operating assets	8.1.2	-
	Exchange (loss) / gain		34,313
	Administrative services income		(18,725)
	Reassessment Income		53,016
	Miscellaneous income		15,713,778
			-
		4,000,355	5,540,890
		<u>16,062,810</u>	<u>11,123,321</u>
			<u>32,465,318</u>
35.	TAKAFUL BENEFITS - NET		
	Gross claims		
	Claims under individual policies		
	by death		92,291,744
	by surrenders / withdrawals		153,835,439
	by maturities		13,713,583,515
			7,331,485,471
			1,286,693,016
			816,162,237
	Total gross individual policy claims		<u>15,092,568,275</u>
			<u>8,301,483,147</u>
	Claims under group policies		
	by death		524,727,190
	by insured event other than death		495,081,295
			2,156,163,646
			2,157,850,919
	Total gross group claims		<u>2,680,890,836</u>
			<u>2,652,932,213</u>
	Total gross claims		<u>17,773,459,111</u>
			<u>10,954,415,360</u>
	Retakaful recoveries		
	On individual life		(39,129,690)
	On group claims		(83,708,452)
			(243,893,754)
			(218,189,530)
	Total retakaful		<u>(283,023,444)</u>
			<u>(301,897,982)</u>
	Net claims		<u>17,490,435,667</u>
			<u>10,652,517,378</u>



35.1 Aging and movement of outstanding claims

The claims development table for each class of business and an overall aging and movement of outstanding claims is presented below:

Individual Family

Accident Year	2021	2022	2023	2024
	(Rupees)			
Estimate of ultimate claims costs:				
At end of accident year	226,664,718	225,836,332	165,454,393	103,662,588
One year later	192,268,185	212,214,824	107,593,223	-
Two years later	214,512,720	-	-	-
Three years later	-	-	-	-
Four years later	-	-	-	-
Current estimate of cumulative claims	214,512,720	212,214,824	165,454,393	123,662,588
less: cumulative payments to date	166,828,078	168,134,071	58,240,890	28,510,501
	47,684,642	44,080,753	107,213,503	95,152,087
Liability recognised in the statement of financial position				135,793,466

Group Family

Accident year	2021	2022	2023	2024
	(Rupees)			
Estimate of ultimate claims costs:				
At end of accident year	410,091,928	432,247,101	462,838,292	484,344,454
One year later	365,059,492	449,845,147	-	-
Two years later	370,696,339	-	-	-
Three years later	-	-	-	-
Four years later	-	-	-	-
Current estimate of cumulative claims	370,696,339	449,845,147	462,838,292	484,344,454
less: cumulative payments to date	370,696,339	438,064,081	287,005,646	327,197,672
	-	11,781,066	175,832,646	157,146,882
Liability recognised in the statement of financial position				119,340,507

Group Health

Accident year	2021	2022	2023	2024
	(Rupees)			
Estimate of ultimate claims costs:				
At end of accident year	1,238,891,080	1,747,375,369	2,150,024,545	2,134,643,807
One year later	1,211,470,049	1,942,343,910	-	-
Two years later	1,209,132,739	-	-	-
Three years later	-	-	-	-
Four years later	-	-	-	-
Current Estimate of cumulative claims	1,209,132,739	1,942,343,910	2,150,024,545	2,134,643,807
less: cumulative payments to date	1,209,132,739	1,942,343,910	1,821,353,444	1,864,233,642
	-	-	328,671,101	270,410,165
Liability recognised in the statement of financial position				67,277,158



		December 31, 2024	December 31, 2023
	Note	(Rupees)	
36. TAKAFUL OPERATOR FEE			
Modarib fee income		68,309,964	54,256,987
Other wakala income		997,933,609	587,557,256
		<u>1,066,243,573</u>	<u>641,814,243</u>
37. ACQUISITION EXPENSES / COMMISSION EXPENSE			
Remuneration to takaful intermediaries on individual policies:			
Commission to agent on first year contributions		392,046,196	228,973,738
Commission to agent on second year contributions		36,216,146	123,988,314
Commission to agent on subsequent renewal contributions		61,900,193	103,865,870
Commission to agent on top- up contribution and single contribution		27,368	61,656,944
Commission to takaful intermediaries on group policies		108,791,369	109,726,445
		<u>598,981,272</u>	<u>628,211,309</u>
Other acquisition expenses:			
Other benefits to takaful intermediaries		100,019,041	87,557,383
Salaries, allowances and other benefits		275,782,184	302,147,752
Contribution to defined contribution plan		11,855,577	10,350,546
Entertainment		1,570,999	919,272
Training / conference		5,492,947	4,425,994
Office supplies and amenities		18,049,571	18,796,133
Vehicle running		39,563,590	40,373,321
Car ijarah		3,620,680	6,487,869
Traveling		23,205,069	17,042,417
Utilities		47,497,922	41,686,515
Rental		2,892,208	398,926
Postages		7,001,081	7,327,677
Telephone		6,891,476	10,923,343
Repairs and maintenance		16,195,982	14,748,951
Printing and stationary		11,379,961	15,000,147
Computer		4,555,793	10,162,875
Sales promotion		43,501,598	38,891,774
Depreciation (Operating assets)	8.1.2	29,227,418	31,341,797
Depreciation (Right-of-use assets)	8.2.1	69,430,947	83,928,493
Miscellaneous other expenses		128,711	676,153
Group Takaful		82,127,797	49,385,987
Policy stamps		15,199,561	10,636,460
		<u>815,210,112</u>	<u>803,409,785</u>
		<u>1,414,191,384</u>	<u>1,431,621,094</u>

38. MARKETING AND ADMINISTRATION EXPENSES	Note	December 31, 2024	December 31, 2023
		(Rupees)	
Salaries, allowances and other benefits		330,026,805	301,584,147
Charge for defined benefit plan		28,833,723	24,255,149
Contribution to defined contribution plan		16,215,218	15,606,636
Vehicle running		34,854,580	35,343,082
Car ljarah rentals		7,325,202	4,881,238
Medical		-	94,084
Travelling		12,125,146	8,138,282
Utilities		42,128,955	31,348,134
Rental		-	621,400
Communication		20,816,169	31,482,065
Repairs and maintenance		11,111,075	8,519,140
Printing and stationary		8,935,637	13,846,280
Software maintenance		75,127,657	69,001,266
Advertisement		16,066,029	14,579,414
Depreciation (Operating assets)	8.1.2	27,396,932	20,548,397
Depreciation (Right-of-use assets)	8.2.1	34,739,987	32,593,101
Amortisation		9,181,753	9,059,506
Shariah advisors' fees		3,860,064	3,844,943
Actuary's fees		1,398,945	1,895,078
Legal and professional		10,576,639	12,555,092
Consultancy		135,904,573	79,272,521
Supervision fees		16,377,024	15,978,291
Subscription fees		12,826,066	9,308,558
Bank and brokerage		2,909,148	1,533,568
Entertainment		4,793,311	4,405,556
Training		2,141,386	2,084,094
Staff welfare		10,711,567	11,939,708
Group Takaful		26,063,931	25,861,824
General takaful		1,489,686	1,691,786
Miscellaneous		392,799	680,706
		904,330,005	790,553,037
39. OTHER EXPENSES			
Salaries, allowances and other benefits		3,655,457	2,471,194
Employer's contribution to provident fund		188,491	139,841
Vehicles running		513,761	435,560
Traveling		158,693	154,530
Communication		38,634	17,363
Auditors' remuneration	39.1.1	2,106,974	1,991,974
Loss on sale of operating assets	8.1.2	58,291	-
Consultancy		7,298,918	11,422,261
Miscellaneous expenses		-	598,157
		14,019,220	17,230,880
39.1 These expenses are not attributable to Participants' fund			
39.1.1 Auditors' remuneration			
Audit and related services			
Audit fee		1,000,000	1,000,000
Fee for review, other certifications and advisory services		725,000	625,000
Out of pocket		219,420	219,420
Sales tax		162,554	147,554
		2,106,974	1,991,974



	December 31, 2024	December 31, 2023
	(Rupees)	
40. TAXATION		
Current year	95,948,843	37,498,657
Prior year	2,089,685	(507,803)
	<u>98,038,528</u>	<u>36,991,054</u>
Deferred	(1,303,328)	(1,176,507)
	<u>96,735,200</u>	<u>35,814,547</u>

40.1 The Company has filed returns upto and including tax year 2024 which are deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001.

40.2 Security and Exchange Commission of Pakistan (SECP) through the S.R.O. 312(I)/2025 dated March 03, 2025, made permissible for the Shareholders' Fund of a life insurer to purchase the full amount of adjustable, advance, withholding, or refundable tax recorded in the books of the Statutory Fund(s), against consideration in the form of cash, cash equivalents, or government securities. Furthermore, the Shareholders' Fund is now required to mandatorily purchase such taxes related to the Statutory Fund(s) that are adjustable within a period of one year. Failing to do so may result in the lapse of the unadjusted advance tax after one year.

40.3 The relationship between tax expense and accounting profit for the year 2024 is given below.

	December 31, 2024	December 31, 2023
	(Rupees)	
Profit before taxation	366,456,348	192,112,650
Tax at the applicable rate of 28% (2023: 29%)	106,272,341	55,712,688
Tax effect of:		
- expenses not deductible for tax purposes	16,233,248	3,008,226
- income not subject to tax	(21,348,913)	(18,780,089)
- others	(4,421,476)	(4,126,258)
	<u>96,735,200</u>	<u>35,814,547</u>

41. EARNINGS PER SHARE (EPS)	Note	December 31, 2024	December 31, 2023
Basic and diluted			
Profit after tax (Rupees)		269,721,148	158,298,103
Weighted average ordinary shares as at year end (Number)	20	130,712,440	130,712,440
EPS (Rupees)		2.06	1.20

42 REMUNERATION OF CHIEF EXECUTIVE OFFICER (CEO), DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive Officer (CEO), Directors, and Executives of the Company are as follows:

	December 31, 2024		December 31, 2023	
	CEO	Executives	CEO	Executives
	(Rupees)			
Managerial remuneration	6,455,383	82,967,765	6,008,923	73,000,733
House rent	2,904,923	37,335,495	2,704,015	32,850,332
Utilities	571,056	7,339,333	531,555	6,457,645
Others	3,004,395	30,466,353	3,782,540	30,290,478
	<u>12,935,757</u>	<u>158,108,946</u>	<u>13,027,033</u>	<u>142,599,188</u>
	(Number)			
Persons	1	39	1	36



The Company also provides Company maintained cars to certain executives.

Certain Directors have been reimbursed with the boarding and lodging costs in relation to attending board meetings of the company as per the company's policy which amounted to Rs. 1.37 million (2023: Rs. 0.668 million).

Executive mean employees other than Chief Executive and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

43 PROVIDENT FUND

The Company operates approved contributory provident fund (the Fund) for its permanent employees. The following information is based on unaudited financial statements of the fund as at December 31, 2024 (2023: audited).

	(Un-audited) December 31, 2024	(Audited) December 31, 2023
Size of the fund - net assets (Rupees)	8,035,725	7,248,902
Cost of the investments made (Rupees)	5,584,775	4,800,294
Percentage of the investments made (%)	69	65
Fair value of the investments made (Rupees)	5,584,775	4,800,294

43.1 The break up of fair value of the investments in provident fund is as follows:

	December 31, 2024		December 31, 2023	
	(Rupees)	(%)	(Rupees)	(%)
Bank balances	5,584,775	100	4,800,294	100

The investments have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

44 RELATED PARTY TRANSACTIONS

Related parties comprise of related group companies, associates, directors, staff retirement funds and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of transactions and balances with related parties, except as disclosed elsewhere in the financial statements, are as follows:

Name of Related Party	Relationship	Shareholding (%)	
		December 31, 2024	December 31, 2023
Pak-Qatar General Takaful Ltd	Common Directorship	Nil	Nil
Pak-Qatar Asset Management Company Ltd	Common Directorship	5%	5%
Pak-Qatar Family Takaful Ltd - Employees' Provident Fund	Provident Fund	Nil	Nil
FWU Pakistan	Associate Company	Nil	Nil

Relationship	Nature of transaction	December 31, 2024	December 31, 2023
		(Rupees)	
Entities with common directorship	Net shared expenses received	147,010,330	106,928,479
	Claims received against general takaful	890,850	74,000
	Claims paid against group takaful	4,621,508	-
	Contribution paid against general takaful	1,159,327	350,640
	Contribution received against group takaful	1,337,786	1,811,581
	Investment advisory fee	139,017,327	82,543,878
Associated company	Banca takaful acquisition, entrance and administration fee	82,701,437	112,371,674
Employees provident fund	Contribution paid	32,128,179	29,176,021

Balances with related parties are as follows:

Entities with common directorship	Investment advisory fee payable	16,200,053	7,383,828
Associated company	Administrative charges payable	-	14,660,361



45. SEGMENTAL INFORMATION

45.1 REVENUE ACCOUNT

December 31, 2024						
Participants' funds						Aggregate
	Individual Family (Direct)	Individual Family (Banca)	Individual Family	Group Family	Group Health	December 31, 2024
(Rupees)						
Participant Investment Fund (PIF)						
Income						
Allocated contribution	23,424,517,770	1,131,444,739	24,555,962,509	-	-	24,555,962,509
Net investment income	5,787,593,925	3,837,405,418	9,624,999,344	-	-	9,624,999,344
Total net income	29,212,111,695	4,968,850,158	34,180,981,853	-	-	34,180,981,853
Less: Claims and expenses						
Surrender / partial withdrawal	11,360,445,223	3,639,831,308	15,000,276,531	-	-	16,000,276,531
Takaful operators' fee	845,972,118	151,951,491	997,933,609	-	-	997,933,609
Other charges	2,263,073	52,104,453	54,367,526	-	-	54,367,526
Total claims and expenditure	12,208,680,413	3,843,887,251	16,052,577,665	-	-	16,052,577,665
Excess of income over claim and expenditure	17,003,451,282	1,124,952,907	18,128,404,189	-	-	18,128,404,189
Add: Technical reserves at beginning of the year	24,466,028,582	13,023,077,092	37,489,105,584	-	-	37,489,105,584
Less: Technical reserves at end of the year	41,469,479,864	14,148,029,999	55,617,509,773	-	-	55,617,509,773
Movement in technical reserves	(17,003,461,282)	(1,124,952,997)	(18,128,404,189)	-	-	(18,128,404,189)
Surplus / (deficit)	-	-	-	-	-	-
Movement in technical reserves	17,003,451,282	1,124,952,997	18,128,404,189	-	-	18,128,404,189
Balance of PIF at beginning of the year	24,466,028,582	13,023,077,092	37,489,105,584	-	-	37,489,105,584
Balance of PIF at end of the year	(a) 41,469,479,864	14,148,029,999	55,617,509,773	-	-	55,617,509,773
Participants' Takaful Fund (PTF)						
Income						
Contribution net of retakaful	240,334,206	14,052,498	263,386,614	436,294,792	2,422,055,779	3,121,737,185
Net investment income	51,068,903	7,590,515	68,659,418	8,568,033	1,088,513	68,309,964
Other income	-	-	-	-	-	-
Total net income	300,403,110	21,642,923	322,046,032	444,859,824	2,423,141,292	3,190,047,149
Less: Claims and expenditures						
Claim net of retakaful recoveries	45,467,010	7,695,045	53,162,055	280,833,436	2,156,163,646	2,490,159,136
Takaful operators' fee	135,472,897	7,114,890	142,587,697	235,204,100	253,559,501	631,351,298
Other charges	13,667,591	7,757,396	21,424,898	3,130,587	3,051,840	27,607,325
Total claims and expenditure	194,607,498	22,567,151	217,174,650	519,168,123	2,412,774,987	3,149,117,759
Excess of income over claims and expenditures	105,795,612	(924,228)	104,871,382	(74,308,299)	10,366,305	40,929,399
Add: Technical reserves at beginning of the year	60,911,579	4,700,973	66,612,562	217,316,480	531,286,437	814,215,469
Less: Technical reserves at end of the year	60,284,063	4,685,527	54,979,610	179,969,312	547,664,831	782,613,753
Movement in technical reserves	10,617,496	15,446	10,632,942	37,347,168	(16,378,394)	31,601,716
Surplus / (deficit) before distribution	116,413,108	(908,782)	115,504,324	(36,961,131)	(6,012,089)	72,531,106
Distribution of surplus	(64,091,013)	-	(64,091,013)	-	-	(64,091,013)
Surplus / (deficit) after distribution	52,322,095	(908,782)	51,413,311	(36,961,131)	(6,012,089)	8,440,093
Movement in technical reserves	(10,617,496)	(15,446)	(10,632,942)	(37,347,168)	16,378,394	(31,601,716)
Transfers from/to						
Card-e-Hisna (returned to)/ contributed from shareholders' sub fund	-	-	-	-	-	-
Net transfer from shareholders' sub fund	-	-	-	-	-	-
Balance of PTF at beginning of the year	636,377,747	275,569,897	911,947,614	303,311,766	566,536,920	1,771,796,309
Balance of PTF at end of the year	(b) 676,082,348	274,645,538	952,727,963	229,003,466	566,903,225	1,748,634,677
Subtotal	(a+b) 42,147,562,210	14,422,675,547	56,570,237,756	229,003,466	566,903,225	57,366,144,459

	Participants' Funds					Aggregate
	Individual Family (Direct)	Individual Family (Banca)	Individual Family	Group Family	Group Health	December 31, 2024
	(Rupees)					
Shareholders' Sub Fund						
Income						
Takaful operator's fee	1,538,889,195	323,096,162	1,861,985,356	236,204,100	263,669,601	2,350,748,957
Mudarib fee from PTF	51,068,903	7,590,515	58,659,418	8,665,033	1,085,513	68,309,964
Total income	1,589,958,098	330,686,677	1,920,644,774	243,769,133	254,645,014	2,419,068,921
Less: Expenditures						
Net commission expenses	352,550,508	137,639,395	490,189,903	49,239,257	59,552,112	596,981,272
Other acquisition expenses	660,341,682	869,901	651,211,492	72,696,635	109,719,421	833,618,548
Management expenses	549,596,534	157,934,016	707,530,550	63,522,475	144,940,166	912,993,193
Total expenditure	1,562,488,633	296,443,312	1,848,931,945	182,458,357	314,202,700	2,345,393,013
Excess / (deficit) of income over expenditure	37,469,465	34,243,365	71,712,829	61,310,766	(59,557,686)	73,465,908
Add: Technical reserves at beginning of the year	-	-	-	-	-	-
Less: Technical reserves at end of the year	-	-	-	-	-	-
Surplus / (deficit) for the year	37,469,465	34,243,365	71,712,829	61,310,766	(59,557,686)	73,465,908
(Surplus) / deficit transferred to shareholders' fund	(37,469,466)	(34,243,365)	(71,712,829)	(61,310,766)	59,557,686	(73,465,908)
Transfer from / (to) shareholders' fund						
Contribution received from shareholders' fund	-	-	-	-	-	-
Qard-e-Hasna contributed to PTF	-	-	-	-	-	-
Net transfer from / (to) shareholders' fund	-	-	-	-	-	-
Balance of shareholders' sub fund at beginning of the year	-	-	-	-	-	-
Balance of fund at end of the year (c)	-	-	-	-	-	-
Balance of Participants' funds at end of the year (a+b+c)	42,147,562,210	14,422,675,547	56,570,237,756	229,003,468	566,903,225	57,366,144,450
Represented by:						
Participants' Investment Fund						
Technical reserves for PIF	41,469,479,854	14,148,029,909	55,617,509,773	-	-	55,617,509,773
Participants' Takaful Fund						
Technical reserves for PTF	50,294,083	4,685,527	54,979,610	178,969,312	547,664,831	782,613,753
Qard-e-Hasna contributions	-	-	-	-	260,000,000	260,000,000
Accumulated surplus / (deficit) - PTF	627,788,263	269,860,111	897,748,373	46,034,156	(240,761,606)	706,020,923
	678,082,346	274,545,638	952,727,983	229,003,468	566,903,225	1,748,634,677
Shareholders' sub fund						
Technical reserves for shareholders' sub fund	-	-	-	-	-	-
Accumulated surplus - shareholders' sub fund	-	-	-	-	-	-
Balance of funds at the end of the year	42,147,562,210	14,422,675,547	56,570,237,756	229,003,468	566,903,225	57,366,144,450



45.1 REVENUE ACCOUNT

	December 31, 2023 Participants' funds					Aggregate
	Individual Family (Direct)	Individual Family (Banca)	Individual Family	Group Family	Group Health	December 31, 2023
	(Rupees)					
Participant Investment Fund (PIF)						
Income						
Allocated contribution	10,384,483,531	1,510,407,962	11,874,891,493	-	-	11,874,891,493
Net investment income	3,715,396,226	3,226,246,412	6,943,642,638	-	-	6,943,642,638
Total net income	14,079,879,757	4,738,654,374	18,818,534,131	-	-	18,818,534,131
Less: Claims and expenses						
Surrender / partial withdrawal	6,515,422,406	2,632,225,212	8,147,647,708	-	-	8,147,647,708
Takaful operators' fee	455,655,893	131,901,363	587,557,256	-	-	587,557,256
Other charges	3,198,410	42,037,748	45,236,158	-	-	45,236,158
Total claims and expenditure	6,974,276,799	2,806,164,323	8,780,441,122	-	-	8,780,441,122
Excess of income over claim and expenditure	8,105,602,958	1,932,490,051	10,038,093,009	-	-	10,038,093,009
Add: Technical reserves at beginning of the year	16,264,617,467	11,186,395,108	27,451,012,575	-	-	27,451,012,575
Less: Technical reserves at end of the year	24,370,220,425	13,118,865,159	37,489,105,584	-	-	37,489,105,584
Movement in technical reserves	(8,105,602,958)	(1,932,490,051)	(10,038,093,009)	-	-	(10,038,093,009)
Surplus / (deficit)	-	-	-	-	-	-
Movement in technical reserves	8,105,602,958	1,932,490,051	10,038,093,009	-	-	10,038,093,009
Balance of PIF at beginning of the year	16,264,617,467	11,186,395,108	27,451,012,575	-	-	27,451,012,575
Balance of PIF at end of the year (a)	24,370,220,425	13,118,865,159	37,489,105,584	-	-	37,489,105,584
Participants' Takaful Fund (PTF)						
Income						
Contribution net of retakaful	230,050,001	24,941,165	354,991,166	439,804,919	2,392,558,646	3,137,154,731
Net investment income	23,220,949	12,874,805	36,095,453	11,963,899	6,167,673	54,257,019
Other income	38,696,619	43,118,496	82,815,115	-	-	82,815,115
Total net income	342,867,458	80,934,266	423,901,734	451,768,808	2,398,726,319	3,274,226,861
Less: Claims and expenditures						
Claim net of retakaful recoveries	52,568,040	17,568,947	70,126,887	276,891,765	2,157,850,918	2,504,869,670
Takaful operators' fee	157,757,487	5,240,996	162,998,483	151,814,022	368,114,800	672,927,305
Other charges	9,621,295	10,515,132	20,136,427	8,242,884	6,436,116	34,815,427
Total claims and expenditure	219,938,822	33,325,075	253,251,697	436,948,671	2,522,401,834	3,212,612,402
Excess of income over claims and expenditures	123,030,646	47,609,191	170,639,637	14,850,137	(123,675,515)	61,614,459
Add: Technical reserves at beginning of the year	56,938,601	3,717,660	60,656,451	189,426,257	539,991,557	790,076,265
Less: Technical reserves at end of the year	60,912,507	4,700,045	65,612,552	217,316,460	531,286,437	814,216,469
Movement in technical reserves	(3,973,706)	(982,385)	(4,956,101)	(27,889,223)	8,705,120	(24,139,204)
Surplus / (deficit) before distribution	119,056,940	46,626,796	165,683,736	(13,238,086)	(114,970,396)	37,475,255
Distribution of surplus	(55,565,369)	(44,267,683)	(99,832,952)	-	-	(99,832,952)
Surplus / (deficit) after distribution	63,491,571	2,359,213	65,830,784	(13,238,086)	(114,970,396)	(62,377,697)
Movement in technical reserves	3,973,706	982,385	4,956,101	27,889,223	(8,705,120)	24,139,204
Transfers from/to						
Qard-e-Hasna (returned to)/ contributed from shareholders' sub fund	-	-	-	-	85,000,000	85,000,000
Net transfer from shareholders' sub fund	-	-	-	-	85,000,000	85,000,000
Balance of PTF at beginning of the year	558,610,996	232,549,731	641,160,727	286,661,029	595,212,404	1,726,034,821
Balance of PTF at end of the year (b)	626,076,273	235,671,339	611,947,612	303,311,766	556,536,949	1,771,796,328
Subtotal (a+b)	24,996,296,898	13,404,756,498	38,401,053,196	303,311,766	556,536,949	39,260,901,912



	Participants' Funds					Aggregate
	Individual Family (Direct)	Individual Family (Banco)	Individual Family	Group Family	Group Health	December 31, 2023
(Rupees)						
Shareholders' Sub Fund						
Income						
Takaful operator's fee	1,138,447,270	446,935,967	1,685,383,248	161,814,022	358,114,800	2,095,312,068
Mudarib fee from PTF	23,220,349	12,874,608	36,095,455	11,693,689	6,167,643	54,258,987
Total income	1,161,668,128	459,810,573	1,821,478,701	163,807,911	364,282,443	2,149,660,065
Less: Expenditures						
Net commission expenses	277,199,662	241,285,201	518,484,863	30,356,084	78,370,361	628,211,308
Other acquisition expenses	644,204,713	8,014,824	653,219,337	65,392,141	89,792,803	818,404,281
Management expenses	467,786,788	145,744,335	613,511,101	63,511,625	128,692,453	795,715,179
Total expenditure	1,389,171,141	395,044,180	1,786,215,301	169,259,850	307,855,517	2,242,330,788
Excess / (deficit) of income over expenditure	(227,503,013)	63,766,413	(163,736,600)	14,548,061	56,426,826	(92,761,713)
Add: Technical reserves at beginning of the year	-	-	-	-	-	-
Less: Technical reserves at end of the year	-	-	-	-	-	-
Surplus / (deficit) for the year	(227,503,013)	63,766,413	(163,736,600)	14,548,061	56,426,826	(92,761,713)
(Surplus) / deficit transferred to shareholders' fund	227,503,013	(63,766,413)	163,736,600	(14,548,061)	(56,426,826)	92,761,713
Transfer from / (to) shareholders' fund						
Contribution received from shareholders' fund	-	-	-	-	-	-
Qard-e-Hasna contributed to PTF	-	-	-	-	-	-
Net transfer from / (to) shareholders' fund	-	-	-	-	-	-
Balance of shareholders' sub fund at beginning of the year	-	-	-	-	-	-
Balance of fund at end of the year (c)	-	-	-	-	-	-
Balance of Participants' funds at end of the year (a+b+c)	24,996,296,698	13,404,756,498	38,401,053,198	303,311,766	556,536,949	39,260,901,912
Represented by:						
Participants' Investment Fund						
Technical reserves for PIF	24,370,220,425	13,118,885,159	37,489,105,584	-	-	37,489,105,584
Participants' Takaful Fund						
Technical reserves for PTF	60,912,507	4,700,545	65,612,552	217,316,480	531,286,437	814,216,469
Qard-e-Hasna contributions	-	-	-	-	260,000,000	260,000,000
Accumulated surplus / (deficit) - PTF	565,163,786	281,171,394	846,335,000	85,965,288	(234,749,488)	697,680,898
	626,076,273	285,871,339	911,947,612	303,311,768	556,536,949	1,771,788,328
Shareholders' sub fund						
Technical reserves for shareholders' sub fund	-	-	-	-	-	-
Accumulated surplus - shareholders' sub fund	-	-	-	-	-	-
Balance of funds at the end of the year	24,996,296,698	13,404,756,498	38,401,053,198	303,311,766	556,536,949	39,260,901,912

45.2 SEGMENT REPORTING

Income

Gross Contributions

- First year individual regular contributions
- Individual renewal contributions
- Individual single & top-up contributions
- Group contributions

Total gross contributions

Retakaful contributions

- Individual policies
- Group policies

Total retakaful contributions

Net contribution revenues

Surplus from retakaful operators

Net investment income

Total net income

Takaful benefits and expenditures

Takaful benefits, including bonuses, net of retakaful

Management expenses less recoveries

Total takaful benefits and expenditures

Excess of income over takaful benefits and expenditures

Add: Participants liabilities at beginning of year

Less: Participants liabilities at end of year

Surplus reserve for the year [Participant Takaful Fund (PTF)]

December 31, 2024			
Participants' funds			Aggregate
Individual Family	Group Family	Group Health	December 31, 2024
(Rupees)			
309,511,412	-	-	309,511,412
3,455,127,750	-	-	3,455,127,750
21,930,337,828	-	-	21,930,337,828
-	699,984,141	2,422,055,779	3,122,039,920
25,694,976,990	699,984,141	2,422,055,779	28,817,016,910
(154,143,816)	-	-	(154,143,816)
-	(263,689,349)	-	(263,689,349)
(154,143,816)	(263,689,349)	-	(417,833,165)
25,540,833,174	436,294,792	2,422,055,779	28,399,183,745
-	-	-	-
9,683,658,762	8,565,033	1,085,513	9,693,309,308
35,224,491,936	444,859,824	2,423,141,292	38,092,493,053
16,117,529,599	280,833,436	2,156,163,646	17,554,526,680
1,937,777,779	238,334,687	256,611,341	2,432,723,807
17,055,307,378	519,168,123	2,412,774,987	19,987,250,487
18,169,184,558	(74,308,298)	10,366,305	18,105,242,565
37,554,718,136	217,316,480	531,286,437	38,303,321,053
55,672,489,383	179,969,312	547,664,831	56,400,123,526
51,413,311	(36,961,130)	(6,012,089)	8,440,093

SEGMENT REPORTING

Income

Gross Contributions

- First year individual regular contributions
- Individual renewal contributions
- Individual single & top-up contributions
- Group contributions

Total gross contributions

Retakaful contributions

- Individual policies
- Group policies

Total retakaful contributions

Net contribution revenues

Surplus from retakaful operators

Net investment income

Total net income

Takaful benefits and expenditures

Takaful benefits, including bonuses, net of retakaful

Management expenses less recoveries

Total takaful benefits and expenditures

Excess of income over takaful benefits and expenditures

Add: Participants liabilities at beginning of year

Less: Participants liabilities at end of year

Surplus reserve for the year [Participant Takaful Fund (PTF)]

December 31, 2023			
Participants' funds			Aggregate
Individual Family	Group Family	Group Health	December 31, 2023
(Rupees)			
820,806,895	-	-	820,806,895
4,690,089,643	-	-	4,690,089,643
7,714,370,705	-	-	7,714,370,705
-	678,864,413	2,392,558,646	3,071,423,059
13,225,257,243	678,864,413	2,392,558,646	16,296,680,302
(210,557,047)	-	-	(210,557,047)
-	(239,259,494)	-	(239,259,494)
(210,557,047)	(239,259,494)	-	(449,816,541)
13,014,710,196	439,604,919	2,392,558,646	15,846,873,761
82,815,085	-	-	82,815,085
6,979,738,091	11,993,889	6,167,673	6,997,899,653
20,077,253,372	451,598,808	2,398,726,319	22,927,588,499
8,317,627,647	276,891,765	2,157,850,918	10,752,370,330
1,650,755,831	160,056,906	364,550,916	2,175,363,653
9,968,383,478	436,948,671	2,522,401,834	12,927,733,983
10,108,879,894	14,650,137	(123,675,515)	9,999,854,516
27,511,669,026	189,428,257	539,991,557	28,241,088,840
37,554,718,136	217,316,480	531,286,437	38,303,321,053
65,830,784	(13,238,086)	(114,970,395)	(62,377,697)



45.3 SEGMENTAL STATEMENT OF FINANCIAL POSITION

	December 31, 2024				
	Shareholders' Fund	Participants' funds			Aggregate
		Individual Family	Group Family	Group Health	December 31, 2024
		(Rupees)			
ASSETS					
Property and equipment	308,390,053	-	-	-	308,390,053
Intangible assets	76,074,407	-	-	-	76,074,407
Right-of-use-Asset	125,558,428	-	-	-	125,558,428
Investments	1,405,326,224	52,167,873,922	181,038,155	-	53,754,238,300
Investment in Associate	-	-	-	-	-
Investment property	-	1,200,000,000	-	-	1,200,000,000
Advance against investment property	3,775,000	318,149,000	-	-	321,924,000
Takaful / Re-takaful receivables	-	63,310,772	143,915,518	634,959,988	842,186,279
Deposits, loans and other receivables	163,790,994	66,226,859	544,434	11,392,146	241,954,433
Taxation - payments less provision	-	915,268,073	17,787,412	8,461,074	941,516,559
Prepayments	27,748,980	-	-	-	27,748,980
Cash and bank	319,977,817	3,933,211,827	72,246,849	68,089,219	4,381,525,712
Total assets	2,430,641,902	58,864,040,453	415,532,368	710,902,427	62,221,117,149
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,307,124,400	-	-	-	1,307,124,400
Unappropriated profit - net	542,858,966	-	-	-	542,858,966
Total equity	1,849,983,366	-	-	-	1,849,983,366
Deferred tax liability	7,823,121	-	-	-	7,823,121
Waqf / Participant Takaful Fund (PTF)					
Cede money	-	-	500,000	-	500,000
Accumulated surplus / (Deficit)	-	897,748,373	49,034,156	(240,761,606)	706,020,923
Total PTFs Equity	-	897,748,373	49,534,156	(240,761,606)	706,520,923
Qard-e-Hasna	-	-	-	260,000,000	260,000,000
Total Participants' equity	-	897,748,373	49,534,156	19,238,394	966,520,923
Takaful liabilities					
Retirement benefits obligations	106,019,063	-	-	-	106,019,063
Contributions received in advance	-	347,778,065	61,104,445	99,004,443	507,886,953
Takaful / retakaful payable	-	143,681,016	-	-	143,681,016
Other creditors and accruals	256,037,932	68,345,930	-	8,390	324,392,252
Lease Liabilities	133,995,874	-	-	-	133,995,874
Taxation -provision less payments	76,782,801	-	-	-	76,782,801
	572,835,670	57,766,291,091	365,998,235	691,664,744	59,396,789,739
Total liabilities	580,658,791	57,766,291,091	365,998,235	691,664,744	59,404,612,860
Total equity and liabilities	2,430,642,157	58,664,039,484	416,532,391	710,903,138	62,221,117,150

45.3 SEGMENTAL STATEMENT OF FINANCIAL POSITION

Decemeber 31, 2023

	December 31, 2023				
	Participants' funds				Aggregate
	Shareholders' Fund	Individual Family	Group Family (Rupees)	Group Health	December 31, 2023
ASSETS					
Property and equipment	474,986,768	-	-	-	474,986,768
Intangible assets	84,707,828	-	-	-	84,707,828
Right-of-use-Asset	-	-	-	-	-
Investments	1,448,094,290	33,898,552,211	235,063,587	-	35,581,710,088
Investment in Associate	-	-	-	-	-
Investment property	-	1,124,510,000	-	-	1,124,510,000
Advance against investment property	3,775,000	128,624,000	-	-	132,399,000
Takaful / Re-takaful receivables	-	75,274,737	220,554,736	814,101,497	1,109,930,970
Deposits, loans and other receivables	138,584,814	173,314,176	746,941	13,739,146	326,384,877
Taxation - payments less provision	-	881,307,826	12,952,634	7,464,102	901,724,562
Prepayments	20,778,675	-	-	-	20,778,675
Cash and bank	37,702,124	3,777,791,568	72,893,918	143,551,556	4,031,939,196
Total assets	2,208,629,199	40,059,374,548	542,211,816	978,856,301	43,789,071,864
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,307,124,400	-	-	-	1,307,124,400
Unappropriated profit - net	348,773,532	-	-	-	348,773,532
Total equity	1,653,897,932	-	-	-	1,653,897,932
Deferred tax liability	12,508,208	-	-	-	12,508,208
Waqf / Participant Takaful Fund (PTF)					
Cede money	-	-	500,000	-	500,000
Accumulated surplus / (Deficit)	-	846,335,060	85,995,286	(234,749,488)	697,580,858
Total PTFs Equity	-	846,335,060	86,495,286	(234,749,488)	696,080,858
Qard-e-Hasna	-	-	-	260,000,000	260,000,000
Total Participants' equity	-	846,335,060	86,495,286	25,250,512	958,080,858
Takaful liabilities					
Retirement benefits obligations	84,767,974	-	-	-	84,767,974
Contributions received in advance	-	289,713,142	109,388,903	352,366,672	751,468,717
Takaful / retakaful payable	-	111,732,756	5,313,697	-	117,046,453
Other creditors and accruals	259,668,284	78,971,459	866,000	574,785	339,880,528
Lease Liabilities	184,547,201	-	-	-	184,547,201
Taxation-provision less payments	13,239,600	-	-	-	13,239,600
	542,223,059	39,213,039,488	455,716,530	953,605,789	41,184,584,866
Total liabilities	554,731,267	39,213,039,488	455,716,530	953,605,789	41,177,093,074
Total equity and liabilities	2,208,629,199	40,059,374,548	542,211,816	978,856,301	43,789,071,864

	Available- for-sale	Fair value through profit or loss	Term deposits	Total
	(Rupees)			
MOVEMENT IN INVESTMENTS				
As at January 01, 2023	1,286,311,838	24,470,262,744	100,000,000	25,856,574,582
Additions	932,235,720	55,650,039,938	50,000,000	56,632,275,658
Disposal (sale and redemption)	(917,039,900)	(49,797,984,871)	(100,000,000)	(50,815,024,771)
Fair value net losses	97,949,476	3,809,935,143	-	3,907,884,619
As at January 01, 2024	1,399,457,134	34,132,252,953	50,000,000	35,581,710,088
Additions	1,307,125,386	94,731,593,400	50,000,000	96,088,718,786
Disposal (sale and redemption)	(1,362,903,363)	(82,024,601,092)	(50,000,000)	(83,437,504,455)
Fair value net losses	61,647,066	5,459,668,815	-	5,521,313,881
As at December 31, 2024	1,405,326,223	52,298,912,076	50,000,000	53,754,238,300

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonable change in rates of profit, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / decrease in basis points	Effect on profit before tax (Rupees)	Effect on equity
December 31, 2024	100	42,826,510	30,406,822
	(100)	(42,826,510)	(30,406,822)
December 31, 2023	100	7,573,342	5,377,073
	(100)	(7,573,342)	(5,377,073)

46. TAKAFUL AND FINANCIAL RISK MANAGEMENT

The Company issues contracts that transfer takaful risk or financial risk or both to the Company. This section summarises these risks and the way the Company manages them.

46.1 Takaful risk

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

- Individual Family (unit linked)
 - Group Family
 - Group Health
- The Individual Family including (unit linked) segment provides family takaful coverage to individuals under unit based policies issued by the PTF. The takaful contracts under individual family are distributed through Direct Sales Force and Bancatakalul.
 - The Group Family segment provides Family takaful coverage to members of business enterprises and corporate entities under group family takaful schemes issued by the PTF. The takaful contracts under group family are distributed through Direct Sales Force and sales staff employed by the Company.
 - The Group Health segment provides accident coverage and inpatient / outpatient health coverage to members of business enterprises and corporate entities under group health schemes issued by the PTF. The takaful contracts under group health are distributed through Direct Sales Force and sales staff employed by the Company.

The Company assesses the takaful risk on the basis of the different factors such as non-medical factors, medical factors, financial assessment, occupation assessment, group size, industry class, average age of the group and free cover limit etc.



The basic risk the Company faces under takaful contracts is that the actual claims and benefit payments or timing thereof, differ from expectations. This is influenced by frequency of claims, severity of claims, actual claim paid and subsequent development of claims. The most significant risks arise from catastrophic events and epidemic.

Underwriting & Re-takaful and claim committees are in place to monitor the core business activities of the Company. This is further supplemented with a clear organisational structure with documented delegated authorities and responsibilities. Management of the Company recognises the critical importance of having efficient and effective risk management systems. The focus is on issuing contract to people having moderate risk of mortality and morbidity and having appropriate economic worth and source of income.

The PTF's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitoring of risk. This framework includes implementation of underwriting strategies which aim to ensure the careful selection of takaful contracts and the diversification in terms of portfolio, type and amount of the risk. Adequate retakaful is arranged to mitigate the effect of the losses and retakaful arrangement for catastrophic events. PTF exposure has also been limited by imposing limits to the maximum sum covered in a single takaful contract in each class of business.

Further, in order to reduce the risk exposure of the PTF, the Company adopts proactive claim handling procedures and strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims.

The PTF's class wise risk exposure (for a single life policy) is as follows:

December 31, 2024			
Class	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
		(Rupees)	
Individual family	300,000,000	297,000,000	3,000,000
Group family	200,000,000	198,000,000	2,000,000
Group health	2,500,000	-	2,500,000
	502,500,000	495,000,000	7,500,000

December 31, 2023			
Class	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
		(Rupees)	
Individual family	300,000,000	297,000,000	3,000,000
Group family	200,000,000	198,000,000	2,000,000
Group health	3,000,000	-	2,500,000
	503,000,000	495,000,000	7,500,000

Categories of takaful contracts

- (i) Long term takaful contracts
- (ii) Short term takaful contracts

(i) Long term takaful contracts

(a) Sources of uncertainty in the estimation of future benefit payments and contribution

Uncertainty in the estimation of future benefit payments and contribution receipts for long-term contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company over the few years is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not based on standard industry tables adjusted for the Company's overall experience, contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality reflected in this experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

(b) Process used to decide assumptions

Mortality and morbidity experience

Mortality / Morbidity tables are based on the risk rates being charged by the Re-takaful operators supporting individual and group lines of business. These rates vary due to the age, sex, occupation and the nature of industry.

Persistency rates for long term individual policies

An investigation into the Company's experience from time to time determines an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the Participants' behaviour.

Expense levels and inflation

All administrative and management expenses are charged to SHF, therefore, the inflationary risk is borne by the SHF.

Investment returns

The participant account values of these plans depend upon actual investment returns earned on these policies.

No investment guarantees are offered by the Company. Investment risk is borne by the participants.

Tax

There is no major impact of taxes on valuation of liabilities, future benefit payments and contribution.

Change in assumptions

There has been no change in assumptions for the takaful contracts during the year.

(ii) Short term takaful contracts

(a) Frequency and severity of claims

These contracts mostly pay a pre-determined amount on death and disability without any maturity or surrender values. These contracts are issued to individuals and also to employers to ensure their commitments to their employees in terms of other employees' benefit plans.

The risk is affected by several factors e.g. age, occupation, benefit structure and life style. The Company attempts to manage this risk through its underwriting, claims handling and retakaful policy.

(b) Sources of uncertainty in the estimation of future claim payments

Other than for the testing of the adequacy of the liability representing the unexpired risk at the end of the reporting period, there is no need to estimate mortality rates for future year because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Company. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.



(c) **Process used to decide an assumptions**

The assumptions used for these contracts are the same as for long term contracts.

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience is conducted from time to time. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

(d) **Change in assumptions**

The Company did not change its assumptions during the year.

Sensitivities

The claims are sensitive to changes in the key assumptions. Results of sensitivity testing due to the variation in assumptions of mortality and morbidity as determined by appointed actuary on PTF will be as follows:

Class of business	Change in assumption	Impact on PTF balance Rupees	
Individual family	20 % increase in mortality level	(351,376,604)	
	20 % decrease in mortality level	351,376,604	
Group Health	20 % increase in morbidity level	(75,907,192)	
	20 % decrease in morbidity level	75,907,192	
Group Family	20 % increase in mortality level	(19,927,382)	
	20 % decrease in mortality level	19,927,382	
		December 31, 2024	December 31, 2023
	Note	----- (Rupees) -----	

Aging of outstanding claims

Upto one year		1,151,459,646	1,064,697,974
Over one year		552,448,602	275,595,366
	22	1,703,908,248	1,370,293,340

Movement of outstanding claim

Opening balance		1,370,293,340	1,007,225,153
Total gross claims	35	17,773,459,111	10,954,415,360
Claims paid		(17,439,844,203)	(10,591,347,173)
Closing balance		1,703,908,248	1,370,293,340

46.2 Re-takaful risk

In order to minimise the financial exposure arising from claims, the Company, in the normal course of business, enters into agreement with other parties for retakaful purposes. Re-takaful ceded does not relieve the PTF from its obligation to takaful contract holders and as a result the PTF remains liable for the portion of outstanding claims covered under retakaful to the extent that retakaful company fails to meet the obligation under the re-takaful agreements.

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful companies. The Company has obtained re-takaful arrangements with prominent international re-takaful operator having high credit rating.

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46.3 Financial risk management

The Board of Directors (the Board) 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:

- Liquidity risk;
- Credit risk;
- Market risk;

Risk management framework

The Board 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 monitors management's 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 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.

46.4 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. To guard against the risk, the Company maintains balance of cash and cash equivalent and readily marketable securities. The maturity profile of assets and liabilities is also monitored to ensure that adequate liquidity is maintained. The following are contractual maturities of financial liabilities:

	December 31, 2024		December 31, 2023	
	Carrying Amount	Contractual cash flows upto one year	Carrying Amount	Contractual cash flows upto one year
Non-derivative financial liabilities	------(Rupees)-----			
Outstanding claims	1,703,908,248	1,703,908,248	1,370,293,340	1,370,293,340
Takaful / re-takaful payables	143,681,016	143,681,016	117,046,472	117,046,472
Agent commission	69,936,994	69,936,994	64,025,334	64,025,334
Creditors, accruals and other liabilities	248,259,082	248,259,082	172,669,515	172,669,515
	<u>2,165,785,340</u>	<u>2,165,785,340</u>	<u>1,724,034,661</u>	<u>1,724,034,661</u>

46.5 Maturity profile of financial assets and liabilities:

2024	Profit bearing			Non-profit bearing			Total
	Maturity upto one year	maturity after one year	Sub total	Maturity upto one year	maturity after one year	Sub total	
(Rupees)							
FINANCIAL ASSETS							
Cash and bank deposits	4,208,630,585	-	4,208,630,585	172,895,127	-	172,895,127	4,381,525,712
Investments	-	1,223,889,055	1,223,889,055	52,530,349,245	-	52,530,349,245	53,754,238,300
Investment income accrued	94,861,052	-	94,861,052	-	-	-	94,861,052
Advance against investment property	-	-	-	-	321,924,000	321,924,000	321,924,000
Other loans and receivables	-	-	-	161,152,716	46,450,471	207,603,187	207,603,187
December 31, 2024	4,303,491,637	1,223,889,055	5,527,380,692	52,864,397,088	368,374,471	53,232,771,559	58,760,152,251
2024	Profit bearing			Non-profit bearing			Total
	Maturity upto one year	maturity after one year	Sub total	Maturity upto one year	maturity after one year	Sub total	
(Rupees)							
FINANCIAL LIABILITIES							
Outstanding claims	-	-	-	1,703,908,248	-	1,703,908,248	1,703,908,248
Takaful / relakaful payable	-	-	-	143,681,016	-	143,681,016	143,681,016
Agents commission	-	-	-	69,936,994	-	69,936,994	69,936,994
Creditors, accruals and other liabilities	-	-	-	248,259,082	-	248,259,082	248,259,082
December 31, 2024	-	-	-	2,165,785,340	-	2,165,785,340	2,165,785,340

Maturity profile of financial assets and liabilities:

2023	Profit bearing		Non-profit bearing		Total
	Maturity upto one year	maturity after one year	Sub total	Maturity upto one year (Rupees)	maturity after one year
FINANCIAL ASSETS					
Cash and bank deposits	3,660,619,166	-	3,660,619,166	371,320,030	-
Investments	-	4,493,024,992	4,493,024,992	31,022,102,596	-
Investment income accrued	184,133,132	-	184,133,132	-	-
Takaful / relakaful receivables	-	-	-	1,109,930,970	-
Other loans and receivables	-	-	-	283,489,447	42,895,430
December 31, 2023	3,844,752,298	4,493,024,992	8,337,777,290	32,786,843,043	42,895,430
FINANCIAL LIABILITIES					
Outstanding claims	-	-	-	1,370,293,340	-
Takaful / relakaful payable	-	-	-	117,046,472	-
Agents commission	-	-	-	64,025,334	-
Creditors, accruals and other liabilities	-	-	-	172,669,515	-
December 31, 2023	-	-	-	1,724,034,661	-

46.6 Profit / yield rate risk

Profit / yield rate risk is the risk of changes in profit / yield rates reducing the overall return on profit bearing assets. The Company is exposed to profit / yield rate risk in respect of bank balances and deposits and available for sale debt instruments. Effective profit / yield rates on such accounts are disclosed in note 20 to these financial statements.

At the reporting date, the rate of profit profile of the Company's profit-bearing financial instruments was:

Variable rate instruments	Carrying amount		Effective rate of profit in %	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Financial assets				
Term deposits	50,000,000	50,000,000	17.0 to 21.6	15.5 to 21.0
Savings accounts	4,208,630,585	3,660,619,166	8.0 to 21.60	10.0 to 21.00
Sukuk bonds	1,173,889,055	4,506,607,492	8.37 to 15.84	8.37 to 25.05
Financial liabilities				
	5,432,519,640	8,220,228,658		

46.7 Credit risk

Credit risk is the risk, which 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 with counterparties and by continually assessing the credit worthiness of counterparties and measuring exposure with counterparties to remain at a reasonable level.

46.7.1 Exposure to credit risk

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review.

Retakaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary takaful operator. If a retakaful operator fails to pay a claim for any reason, the Company remains liable for the payment to the participant. The creditworthiness of retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

Exposures to individual participants and groups of participants are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual participants, or homogenous groups of participants, a financial analysis equivalent to that conducted for retakaful operators is carried out by the Company risk department.

The credit quality of the Company's bank balances and term deposit receipts can be assessed with reference to external credit ratings as follows:

	December 31, 2024	December 31, 2023
	------(Rupees)-----	
Rating		
AAA	297,112,539	1,671,121,455
AA+	38,237,296	38,765,086
AA	529,248,947	684,558,609
AA-	1,513,909,598	1,235,101,897
A+	102,348,976	318,594,208
A	1,842,993,533	17,227,002
A-	18,210,839	59,732,078
BBB-	800,383	-
	<u>4,342,862,111</u>	<u>4,025,100,336</u>
Term Deposit Receipts		
AA	<u>50,000,000</u>	<u>50,000,000</u>

*Rating of Banks performed by PACRA and JCR-VIS.

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

	December 31, 2024	December 31, 2023
	------(Rupees)-----	
Cash and bank deposits	4,381,525,712	4,031,939,196
Deposits maturing within 3 months	50,000,000	50,000,000
Long term security deposits	-	-
Contribution due but unpaid	-	-
Takaful / Retakaful receivables	842,186,279	1,109,930,970
Accrued investment income	-	-
Advance against investment property	-	132,399,000
Loans and other receivables	241,954,433	326,384,877
Investment in unlisted equity securities	15,000,000	15,000,000
	<u>5,530,666,424</u>	<u>5,665,654,043</u>



	Note	December 31, 2024	December 31, 2023
		------(Rupees)-----	
Financial assets			
Secured		4,219,522,206	4,389,195,732
Unsecured		1,311,144,218	1,141,471,978
		<u>5,530,666,424</u>	<u>5,530,667,710</u>
Not past due		4,544,780,862	4,630,997,810
Past due but not impaired	46.7.2.1	985,885,562	1,034,656,233
		<u>5,530,666,424</u>	<u>5,665,654,043</u>

46.7.2.1 The age analysis of financial asset are as follows:

	December 31, 2024		December 31, 2023	
	Carrying value	Impairment	Carrying value	Impairment
	------(Rupees)-----			
Not past due	4,544,780,862	-	4,630,997,810	-
Past due but not impaired				
Upto 1 year	985,885,562	-	1,034,656,233	-
1-2 year	-	-	-	-
Over 1 year	-	-	-	-
Total	<u>5,530,666,424</u>	<u>-</u>	<u>5,665,654,043</u>	<u>-</u>

These amounts are receivable from corporate customers having good credit standing in the market and are doing regular business with the Company, therefore the management believes that these amounts will be fully recoverable.

46.7.3 The table below analyses the concentration of credit risk by industrial distribution in respect of:

	December 31, 2024	December 31, 2023
	------(%)-----	
Banks	13	9
Manufacturing	16	20
Other Financial Institutions	2	2
Pharmaceuticals	3	1
Services	37	44
Textile	5	2
Trading	4	5
Foreign Embassy	20	17
	<u>100</u>	<u>100</u>

46.7.4 Amount due from retakaful operator in respect of retakaful recoveries against outstanding claims

The Company enters into a retakaful arrangements with retakaful operator having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirement of circular 32/2009 dated October 27, 2009 issued by SECP which requires a takaful company to place atleast 80% of their outward treaty session with retakaful rated 'A' or above by Standard and Poor's with the balance being placed with entities rated atleast 'BBB' by reputed credit agency. During the year, the Company placed 100% of their outward treaty session with retakaful operator having rating of 'A' or above.

An analysis of all retakaful cession by the rating of the re-takaful entity is as follow:

Rating	Credit rating agency	December 31, 2024	December 31, 2023
		----- (Rupees) -----	
A or above	Standard and poor	417,833,165	449,816,541

46.8 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company manages its exposure to such risks by maintaining a diversified portfolio comprising of sukuks, Islamic mutual funds and listed securities.

A decline in markets or an increase in market volatility may also adversely affect sales of our unit linked products. Company recognises that market risk is part of the businesses and certain level of market risk is acceptable in order to deliver benefits to both participants' and shareholders.

46.9 Foreign exchange risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As the Company had no material assets or liabilities in foreign currencies at the year end, the Company is not materially exposed to foreign exchange risk.

46.10 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company manages its exposure to such risks by maintaining a diversified portfolio comprising of sukuk and Islamic mutual funds.

46.11 Capital management

Capital requirements applicable to the Company are set and regulated by the SECP. These requirements have been put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Currently the Company has a paid up capital of Rs. 1,307.124 million against the minimum required paid-up capital of Rs. 700 million set by the SECP for insurance companies / Takaful operators for the year ended December 31, 2024.

46.12 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the process, technology and infrastructure supporting the Company's operations either internally with in the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;

- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including takaful where this is effective.

Management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

47. FAIR VALUE MEASUREMENT

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. There are no such transfers during the year.

Fair value is defined as the price that would be received upon selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares, Government and other sukuk and units of mutual funds.

(b) Financial instruments in level 2

Currently, no financial instruments are classified in level 2.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.



Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Ordinary shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange Limited.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on the redemption prices (NAV) as at the close of the business day.
Government sukuk and other sukuk	Fair values of sukuk are derived by reference to quotations obtained from brokers.

December 31, 2024

(Rupees)

Financial assets - measured at fair value

	Available for Sale	Fair value through profit or loss	Loans, advances and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Investments										
Equity securities - Listed	24,764,835	-	-	-	-	24,764,835	24,764,835	-	-	24,764,835
Government securities - Sukuk Certificates	985,885,562	188,003,493	-	-	-	1,173,889,055	1,173,889,055	-	-	1,173,889,055
Debt securities - Sukuk Certificates	-	-	-	-	-	-	-	-	-	-
Mutual funds	379,675,827	52,110,908,593	-	-	-	52,490,584,410	52,490,584,410	-	-	52,490,584,410
	1,390,326,224	52,298,912,076	-	-	-	53,689,238,301	53,689,238,300	-	-	53,689,238,301

Financial assets - not measured at fair value

Cash and others*	-	-	-	10,356,999	-	10,356,999	-	-	-	-
Current and other accounts*	-	-	-	4,371,168,713	-	4,371,168,713	-	-	-	-
Deposits maturing within 12 months*	-	-	-	50,000,000	-	50,000,000	-	-	-	-
Investment income accrued*	-	-	94,861,052	-	-	94,861,052	-	-	-	-
Takaful / retakaful receivables*	-	-	842,186,279	-	-	842,186,279	-	-	-	-
Advance against investment property	-	-	321,924,000	-	-	321,924,000	-	-	-	-
Other loans and receivables*	-	-	241,954,433	-	-	241,954,433	-	-	-	-
Equity securities - Unlisted	15,000,000	-	-	-	-	15,000,000	-	-	-	-
	15,000,000	-	1,590,925,764	4,431,525,712	-	5,947,451,476	-	-	-	-

Financial liabilities - measured at fair value

Staff retirement benefits	-	-	-	-	84,767,974	84,767,974	-	84,767,974	-	84,767,974
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Financial liabilities - not measured at fair value

Outstanding claims*	-	-	-	-	1,703,908,248	1,703,908,248	-	-	-	-
Contributions received in advance*	-	-	-	-	507,886,930	507,886,930	-	-	-	-
Takaful / retakaful payable*	-	-	-	-	143,681,016	143,681,016	-	-	-	-
Agents commission*	-	-	-	-	69,938,984	69,938,984	-	-	-	-
Creditors, accruals and other liabilities*	-	-	-	-	248,259,082	248,259,082	-	-	-	-
	-	-	-	-	2,673,672,271	2,673,672,271	-	-	-	-

Available for Sale	Carrying amount			Total	Fair value				
	Fair value through profit or loss	Loans, advances and receivables	Cash and cash equivalents		Other financial liabilities	Level 1	Level 2	Level 3	Total
(Rupees)									
40,332,372	7,029,624,398	-	-	7,069,956,770	7,069,956,770	-	-	-	7,069,956,770
854,410,000	3,565,760,012	-	-	4,420,170,012	4,420,170,012	-	-	-	4,420,170,012
-	89,437,480	-	-	89,437,480	89,437,480	-	-	-	89,437,480
538,351,918	23,398,793,938	-	-	23,937,145,826	23,937,145,826	-	-	-	23,937,145,826
1,433,094,290	34,083,815,798	-	-	35,516,710,088	35,516,710,088	-	-	-	35,516,710,088

Financial assets - not measured at fair value

Cash and others*	-	-	-	6,838,860	-	6,838,860	-	-	-
Current and other accounts*	-	-	-	4,025,100,336	-	4,025,100,336	-	-	-
Deposits maturing within 12 months*	-	-	-	50,000,000	-	50,000,000	-	-	-
Investment income accrued*	-	-	184,133,132	-	-	184,133,132	-	-	-
Takaful / re-takaful receivables*	-	-	1,109,930,970	-	-	1,109,930,970	-	-	-
Advance against investment property	-	-	132,399,000	-	-	132,399,000	-	-	-
Other loans and receivables*	-	-	326,384,877	-	-	326,384,877	-	-	-
Equity securities - Unlisted	15,000,000	-	-	-	-	15,000,000	-	-	-
	15,000,000	-	1,752,847,979	4,081,939,196	-	5,840,787,175	-	-	-

Financial liabilities - measured at fair value

Staff retirement benefits	-	-	-	-	-	84,767,974	-	84,767,974	-
	-	-	-	-	-	84,767,974	-	84,767,974	-

Financial liabilities - not measured at fair value

Outstanding claims*	-	-	-	-	1,370,293,340	1,370,293,340	-	-	-
Contributions received in advance*	-	-	-	-	751,488,717	751,488,717	-	-	-
Takaful / re-takaful payable*	-	-	-	-	117,046,472	117,046,472	-	-	-
Agents commission*	-	-	-	-	64,025,334	64,025,334	-	-	-
Creditors, accruals and other liabilities*	-	-	-	-	172,669,515	172,669,515	-	-	-
	-	-	-	-	2,475,523,378	2,475,523,378	-	-	-

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

48. NUMBER OF EMPLOYEES

The average number of employees during the year ended December 31, 2024 were 635 (2023: 741) and number of employees as at December 31, 2023 were 641 (2023: 763).

49. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary for better presentation and disclosure. There is no material reclassification to report.

50. GENERAL

50.1 Subsequent to year end, the Board of Directors in its meeting have recommended _____ percent cash dividend. These financial statements do not include its effect, which will be accounted for subsequent to year end.



- 50.2 A new format of financial statement has been prescribed where revenue account, statement of contribution, statement of claims, statement of expenses and statement of investment income have been done away with. Statement of financial position has been consolidated, previously presenting each class of business separately.

51. **DATE OF AUTHORISATION FOR ISSUE**

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



Chief Executive Officer

Director

Director

Chairman