INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENT

ALPHA INSURANCE COMPANY LIMITED

For the year ended December 31, 2024

Grant Thornton

Grant Thornton Anjum Rahman
Chartered Accountants

alpha
Insurance Company Limited
(A subsidiary of State Life Insurance Corporation of Pakistan)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 73rd Annual General Meeting of Alpha Insurance Company Limited will be held on Thursday, May 22nd, 2025 at 11:30 a.m. at registered office of the Company situated at 4th Floor, Building No. 1-B, State Life Square, I. I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 72nd Annual General Meeting held on Wednesday, May 15th, 2024.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December 2024, along with the Directors' Report and Auditor's Report thereon.
3. To receive, consider and adopt the Audited Financial Statements of the Window Takaful Operation of the Company for the year ended 31st December 2024, along with the Directors' Report and Auditor's Report thereon.
4. To appoint the auditors of the Company, for both Conventional and Window Takaful Operations for the year ending 31st December 2025 and fix their remuneration.
5. Any other matter with the permission of the Chairman.

By Orders of the Board

Muhammad Rashid
Company Secretary

Karachi: April 30th, 2025

Notes:

1. The share transfer Books of the Company will remain closed from May 15th, 2025 to May 21st, 2025 (both days inclusive)
2. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting.
3. The instrument appointing a proxy must be received at registered Office of the Company situated at 4th Floor, Building No. 1-B, State Life Square, I. I. Chundrigar Road, Karachi not later than 48 hours before the time of the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxies shall be rendered invalid.
4. Change of address, if any, should be notified immediately to the Company at 4th Floor, Building No. 1-B, State Life Square, I .I. Chundrigar Road, Karachi.

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Directors' Report to Shareholders

For the year ended December 31st, 2024

Company Performance

We are pleased to present the 73rd Annual Report to our valued shareholders, providing an overview of the company's performance, strategic initiatives, and financial results for the year ended December 31, 2024. This report outlines key developments, challenges, and opportunities that have shaped our business trajectory, along with our commitment to sustainable growth and shareholder value.

The following are key financial results for the period under review:

Business Overview:

The summarized results along with the same period last year's performance figures are as follows:

	2024	2023	% Increase/ (Decrease)
	(Rupees)		
Premium Written (Conventional)	**527,274,070**	**350,777,631**	50.32%
Net premium revenue	369,971,282	246,991,671	49.79%
Net insurance claims	(226,208,498)	(144,839,791)	56.18%
Net Commission/acquisition cost	(94,236,325)	(53,866,603)	74.94%
Management expenses	(167,571,288)	(123,097,962)	36.13%
Underwriting results	(127,879,351)	(78,894,682)	62.09%
Net investment income	159,373,020	136,870,125	16.44%
Other income	28,697,384	27,541,857	4.20%
Profit before tax from Window Takaful Operations - Operator's Fund	6,742,280	4,060,882	66.03%
Profit / (loss) before tax	55,079,402	85,387,835	35.50%
Taxation	(16,481,911)	(35,816,848)	53.98%
Profit / (loss) after tax	38,597,491	49,570,987	22.14%
Earnings/(loss) per share	0.77	0.99	22.22%

The year 2024 marked a significant phase in the company's growth trajectory, reflected in a notable 50% increase in both gross and net premiums compared to the previous year. This growth underscores the effectiveness of the company's strategic expansion initiatives. However, underwriting losses also saw an increase of 62%, primarily driven by a 56% rise in claim costs and a 75% surge in acquisition expenses. The expansion of business activities resulted in a 36% increase in management expenses, largely attributed to the recruitment of new marketing professionals to support the implementation of the company's growth strategy.

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Investment income registered an increase of 16%, benefiting from a high-interest rate environment and the upward momentum in the equity market index. A portion of this income was derived from the realization of capital gains on equity portfolio classified as available for sale.

During the review period, the company reported an after-tax profit of Rs. 38.57 million, compared to Rs. 49.57 million in the preceding year. The decline in profitability is primarily attributed to the higher claim ratio, increased acquisition costs, and rising management expenses. A detailed analysis of the claim ratio revealed that the surge in claims was largely driven by increased activity in the marine and health insurance portfolios. Nevertheless, management remains confident that both the claims ratio and acquisition costs will be effectively managed through enhanced underwriting quality, once the business growth strategy is successfully implemented.

The company ventured into Window Takaful operations in mid-2023. In the current year, the Takaful segment demonstrated remarkable growth, with gross contributions rising by 114%. The Operator's Fund recorded a pre-tax profit of Rs.6.7 million, compared to Rs. 4.0 million in the previous reporting period, signaling a strong upward trajectory in this segment.

Credit Rating

Credit Rating Announcement VIS has assigned a credit rating of **"A+" (Single A Plus)** to the company for the fiscal year 2024-25, with a **stable outlook**.

Future Outlook

i) Strategic Outlook and Commitment to Growth

Alpha has enjoyed excellent brand equity and success in the past. As we look to the future, we are strategically planning further strengthening of business fundamentals and significant growth in the short to medium term. We plan to leverage the company's strong position and use of technology including but not limited to AI to capitalize on emerging opportunities. We are well supported by our team of highly skilled professionals and their proven track record and this will be developed further. We plan to build the organizational capacity including aggressive marketing to drive sustainable growth and operational excellence.

While our growth and developmental initiatives may mean limited growth in profits in the short term, we anticipate consistent and sustainable revenue growth. In the medium to long term in accordance with our business strategy we expect continued revenue and profit expansion based on our strategic initiatives to broaden product offerings and build on existing strengths. While we recognize the potential risks, including evolving consumer preferences, competitive dynamics, and regulatory shifts, we are dedicated to proactively managing these challenges through informed decision-making and adaptive strategies.

ii) Commitment to Stakeholder Engagement and Community Impact

At Alpha Insurance, we prioritize fostering meaningful and enduring partnerships with all stakeholders. Our commitment to diversity and inclusion extends to every community in which we operate, ensuring that our

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presence is both constructive and beneficial. Guided by a comprehensive community strategy, we actively engage with local stakeholders to remain well-informed about the demographics and social factors that shape our business environment.

Stakeholder engagement is integral to our continued success, and we recognize its direct influence on organizational performance. By maintaining transparent and collaborative relationships with individuals, organizations, and groups impacted by our business model, we reinforce our dedication to responsible corporate governance and sustainable growth.

Reinsurance

The reinsurance arrangements for the year 2025 were successfully finalized in the last quarter of 2024. As a result, the company's underwriting capacity stands at Rs. 1 billion for Fire, Marine, and Engineering classes.

Contingencies and Commitments

The Board has sufficient reasons to believe that the ultimate outcome of contingencies mentioned in note # 21 to the Financial Statements will be in the Company's favor.

Minimum Paid-up Capital

"The Securities and Exchange Commission of Pakistan (SECP) has revised the minimum paid-up capital requirement, mandating an increase to Rs. 1.0 billion by December 31, 2026, Rs. 1.5 billion by December 31, 2028 and further to Rs. 2.0 billion by the end of the year 2030. The company's management is fully committed to ensuring compliance with these regulatory requirements in a timely manner."

Dividend and Appropriations

While the company is aiming to improve further the underwriting performance, the Directors have decided not to pay dividends for this year in order to conserve cash for the growth initiatives planned for medium to long term sustainable and significant growth of the company.

Earnings Per Share

The company's earnings per share have slightly declined to Rs. 0.77 from Rs. 0.99 in 2023. However, management considers this downturn temporary and remains optimistic about a recovery, driven by the successful execution of its business growth strategy.

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Auditors

M/s. Grant Thornton Anjum Rahman, the company's external auditor, has successfully completed their five-year tenure and is now retiring. The Board of Directors has decided to appoint M/s. BDO Ibrahim, Chartered Accountants, as the new external auditor for the year 2025, with an extension option of up to five years, subject to mutually agreed terms and conditions.

The Board also expresses its sincere appreciation to the retiring auditors, acknowledging their professionalism and invaluable contribution to strengthening the company's internal and financial control systems. Their expertise and guidance have been instrumental in supporting both the Board and management, and their services are deeply valued.

Statement of Directors' Responsibility

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2017. Any departure therefrom has been adequately disclosed.
- The internal control system has been augmented and has provided effective monitoring and controls to the senior management.
- There is no basis to doubt about the Company's ability to continue as a going concern.
- Statement of Compliance with the Code of Corporate Governance is attached to these Financial Statements for the year ended December 31, 2024.

Director's Remuneration

As per the regulations, our company's policy regarding the compensation of non-executive directors, which includes independent directors, is that they shall not receive any remuneration unless they attend board meetings. In such cases, a meeting fee will be paid in accordance with the Company's Article of Association to comply with the regulatory requirements.

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Board Meetings

During the year Seven (6) meetings of the Board of Directors were held, attendance details are as follows:

Name of Directors	Eligible for No. of Meetings	Attended
Mr. Tariq Ikram	6	6
Mr. Faisal Mumtaz	6	6
Muhammad Amjad	6	6
Syed Shahnawaz Nadir	6	6
Dr. Lubna Ayub	6	5
Ms. Rafat Sultana	6	5

The Board of Directors of Alpha Insurance is pleased to welcome Ms. Rafat Sultana as an Independent Director. Ms. Sultana, a highly respected legal professional, brings a wealth of expertise to the Board. Her extensive experience is expected to make a significant contribution, particularly in the company's legal affairs and human resources matters. We look forward to her valuable insights and leadership in strengthening the company's governance and strategic initiatives.

Board Committees' Meetings

Following are the details of the Board Committees' meetings held during the year:

	No. of Meetings Held
Audit Committee	6
Ethics, HR, Remuneration, Nomination and Procurement Committee	4
Investment Committee	2

Management Committees' Meetings

Following are the details of the Management Committees' meetings held during the year:

	No. of Meetings Held
Underwriting, Reinsurance, and Coinsurance Committee	2
Claims Settlement	2
Risk Management, Compliance, and IT Steering Committee	2

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Pattern of Shareholding

The pattern of shareholding is enclosed in this annual report.

Six Years Key Data

Six years of key data are enclosed in this annual report.

Acknowledgement

On behalf of the Board, we extend our sincere gratitude to our esteemed clients for entrusting our Company with their risk management needs. Your confidence in our expertise is the driving force behind our continued success. We also wish to express our deep appreciation to our valued shareholders, particularly the State Life Insurance Corporation of Pakistan, for their unwavering support and trust. Their commitment has played a pivotal role in our growth and achievements.

Furthermore, we acknowledge the invaluable cooperation, guidance, and advice provided by the Securities & Exchange Commission of Pakistan, the Insurance Association of Pakistan, the State Bank of Pakistan, and our foreign correspondents and reinsurers. Their contributions have been instrumental in enabling us to deliver exceptional service and uphold industry standards.

Lastly, we recognize and commend the dedication and hard work of our marketing and back-office staff across the country. Their efforts throughout the year ending December 31, 2024, have been integral to our continued progress.

We look forward to another year of success and collaboration.

For and on behalf of the Board

Dr. Syed Arif Hussain
Chief Executive Officer

Tariq Ikram

Tariq Ikram (SI)
Chairman

Karachi: **April 29, 2025**

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ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے سال مختتمہ 31 دسمبر 2024

کمپنی کی کارکردگی

ہمیں اپنے قابل قدر شیئر ہولڈرز کے سامنے اپنی 73 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے، جس میں 31 دسمبر 2024 کو ختم ہونے والے سال کیلئے کمپنی کی کارکردگی، اسٹریٹجک اقدامات اور مالیاتی نتائج کا ایک جائزہ پیش کیا گیا ہے۔ اس رپورٹ میں پائیدار قدر کی نمو اور شیئر ہولڈرز کیلئے ہماری وابستگی کے ساتھ ساتھ اہم پیش رفت، چیلنجز اور مواقع کا خاکہ پیش کیا گیا ہے جنہوں نے ہمارے کاروباری راستے کو تشکیل دیا ہے۔

زیر نظر مدت کیلئے اہم مالیاتی نتائج درج ذیل ہیں:

کاروبار کا جائزہ:

پچھلے سال کی اسی مدت کی کارکردگی کے اعداد و شمار کے ساتھ خلاصہ نتائج درج ذیل ہیں:

	2024	2023	% (اضافہ/کمی)
	------روپے------		
مجموعی پریمیم/روائتی	527,274,070	350,777,631	50.32%
نیٹ پریمیم ریونیو	369,971,282	246,991,671	49.79%
نیٹ انشورنس کلیمز	(226,208,498)	(144,839,791)	56.18%
مجموعی کمیشن/حصول لاگت	(94,236,325)	(53,866,603)	74.94%
انتظامی اخراجات	(167,571,288)	(123,097,962)	36.13%
انڈررائٹنگ نتائج	(127,879,351)	(78,894,682)	62.09%
مجموعی سرمایہ آمدنی	159,373,020	136,870,125	16.44%
دیگر آمدنی	28,697,384	27,541,857	4.20%
ونڈو تکافل کا ٹیکس سے پہلے منافع (آپریٹرز فنڈ آپریشنز)	6,742,280	4,060,882	66.03%
منافع/(نقصان) قبل از محصول	55,079,402	85,387,835	35.50%
محصول	(16,481,911)	(35,816,848)	53.98%
منافع/(نقصان) بعد از محصول	38,597,491	49,570,987	22.14%
آمدنی (نقصان) فی حصہ	0.77	0.99	22.22%

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سال 2024 میں کمپنی کی ترقی کی رفتار نے ایک اہم مرحلے کو عبور کیا، جس کی عکاسی گزشتہ سال کے مقابلے مجموعی اور خالص پریمیم دونوں میں 50% نمایاں اضافے سے ہوتی ہے۔ یہ ترقی کمپنی کے اسٹریٹجک توسیعی اقدامات کی تاثیر کو واضح کرتی ہے۔ تاہم، انڈر رائٹنگ کے نقصانات میں بھی 62% کا اضافہ دیکھا گیا، بنیادی طور پر کلیم کے اخراجات میں 56% اضافہ اور حصولی اخراجات میں 75% اضافہ۔ کاروباری سرگرمیوں میں توسیع کے نتیجے میں انتظامی اخراجات میں 36% اضافہ ہوا، جس کی بڑی وجہ کمپنی کی ترقی کی حکمت عملی کے نفاذ میں معاونت کیلئے نئے مارکیٹنگ پیشہ ور افراد کی بھرتی ہے۔

سرمایہ کاری کی آمدنی میں شرح سود کے بلند ماحول اور ایکویٹی مارکیٹ انڈیکس میں اوپر کی رفتار سے فائدہ اٹھاتے ہوئے 16% کا اضافہ درج کیا گیا۔ اس آمدنی کا ایک حصہ فروخت کے لیے دستیاب ایکویٹی پورٹ فولیو پر کیپیٹل گین کی وصولی سے حاصل کیا گیا تھا۔

نظرثانی کی مدت کے دوران، کمپنی کا بعد از ٹیکس منافع 38.57 ملین پچھلے سال 49.57 ملین روپے کے مقابلے میں رپورٹ کیا۔ منافع میں کمی بنیادی طور پر کلیم کے بلند تناسب، حصول کے بڑھتے ہوئے اخراجات، اور بڑھتے ہوئے انتظامی اخراجات سے منسوب ہے۔ کلیم کے تناسب کے تفصیلی تجزیے سے یہ بات سامنے آئی ہے کہ کلیمز میں اضافہ بڑی حد تک میرین اور ہیلتھ انشورنس پورٹ فولیو میں بڑھتی ہوئی سرگرمی کی وجہ سے ہوا ہے۔ اس کے باوجود، انتظامیہ پر اعتماد ہے کہ ایک بار جب کاروبار کی ترقی کی حکمت عملی کامیابی کے ساتھ نافذ ہو جائے گی تو دعووں کے تناسب اور حصول کی لاگت دونوں کو بہتر انڈر رائٹنگ کوالٹی کے ذریعے مؤثر طریقے سے منظم کیا جائے گا۔

کمپنی نے 2023 کے وسط میں ونڈو تکافل آپریشنز کا آغاز کیا۔ موجودہ سال میں، تکافل سیگمنٹ نے نمایاں ترقی کا مظاہرہ کیا، مجموعی شراکت میں 114% اضافہ ہوا۔ آپریٹر فنڈ نے پچھلے رپورٹنگ کی مدت میں 4.0 ملین روپے کے مقابلے میں 6.7 ملین روپے کا قبل از ٹیکس منافع ریکارڈ کیا، جو کہ اس سیگمنٹ میں ایک مضبوط اوپر کی رفتار کا اشارہ ہے۔

کریڈٹ ریٹنگ

کریڈٹ ریٹنگ کا اعلان VIS نے مستحکم آؤٹ لک کے ساتھ مالی سال 25-2024 کیلئے کمپنی کو "+A" (سنگل اے پلس) کی کریڈٹ ریٹنگ تفویض کی ہے۔

مستقبل کا آؤٹ لک

i) اسٹریٹجک آؤٹ لک اور ترقی کا عزم

الفا نے ماضی میں شاندار برانڈ ایکویٹی اور کامیابی حاصل کی ہے۔ مستقبل میں بھی، ہم بہتر حکمت عملی سے کاروبار کے بنیادی اصولوں کو مزید مستحکم بنانے اور مختصر تا درمیانی مدت میں نمایاں ترقی کی منصوبہ بندی کر رہے ہیں۔ ہم کمپنی کی مضبوط پوزیشن اور ٹیکنالوجی کے استعمال سے فائدہ اٹھانے کا ارادہ رکھتے ہیں جس میں ابھرتے ہوئے مواقع، بشمول آرٹیفیشل انٹیلیجنس (AI) سے فائدہ اُٹھایا جائے گا۔ اس میں ہمیں انتہائی ہنرمند پیشہ ور افراد کی ٹیم جوان کے ٹریک ریکارڈ سے ثابت شدہ ہے۔ کی طرف سے بھرپور تعاون حاصل ہے۔ ہم تنظیمی صلاحیت کو بڑھانے کا ارادہ رکھتے ہیں جس میں جارحانہ مارکیٹنگ شامل ہے تاکہ پائیدار ترقی اور آپریشنل عمدگی کو آگے بڑھایا جاسکے۔

اگرچہ ہماری ترقی اور ترقیاتی اقدامات کا مطلب مختصر مدت میں منافع میں محدود اضافہ ہوسکتا ہے، تاہم اس کے نتیجے میں ہمیں مسلسل اور پائیدار آمدنی میں اضافے کی توقع ہے۔ کاروبار کی درمیانی اور طویل مدتی حکمت عملی اور موجودہ وسائل کو بروئے کار لاتے ہوئے ہم مصنوعات کی پیشکشوں کو وسیع کرنے اور اسٹریٹجک اقدامات کی بنیاد پر آمدنی اور منافع میں مسلسل اضافے کی توقع کرتے ہیں۔ ہم ممکنہ خطرات بشمول صارفین کی ترجیحات، مسابقتی حرکیات اور قانونی تبدیلیوں کے چیلنجز سے بخوبی واقف ہیں۔ ہم نے اپنی باخبر فیصلہ سازی اور حکمتِ عملیوں کو ان چیلنجز سے نمٹنے کے نظام کو فعال بنانے کیلئے وقف کیا ہوا ہے۔

ii) اسٹیک ہولڈر کی مصروفیت اور کمیونٹی کے اثرات سے وابستگی

الفاء انشورنس میں، ہم تمام اسٹیک ہولڈرز کے ساتھ بامعنی اور پائیدار شراکت داری کو فروغ دینے کو ترجیح دیتے ہیں۔ تنوع اور شمولیت کیلئے ہماری وابستگی ہر اس کمیونٹی تک پھیلی ہوئی ہے جس میں ہم کام کرتے ہیں، اس بات کو یقینی بناتے ہوئے کہ ہماری موجودگی تعمیری اور فائدہ مند ہو۔ کمیونٹی کی ایک جامع حکمت عملی کی رہنمائی میں، ہم مقامی اسٹیک ہولڈرز کے ساتھ فعال طور پر مشغول رہتے ہیں تاکہ ہم کاروباری ماحول کو تشکیل دینے والے ڈیموگرافکس اور سماجی عوامل کے بارے میں اچھی طرح سے باخبر رہیں۔

اسٹیک ہولڈر کی مصروفیت ہماری مسلسل کامیابی کیلئے لازمی ہے، اور ہم تنظیمی کارکردگی پر اس کے براہ راست اثر کو تسلیم کرتے ہیں۔ کاروباری ماڈل سے متاثر ہونے والے افراد، تنظیموں اور گروپوں کے ساتھ شفاف اور باہمی تعاون پر مبنی تعلقات برقرار رکھ کر، ہم ذمہ دارانہ کارپوریٹ گورننس اور پائیدار ترقی کیلئے اپنی لگن کو تقویت دیتے ہیں۔

ری انشورنس

سال 2025 کے لیے ری انشورنس کے انتظامات کو 2024 کی آخری سہ ماہی میں کامیابی کے ساتھ حتمی شکل دی گئی تھی۔ فائر، میرین اور انجینئرنگ کلاسز کیلئے اس کے نتیجے میں، کمپنی کی انڈر رائٹنگ کی گنجائش 1 بلین روپے ہے۔

امکانات اور وعدے

بورڈ کے پاس یقین کرنے کی کافی وجوہات ہیں کہ مالیاتی گوشواروں کے نوٹ نمبر 21 میں درج معاملات کا نتیجہ کمپنی کے حق میں ہوگا۔

اداشدہ سرمائے میں اضافہ

"سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کم از کم اداشدہ سرمائے کی ضرورت پر نظر ثانی کی ہے، جس میں بروقت ضروریات 31 دسمبر 2026 تک 1.0 بلین روپے، 31 دسمبر 2028 تک 1.5 بلین روپے اور سال 2030 کے آخر تک 2.0 بلین روپے کا اضافہ لازمی قرار دیا گیا ہے۔"

ڈیویڈنڈ اور اختصاص

جبکہ کمپنی انڈر رائٹنگ کی کارکردگی کو مزید بہتر بنانے کا ارادہ رکھتی ہے، ڈائریکٹرز نے اس سال کیلئے منافع کی ادائیگی نہ کرنے کا فیصلہ کیا ہے تاکہ کمپنی کی درمیانی سے طویل مدتی پائیدار اور نمایاں نمو کیلئے منصوبہ بندی کی گئی ترقی کے اقدامات کے لیے نقد رقم محفوظ کی جاسکے۔

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فی حصہ آمدنی

سال 2024 میں کمپنی کی فی حصص آمدنی 0.99 روپے سے قدرے کم ہوکر 0.77 روپے رہ گئی ہے۔ تاہم، انتظامیہ اس مندی کو عارضی سمجھتی ہے اور بحالی کے بارے میں پرامید رہتی ہے، جوکہ اس کی کاروباری ترقی کی حکمت عملی کے کامیاب نفاذ کی وجہ سے ہے۔

آڈیٹرز

میسرز گرانٹ تھورنٹن انجم رحمان کمپنی کے ایکسٹرنل آڈیٹر نے کامیابی کے ساتھ اپنی پانچ سالہ مدت پوری کر لی ہے اور اب وہ ریٹائر ہو رہے ہیں۔ بورڈ آف ڈائریکٹرز نے باہمی طور پر منظور شدہ شرائط وضوابط کے ساتھ، پانچ سال تک توسیع کے آپشن کے ساتھ سال 2025 کیلئے نئے ایکسٹرنل آڈیٹر کے طور میسرز BDO ابراہیم، چارٹرڈ اکاؤنٹنٹس کی تقرری کا فیصلہ کیا ہے۔

ڈائریکٹرز کی ذمہ داری کا اسٹیٹمنٹ

- مالیاتی گوشوارے جو کمپنی کی انتظامیہ نے تیار کئے ہیں ان کے کاروباری معاملات، ان کے آپریشنز کے نتائج، کیش فلوز اور ایکیوٹی میں تبدیلیوں کو منصفانہ طریقہ سے پیش کیا گیا ہے۔
- کمپنی کے حسابی کھاتوں کو باقاعدہ طور پر تیار کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تواتر کے ساتھ استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط اندازوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز پر عملدرآمد کیا گیا۔ منظور شدہ اکاؤنٹنگ اسٹینڈرڈز ایسے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر مبنی ہیں جو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ بورڈ نے جاری کئے اور جو کمپنیز ایکٹ 2017 و مندرجات اور ہدایات جاری شدہ ماتحت کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000 اور انشورنس رولز 2017 کے تحت ہیں اور اگر کہیں انحراف کرنا پڑا تو وہ معقول طور پر شائع کیا گیا ہے۔
- اندرونی کنٹرول سسٹم کی توسیع کردی گئی ہے اور اس نے سینئر مینجمنٹ کو موثر مانیٹرنگ اور کنٹرولر فراہم کیا ہے۔
- گوئنگ کنسرن کے طور پر جاری رکھنے کیلئے کمپنی کی صلاحیت پر شک کرنے کی کوئی بنیاد نہیں۔
- اسٹیٹمنٹ آف کمپلائنس اور کوڈ آف کارپوریٹ گورنس برائے پبلک سیکٹر کمپنیز اور انشورران مالیاتی گوشواروں کے ساتھ منسلک ہے۔

ڈائریکٹر کا معاوضہ

ضوابط کے مطابق، نان ایگزیکٹو ڈائریکٹرز کے معاوضے سے متعلق ہماری کمپنی کی پالیسی، جس میں آزاد ڈائریکٹرز بھی شامل ہیں، یہ ہے کہ جب تک وہ بورڈ میٹنگز میں شرکت نہیں کرتے، انہیں کوئی معاوضہ نہیں ملے گا۔ ایسے معاملات میں، ریگولیٹری تقاضوں کی تعمیل کرنے کیلئے کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق میٹنگ فیس ادا کی جائے گی۔

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بورڈ کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے جن کی حاضری کی تفصیلات مندرجہ ذیل ہے:۔

	اجلاس کی تعداد کیلئے اہل	حاضر ہوئے
طارق اکرام	6	6
فیصل ممتاز	6	6
محمد امجد	6	6
سید شاہ نواز نادر	6	6
ڈاکٹر لبنیٰ ایوب	6	5
محترمہ رفعت سلطانہ	6	5

الفا انشورنس کے بورڈ آف ڈائریکٹرز کو محترمہ رفعت سلطانہ کو بطور آزاد ڈائریکٹر خوش آمدید کہتے ہوئے خوشی ہو رہی ہے۔ محترمہ سلطانہ، ایک انتہائی معزز قانونی پیشہ ور، بورڈ میں مہارت کا خزانہ لائی ہیں۔ ان کے وسیع تجربے سے توقع کی جاتی ہے کہ وہ کمپنی کے قانونی امور اور انسانی وسائل کے معاملات میں خاص طور پر اہم کردار ادا کریں گی۔ ہم کمپنی کی گورننس اور اسٹریٹیجک اقدامات کو مضبوط بنانے میں ان کی قیمتی بصیرت اور قیادت کے منتظر ہیں۔

بورڈ کمیٹیوں کے اجلاس

بورڈ کمیٹیوں کے اجلاس کی تفصیلات مندرجہ ذیل ہیں جو سال کے دوران منعقد ہوئے:۔

	منعقدہ اجلاس کی تعداد
آڈٹ کمیٹی	6
ایتھکس، ہیومن ریسورس، ریمونریشن، نومینیشن اینڈ پروکیورمنٹ کمیٹی	4
انوسٹمنٹ کمیٹی	2

مینجمنٹ کمیٹیوں کے اجلاس

مینجمنٹ کمیٹیوں کے اجلاس کی تفصیلات مندرجہ ذیل ہیں جو سال کے دوران منعقد ہوئے:۔

	منعقدہ اجلاس کی تعداد
انڈر رائٹنگ، ری انشورنس اینڈ کو انشورنس کمیٹی	2
کلیم سیٹلمنٹ کمیٹی	2
رسک مینجمنٹ، کمپلائنس اینڈ آئی ٹی اسٹیئرنگ کمیٹی	2

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پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

چھ سالہ کلیدی ڈیٹا

چھ سالہ کلیدی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

اظہار تشکر

بورڈ کی جانب سے، ہم اپنے معزز کلائنٹس کا تہہ دل سے شکریہ ادا کرتے ہیں جنہوں نے ہماری کمپنی کو ان کی رسک مینجمنٹ کی ضروریات پوری کرنے کی ذمہ داری سونپی۔ ہماری مہارت پر آپ کا اعتماد ہماری مسلسل کامیابی کے پیچھے محرک ہے۔ ہم اپنے قابل قدر شیئر ہولڈرز، خاص طور پر اسٹیٹ لائف انشورنس کارپوریشن آف پاکستان کی غیر متزلزل حمایت اور اعتماد کیلئے اپنی گہری تعریف کا اظہار کرنا چاہتے ہیں۔ ان کے عزم نے ہماری ترقی اور کامیابیوں میں اہم کردار ادا کیا ہے۔

مزید برآں ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، انشورنس ایسوسی ایشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور ہمارے غیر ملکی نمائندوں اور ری انشورنس کنندگان کی طرف سے فراہم کردہ قیمتی تعاون، رہنمائی اور مشورے کو تسلیم کرتے ہیں۔ ان کی شراکتیں ہمیں غیر معمولی خدمات فراہم کرنے اور صنعت کے معیارات کو برقرار رکھنے میں اہم کردار ادا کرتی ہیں۔

آخر میں، ہم ملک بھر میں اپنے مارکیٹنگ اور بیک آفس کے عملے کی لگن اور محنت کو تسلیم کرتے ہیں اور ان کا شکریہ ادا کرتے ہیں۔ 31 دسمبر 2024 کو ختم ہونے والے سال بھر میں ان کی کوششیں ہماری مسلسل ترقی کیلئے لازمی جُز رہی ہیں۔

Tariq Ikram

برائے اور منجانب بورڈ

طارق اکرام	ڈاکٹر سید عارف حسین	
چیئرمین	چیف ایگزیکٹو آفیسر	

کراچی ۲۹ اپریل ۲۰۲۵

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Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance for Insurers, 2016.

Name of company: **Alpha Insurance Company Limited**

For the year ended: **31 December 2024**

i. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules (the Rules), 2013 and the Code of Corporate Governance for Insurers, 2016 (CCG Insurers, 2016) (both herein referred to as 'Codes') issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the CCG Insurers, 2016, the provisions of Public Sector Companies (Corporate Governance) Rules, 2013 ("Rules") shall prevail.

ii. The Company has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule no.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✔</td><td></td></tr>
<tr><td>2.</td><td>The Board has the requisite percentage of independent directors.
At present, the Board includes:*
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td>Independent Directors**</td><td>Mr. Tariq Ikram
Mrs. Rafat Sultana
Dr. Muhammad Amir Malik</td><td>September 25, 2023</td></tr>
<tr><td>Executive Directors</td><td>-</td><td>-</td></tr>
<tr><td>Non-Executive Directors</td><td>Mr. Faisal Mumtaz
Muhammad Amjad
Dr. Lubna Ayub
Syed Shahnawaz Nadir Shah</td><td>September 25, 2023</td></tr>
<tr><td>Female Directors</td><td>Dr. Lubna Ayub
Ms. Rafat Sultana</td><td>September 25, 2023</td></tr>
</table></td><td>3(2)</td><td>✔</td><td></td></tr>
</table>

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S. No.	Provision of the Rules	Rule no.	Y	N
			Tick the relevant box	
	*During the year, shareholders in their Extra Ordinary General Meeting held on 25th September 2023 appointed seven directors through election of directors on expiry of three years term 2020-23 ** Shareholder also appointed three independent directors in the aforesaid EOGM. However, subsequently, approvals of six directors except for Mr. Muhammad Amir Malik have been granted by the SECP. However, approval of Mr. Muhammad Amir Malik is under process as SECP requires a few documents.			
3.	The directors have confirmed that none of them is serving as director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✔	
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Act.	3(7)	✔	
5.	The chairman of the board is working separately from the chief executive of the Company.	4(1)	✔	
6.	The chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.	4(4)	✔	
7.	The Board has evaluated the candidates for the position of chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✔	
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. **(www.alphainsurance.com.pk)** (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✔ ✔ ✔	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✔	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b) (ii)	✔	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5) (b) (vi)	✔	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions	5(5) (c)	✔	

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S. No.	Provision of the Rules	Rule no.	Y	N
			Tick the relevant box	
	of service.	(ii)		
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5) (c) (iii)	✔	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✔	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✔	
16.	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and have submitted its request for appropriate compensation to the Government for consideration.	5(8)	✔	
17.	The Board has ensured compliance with policy direction requirements received from the Government.	5(11)	✔	
18.	(a) The board has met at least four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✔ ✔ ✔	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✔	
20.	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✔	
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) The Board has placed the annual financial statements on the company's website.	10	✔ ✔	
22.	All the board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as. specified in the Rules	11	✔	
23.	(a) The board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the	12	✔ ✔ ✔	

h

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www.alphainsurance.com.pk

alpha
Insurance Company Limited
(A subsidiary of State Life Insurance Corporation of Pakistan)

S. No.	Provision of the Rules	Rule no.	Y	N
			Tick the relevant box	
	board members. (d) The committees were chaired by the following non-executive directors: **Committee** / **Number of Members** / **Name of Chair** Audit Committee / Four / Ms. Rafat Sultana Risk Management Committee / Seven / Mr. Faisal Mumtaz Human Resources Committee / Four / Dr. Lubna Ayub Procurement Committee / Four / Ms. Rafat Sultana Nomination Committee / Four / Dr. Lubna Ayub			
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor with their remuneration and terms and conditions of employment.	13	✔	
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✔	
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✔	
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✔	
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✔	
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his/her remuneration. (b) The annual report of the company contains criteria and details of the remuneration of each director.	19	✔ ✔	
30.	The financial statements of the Company were duly endorsed by the chief executive and chief financial officer, before consideration and approval of the audit committee and the Board.	20	✔	
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members: **Name of Member** / **Category** / **Professional Background** Dr. Lubna Ayub / Non-Executive Director / Ph.D. Sociology, Southern Illinois University, Carbondale IL.	21 (1) and 21(2)	✔	

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<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule no.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td></td><td><table>
<tr><td></td><td></td><td>Dissertation Title: “Religion and Women’s Status Attainment: A Comparative and Hierarchical Analysis.”</td></tr>
<tr><td>Mr. Faisal Mumtaz</td><td>Non-Executive Director</td><td>M.A (Economics), Fellow of Society of Actuaries USA</td></tr>
<tr><td>Mr. Muhammad Amjad</td><td>Non-Executive Director</td><td>Fellow member of the ICMA International</td></tr>
<tr><td>Ms. Rafat Sultana</td><td>Non-Executive Director</td><td>Masters in Political Science
Masters in Law</td></tr>
</table>
The Chief Executive and Chairman of the Board are not members of the audit committee.</td><td></td><td>✔</td><td></td></tr>
<tr><td>32</td><td>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.
(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.
(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</td><td>21(3)</td><td>✔
✔
✔</td><td></td></tr>
<tr><td>33.</td><td>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.
(b) The Chief Internal Auditor has five years of relevant Audit experience.
(c) The internal audit reports have been provided to the external auditors for their review.</td><td>22</td><td>✔
✔
✔</td><td></td></tr>
<tr><td>34.</td><td>The company has appointed its external auditors in line with the requirements envisaged under the Rules.</td><td>23</td><td>✔</td><td></td></tr>
<tr><td>35.</td><td>The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.</td><td>23 (4)</td><td>✔</td><td></td></tr>
<tr><td>36.</td><td>The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.</td><td>23 (5)</td><td>✔</td><td></td></tr>
</table>

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Further disclosures as required under Code of Corporate Governance for Insurers, 2016:

Clause 2(5) of the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2013 issued by the commission requires that any disclosure required under any other director, code, regulation or rules shall also be made in the statement of compliance, notwithstanding anything contained in the statement. Accordingly, below are the requirements of the Code of Corporate Governance for Insurers, 2016 (CCG Insurers, 2016);

1. The insurer ensures representation of independent non-executive directors and facilitates directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Names
Female Director	Dr. Lubna Ayub
Female Director	Ms. Rafat Sultana

All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

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

3. All casual vacancies that occurred during the year on the Board were filled up by the directors within ninety days thereof.

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

5. The Board has reformed the following management committees after the Board of Directors election held on 25th September 2023:

Underwriting, Re-Insurance & Co-Insurance Committee:

Dr. Lubna Ayub	Chairperson
Syed Shahnawaz Nadir	Member
Ms. Rafat Sultana	Member
Dr. Syed Arif Hussain- CEO	Member
Mr. Muhammad Irfan – CFO	Member
Khawaja Baleegh – Head of Operation	Member & Secretary

Claims Settlement Committee:

Mr. Muhammad Amjad	Chairman
Mr. Tariq Ikram	Member
Dr. Syed Arif Hussain- CEO	Member
Mr. Rana Javed – Head of Claims	Member & Secretary

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Risk Management, Compliance and IT Steering Committee

Mr. Faisal Mumtaz	Chairman
Mr. Tariq Ikram	Member
Dr. Lubna Ayub	Member
Dr. Syed Arif Hussain- CEO	Member
Mr. Muhammad Rashid - CFO	Member
Mr. Liaqut Ali Qamar – Head of IT	Member
Mr. Umair Sattar – Head of Compliance	Member & Secretary

The Board has reformed the following Board Committees under CCG Insurers, 2016 after the Board of Directors election held on 25th September 2023:

Ethics, Human Resource, Remuneration, and Nomination Committee:

Dr. Lubna Ayub	Chairperson
Mr. Tariq Ikram	Member
Mr. Muhammad Amjad	Member
Dr. Syed Arif Hussain – CEO	Member
Mr. Liaqut Ali Qamar – Head HR & Admin	Secretary

Investment Committee:

Syed Shahnawaz Nadir	Chairman
Mr. Tariq Ikram	Member
Ms. Rafat Sultana	Member
Dr. Syed Arif Hussain – CEO	Member
Mr. Muhammad Rashid – CFO	Member & Secretary

The Board has formed an Audit, Procurement and Legal Committee. It comprises of four members, of whom one is an independent director and three are non-executive directors. The chairperson of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit, Procurement and Legal Committee:

Ms. Rafat Sultana	Chairperson
Dr. Lubna Ayub	Member
Mr. Faisal Mumtaz	Member
Mr. Muhammad Amjad	Member
Head of Internal Audit	Secretary

6. The terms of reference of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committees were as follows:

Committee	Frequency
Ethics, Human Resource, Remuneration and Nomination Committee	Twice a year
Investment Committee	Twice a year

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Audit, Procurement and Legal Committee	Quarterly
Underwriting, Re-insurance & Co-insurance Committee	Twice a year
Claim Settlement Committee	Twice a year
Risk Management, Compliance & I.T Steering Committee	Twice a year

7. The Board has set up an effective internal audit function through competent personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the insurer and they are involved in the internal audit function on a regular basis.

8. The Chief Executive officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under CCG Insurers, 2016. The Appointed Actuary of the insurer (if any) also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, and reinsurance departments, possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

Name of the Person	Designation
Dr. Syed Arif Hussain	Chief Executive Officer
Mr. Muhammad Rashid	Chief Financial Officer
Mr. Muhammad Rashid	Company Secretary
Mr. Liaqut Ali Qamar	Head of IT
Mr. Muhammad Shahbaz Khan	Head of Internal Audit
Mr. Khawaja Balighuddin	Head Operation
Mr. Muhammad Adeel Khan	Head of Re-insurance
Mr. Muhammad Adeel Khan	Head of Underwriting
Mr. Rana Javed	Head of Claims
Mr. Muhammad Nadir	Head of Takaful
Mr. Liaqut Ali Qamar	Head of HR & Admin and Legal
Mr. Akhtar Hussain	Actuary
Mr. Umair Sattar Abro	Head of Compliance

Following changes in the appointments were made during the reporting period

Name of outgoing employee	Name of incoming employee	Designation	Reason of change in appointment
Mr. Muhammad Irfan	Mr. Muhammad Rashid	CFO & Company Secretary	New appointment

8. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the

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Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and

all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

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

10. The Board ensures that the investment policy of the insurer is drawn up in accordance with the provisions of the CCG Insurers, 2016.

11. The Board ensures that the risk management function of the company is in place as per the requirements of the CCG Insurers, 2016.

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

13. The Board ensures that as part of the risk management system, the insurer gets itself rated from VIS – Pakistan (credit rating agency) duly licensed by the Commission, which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating reaffirmed by the said rating agency on February 1, 2024, is "A+" with a "Stable" outlook.

14. The Board has set up a grievance department/function, which fully complies with the requirements of the CCG Insurers, 2016.

Tariq Khan.

CHIEF EXECUTIVE OFFICER | **CHAIRMAN**

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Beaumont Road,
Karachi, Pakistan.

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Review Report to the Members on the Statements of Compliance with The Code of Corporate Governance for Insurers, 2016 and The Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and the Public Sector Companies (Corporate Governance) Rules, 2013 (combined called 'the Codes') prepared by the Board of Directors of Alpha Insurance Company Limited ("the Company") for the year ended December 31, 2024.

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

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

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended December 31, 2024.

Grant Thornton Anjum Rahman.

Chartered Accountants

Karachi

Date: May 21, 2025

UDIN: CR202410154sv8bjDZdi

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA INSURANCE COMPANY LIMITED

Grant Thornton Anjum Rahman
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Alpha Insurance Company Limited** (the Company), which comprise the statement of financial position as at December 31, 2024, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Grant Thornton

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

- Evaluate the overall presentation, structure and content of the 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.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Grant Thornton Anjum Rahman

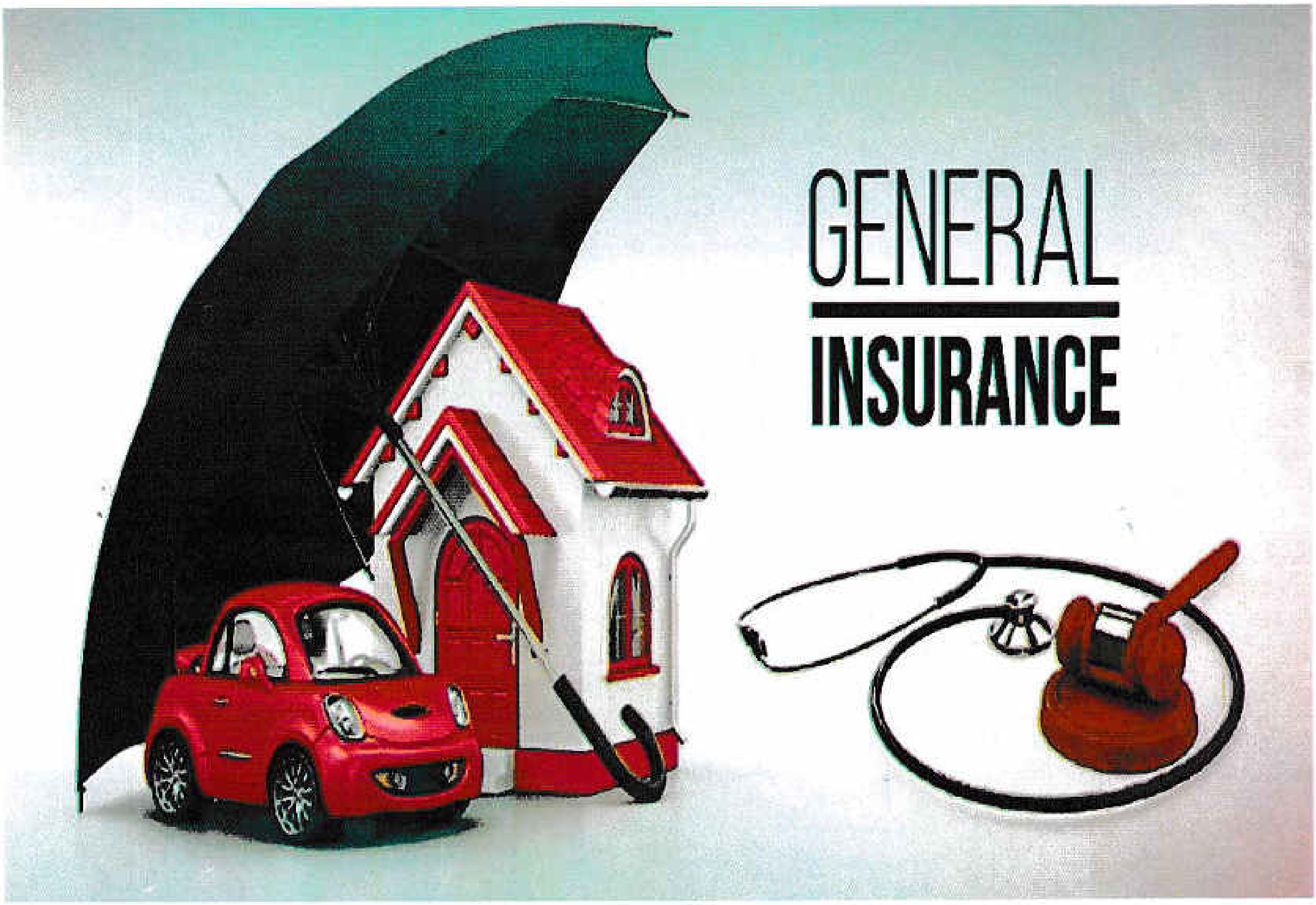
Chartered Accountants

Karachi
Date: May 21, 2025
UDIN: AR202410154Ezi6noacL

Financial Statements

Alpha Insurance Company Limited

For the year ended December 31, 2024



ALPHA INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		------------- (Rupees)	---------------
Assets			
Property and equipment	5	**25,457,155**	17,610,267
Intangible assets	6	**474,405**	315,773
Investments			
Equity securities	7	**261,746,818**	165,355,174
Debt securities	8	**587,250,012**	298,554,200
Loans and other receivables	9	**75,311,758**	17,192,556
Insurance / reinsurance receivables	10	**192,822,757**	137,546,331
Reinsurance recoveries against outstanding claims	23	**122,581,102**	101,275,592
Deferred commission expense / acquisition cost	24	**26,541,209**	24,951,808
Deferred taxation	12	**-**	1,059,927
Taxation - payment less provisions	13	**88,012,879**	79,230,408
Prepayments	14	**59,192,450**	47,285,919
Cash and bank	15	**145,019,709**	315,367,626
		1,584,410,254	1,205,745,580
Total assets of window Takaful operations - Operator's Fund	16	**81,318,308**	65,196,853
Total Assets		**1,665,728,562**	1,270,942,433
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	17	**500,000,000**	500,000,000
Reserves	18	**132,521,921**	61,726,567
Unappropriated profit		**194,333,914**	156,412,774
Total Equity		**826,855,835**	718,139,341
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	23	**280,599,160**	216,793,824
Unearned premium reserves	22	**151,064,657**	116,171,934
Premium deficiency reserves		**15,049,884**	5,215,362
Unearned reinsurance commission	24	**4,964,011**	1,291,035
Retirement benefit	11	**1,366,694**	-
Deferred taxation	12	**33,100,963**	-
Premium received in advance		**55,395,617**	13,577,864
Insurance / reinsurance payables	19	**164,136,155**	92,049,713
Others creditors and accruals	20	**109,547,524**	95,389,734
		815,224,665	540,489,466
Total liabilities of window takaful operations - Operator's Fund	16	**23,648,062**	12,313,626
Total Liabilities		**833,872,727**	552,803,092
Total Equity and Liabilities		**1,665,728,562**	1,270,942,433
Contingencies and commitments	21		

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer	**Director**	**Director**	**Chairman**

ALPHA INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		(Rupees)	
Net insurance premium	22	369,971,282	246,991,671
Net insurance claims	23	(226,208,498)	(144,839,791)
Premium deficiency		(9,834,522)	(4,081,997)
Net commission and other acquisition costs	24	(94,236,325)	(53,866,603)
Insurance claims and acquisition expense		(330,279,345)	(202,788,391)
Management expenses	25	(167,571,288)	(123,097,962)
Underwriting results		(127,879,351)	(78,894,682)
Investment income	26	159,373,020	136,870,125
Other income	27	28,697,384	27,541,857
Other expenses	28	(8,675,550)	(3,798,938)
		179,394,854	160,613,044
Results of operating activities		51,515,503	81,718,362
Finance costs	29	(3,178,381)	(391,409)
Profit before tax from window takaful operations - Operator's Fund	30	6,742,280	4,060,882
Profit before tax		55,079,402	85,387,835
Income tax expense	31	(16,481,911)	(35,816,848)
Profit after tax		38,597,491	49,570,987
Earnings after tax per share - Basic and Diluted	32	0.77	0.99

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

ALPHA INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		---------------- (Rupees)	----------------
Insurance premiums received		591,371,955	321,850,008
Reinsurance premium paid		(144,765,271)	(69,994,299)
Claims paid	23	(213,851,198)	(197,631,335)
Reinsurance and other recoveries received		30,142,526	49,674,857
Commission paid		(87,446,463)	(66,894,605)
Commission received		8,189,285	2,259,080
Management expenses paid		(154,025,196)	(122,182,972)
Net cash flow used in underwriting activities		29,615,638	(82,919,266)
b) Other operating activities			
Income tax paid		(19,743,652)	(19,262,588)
Other operating payments		(8,675,550)	(3,798,938)
Other operating receipts		(57,533,733)	9,954,669
Payment of retirement benefits		-	-
Other receipts		-	862,020
Payments for Window Takaful Operation		5,366,241	(51,989,015)
Loans advanced		(316,559)	645,935
Net cash flow used in other operating activities		(80,903,253)	(63,587,917)
Total cash flow used in all operating activities		**(51,287,615)**	(146,507,183)
Investment activities			
Profit / return received		88,501,185	119,715,062
Dividend received		17,776,076	8,333,901
Payment for investments	36	(768,959,330)	(554,633,636)
Proceeds from investments		560,231,932	769,070,180
Fixed capital expenditure		(12,451,935)	(1,279,450)
Intangibles		(341,750)	-
Proceeds from sale of property and equipment		1,200,000	-
Total cash flow (used in) / generated from investing activities		**(114,043,822)**	341,206,057
Financing activities			
Lease payments		(5,016,480)	(4,777,223)
Total cash flow used in financing activities		**(5,016,480)**	(4,777,223)
Net cashflow from all activities		**(170,347,917)**	189,921,651
Cash and cash equivalents at the beginning of the year	15	315,367,626	125,445,975
Cash and cash equivalents at the end of the year	15	**145,019,709**	315,367,626

ALPHA INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	---------- (Rupees) ----------	
Reconciliation to Profit and Loss Account		
Operating cash flows	**(51,287,615)**	(146,507,183)
Depreciation expense	**(4,605,047)**	(4,954,300)
Gain on sale of property and equipment	**1,200,000**	-
Amortisation	**(183,118)**	(181,124)
Finance costs	**(3,178,381)**	(391,409)
Dividend income	**17,776,076**	8,333,901
Other Investment Income	**141,596,944**	128,536,224
Other income	**19,777,390**	15,577,694
Increase in assets other than cash	**204,456,369**	126,338,935
Decrease in liabilities other than borrowing	**(286,955,127)**	(77,181,751)
Profit after taxation	**38,597,491**	49,570,987

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer | Director | Director | Chairman

ALPHA INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		(Rupees)	
Profit after tax		**38,597,491**	49,570,987
Other comprehensive income / (loss)			
Items that will be reclassified to profit and loss subsequently			
Unrealized gain on available-for-sale investments		**106,976,472**	21,743,251
Net gain transferred to profit and loss on disposal of investments		**(7,264,702)**	(50,750,474)
Related deferred tax		**(28,916,416)**	8,934,803
Total change in fair value on available-for-sale investments		**70,795,354**	(20,072,420)
Items not to be reclassified to profit and loss subsequently			
Actuarial (losses) / gains on defined benefit plans		**(952,607)**	621,306
Related deferred tax		**276,256**	(180,179)
		(676,351)	441,127
Other comprehensive income / (loss) for the year		**70,119,003**	(19,631,293)
Total comprehensive income for the year		**108,716,494**	29,939,694

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

ALPHA INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Attributable to equity holders of the Company						
		Capital reserve	Revenue reserves				
	Share Capital	Reserve for exceptional losses	General reserve	Unrealized Gain on Revaluation of AFS Investment - net	Subtotal Reserves	Unappropriated profit	Total
	----------	----------	----------	(Rupees)	----------	----------	----------
Balance as at January 01, 2023	500,000,000	3,355,000	6,820,000	71,623,987	81,798,987	106,400,660	688,199,647
Total comprehensive loss for the year:							
Profit for the year	-	-	-	-	-	49,570,987	49,570,987
Other comprehensive loss/(income)	-	-	-	(20,072,420)	(20,072,420)	441,127	(19,631,293)
	-	-	-	(20,072,420)	(20,072,420)	50,012,114	29,939,694
Balance as at December 31, 2023	500,000,000	3,355,000	6,820,000	51,551,567	61,726,567	156,412,774	718,139,341
Balance as at January 01, 2024	**500,000,000**	**3,355,000**	**6,820,000**	**51,551,567**	**61,726,567**	**156,412,774**	**718,139,341**
Total comprehensive income for the year:							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**38,597,491**	**38,597,491**
Other comprehensive income /(loss)	**-**	**-**	**-**	**70,795,354**	**70,795,354**	**(676,351)**	**70,119,003**
	-	**-**	**-**	**70,795,354**	**70,795,354**	**37,921,140**	**108,716,494**
Balance as at December 31, 2024	**500,000,000**	**3,355,000**	**6,820,000**	**122,346,921**	**132,521,921**	**194,333,914**	**826,855,835**

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

1 LEGAL STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited ("the Company") was incorporated in Pakistan on 24 December 1951 under the Indian Companies Act VII of 1913 as a public limited company and registered as a non-life insurance company by the Securities and Exchange .Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire and property, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on January 23, 1952.

The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi. The Company has 09 (December 31, 2023: 09) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 95.15% (December 31, 2023: 95.15%) shares of the Company.

The Company was granted authorization on November 21, 2022 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) in respect of General Takaful products by the Securities and Exchange Commission of Pakistan (SECP) and the Company has commenced Window Takaful Operations on 11 January 2023.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 shall prevail.

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these unconsolidated financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these unconsolidated financial statements as per the requirements of the SECP Takaful Rules, 2012, General Takaful Accounting Regulations, 2019.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost basis except for the available-for-sale investments that has been measured at fair value and the Company's liability under defined benefit plan that is determined based on present value of defined benefit obligation less fair value of plan assets.Further lease liabilities and their related right-of-use aseets measured at their present values at initial recogntion, and the company's liability under defined benefit plan is determined based on present value of defined benefit obligation less fair value of plan assets.

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments effective during the current year

The Company has adopted following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year.

Amendments	**Effective date (annual periods beginning on or after)**
Classification of liabilities as current or non-current (Amendments to IAS-01)	01-January-2024
Non-current Liabilities with covenants (Amendment to IAS-01)	01-January-2024
Lease liability in a sale and leaseback (Amendment to IFRS-16)	01-January-2024
Supplier Finance arrangements (amendment to IAS 7 and IFRS 7)	01-January-2024

These amendments had no or material impact on the Company's financial statements.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2025:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.

Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures; and
- Financial Assets with ESG-linked features.

Under IFRS 9, it was unclear whether the contractual cash flows of some financial asset with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs - e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of financial assets / liabilities by electronic payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e. when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Company to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction;

the settlement risk associated with the electronic payment system is insignificant; and

- other related amendments.

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

- Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted
Annual improvements to IFRS Accounting Standards – Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows.

The amendments to IFRS 9 address:

A conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables: Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The amendment on trade receivables may require some companies to change their accounting policy.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

2.4.1 SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from 1 January 2026.

-IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023, however it is yet to be notified by the Securities and Exchange Commission of Pakistan. In addition, the Company has opted for the temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to the temporary exemption from the application of IFRS 9 are given in the notes below.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Company.

Temporary Exemption from the Application of IFRS 9 (Financial Instruments)

As an insurance company, the management has opted for the temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are as follows:

	December 31, 2024				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the year	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the year
Financial assets	(Rupees)				
Cash and bank*	5,884,188	-	139,124,635	-	-
Investments in equity securities - available for sale	261,746,818	106,976,472	-	-	-
Investments in debt securities - - held to maturity	-	-	587,250,012	587,250,012	-
Loans and other receivables*	75,311,758	-	-	-	-
Total	342,942,764	106,976,472	726,374,647	587,250,012	-

	December 31, 2024				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	A	Unrated
	(Rupees)				
Investments in debt securities - held to maturity	-	-	-	-	587,250,012
Loans and other receivables*	-	-	-	-	-
Total	-	-	-	-	587,250,012

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

3.1 Property and Equipment

3.1.1 Operating assets

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance expenditure is charged to the profit and loss account as and when these are incurred.

Depreciation is charged to the profit and loss account using the straight line method whereby the depreciable amount of an asset is written off over the estimated useful life in accordance with the rates specified in note 5 to the financial statements. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month of acquisition and on disposals up to the month of disposal.

An item of operating assets is derecognised upon disposal and when no economic benefits are expected from its use or disposal. Gains or losses on disposal of tangible assets are taken to the profit and loss account in the period in which disposals are made.

3.1.2 Right of use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle. and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line basis over the lease term. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The profit or loss on disposal or termination of an asset represented by the difference between the remaining lease liability and the carrying amount of the asset is recognized as other operating income or expense. Refer note 3.24 for impairment of non financial asset.

3.2 Intangible assets

Intangible assets having finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method over their estimated useful lives. The useful lives and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

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

Gains or losses on disposal of intangible assets are taken to the profit and loss account in the period in which disposals are made.

3.3 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the insurance contract holders agree to compensate the insurance contract holder on the occurrence of a specified uncertain future event (the insured event) that adversely affects the insurance contract holder under the terms and conditions of the contract. Insurance contracts issued by the Company are generally classified in four basic categories i.e. fire and property damage, marine, aviation and transport, motor and miscellaneous.

Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly. Nonetheless, once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The classification of an insurance contract / policy into the aforementioned categories is based on management's judgment regarding the incident / cause of loss effecting the majority of asset(s) insured under the insurance contract. The Company performs its segment reporting activities based on the classifications of insurance contracts made, as disclosed in note 35 to these financial statements.

a) Fire and property damage;

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

b) Marine, aviation and transport;

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

c) Motor

i) Insurance risks and events insured

Insurance is provided to the assets of the insurance contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally provided to individual customers. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

d) Miscellaneous

i) Insurance risks and events insured

Insurance is provided to the assets of insurance contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017 amounts constituting less than 10% of the gross premium revenue are clubbed together under this class of insurance contract. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of loss of cash in safe, cash in transit and cash on counter and health are provided to commercial organizations.

ii) Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of reinsurance contracts held, receivables / payables related to insurance contracts and provision for outstanding claims including Incurred But Not Reported (IBNR) are mentioned in note 3.9 and 3.20, respectively.

3.4 Commission

3.4.1 Deferred commission expense / Acquisition Cost

Commission expense and costs incurred in obtaining and recording policies are deferred and recognised as an asset and are recognised in the profit and loss account as expenses in accordance with the pattern of recognition of premium income.

3.4.2 Unearned Commission income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

3.5 Premium

Premium received / receivables under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy for direct businesses is recognised over the period of insurance from inception to expiry evenly over the period of the policy.

Premium income also includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy. Administrative surcharge is recognised as premium at the time the policies are written.

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

3.6 Unearned premium reserve

Unearned premium reserve represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated by determining the ratio of the unexpired period of the policy as specified in the Insurance Rules, 2017.

3.7 Premium deficiency reserve

The cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business in force at the reporting date, a premium deficiency reserve is recognised as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claims development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of all class of business.

3.8 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums is accounted for in the same period as the related premium for the direct business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepaid reinsurance premium ceded.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contracts.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against income or expenses from related insurance contracts.

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

The Company assesses its reinsurance assets for impairment on each reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

3.9 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Premium received in advance is recognised as liability till the time of issuance of insurance contract there against.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

3.10 Creditors, accruals and provisions

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

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

3.11 Reinsurance recoveries against outstanding claims

Claims recoveries against outstanding claims from the reinsurer and salvage are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

3.12 Salvage recoveries accrued

Salvage recoveries are recognized as an asset and measured at the amount expected to be received.

3.13 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and Insurance Rules, 2017 as the primary reporting format.

The Company has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, accident and health and credit and suretyship.

Investment and income taxes are managed on an overall basis and are, therefore, not allocated to any segment.

Assets and liabilities are allocated to particular segments on the basis of gross premium written during the year. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.14 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy and revenue stamps, bond papers and bank balances in current and saving accounts.

3.15 Revenue Recognition

(a) Premium income under a policy is recognised over the period of insurance contract from the date of inception of the policy to which it relates till the expiry in case of marine cargo business whereas, for all other cases of premium, income is recognised as a difference between total premium written and provision for unearned premium.

(b) Commission income is taken to the profit and loss account on a time proportionate basis in accordance with the pattern of recognition of reinsurance premium to which it relates.

(c) Administrative surcharge recovered by the Company from policy holders is included in income.

(d) Income from held-to-maturity investments is recognised on time proportion basis taking into account the effective yield on the investment. The difference between redemption and purchase price of the held-to-maturity investment is amortised and recognised in the profit and loss account over the term of investment.

(e) Dividend income is recognised when the right to receive such dividend is established.

(f) Gain / (loss) on sale of investments is included in the profit and loss account in the period of sale.

(g) Return on bank balances is recognised on a time proportion basis taking into account the effective yield.

(h) Reinsurance premium is recognized as expense after taking into account the proportion of prepaid reinsurance premium which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

3.16 Investments

Recognition and classification

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for investments held for trading in which transaction cost is charged to profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell

The classification depends on the purpose for which the financial asset is acquired, the Companyclassified investments as follows:

-In equity securities - available for sale

-In debt securities - available for sale

Measurement

Available-for-sale

Investments which are not eligible to be classified as at held for trading, or held to maturity are classified as available-for-sale. Further, Investments which at the time of acquisition are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / deficit on revaluation from one reporting date to other is taken to other comprehensive income in the Statement of Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within Statement of Comprehensive Income. Whereas, any reversal in impairment is taken in Statement of Comprehensive Income.

Impairment against financial assets

When the decline in value of an equity security is significant or prolonged, the decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available-for-sale equity securities, the cumulative loss previously recognised in the statement of comprehensive income is removed there from and included in the profit and loss account. Impairment losses recognised in the profit and loss account on equity securities are only reversed when the equity securities are derecognised.

3.17 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.18 Compensated absences

The liability towards compensated absences accumulated by the eligible employees is provided in the period in which they are earned.

3.19 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and 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. However, provisions are reviewed at each reporting date and adjusted to management's best estimate.

3.20 Provision for outstanding claims (including IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. The Company takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

3.21 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in the statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income respectively.

Current tax

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year or required by any other reason.

Deferred tax

Deferred tax is recognised using the statement of financial position liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial statement date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will beavailable against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.22 Staff retirement benefits

3.22.1 Defined benefit plan - Gratuity Scheme

The Company operates an approved and funded gratuity scheme for employees whose period of service with the Company is five years or more. The liability / (asset) recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / (losses) are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods. The last actuarial valuation of the Company's defined benefit plan was carried on as of December 31, 2024.

3.22.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

3.22.3 Employees' compensated absences

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

3.23 Leases

Lessee accounting

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;

- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and

- makes adjustments specific to the lease e.g. terms and security.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantee, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Company considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is premeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

In determining the lease term termination options are considered as are included in a number of property leases by the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of termination options held are exercisable by both the Company and the respective lessors. Further refer note 4.21 for impairment of non financial assets.

3.24 Impairment of assets

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.25 Dividend distribution

Dividend to shareholders is recognized as liability in the period in which it is approved. Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.26 Management Expense

Expenses of management have been allocated to various revenue accounts on equitable basis.

3.27 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.4.2.

3.28 Foreign currencies

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. All exchange differences are routed through the profit and loss account.

3.29 Financial instruments

Financial instruments include cash and bank, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, other claim liabilities amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company losses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income directly.

3.30 Earnings per Share

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

3.31 Share Capital

Ordinary shares are classified as equity and recognised at their face value.

3.32 Contingent liabilities

Contingent liability is disclosed when:

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

		Note
a)	Useful lives of property and equipment	3.1.1
b)	Intangible assets	3.2
c)	Unearned Premium reserve	3.6
d)	Premium deficiency reserve	3.7
e)	Receivables and payables related to insurance contracts	3.9
f)	Provision for outstanding claim (including IBNR)	3.20
g)	Taxation	3.21
h)	Staff retirement benefits	3.22
i)	Leases	3.23
j)	Impairment of assets	3.24
k)	Contingent liabilities	3.32

5 PROPERTY AND EQUIPMENT

	Note	2024	2023
		---- (Rupees) ----	
Operating assets	5.1	14,142,313	3,466,715
Right-of-use assets	5.3	11,314,842	14,143,552
		25,457,155	17,610,267

5.1 Operating Assets

	2024							
	Cost			Depreciation			Written down value as at December 31, 2024	Depreciation rate %
	As at January 01, 2024	Additions / (Disposal)	As at December 31, 2024	As at January 01, 2024	For the year/ (on disposal)	As at December 31, 2024		
	(Rupees)							
Furniture and fixtures	14,812,986	- -	14,812,986	14,446,922	121,846 -	14,568,768	244,218	10
Office equipment	5,193,856	- -	5,193,856	5,190,699	3,107 -	5,193,806	50	10 & 20
Computer and accessories	10,632,738	1,274,675 -	11,907,413	9,764,099	381,847 -	10,145,946	1,761,467	20
Motor vehicles	19,103,315	11,080,860 (1,847,800)	28,336,375	18,808,760	758,367 (1,847,800)	17,719,327	10,617,048	20
Electrical Installations	7,965,210	96,400 -	8,061,610	6,030,910	511,170 -	6,542,080	1,519,530	15
	57,708,105	12,451,935 (1,847,800)	68,312,240	54,241,390	1,776,337 (1,847,800)	54,169,927	14,142,313	

	2023							
	Cost			Depreciation			Written down value as at December 31, 2023	Depreciation rate %
	As at January 01, 2023	Additions / (disposals)	As at December 31, 2023	As at January 01, 2023	For the year / (on disposals)	As at December 31, 2023		
	(Rupees)							
Furniture and fixtures	14,812,986	- -	14,812,986	14,222,690	224,232 -	14,446,922	366,064	10
Office equipment	5,193,856	- -	5,193,856	5,179,977	10,722 -	5,190,699	3,157	10 & 20
Computer and accessories	10,249,688	383,050 -	10,632,738	9,465,313	298,786 -	9,764,099	868,639	20
Motor vehicles	19,103,315	- -	19,103,315	18,199,591	609,169 -	18,808,760	294,555	20
Electrical Installations	7,068,810	896,400 -	7,965,210	5,567,481	463,429 -	6,030,910	1,934,300	15
	56,428,655	1,279,450 -	57,708,105	52,635,052	1,606,338 -	54,241,390	3,466,715	

5.2 Details of tangible assets disposed off during the year are as follows:

Category of Assets	Original cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(loss)	Mode of disposal	Particulars of buyers
	(Rupees)						
Motor vehicles	1,847,800	1,847,800	-	1,200,000	1,200,000	Insurance Claim	Jubilee general insurance Company Limited

5.3 Right-of-use assets

	Note	2024	2023
		(Rupees)	
Balance at 1st January		14,143,552	3,347,962
Depreciation charge for the year		(2,828,710)	(3,347,962)
Add:Addition during the year		-	14,143,552
Less: Disposal during the year - WDV		-	-
Balance at 31st December		11,314,842	14,143,552

2024

	Cost			Depreciation			Written down value as at December 31, 2024	Depreciation rate %
	As at January 01, 2024	Additions / (disposals)	As at December 31, 2024	As at January 01, 2024	For the year / (on disposals)	As at December 31, 2024		
	(Rupees)							
Right-of-use assets	14,143,552	- -	14,143,552	-	2,828,710 -	2,828,710	11,314,842	20
	14,143,552	- -	14,143,552	-	2,828,710 -	2,828,710	11,314,842	

2023

	Cost			Depreciation			Written down value as at December 31, 2023	Depreciation rate %
	As at January 01, 2023	Additions / (disposals)	As at December 31, 2023	As at January 01, 2023	For the year / (on disposals)	As at December 31, 2023		
	(Rupees)							
Right-of-use assets	17,225,481	14,143,552 (17,225,481)	14,143,552	13,877,519	3,347,962 (17,225,481)	-	14,143,552	20
	17,225,481	- (17,225,481)	14,143,552	13,877,519	3,347,962 (17,225,481)	-	14,143,552	

6 INTANGIBLE ASSETS

	Cost			Amortisation			Written down value as at 31 December	Amortisation rate
	As at January 01, 2024	Additions / (disposals)	As at December 31, 2024	As at January 01, 2024	For the year / (on disposals)	As at December 31, 2024	2024	%
	(Rupees)							
2024								
Computer Software	3,015,659	341,750	3,357,409	2,699,886	183,118	2,883,004	474,405	30%
2023								
Computer Software	3,015,659	-	3,015,659	2,518,762	181,124	2,699,886	315,773	30%

6.1 Cost and accumulated amortisation in respect of fully amortised GIS software and operating software licence which was purchased in 2009 still in use at the end of the year amounted to Rs. 2.41 million (2023: Rs. 2.41 million).

7 INVESTMENTS IN EQUITY SECURITIES

	Note	2024 Cost	2024 Impairment / provision for the year	2024 Carrying value	2023 Cost	2023 Impairment / provision for the year	2023 Carrying value
		(Rupees)					
Available for sale							
Related parties							
Listed shares	7.1.1	-	-	-	3,003	-	3,003
Unrealized gain on investment		-	-	-	-	-	4,098,312
		-	-	-	3,003	-	4,101,315
Others							
Listed shares	7.1.2	91,074,104	(1,646,900)	89,427,204	111,303,044	(18,558,706)	92,744,338
Unrealized gain on investment		-	-	172,319,614	-	-	68,509,521
		91,074,104	(1,646,900)	261,746,818	111,303,044	(18,558,706)	161,253,859
		91,074,104	(1,646,900)	261,746,818	111,306,047	(18,558,706)	165,355,174

7.1 Investments - Available for sale

	2024	2023	Cost 2024	Cost 2023	Fair Value 2024	Fair Value 2023
	(Number of shares)		(Rupees)		(Rupees)	
Listed shares						
7.1.1 Related parties						
Non Life Insurance						
Pakistan Reinsurance Company Limited	-	533,331	-	3,003	-	4,101,315
	-	533,331	-	3,003	-	4,101,315
7.1.2 Others						
Oil and Gas						
Oil and Gas Development Company Limited	-	13,800	-	2,746,003	-	1,551,810
Pakistan Oil Fields Limited	6,000	6,000	2,169,505	2,169,519	3,789,720	2,531,640
Pakistan Petroleum Limited	126,960	126,960	18,868,530	18,868,530	25,842,708	14,604,209
Balance carried forward	132,960	146,760	21,038,035	23,784,052	29,632,428	18,687,659

ALPHA INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Investments - Available for sale	2024	2023	Cost 2024	Cost 2023	Fair Value 2024	Fair Value 2023
	-----(Number of shares)-----		------------- (Rupees) -------------		------------- (Rupees) -------------	
Balance brought forward	**132,960**	146,760	**21,038,035**	23,784,052	**29,632,428**	18,687,659
Pakistan State Oil Company Limited	-	45,120	-	10,051,767	-	7,973,155
Shell (Pakistan) Limited	-	-	-	-	-	-
Fertilizer						
Engro Fertilizer Limited	**108,500**	108,500	**6,825,543**	6,825,543	**22,154,615**	12,176,955
Fauji Fertilizer Company Limited	**79,627**	79,627	**5,892,283**	5,892,283	**29,168,963**	9,012,980
Engro Corporation Limited	-	1,100	-	297,488	-	324,401
Forestry (Paper and Board)						
Pakistan Paper Product Limited	**159,333**	159,333	**149,375**	149,375	**23,884,017**	8,682,055
Packages Limited.	-	3,500	-	1,285,160	-	1,855,316
Leasing						
OLP Financial services Pakistan limited(Formerly Orix Leasing Pakistan Limited)	**31,500**	31,500	**1,192,990**	1,192,990	**1,123,290**	708,750
Tobacco						
Pakistan Tobacco Company Limited	**23,367**	23,367	**78,710**	78,710	**31,119,937**	26,418,263
Pharmaceuticals						
GlaxoSmithKline Pakistan Limited	**53,142**	83,383	**3,808,702**	5,976,082	**21,092,592**	6,919,955
GlaxoSmithKline Consumer Healthcare Pakistan Limited	**44**	22,644	**3,153**	1,622,899	**35,537**	3,827,062
Highnoon Laboratories Limited	**48,175**	48,175	**11,823,800**	11,823,800	**44,235,249**	24,307,178
Travel and Leisure						
Pakistan Service Limited	**15**	15	**107**	107	**11,967**	15,165
Commercial Banks						
Allied Bank Limited	**121,000**	121,000	**14,470,321**	14,470,321	**16,682,270**	10,043,000
Askari Bank Limited	**1,055,125**	1,055,125	**21,987,565**	21,987,565	**40,379,633**	26,082,690
Balance carried forward	**1,812,788**	1,929,149	**87,270,584**	105,438,142	**259,520,498**	157,034,584

Investments - Available for sale	2024	2023	Cost 2024	Cost 2023	Fair Value 2024	Fair Value 2023
	-----(Number of shares)-----		---- (Rupees) ----		---- (Rupees) ----	
Balance brought forward	**1,812,788**	1,929,149	**87,270,584**	105,438,142	**259,520,498**	157,034,584
Non Life Insurance						
Habib Insurance Company Limited	-	19,831	-	95,830	-	122,952
Adamjee Insurance Company Limited	-	28,500	-	1,667,228	-	973,845
Food & Personal Care Products						
Treet Corporation Limited	-	-	-	-	-	-
Cement						
D. G. Khan Cement Company Limited.	**21,000**	21,000	**2,683,784**	2,683,784	**2,203,320**	1,625,400
Fauji Cement Company Limited	-	11,250	-	298,327	-	212,850
Automobile Assemblers						
Pak Suzuki Motor Company Limited.	**2,300**	2,300	**1,119,736**	1,119,733	**23,000**	1,284,228
	1,836,088	2,012,030	**91,074,104**	111,303,044	**261,746,818**	161,253,859

7.2 Listed shares

	Note	2024	2023
		---- (Rupees) ----	
Cost		**91,074,104**	111,306,047
Provision for impairment	7.2.1	**(1,646,900)**	(18,558,706)
		89,427,204	92,747,341

7.2.1 Provision for impairment

	2024	2023
Opening provision	**18,558,706**	39,618,050
Reversal	**(12,860,144)**	(11,068,698)
Elimination on disposal of Securities	**(4,051,662)**	(9,990,646)
Closing provision	**1,646,900**	18,558,706

8 INVESTMENTS IN DEBT SECURITIES

	Note	2024 Cost	2024 Impairment / provision for the year	2024 Carrying value	2023 Cost	2023 Impairment / provision for the year	2023 Carrying value
		(Rupees)					
Others							
Government securities							
Held to maturity							
Pakistan Investment Bonds	8.1.1	94,571,300	-	96,599,151	221,790,180	-	233,920,564
Treasury Bills	8.1.2	465,199,820	-	490,650,861	58,332,170	-	64,633,636
		559,771,120	-	587,250,012	280,122,350	-	298,554,200

8.1 Government securities - held to maturity

8.1.1 Pakistan Investment Bonds (PIB)

Face value (Rupees)	Profit rate %	Coupon payment	Type of Security	Maturity date	2024 Cost	2024 Carrying value	2023 Cost	2023 Carrying value
					(Rupees)			
100,000,000	9.5%	Semi-annually	PIB - 05 years	19-09-2024	-	-	89,509,800	98,099,195
50,000,000	10.0%	Semi-annually	PIB - 10 years	19-09-2029	47,189,900	48,238,596	47,189,900	48,045,838
40,000,000	9.5%	Semi-annually	PIB - 05 years	19-09-2024	-	-	37,709,080	39,594,738
50,000,000	10.0%	Semi-annually	PIB - 10 years	19-09-2029	47,381,400	48,360,555	47,381,400	48,180,793
					94,571,300	96,599,151	221,790,180	233,920,564

8.1.1.1 Pakistan investment bonds have face value of Rs.100 million (market value of Rs.96.599 million) [2023: face value of Rs. 240 million (market value of Rs. 233.920 million)]. These carry mark-up ranging from 9.5% to 10.% (2023: 9.5% to 10%) per annum and will mature by 2029.

8.1.1.2 During the year Pakistan investment bond have face value of Rs. 60 million are matured and security deposit (2023: Rs. 60 million) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

8.1.2 Treasury Bills

Face value (Rupees)	Yield rate %	Profit payment	Type of Security	Maturity date	2024 Cost	2024 Carrying value	2023 Cost	2023 Carrying value
					(Rupees)			
65,000,000	22.92%	On maturity	Treasury Bill	11-01-2024	-	-	58,332,170	64,633,636
300,000,000	18.7%	On maturity	Treasury Bill	06-02-2025	**274,372,500**	**294,930,824**	-	-
80,000,000	13.5%	On maturity	Treasury Bill	06-02-2025	**77,597,200**	**78,941,624**	-	-
65,000,000	17.8%	On maturity	Treasury Bill	04-05-2025	**59,750,860**	**63,191,963**	-	-
60,000,000	12.2%	On maturity	Treasury Bill	26-12-2025	**53,479,260**	**53,586,450**	-	-
					465,199,820	**490,650,861**	58,332,170	64,633,636

8.1.2.1 Market treasury bills have face value of Rs. 505 million (market value of Rs. 490.650 million) [2023: face value of Rs. 65 million (market value of Rs.64.63 million)]. These carry mark-up at 18.73% to 12.20% (2023: 20.80% to 22.92%) per annum and will mature in 2025.

9 LOANS AND OTHER RECEIVABLES

- Considered good	Note	2024	2023
		(Rupees)	
Receivables from Window Takaful Operation-OTF		**6,577,650**	3,166,670
Accrued investment income		**2,872,928**	6,648,067
Security deposit	9.1	**61,225,860**	305,120
Advance to Supplier		**2,315,377**	5,983,835
Agent commission receivable		**858,857**	22,855
Loans to employees	9.2	**725,164**	408,605
Federal insurance fee		**-**	264,963
Other receivables		**735,922**	392,441
		75,311,758	17,192,556

9.1 This includes security deposit Rs. 60 millions (2023: Nil) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

9.2 This represents interest free short term loan to employees as per the Company policy.

10 INSURANCE / REINSURANCE RECEIVABLES

- Unsecured and considered good	2024	2023
	(Rupees)	
Due from insurance contract holders	**46,290,001**	52,294,157
Less : provision for impairment of receivables from insurance contract holders	**(19,175,671)**	(25,320,531)
Due from other insurers / reinsurers	**203,131,815**	141,851,233
Less : provision for impairment of due from other insurers / re-insurers	**(37,423,388)**	(31,278,528)
	192,822,757	137,546,331

11 RETIREMENT BENEFIT

11.1 Balance Sheet Reconciliation

Fair value of plan assets	**7,683,212**	8,015,382
Present value of defined benefit obligation	**(9,049,906)**	(7,810,886)
Funded status	**(1,366,694)**	204,496
Recognised net actuarial gain	**-**	(204,496)
Recognised (liability)/asset	**(1,366,694)**	-

11.2 Movement in fair value of plan assets

Fair value of plan assets as at 1st January	**8,015,382**	8,018,900
Expected return on plan assets	**1,202,307**	1,122,646
Actuarial gain	**112,781**	115,108
Benefits paid	**(1,647,258)**	(1,241,272)
Fair value as at 31st December	**7,683,212**	8,015,382

11.3 Movement in the defined benefit obligations

Obligation as at 1st January	**7,810,886**	8,048,749
Service cost	**444,761**	587,278
Interest cost	**1,171,633**	1,126,825
Actuarial (gain)/ loss	**-**	(710,694)
Experience Adjustments	**1,269,884**	-
Benefits paid	**(1,647,258)**	(1,241,272)
Obligation as at 31st December	**9,049,906**	7,810,886

11.4 Cost	Note	2024	2023
		(Rupees)	
Current service cost		444,761	587,278
Interest cost		1,171,633	1,126,825
Expected return on plan assets		(1,202,307)	(1,122,646)
Expense		414,087	591,457
Actual return on plan assets		1,315,088	1,237,754
Charge for the year recognized in the profit and Loss account			
Current Service Cost		444,761	587,278
Net Interest (Income) / Expense		(30,674)	4,179
		414,087	591,457
Actuarial loss/(gain) recognised in the Other Comprehensive Income			
Net actuarial loss/(gain) recognised in the Other Comprehensive income		1,157,103	(825,801)
(Reversal) /charge due to asset Ceiling		(204,496)	204,496
		952,607	(621,305)

11.5 The actuarial valuations are carried out annually using Projected Unit Credit (PUC) actuarial cost method and contributions are made accordingly. Following are the significant assumptions used for valuation of the plan:

	2024	2023
Discount rate and expected return on plan assets	13%	15%
Future salary increases	13%	15%
Mortality rates	60 years	60 years
Rates of Employee turnover	SLIC (2001-05) - 1 Light	SLIC (2001-05) - 1 Light

11.6 Comparison for five years:	2024	2023	2022	2021	2020
	(Rupees)				
Fair value of plan assets	7,683,212	8,015,382	8,018,900	8,233,194	8,233,194
Defined benefit obligations	(9,049,906)	(7,810,885)	(8,048,750)	(8,052,536)	(7,052,757)
Surplus / (Defecit)	(1,366,694)	204,497	(29,850)	180,658	1,180,437
Experience adjustments					
Gain / (Loss) on plan assets (as percentage of plan assets)	1.47%	1.44%	4.57%	-7.46%	-5.80%
(Gain) / Loss on obligations (as percentage of plan obligations)	0.00%	9.10%	-0.10%	0.51%	-12.47%

11.7 Composition of fair value of plan assets	2024		2023	
	(Rupees)	%	(Rupees)	%
Debt	-	-	-	-
Equity	-	-	-	-
Cash and cash equivalent	7,683,212	100%	8,015,382	100%
Total	7,683,212	100%	8,015,382	100%

11.8 Sensitivity analysis on significant actuarial assumptions defined benefit obligation

	2024		2023	
	(%)	**Rupees**	(%)	Rupees
Discount rate +1.00%	**-4.80%**	**(437,475)**	-4.10%	(319,849)
Discount rate -1.00%	**5.5%**	**500,852**	4.60%	363,111
Future salary increase +1.00%	**5.90%**	**529,718**	4.90%	385,460
Future salary increase -1.00%	**5.20%**	**(470,708)**	-4.40%	(345,311)

The weighted average duration of the defined benefit obligation is 5 years (2023: 5 years).

Projected payments

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

	2024	2024
Payment of benefits:	------------- **(Rupees)** -------------	
2024	**2,417,668**	2,416,292
2025	**1,267,114**	186,946
2026	**181,523**	1,174,861
2027	**2,813,661**	216,491
2028	**503,872**	2,550,076
2029 onwards	**22,803,939**	27,100,982

11.9 The gratuity has been discontinued for future appointments since 2015.

12 DEFERRED TAXATION-NET

	2024	2023
	------------ **(Rupees)** ------------	
Deferred debits arising in respect of:		
Accelerated tax depreciation on fixed assets	**(22,274)**	881,309
Lease liabilities	**3,568,581**	4,101,630
Provision against premium due but unpaid	**5,560,945**	7,342,954
Provision for diminution in value of investment	**477,601**	5,382,025
Provision against amount due from other insurers/reinsurers	**10,852,783**	9,070,773
Deferred credits arising due to:		
Right-of-use assets	**(3,281,304)**	(4,101,630)
Actuarial gain on defined benefit plan	**(284,607)**	(560,862)
Unrealized gain on revaluation of AFS	**(49,972,688)**	(21,056,272)
Deferred tax (liability) / asset	**(33,100,963)**	1,059,927

12.1 Movement in net deferred tax asset / (liability) is as follows:

	Note	2024	2023
		(Rupees)	
Opening deferred tax asset		**1,059,927**	10,157,888
(Charge to) / reversal of the profit and loss account			
Accelerated tax depreciation on fixed assets		**(903,583)**	(428,294)
Lease liabilities		**(533,049)**	1,680,665
Provision against premium due but unpaid		**(1,782,009)**	(15,615,838)
Provision for diminution in value of investment		**(4,904,424)**	(2,034,615)
Provision against amount due from other insurers/reinsurers		**1,782,010**	657,901
Right-of-use assets		**820,325**	(2,112,404)
		(5,520,730)	(17,852,585)
(Charge to) / reversal of other comprehensive income			
Actuarial gain on defined benefit plan		**276,256**	(180,179)
Unrealized gain on revaluation of AFS		**(28,916,416)**	8,934,803
		(28,640,160)	8,754,624
Closing deferred tax (liability) / asset		**(33,100,963)**	1,059,927

13 TAXATION - PAYMENT LESS PROVISIONS

		2024	2023
Advance tax - opening		**79,230,408**	77,932,083
Add: Advance tax paid during the period		**19,743,652**	19,262,588
Less: Provision for the year		**(10,961,181)**	(17,964,263)
		88,012,879	79,230,408

14 PREPAYMENTS

	Note	2024	2023
Prepaid reinsurance premium ceded	22	**59,192,450**	47,285,919
		59,192,450	47,285,919

15 CASH AND BANK

	Note	2024	2023
Cash and cash equivalent			
- Cash in hand		**10,886**	-
- Policy and Revenue stamps, Bond papers		**2,078,508**	253,717
Cash at bank			
- Current accounts		**3,805,680**	37,367,430
- Savings accounts	15.1	**139,124,635**	277,746,479
		145,019,709	315,367,626

15.1 The rate of return on profit and loss savings account maintained at 13.5% per annum (2023: 14% to 20% per annum).

		Note	2024	2023
16	**Window Takaful Operations - Operator's Fund**		------------ (Rupees) ------------	
	Assets			
	Quard e Hasna to Participants' Takaful Fund		**25,000,000**	-
	Investments			
	Debt securities		**-**	25,000,000
	Deferred commission expense		**3,282,754**	2,823,772
	Receivable from PTF		**11,716,563**	10,709,827
	Taxation - payments less provision		**514,327**	22,018
	Other receivables		**-**	1,095,865
	Cash and bank		**40,804,664**	25,545,371
			81,318,308	65,196,853
	Total Liabilities			
	Unearned wakala fee		**8,290,890**	5,406,246
	Other creditors and accruals		**15,357,172**	6,907,380
			23,648,062	12,313,626

17 SHARE CAPITAL

17.1 Authorized capital

2024	2023		Note	2024	2023
(Number of shares)				-------------- (Rupees) --------------	
51,000,000	51,000,000	Ordinary shares of Rs. 10 each		**510,000,000**	510,000,000

17.2 Issued, subscribed and paid-up share capital

		Ordinary shares of Rs.10 each issued		
1,162,000	1,162,000	- as fully paid in cash	**11,620,000**	11,620,000
19,640,000	19,640,000	- issued as right share	**196,400,000**	196,400,000
29,198,000	29,198,000	- issued as fully paid bonus shares	**291,980,000**	291,980,000
50,000,000	50,000,000		**500,000,000**	500,000,000

18 RESERVES

	Note	2024	2023
Capital reserve			
Reserve for exceptional losses	18.1	**3,355,000**	3,355,000
Revenue reserves			
General reserve		**6,820,000**	6,820,000
Unrealised appreciation on 'available for sale' investments		**122,346,921**	51,551,567
		132,521,921	61,726,567

18.1 The reserve for exceptional losses represents amounts set aside till 31 December 1978 to avail deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of the repealed Income Tax Ordinance, 1979, which did not permit the said deduction, hence the Company discontinued the setting aside of amounts as reserve for exceptional losses.

19	INSURANCE/ REINSURANCE PAYABLES	Note	2024	2023
			(Rupees)	
	Due to other insurers / reinsurers	19.1	**118,519,646**	53,907,998
	Cash margins against performance bonds	19.2	**45,616,509**	38,141,715
			164,136,155	92,049,713

19.1 This includes payable to related party amounting to Rs. 32.49 million (2023: Rs. 12.86 million).

19.2 This represents margin deposit on account of performance and other bond policies issued by the company.

20	OTHER CREDITORS AND ACCRUALS	Note	2024	2023
			(Rupees)	
	Agent commission payable		**66,047,393**	53,151,821
	Federal Excise Duty / Sales tax		**6,704,575**	11,948,097
	Lease Liability	20.1	**12,305,453**	14,143,552
	Sindh Workers' Welfare Fund	20.2	**5,062,212**	2,197,746
	Salaries & wages payable		**-**	372,052
	Accrued expenses		**2,512,455**	2,604,325
	Compensated absences		**4,988,209**	3,542,498
	Withholding payables		**1,046,196**	213,132
	Unpaid and unclaimed dividend		**3,001,450**	3,001,450
	Accounts payable for goods & services		**782,950**	906,255
	Other creditors & accruals	20.3	**7,096,631**	3,308,806
			109,547,524	95,389,734

20.1 Lease Liability

	2024	2023
Current	**1,991,538**	1,838,099
Non - Current	**10,313,915**	12,305,453
	12,305,453	14,143,552

	December 31, 2024			December 31, 2023		
	Minimum Lease Payments	Financial charges for future periods	Principal outstanding	Minimum Lease Payments	Financial charges for future periods	Principal outstanding
Not Later than one	5,016,480	3,024,942	1,991,538	5,016,480	3,178,381	1,838,099
Later than one year and not later than five years	15,049,440	4,735,525	10,313,915	20,065,920	7,760,467	12,305,453
	20,065,920	7,760,467	12,305,453	25,082,400	10,938,848	14,143,552

20.2 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

In view of the above, on prudent basis the management has decided not to reverse charge for WWF recorded for the years up to 2015 amounting to Rs. 2.198 million.

Further,during the year company has made provison for sindh worker welfare amounting to Rs.2.864 million.

20.3 This includes outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP circular No. 11 dated 19 May 2014:

	2024	2023
	(Rupees)	
- More than 6 months	**482,455**	**768,053**

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Various claims amounting to Rs. 51.58 million (2023: Rs. 74.75 million) has been lodged by various parties against the Company. The Company has not acknowledge these claims as the management considers that the Company is not liable to settle the amount.

21.1.2 The deemed assessment under section 120 of Income Tax Ordinance, 2001 of the Company have been finalised up to tax year 2023. Matters of disagreement exist between the Company and the tax authorities for the tax year 2009, 2011, 2012, 2013, 2014, 2015 and 2016. In prior years, the Commissioner has passed amended assessment orders for the these tax years under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of provision for IBNR claims, non-withholding of tax on commission expenses and payment of certain expenses in cash. The management is contesting these matters with the tax authorities and has filed appeals with the Appellate Tribunal Inland Revenue (ATIR), the Honourable High Court of Sindh (the Court) and with the Commissioner Inland Revenue Appeals (CIRA) and is confident that these matters will be decided in favour of the Company. Consequently, no provision has been made in these financial statements in respect of the above matters.

For tax years 2009, 2011, 2012 and 2013, the ACIR has passed amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001 wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. As a result of the amended assessment order for the tax year 2009, demand of Rs. 4.63 million was created, for the tax years 2011 and 2012, demand of Rs. 18.58 million was created against which the Company has paid Rs. 9.74 million and for the tax year 2013, demand of Rs. 1.79 million. The Company has filed appeals before CIRA and if the appeal is decided against the Company, a tax liability of Rs. 15.26 million would arise, however the Tax advisor believes that the case will be decided in favour of the Company.

'During 2017, the ACIR issued notice dated 16 May 2017, under section 122(5A) for passing an amended order on certain issues for the tax year 2011. However, the Company has filed a writ petition before the Honourable High Court of Sindh challenging the validity of the notice being barred by limitation of time. The Court has granted an order and the said order is operating. Based on tax advisor opinion the management is confident of favourable outcome of the said appeal. accordingly, no tax provision has been recorded in these financial statements.

For tax years 2015 and 2016, the ACIR passed an amended assessment order under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of non-withholding of tax on commission expenses and payment of certain expenses in cash. Consequently, tax demand of Rs. 2.30 million and Rs. 6.83 million was created respectively. Against the amended assessment order, an appeal was filed before the CIRA, who vide combined appellate order dated 21 November 2017 allowed relief in respect chargeability of dividend at corporate tax rates and levy of Worker's Welfare Fund whereas additions on account of non-withholding of tax commission expense and cash expenses made by the Company were confirmed.

The Company has filed a further appeal before the ATIR on the issues confirmed by the CIRA. Moreover, the department has also filed appeal before the ATIR challenging the relief granted by the CIRA. If the appeal is decided against the Company, a tax liability of Rs. 9.12 million would arise, however the tax advisor believes that the case will be decided in favour of the Company.

Moreover, the Deputy Commissioner Inland Revenue (DCIR), Enforcement & Collection Unit-3, Range-B, Zone III, Large tax payers Unit, Karachi finalized the monitoring proceedings 161/205 of the Income Tax Ordinance, 2001 in 2017. The DCIR, while passing the order, levied tax on account of rent, insurance commission, re-insurance premium, insurance claims and payment of various expenses aggregating to Rs.16.64 million including default surcharge and penalty. Against the order, the Company filed an appeal before the CIR(A), wherein the CIR(A) deleted the tax demand against rent payments, remanded back the issues of insurance commission, insurance claims and payment of various expenses. Further, the CIR(A) confirmed the levy of tax in respect of re-insurance premium. Moreover, against the order of CIR(A), the Company filed an appeal before the ATIR which is pending adjudication.

21.1.3 Show-cause notice dated 19 December 2018 was instituted after the Company's audit for the tax periods from January 2016 to December 2016 was carried out under Section 28(2) of the Sindh Sales Tax on Services Act, 2011. The instant notice called upon the Company to show cause as to why not the Sindh sales tax amounting to Rs. 152.26 million may not be assessed as short payment of Sindh sales tax. The Company submitted various arguments, evidence and reconciliations. The Assistant Commissioner SRB vide Order-in-Original dated 13 November 2019 held that the Company has received re-insurance services from foreign re-insurance companies and is, therefore, liable to deposit the Sindh sales tax amount of Rs. 7.56 million along with penalty of Rs. 0.38 million. The Company being aggrieved preferred an appeal before the Commissioner Appeals – SRB. Various hearings have been conducted; however, the case is pending adjudication. The tax advisor is very confident with regard to the merits of the issue involved and suggest favorable outcome for instant case.

21.1.4 During the year 2019, the Assistant Commissioner, Sindh Revenue Board ("ACSRB") had issued a show cause notice No. SRB-COM-I/Unit- 10/SNC/11/2018/000492 ("SCN") dated 22th June 2019, to the Company on various issues specified in the SCN including short payment of Sindh sales tax amount of Rs. 7.44 million. These issues pertain to the tax period 2011. In response to the aforesaid notice, the Company through its legal advisor filed a Constitutional Petition # D-4743 of 2019 in the High Court of Sindh (HCS) challenging the aforesaid notice and obtained interim stay order and case was decided in favor of SRB.

Subsequently the ACSRB fixed the date of hearing on similar SCN on which the Company has decided to challenge the decision of Sindh High Court in the Honorable Supreme Court of Pakistan. Meanwhile, the Company has also requested the ACSRB to extend the date of compliance for instant case. However, the ACSRB passed an Order in Original No. 309 of 2021 dated 01 July 2021 in urgency and whimsical manner which created a demand of Rs. 7.82 million inclusive of penalty. In this regard, the Company decided to file an appeal before the Commissioner Appeals, Sindh Revenue Board. The tax advisor cannot predict about its outcome with certainty, but strong believe that the merits of the issue involved suggest favorable outcome for instant case.

21.1.5 During the year 2022, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./Alpha/2014-15/2022/27/74688 dated 18th January 2022 ("SCN"), was issued against the Company whereby it was observed that during scrutiny of the financial statements for the calendar years 2014 and 2015 the Company has ceded reinsurance premiums and also received commission from reinsurers. Accordingly, it was alleged that the Company has short paid Sindh Sales Tax of amounting to Rs. 48.39 million under section 23 (1) and (2) of the Sindh Sales Tax on Services Act, 2011.

The Company, being aggrieved by the aforesaid SCN, preferred filing petition before the Honorable High Court of Sindh. The Honorable High Court after hearing the submissions, granted stay against the show cause proceedings and directed SRB not to pass any final adverse order. The interim stay order vide C.P No. D-804 of 2022 dated 14 February 2022 was granted. Although, the tax advisor cannot predict about its outcome with certainty, but believe that the merits of the issue involved suggest favorable outcome for instant case.

21.1.6 During the year 2022, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./AIC/2014-15/2022/81757 dated 27th January 2022, ("SCN") was issued against the Company whereby it was observed during scrutiny of the financial statements of the Company that the Company has written insurance premium worth Rs. 179.99 million which is taxable wherein Sindh Sales Tax (SST) amounting to Rs. 26.10 million for the tax periods from January 2015 to December 2015 is involved. It was further mentioned that the Company has written insurance premium worth Rs. 219.65 million wherein Sindh Sales Tax (SST) amount involved is Rs. 34.05 million for the tax periods from January 2014 to December 2014. The assessing officer alleged that the Company has failed to deposit the Sindh Sales Tax (SST) recoverable against cited taxable services and has also failed to declare the same in the Sindh Sales Tax (SST) returns. Further, it was alleged that the Company has claimed illegal/unlawful input tax adjustment amounting to Rs. 1.32 million on account of certain purchases which are inadmissible according to Section 15 and 15A of the Sindh Sales Tax (SST) on Services Act, 2011 ("the SSTSA, 2011"). Accordingly, the Company was required to show cause as to why Sindh Sales Tax (SST) amounting to Rs. 61.46 million may not be assessed under Section 23(1) and 23(2) of the SSTSA, 2011.

In this regard, the Company, being aggrieved by this SCN, filed petition before Honorable Sindh High Court (SHC) bearing CP No. 1166 of 2022. Sindh High Court (SHC) has suspended operation of impugned order till next date of hearing.The Tax advisor is having a strong believe that the merits of the issue involved suggest favorable outcome for instant case.

21.1.7 The Company has received notice No. SRB/SWWF/SHOPS/A-G/2023-24/323999 dated. January 23, 2024, in which the authority advised the Company to deposit the due amount of Sindh Welfare Fund for the tax year 2023 as being industrial Establishment, as per section 2(g)(vi-a) of the Sindh Workers Welfare Fund Act, 2014. The company is required to pay SWWF amounts to the government. Furthermore, the management of the company is viewed as is owned and controlled by the Federal Government having offices all over Pakistan, and as such is not liable for the subject contribution which would be paid to the Federal government.

21.2 Commitments

There are no commitments as at December 31, 2024 (2023: Nil).

22 NET INSURANCE PREMIUM

	Note	2024	2023
		(Rupees)	
Written Gross Premium		**527,274,070**	350,777,631
Add: Unearned premium reserve opening		**116,171,934**	85,324,267
Less: Unearned premium reserve closing		**151,064,657**	116,171,934
Premium earned		**492,381,347**	319,929,964
Reinsurance premium ceded		**134,316,596**	93,150,371
Add: Prepaid reinsurance premium opening		**47,285,919**	27,073,841
Less: Prepaid reinsurance premium closing		**59,192,450**	47,285,919
Reinsurance expense		122,410,065	**72,938,293**
		369,971,282	246,991,671

23 NET INSURANCE CLAIMS EXPENSE

	Note	2024	2023
		(Rupees)	
Claims paid		213,851,198	197,631,335
Add: Outstanding claims including IBNR closing		280,599,160	216,793,824
Less: Outstanding claims including IBNR opening		(216,793,824)	(210,329,362)
Claims expense		277,656,534	204,095,797
Less:			
Reinsurance and other recoveries received		(30,142,526)	(49,674,857)
Add: Reinsurance and other recoveries received in respect of outstanding claims opening		101,275,592	91,694,443
Less: Reinsurance and other recoveries received in respect of outstanding claims closing		(122,581,102)	(101,275,592)
Reinsurance and other recoveries revenue		(51,448,036)	(59,256,006)
		226,208,498	144,839,791

23.1 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident year	2020	2021	2022	2023	2024 (including IBNR)	Total
Estimate of ultimate claims cost:						
- At end of accident	91,729,527	794,035	24,580,373	47,634,423	289,481,022	454,219,380
- One years later	91,729,527	841,644	34,270,264	69,157,793	-	195,999,228
- Two years later	91,734,144	1,137,168	42,245,499	-	-	135,116,811
- Three years later	91,734,144	1,311,479	-	-	-	93,045,623
- Four years later	92,254,565	-	-	-	-	92,254,565
Current estimate of cumulative claims	92,254,565	1,311,479	42,245,499	69,157,793	289,481,022	494,450,358
Cumulative payment to date	(1,855,511)	(565,019)	(18,518,050)	(42,085,894)	(150,826,724)	(213,851,198)
Liability recognised in statement of financial position	90,399,054	746,460	23,727,449	27,071,899	138,654,298	280,599,160

23.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2024 amounting to Rs. 46.47 million (2023: Rs. 27.78 million).

24 NET COMMISSION EXPENSE / ACQUISITION COSTS

	Note	2024	2023
		(Rupees)	
Commission paid or payable		100,342,035	65,147,065
Add: Deferred commission expense opening		24,951,808	15,115,328
Less: Deferred commission expense closing		26,541,209	24,951,808
Net Commission		98,752,634	55,310,585
Commission received or recoverable		8,189,285	2,259,080
Add: Unearned Reinsurance commission opening		1,291,035	475,937
Less: Unearned Reinsurance commission closing		4,964,011	1,291,035
Commission from reinsurers		4,516,309	1,443,982
		94,236,325	53,866,603

		Note	2024	2023
25	**MANAGEMENT EXPENSES**		------------- (Rupees)	-------------
	Employee benefit cost	25.1	**98,736,476**	70,010,556
	Traveling expenses		**1,813,802**	1,076,318
	Advertisements & sales promotion		**1,328,538**	639,450
	Printing and stationery		**2,730,203**	2,667,384
	Depreciation		**4,605,047**	4,954,300
	Amortisation		**183,118**	181,124
	Rent, Rates and taxes		**2,342,133**	3,160,262
	Legal and professional charges - business related		**7,965,164**	5,271,287
	Electricity, gas and water		**4,753,923**	3,795,690
	Entertainment		**3,627,690**	1,862,546
	Vehicle running expenses		**25,301,556**	19,557,720
	Office repairs and maintenance		**2,161,171**	2,795,256
	Bank charges		**183,067**	379,343
	Postages, telegrams and telephone		**2,100,156**	1,817,292
	Miscellaneous		**9,739,244**	4,929,434
			167,571,288	123,097,962
25.1	**Employee benefit cost**			
	Salaries, allowance and other benefits		**95,325,501**	**68,027,129**
	Charges for post employment benefits	25.1.1	**3,410,975**	**1,983,427**
			98,736,476	**70,010,556**

25.1.1 This represents Rs. 2,996,888 (2023: Rs. 1,391,970) being contribution for employees' provident fund and Rs. 414,087 (2023: Rs. 591,457) in respect of defined benefit plan.

		Note	2024	2023
25.2	**Provision for impairment of receivables**		------------- (Rupees)	-----------
	Opening provision		**56,599,059**	118,558,004
	Charge/(reversal) provision for the year		**-**	(1,830,757)
	Write off against provision for the year		**-**	(60,128,188)
			56,599,059	**56,599,059**
26	**INVESTMENT INCOME**			
	Available for sale			
	Income from equity securities			
	Dividend Income		**17,776,076**	8,333,901
	Realized gains on:			
	Equity securities		**45,423,795**	37,399,650
	Realized losses on:			
	Equity securities		**-**	(8,861,066)
			45,423,795	28,538,584
	Held to maturity			
	Income from debt securities			
	Return on government securities		**19,524,861**	75,552,925
	Amortization of discount on government securities		**59,736,482**	3,385,371
			79,261,343	78,938,296
	Total investment income		**142,461,214**	115,810,781
	Add: Reversal of impairment in value of available for sale equity securities		**16,911,806**	21,059,344
			159,373,020	136,870,125

		Note	2024	2023
			(Rupees)	
27	**OTHER INCOME**			
	Return on bank balances		19,777,390	15,577,694
	Gain on sale of property and equipment		1,200,000	-
	Reversal of bad and doubtful debts- net -	25.2	-	1,830,757
	Liabilities no longer payable		7,719,994	10,133,406
			28,697,384	27,541,857
28	**OTHER EXPENSES**			
	Auditors' remuneration	28.1	1,182,800	1,107,800
	Directors' Fees		4,040,000	1,940,000
	Fees & Subscription		588,283	751,138
	Workers' welfare fund		2,864,467	-
			8,675,550	3,798,938
28.1	**Auditors' remuneration**			
	Audit fee		882,800	882,800
	Out-of-pocket expenses		300,000	225,000
			1,182,800	1,107,800
29	**FINANCE COSTS**			
	Mark up on leases		3,178,381	391,409
30	**PROFIT FROM WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND**			
	Wakala fee		14,892,500	3,218,875
	Mudarib Fee		-	116,504
	Commission expense		(8,108,189)	(1,340,792)
	General administrative and management expense		(5,910,866)	(4,078,757)
	Investment income		1,567,662	3,759,392
	Other income		5,012,472	3,558,607
	Ceded money Expense		-	(500,000)
	Other expenses		(711,299)	(672,947)
	Profit before tax		6,742,280	4,060,882
31	**TAXATION**			
	For current year			
	- Current		10,961,181	17,964,263
	- Deferred		5,520,730	17,852,585
			16,481,911	35,816,848
31.1	**Relationship between tax expense and accounting profit**			
	Operating profit before taxation		55,079,402	85,387,835
	Tax at the applicable rate of 29% (2023: 29%)		15,973,027	24,762,472
	Tax Effect of:			
	Depreciation and amortisation		452,604	998,299
	Gain on sale of property and equipment		(26,977)	-
	Bad and doubtful debts		-	(530,920)
	Provision for impairment of investment		(4,904,424)	(6,107,210)
	Lease liability		(533,049)	(1,158,378)
	Deferred tax		5,520,730	17,852,585
			16,481,911	35,816,848

32 Earnings after tax per share - Basic and Diluted

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2024	2023
	------------- (Rupees) ------------	
Profit after tax for the year	38,597,491	49,570,987
	(Number of shares)	
Weighted average number of ordinary shares	50,000,000	50,000,000
	------------- (Rupees) ------------	
Earnings per share	0.77	0.99

32.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

33 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive officer		Directors		Executives		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees)							
Fees	-	-	4,040,000	1,940,000	-	-	4,040,000	1,940,000
Managerial remuneration	6,925,920	2,812,160	-	-	10,237,729	9,187,809	16,263,649	11,999,969
Leave encashment	-	-	-	-	-	327,304	-	327,304
Bonus	-	-	-	-	-	-	-	-
Ex-gratia allowance	100,000	100,000	-	-	663,024	664,024	763,024	764,024
Charge for defined contribution plan	-	-	-	-	-	-	-	-
Rent and house maintenance	-	-	-	-	-	-	-	-
Utilities	3,615,520	1,687,296	-	-	5,376,406	4,051,387	8,991,926	5,738,683
Medical	602,560	281,216	-	-	894,636	674,295	1,497,196	955,511
Conveyance	-	-	-	-	-	-	-	-
Entertainment Allowance	-	-	-	-	46,175	108,273	46,175	108,273
Others	-	580,438	-	-	-	978,562	-	1,559,000
	10,344,000	5,461,110	4,040,000	1,940,000	17,217,970	15,991,654	31,601,970	23,392,764
Number of persons	1	1	6	9	10	10	17	20

33.1 The Chief Executive Officer is provided with the Company maintained cars, house rent and utilities,driver salaries,medical facility, group life cover and health insurance. The Executives are provided with free use of Company cars, medical insurance cover.

33.2 The Non-Executive Directors were paid Directors meeting fee of Rs. 4.04 million (2023 : 1.94 million). No other remuneration was paid to Non-Executive Directors.

34 RELATED PARTY TRANSACTIONS

Related parties comprises State Life Insurance Corporation of Pakistan being the parent company, associated entities having directors in common, other subsidiaries of parent company, directors, key management personnel, gratuity fund and provident fund. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

- Transactions and balances with related parties	**2024**	2023
	---------- (Rupees) ----------	
Parent Company - State Life Insurance Corporation of Pakistan- 95.15%		
Rent paid	**5,761,118**	6,016,052
Group Insurance	**1,614,058**	1,651,523
Pakistan Reinsurance Company Limited - Associate of parent (Common Directorship)		
Reinsurance - Net	**(19,627,912)**	2,296,203
Employees' funds		
Contribution to provident fund	**2,996,887**	1,795,177
Others		
Remuneration to key management personnel	**30,048,188**	21,452,764
Directors' remuneration	**4,040,000**	1,940,000
Actuary Fee to M/s Akhtar & Hassan (Private) Limited.	**-**	500,000
Insurance stamps - PTF	**-**	21,810

- Balances as at 31 December	**2024**	2023
	---------- (Rupees) ----------	
Pakistan Reinsurance Company Limited - Associate of parent (Common Directorship)		
Payable to Pakistan Reinsurance Company Limited	**(32,486,627)**	(12,858,715)
Others		
Payable to/from gratuity fund	**(1,366,693)**	-
Payable to M/s Akhtar & Hassan (Private) Limited.	**-**	(500,000)

35 SEGMENT INFORMATION

Following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for Class of business wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

2024	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	(Rupees)						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	239,364,238	96,405,558	90,755,129	83,867,724	2,359,882	57,315,645	570,068,176
Less: Federal Excise Duty	13,443,157	7,687,851	8,750,412	-	271,661	3,938,784	34,091,865
Federal Insurance Fee	890,997	728,353	590,289	613,920	17,947	266,020	3,107,526
Others	76,405	5,245,591	124,150	1,200	12,300	135,069	5,594,715
Gross written premium (inclusive of administrative surcharge)	224,953,679	82,743,763	81,290,278	83,252,604	2,057,974	52,975,772	527,274,070
Gross direct premium	86,345,028	70,480,253	57,615,402	83,234,604	1,735,578	26,194,172	325,605,037
Facultative inward premium	137,114,604	10,372,879	22,465,406	-	263,861	26,385,099	196,601,849
Administrative surcharge	1,494,047	1,890,631	1,209,170	18,000	58,535	396,501	5,067,184
	224,953,679	82,743,763	81,290,278	83,252,604	2,057,974	52,975,772	527,274,070
Insurance premium earned	211,235,501	82,760,431	74,356,104	68,110,726	2,207,614	53,710,971	492,381,347
Insurance premium ceded to reinsurers	(53,122,067)	(28,327,823)	(12,303,034)	-	(1,966,557)	(26,690,584)	(122,410,065)
Net insurance premium	158,113,434	54,432,608	62,053,070	68,110,726	241,057	27,020,387	369,971,282
Commission income	2,266,371	976,547	1,081,441	-	-	191,950	4,516,309
Net underwriting income	160,379,805	55,409,155	63,134,511	68,110,726	241,057	27,212,337	374,487,591
Insurance claims	(68,653,806)	(53,063,068)	(53,785,287)	(95,220,107)	-	(6,934,266)	(277,656,534)
Insurance claims recovered from reinsurer	6,779,399	18,948,369	26,471,856	-	-	(751,588)	51,448,036
Net claims	(61,874,407)	(34,114,699)	(27,313,431)	(95,220,107)	-	(7,685,854)	(226,208,498)
Commission expense	(51,509,189)	(20,338,644)	(9,346,805)	(5,455,031)	(204,407)	(11,898,558)	(98,752,634)
Management expense	(71,491,811)	(26,296,531)	(25,834,603)	(26,458,244)	(654,038)	(16,836,061)	(167,571,288)
Premium deficiency expense	-	(208,185)	-	(9,626,337)	-	-	(9,834,522)
Net insurance claims and expenses	(184,875,407)	(80,958,059)	(62,494,839)	(136,759,719)	(858,445)	(36,420,473)	(502,366,942)
Underwriting result	(24,495,602)	(25,548,904)	639,672	(68,648,993)	(617,388)	(9,208,136)	(127,879,351)
Net investment income							159,373,020
Other income							28,697,384
Other expenses							(8,675,550)
Finance cost							(3,178,381)
Profit before tax from window takaful operations - Operator's Fund							6,742,280
Profit before tax							55,079,402
Segment assets	235,360,368	42,398,203	53,717,490	31,788,190	2,107,046	24,231,982	389,603,279
Unallocated assets							1,276,125,283
Total Assets							1,665,728,562
Segment liabilities	330,745,583	74,804,659	91,514,056	133,946,743	1,002,861	25,776,544	657,790,446
Unallocated liabilities							181,082,281
Total liabilities							838,872,727

There are the no major customers of the Company that represents 10% or more of the business.

ALPHA INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2023	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
				(Rupees)			
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	199,435,760	59,069,734	64,990,020	27,992,910	2,242,374	26,833,801	380,564,599
Less: Federal Excise Duty	11,219,791	4,646,083	7,087,000	-	257,192	2,131,842	25,341,908
Federal Insurance Fee	786,087	471,732	505,361	216,799	18,851	149,885	2,148,715
Others	13,985	2,237,090	23,490	350	6,400	15,030	2,296,345
Gross written premium (inclusive of administrative surcharge)	187,415,897	51,714,829	57,374,169	27,775,761	1,959,931	24,537,044	350,777,631
Gross direct premium	77,113,539	45,341,166	49,245,671	38,995,199	1,851,629	14,689,540	227,236,744
Facultative inward premium	108,986,566	5,018,792	6,973,039	(11,233,438)	75,175	9,554,863	119,374,997
Administrative surcharge	1,315,792	1,354,871	1,155,469	14,000	33,127	292,641	4,165,890
	187,415,897	51,714,829	57,374,169	27,775,761	1,959,931	24,537,044	350,777,631
Insurance premium earned	171,948,935	52,027,699	52,356,024	17,587,363	2,509,245	23,500,698	319,929,964
Insurance premium ceded to reinsurers	(28,784,685)	(20,020,431)	(7,255,722)	-	(1,968,206)	(14,909,249)	(72,938,293)
Net insurance premium	143,164,250	32,007,268	45,100,302	17,587,363	541,039	8,591,449	246,991,671
Commission income	620,046	178,715	450,745	-	59,516	134,960	1,443,982
Net underwriting income	143,784,296	32,185,983	45,551,047	17,587,363	600,555	8,726,409	248,435,653
Insurance claims	(115,829,910)	(19,750,268)	(14,686,530)	(34,898,170)	-	(18,930,919)	(204,095,797)
Insurance claims recovered from reinsurer	41,613,430	4,838,331	4,231,493	-	-	8,572,752	59,256,006
Net claims	(74,216,480)	(14,911,937)	(10,455,037)	(34,898,170)	-	(10,358,167)	(144,839,791)
Commission expense	(34,985,923)	(10,587,924)	(5,643,492)	(651,480)	(231,357)	(3,210,409)	(55,310,585)
Management expense	(64,319,551)	(17,748,092)	(19,690,330)	(9,532,406)	(672,632)	(11,134,951)	(123,097,962)
Premium deficiency expense	664,960	27,158	-	(5,092,321)	-	318,206	(4,081,997)
Net insurance claims and expenses	(172,856,994)	(43,220,795)	(35,788,859)	(50,174,377)	(903,989)	(24,385,321)	(327,330,335)
Underwriting result	(29,072,698)	(11,034,812)	9,762,188	(32,587,014)	(303,434)	(15,658,912)	(78,894,682)
Net investment income							136,870,125
Other income							27,541,857
Other expenses							(3,798,938)
Finance cost							(391,409)
Profit before tax from Window Takaful Operations - Operator's Fund							4,060,882
Profit before tax							85,387,835
Segment assets	91,426,940	25,228,002	27,988,793	13,549,826	956,112	11,969,886	171,119,559
Unallocated assets							1,099,822,874
Total Assets							1,270,942,433
Segment liabilities	142,500,452	39,321,032	43,624,074	21,119,118	1,490,221	18,656,581	266,711,478
Unallocated liabilities							286,091,614
Total Liabilities							552,803,092

There are the no major customers of the Company that represents 10% or more of the business.

36 MOVEMENT IN INVESTMENTS	Held to maturity	Available for sale	Total
	----------	(Rupees)	----------
At beginning of previous year	491,256,311	191,652,112	682,908,423
Additions	554,633,636	-	554,633,636
Disposals (redemptions)	(750,721,118)	(18,349,062)	(769,070,180)
Fair value net gains (Excluding net realised gains)	-	(29,007,223)	(29,007,223)
Amortisation of discount	3,385,371	-	3,385,371
Impairment losses	-	21,059,347	21,059,347
At beginning of current year	**298,554,200**	**165,355,174**	**463,909,374**
Additions	**768,959,330**	**-**	**768,959,330**
Disposals	**(540,000,000)**	**(20,231,932)**	**(560,231,932)**
Fair value net gains (Excluding net realised gains)	**-**	**99,711,770**	**99,711,770**
Amortisation of discount	**59,736,482**	**-**	**59,736,482**
Impairment losses - net of reversal	**-**	**16,911,806**	**16,911,806**
At end of current year	**587,250,012**	**261,746,818**	**848,996,830**

37 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

37.1 Insurance Risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health insurance contracts significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures.

a) Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The reinsurance arrangements against major risk exposure include excess of loss and facultative reinsurance. The objective of having such arrangements is to mitigate adverse impacts of severe losses on the Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.

Concentration of risk

To optimise benefits form the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the insured. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc. are extracted form the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/ reinsurance personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional reinsurance arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

The insurers monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at reporting date:

	2024			
Class	**Gross claims liabilities**	**Net claims liabilities**	**Gross premium liabilities**	**Net premium liabilities**
Fire and property	**73.8%**	**66.0%**	**46.7%**	**28.8%**
Marine, aviation and transport	**10.3%**	**13.1%**	**2.2%**	**2.5%**
Motor	**12.2%**	**14.5%**	**23.6%**	**28.5%**
Health	**0.6%**	**1.0%**	**20.9%**	**34.4%**
Credit and suretyship	**0.0%**	**0.0%**	**0.5%**	**-0.5%**
Miscellaneous	**3.2%**	**5.5%**	**6.1%**	**6.3%**
	100%	**100%**	**100%**	**100%**

	2023			
Class	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
Fire and property	81.1%	63.9%	48.9%	44.7%
Marine, aviation and transport	8.2%	13.5%	2.9%	0.0%
Motor	4.2%	6.6%	24.7%	32.3%
Health	3.0%	5.7%	14.2%	23.9%
Credit and suretyship	0.0%	0.0%	0.8%	-0.1%
Miscellaneous	3.4%	4.8%	8.6%	-0.9%
	100%	100%	100%	100%

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below.

	Gross sum insured		Reinsurance		Net	
	2024	2023	**2024**	2023	**2024**	2023
Fire and property	**2,276,500,000**	843,000,000	**2,256,500,000**	823,000,000	**20,000,000**	20,000,000
Marine, aviation and transport	**1,219,578,119**	522,522,000	**1,199,578,119**	502,522,000	**20,000,000**	20,000,000
Motor	**52,000,000**	45,000,000	**50,500,000**	44,100,000	**1,500,000**	900,000
Health	**3,000,000**	11,885,362	**-**	-	**3,000,000**	11,885,362
Credit and suretyship	**23,300,000**	50,000,000	**18,300,000**	30,000,000	**5,000,000**	20,000,000
Miscelleneous	**1,939,447,238**	1,939,447,238	**1,919,447,238**	1,919,447,238	**20,000,000**	20,000,000
	5,513,825,357	3,411,854,600	**5,444,325,357**	3,319,069,238	**69,500,000**	92,785,362

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

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

e) Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

Average claim cost	**Underwriting results**		**Shareholder's equity**	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	---------- (Rupees) ----------			
Fire and property	**(6,132,324)**	(7,421,648)	**(10,429,617)**	(11,730,206)
Marine and transport	**(3,498,438)**	(1,491,194)	**(5,950,007)**	(2,356,890)
Motor	**(2,666,383)**	(1,045,504)	**(4,534,880)**	(1,652,460)
Health Insurance	**(8,576,444)**	(3,489,817)	**(14,586,481)**	(5,515,792)
Miscellaneous	**(654,627)**	(1,035,818)	**(1,113,364)**	(1,637,149)
	(21,528,216)	(14,483,981)	**(36,614,349)**	(22,892,497)

Financial risk management

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

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

37.2 Financial risk

Maturity profile of financial assets and liabilities:

	December 31, 2024						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees)						
Financial assets							
Cash	139,124,635	-	139,124,635	5,895,074	-	5,895,074	145,019,709
Investments	490,650,861	96,599,151	587,250,012	261,746,818	-	261,746,818	848,996,830
Loans and other receivables	-	-	-	72,271,217	-	72,271,217	72,271,217
Insurance / reinsurance receivables	-	-	-	192,822,757	-	192,822,757	192,822,757
Reinsurance recoveries against outstanding claims	-	-	-	122,581,102	-	122,581,102	122,581,102
Salvage recoveries accrued	-	-	-	-	-	-	-
	629,775,496	96,599,151	726,374,647	655,316,968	-	655,316,968	1,381,691,615
Financial liabilities							
Underwriting Provision for outstanding claims including IBNR	-	-	-	(280,599,160)	-	(280,599,160)	(280,599,160)
Insurance / reinsurance payables	-	-	-	(164,136,155)	-	(164,136,155)	(164,136,155)
Other creditors and accruals	-	-	-	(91,746,332)	-	(91,746,332)	(91,746,332)
	-	-	-	(536,481,647)	-	(536,481,647)	(536,481,647)
Interest rate risk sensitivity gap	629,775,496	96,599,151	726,374,647				
Cumulative interest rate risk sensitivity gap	629,775,496	726,374,647					

	December 31, 2023						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees)						
Financial assets							
Cash	277,746,479	-	277,746,479	37,621,147	-	37,621,147	315,367,626
Investments	64,633,636	233,920,564	298,554,200	165,355,174	-	165,355,174	463,909,374
Loans and other receivables	-	-	-	10,535,153	-	10,535,153	10,535,153
Insurance / reinsurance receivables	-	-	-	137,546,331	-	137,546,331	137,546,331
Reinsurance recoveries against outstanding claims	-	-	-	101,275,592	-	101,275,592	101,275,592
Salvage recoveries accrued	-	-	-	-	-	-	-
	342,380,115	233,920,564	576,300,679	452,333,397	-	452,333,397	1,028,634,076
Financial liabilities							
Underwriting Provision for outstanding claims including IBNR	-	-	-	(216,793,824)	-	(216,793,824)	(216,793,824)
Insurance / reinsurance payables	-	-	-	(92,049,713)	-	(92,049,713)	(92,049,713)
Other creditors and accruals	-	-	-	(77,488,261)	-	(77,488,261)	(77,488,261)
	-	-	-	(386,331,798)	-	(386,331,798)	(386,331,798)
Interest rate risk sensitivity gap	342,380,115	233,920,564	576,300,679				
Cumulative interest rate risk sensitivity gap	342,380,115	576,300,679					

a) Sensitivity analysis - interest rate risk

a.1) *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

a.2) *Cash flow sensitivity analysis for variable rate instruments*

The Company is exposed to cash flow interest rate risk in respect of its balances with saving account with banks . A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

b) Sensitivity analysis - equity risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of PSX-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities within specified limits set by the management.

The management monitors the fluctuations of prices of equity securities on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

37.3 Credit risk

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

37.3.1 *Exposure to credit risk*

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities, units of mutual funds and listed equity shares), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as follows:

		December 31, 2024		December 31, 2023	
	Note	**Balance as per the financial statement**	**Maximum exposure**	Balance as per the financial statement	Maximum exposure
		(Rupees)			
Cash at bank	15	**142,930,315**	**142,930,315**	315,113,909	315,113,909
Investments	8 & 9	**848,996,830**	**848,996,830**	463,909,374	463,909,374
Loans and other receivables	9	**72,271,217**	**72,271,217**	10,535,153	10,535,153
Insurance / reinsurance receivables	10	**192,822,757**	**192,822,757**	137,546,331	137,546,331
outstanding claims		**122,581,102**	**122,581,102**	101,275,592	101;275,592
		1,379,602,221	**1,379,602,221**	1,028,380,359	1,028,380,359

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

	Rating		Rating	2024	2023
	Short term	Long term	Agency	(Rupees)	
National Bank of Pakistan Limited	A1+	AAA	VIS	138,571	70,525
Allied Bank Limited	A1+	AAA	PACRA	257,848	129,069
MCB Bank Limited	A1+	AAA	PACRA	75,105	37,553
Soneri Bank Limited	A1+	AA-	PACRA	184,108	92,054
United Bank Limited	A1+	AAA	VIS	137,650,606	310,066,259
JS Bank Limited	A1+	AA-	PACRA	4,624,077	4,718,449
				142,930,315	315,113,909

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. Further, the Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	Prepaid reinsurance premium ceded	2024	2023
A or above (including PRCL)	186,069,255	58,629,416	20,717,358	265,416,029	162,891,437
A -	8,992,528	22,578,428	32,555,848	64,126,804	72,367,819
BBB	577,543	-	-	577,543	-
Others	7,492,489	41,373,258	5,919,244	54,784,991	55,153,488
	203,131,815	122,581,102	59,192,450	384,905,367	290,412,744

37.3.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

	2024		
	Carrying Amount	Upto one year	Greater than one year
Non-Derivative Financial Liabilities	(Rupees)		
Outstanding claims including IBNR	280,599,160	280,599,160	-
Insurance / reinsurance payables	164,136,155	164,136,155	-
Other creditors and accruals	91,746,332	91,746,332	-
	536,481,647	536,481,647	-

	2023		
	Carrying Amount	Upto one year	Greater than one year
Non-Derivative Financial Liabilities	----------	(Rupees)	----------
Outstanding claims including IBNR	216,793,824	216,793,824	-
Insurance / reinsurance payables	92,049,713	92,049,713	-
Other creditors and accruals	77,488,261	77,488,261	-
	386,331,798	386,331,798	-

37.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and other price risk.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks and term finance certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

37.3.4 *Foreign Currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in exchange rates. The Company, at present is not materially exposed to currency risk as all of the transactions are carried out in Pakistani Rupees.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	December 31, 2024					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	(Rupees)					
Financial assets measured at fair value						
Investments						
- Investment in equity securities	-	261,746,818	-	-	-	261,746,818
Financial assets not measured at fair value						
Cash and bank*	-	-	-	145,019,709	-	145,019,709
Investments						
- Debts securities	-	-	587,250,012	-	-	587,250,012
Insurance / reinsurance receivables*	-	-	-	192,822,757	-	192,822,757
Reinsurance recoveries against outstanding claims*	-	-	-	122,581,102	-	122,581,102
Salvage recoveries accrued	-	-	-	-	-	-
Loans and other receivables*	-	-	-	72,271,217	-	72,271,217
Financial liabilities not measured at fair value						
Outstanding claims (including IBNR)*	-	-	-	-	(280,599,160)	(280,599,160)
Insurance/Reinsurance Payables	-	-	-	-	(164,136,155)	(164,136,155)
Other creditors and accruals*	-	-	-	-	(91,746,332)	(91,746,332)
	-	261,746,818	587,250,012	532,694,785	(536,481,647)	845,209,968

	December 31, 2023					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	(Rupees)					
Financial assets measured at fair value						
Investments						
- Investment in equity securities	-	165,355,174	-	-	-	165,355,174
Financial assets not measured at fair value						
Cash and bank*	-	-	-	315,367,626	-	315,367,626
Investments						
- Debts securities	-	-	298,554,200	-	-	298,554,200
Insurance / Reinsurance receivables*	-	-	-	137,546,331	-	137,546,331
Reinsurance recoveries against outstanding claims*	-	-	-	101,275,592	-	101,275,592
Salvage recoveries accrued	-	-	-	-	-	-
Loans and other receivables*	-	-	-	10,535,153	-	10,535,153
Financial liabilities not measured at fair value						
Outstanding claims (including IBNR)*	-	-	-	-	(216,793,824)	(216,793,824)
Insurance/Reinsurance Payables	-	-	-	-	(92,049,713)	(92,049,713)
Other creditors and accruals*	-	-	-	-	(77,488,261)	(77,488,261)
	-	165,355,174	298,554,200	564,724,702	(386,331,798)	642,302,278

	As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	As at December 31, 2023	Level 1	Level 2	Level 3
	Rupees in '000				Rupees in '000			
Financial assets measured at fair value								
Available-for-sale - Listed equity securities	**261,746,818**	**261,746,818**	**-**	**-**	165,355,174	165,355,174	-	-
Financial assets not measured at fair value								
Held-to-maturity - Government securities	**587,250,012**	**-**	**587,250,012**	**-**	298,554,200	-	298,554,200	-
	848,996,830	**261,746,818**	**587,250,012**	**-**	463,909,374	165,355,174	298,554,200	-

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

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

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

39 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

The Company currently meets the minimum paid-up capital requirement i.e. Rs.500 million as required by the Securities and Exchange Commission of Pakistan.

40 CORRESPONDING FIGURES

Previous year figures have been rearranged and/or recalssified, whenever necessary for better presentation.

41 NUMBER OF EMPLOYEES

	2024	2023
	------------(Number)------------	
Number of employees as at year end	75	76
Average number of employees during the year	74	71

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 29 APR 2025.

43 GENERAL

Figures in the financial statements are rounded off to the nearest rupee.

Chief Executive Officer

Director

Director

Chairman

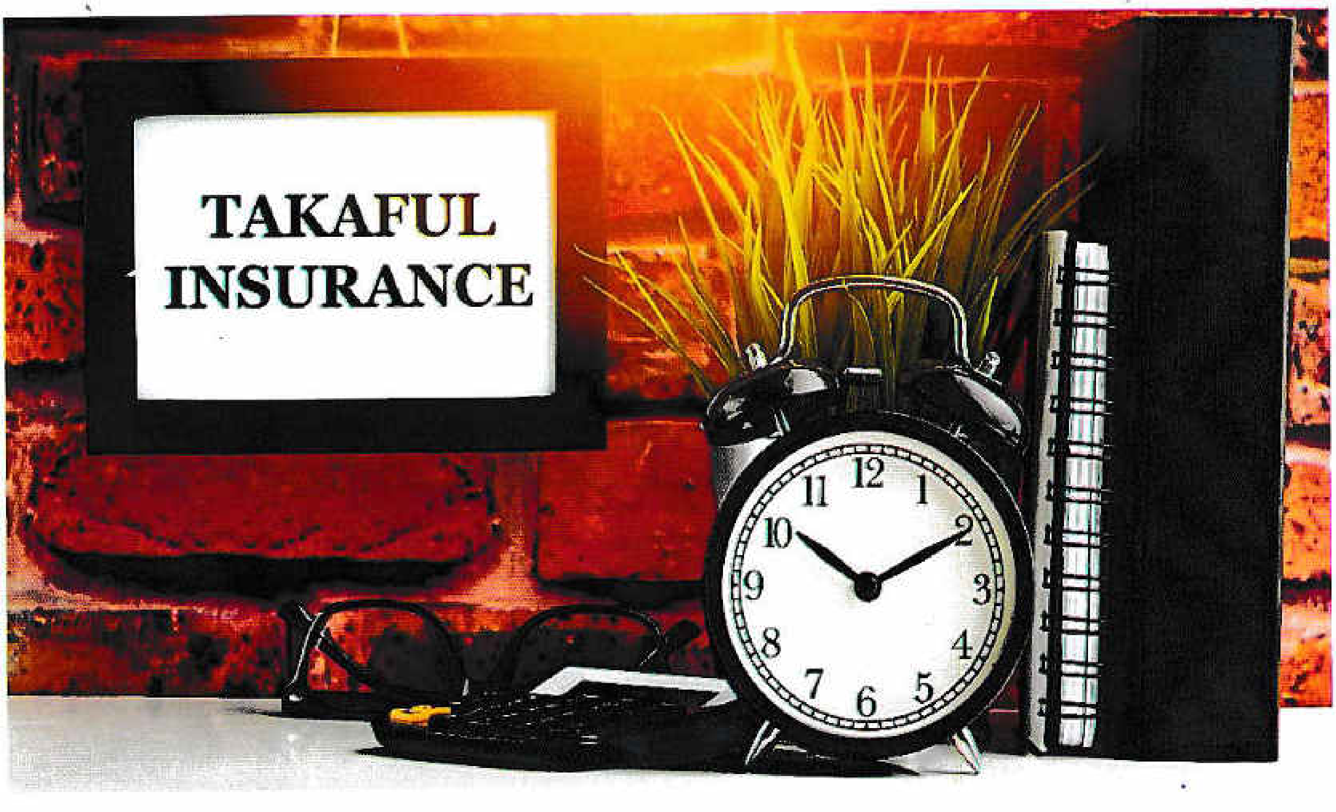
Independent auditor's report and financial statements

ALPHA INSURANCE COMPANY LIMITED-WINDOW TAKAFUL OPERATION

For the year ended December 31, 2024

Grant Thornton

Grant Thornton Anjum Rahman
Chartered Accountants



alpha
Insurance Company Limited
(A subsidiary of State Life Insurance Corporation of Pakistan)

MANAGEMENT STATEMENT OF COMPLIANCE WITH SHARIAH RULES AND PRINCIPLES

The financial arrangements, contracts, and transactions entered into by Alpha Insurance Company Limited (Window Takaful Operation) referred to as 'Operator' herein after for the year ended 31st December 2024 comply with Takaful Rules, 2012

Further, we confirm that:

1. The Window Takaful Operation (WTO) comply within a Shariah governance framework where all product offerings are approved by a dedicated Shariah Advisor who ensure strict shariah compliance at the granular level.

2. The transactions entered into, by the WTO and the Waqf, as the case may be for the year Ended 31st December 2024, are in compliance with the requirements of the Shariah guidelines as prescribed by the Shariah Advisor and the Takaful Rules. 2012

3. The WTO has imparted trainings / orientations and ensured availability of all manuals approved by the Shariah Advisor and the Board Of Directors to maintain an adequate level of awareness, capacity and sensitization of the staff and management

4. The WTO offers a diversified range of Shariah-Compliant product offerings to its participants. All products have been approved by the Shariah Advisor and the financial arrangements including investments, investment policies, contracts and transactions performed by the company are in accordance with the guidelines and policies approved by the Shariah Advisor.

5. The assets and liabilities of Takaful Operations (Participants Takaful Fund) are segregated from the company s other assets and liabilities of WTO at all times in accordance with the provisions of Takaful Rules, 2012

I hereby confirm the statement of compliance with Shariah Rules and principles for the year ended 31st December 2024 by the management of Alpha Insurance Company Limited (Window Takaful Operation)

Muhammad Rashid
Chief Financial Officer
& Company Secretary

Date:

Head Office:
Building No. 1-B, State Life Square,
Off. I.I. Chundrigar Road, Karachi-74000.
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INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON MANAGEMENT'S STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Scope

We were engaged by the Board of Directors of **Alpha Insurance Company Limited** (the Company) to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2024, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholars.

Applicable Criteria

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Takaful Rules, 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

Management's Responsibility for Shariah Compliance

The management is responsible for preparation and designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The management is also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standards on Quality Management 1 "Quality Management for Firms That Perform Audits or Reviews of Historical Financial Information, Or Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility and Summary of The Work Performed

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations' compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Corporation's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedure performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the guidelines arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the Board of Directors;
- Test for a sample of transactions relating to the Takaful operations to ensure that these are carried out in accordance with the laid procedures and practices including the regulations relating to the Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2024 with the Takaful Rules, 2012.
- Taking necessary guidelines on Shariah matters from independent Shariah scholar referred above.

Grant Thornton

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended December 31, 2024, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Grant Thornton Anjum Rahman,
Chartered Accountants
Karachi
Date: May 21, 2025

alpha
Insurance Company Limited
(A subsidiary of State Life Insurance Corporation of Pakistan)

SHARIAH ADVISOR REPORT TO THE BOARD OF DIRECTORS

For the year ended 31 December 2024

الحمدالله رب العلمين والصلاة والسلام على سيدالانبيا ء والمرسلين محمد النبى الامى وعلى اله وصحبه اجمعين وبعد۔

We have reviewed the accompanying financial statements of Alpha Insurance Company Limited Window Takaful Operation (hereafter referred as "The Operator") for the year ended 31 December 2024.

We acknowledge that as a Shariah Advisor of the Operator, it is Shariah Department's responsibility to ensure that the financial arrangements, contracts and transactions under taken by the Operator with its participants and stakeholders are compliant with the requirements of Shariah rules and principles.

As per the charter of the Operator it is mandatory on the management and employees to ensure application of Shariah guidelines issued by the Shariah Advisor and to ensure Shariah compliance in all actives of the Company. The prime responsibility for ensuring Shariah compliance of the Operator's operations thus lies with the managements.

To form our opinion as expressed in this report, we have reviewed all types of business transactions of the Operator during the year 2024. Based on above, we are of the view that under Takaful Rule 2012.

I. The financial arrangements products and transactions entered into by the Operator and the Waqf, as the case may be for the year ended December 31, 2024 are incompliance with the requirements of the Shariah rules and guidelines as prescribed by the Shariah Advisor

II. The Operator strived to identify new investment avenues and opted different available options that delivered excellent results. During the year management continuously consulted with the Shariah advisor on the matters and market practices relating to investment activities. The investment avenues and locations selected by the investment manager were periodically reviewed by the Shariah Department and are found Shariah compliant and in conformity with the Shariah guidelines issued by the Shariah Advisor.

III. Few minor cases which had some irregularities from the Shariah perspective were discussed with the management and duly resolved. Furthermore, the management of the Takaful Operator has been advised to strictly follows Shariah compliance in future.

IV. The Shariah Department has provided Basic Takaful training to the staff of the window Takaful operations. Meanwhile, the mandatory training on Takaful Concept and practices was also organized for executive level & sales staff as well.

V. The Operator should more focus towards enhancing the skills and knowledge for the all staff of Window Takaful related to the Shariah structure of the company and on Takaful Concept and practices. The Operator should organize the more sessions for executive level & sales staff as well around the country.

VI. Consequently, we have found that the company is in accordance with the Shariah principals with respect to all transactions

May Allah bless us with the best Tawfeeq to achieve this precious tasks and bestow us with success in this world and in the world hereafter and forgive us for our mistakes. A'ameen.

Mufti Sajjad Ashraf Usmani
Shariah Advisor
Alpha Insurance Company
Window Takaful Operations

Head Office:
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA INSURANCE COMPANY LIMITED – WINDOW TAKAFUL OPERATIONS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Alpha Insurance Company Limited – Window Takaful Operations** (the Operator), which comprise the statement of financial position as at December 31, 2024, the profit and loss account, the statement of comprehensive income, the statement of changes in funds, the cash flow statement for the year then ended, and notes to the financial statements, including summary of material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), 2017, in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2024, and of the loss, other comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Operator 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.

Grant Thornton

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 and the 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 Operator'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 Operator or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Grant Thornton

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

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

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 Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditures incurred and guarantees extended during the period were for the purpose of the Operator's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);

Grant Thornton

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

Grant Thornton Anjum Rahman

Chartered Accountants

Karachi

Dated: May 21, 2025

UDIN: AR202410154BqgrUjWhC

Financial Statements

Alpha Insurance Company Limited-
Window Takaful Operations

For the year ended December 31, 2024

ALPHA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Notes	Operator's Fund		Participant's Fund	
		2024	2023	2024	2023
		-------------------(Rupees)		---------------------	
ASSETS					
Qard e Hasna to Participants' Takaful Fund		25,000,000	-	-	-
Investments					
Debt securities	5	-	25,000,000	-	-
Takaful / retakaful receivables	6	-	-	10,107,008	9,428,336
Reinsurance Recoverable		-	-	626,028	-
Deferred Wakala fee	19	-	-	8,290,890	5,406,246
Deferred commission expense	18	3,282,754	2,823,772	-	-
Receivable from OPF/PTF	7	11,716,563	10,709,827	-	-
Taxation - payments less provision		514,327	22,018	507,879	58,252
Other receivables	8	-	1,095,865	887,926	-
Prepayments	9	-	-	9,803,237	10,630,110
Cash and bank	10	40,804,664	25,545,371	48,778,456	9,533,696
Total Assets		81,318,308	65,196,853	79,001,424	35,056,640
EQUITY AND LIABILITIES					
Capital and reserve attributable to:					
Operator's Fund (OPF)					
Statutory fund		50,000,000	50,000,000	-	-
Accumulated Surplus		7,670,246	2,883,227	-	-
Total Shareholders Equity		57,670,246	52,883,227	-	-
Participants' Takaful Fund (PTF)					
Ceded money		-	-	500,000	500,000
Accumulated deficit		-	-	(18,613,794)	(2,474,275)
Total Participants' Takaful Fund Equity		-	-	(18,113,794)	(1,974,275)
Qard-e-Hasna from Operator's Takaful Fund		-	-	25,000,000	-
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	16	-	-	8,437,126	490,482
Unearned contribution reserve	14	-	-	26,817,572	15,584,797
Reserve for unearned retakaful rebate	15	-	-	317,169	372,110
Contribution Deficiencey Reserves		-	-	3,514,142	-
Unearned wakala fee	19	8,290,890	5,406,246	-	-
Contribution received in advance		-	-	144,840	376,317
Takaful / retakaful payables	11	-	-	11,207,323	4,649,812
Other creditors and accruals	12	15,357,172	6,907,380	9,960,483	4,847,570
Payable to OPF/PTF	7	-	-	11,716,563	10,709,827
Total liabilities		23,648,062	12,313,626	72,115,218	37,030,915
Total equity and liabilities		81,318,308	65,196,853	79,001,424	35,056,640
Contingencies and commitments	13				

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive Officer **Director** **Director** **Chairman**

ALPHA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024	2023
		--------(Rupees)--------	
Participant's Fund			
Contributions earned	14	27,148,006	6,065,599
Less: Contributions ceded to retakaful	14	(23,026,647)	(6,207,918)
Net contributions revenue / (loss)		4,121,359	(142,319)
Retakaful rebate earned	15	654,898	65,172
Net underwriting income / (loss)		4,776,257	(77,147)
Net claims - reported / settled - IBNR	16	(19,622,047)	(591,346)
Contribution deficiency		(3,514,142)	-
Other direct expenses	17	(600,793)	(2,077,624)
		(23,736,982)	(2,668,970)
Deficit before investment income		(18,960,725)	(2,746,117)
Other income	22	2,821,206	388,346
Less:Mudarib's share of investment	28.1.1	-	(116,504)
Deficit transferred to accumulated deficit		(16,139,519)	(2,474,275)
Operator's Fund			
Wakala fee	19	14,892,500	3,218,875
Commission expense	18	(8,108,189)	(1,340,792)
Management expense	20	(5,910,866)	(4,078,757)
		873,445	(2,200,674)
Mudarib's share of PTF on investment income	28.1.1	-	116,504
Investment income	21	1,567,662	3,759,392
Other income	22	5,012,472	3,558,607
Ceded money expense		-	(500,000)
Other expenses	23	(711,299)	(672,947)
Profit before taxation		6,742,280	4,060,882
Taxation	25	(1,955,261)	(1,177,655)
Profit after taxation		4,787,019	2,883,227

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive Officer	**Director**	**Director**	**Chairman**

ALPHA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	------------(Rupees)------------	
Participant's Takaful Fund		
Deficit for the year	(16,139,519)	(2,474,275)
Other comprehensive income	-	-
Total comprehensive loss for the year	(16,139,519)	(2,474,275)
Operator's Fund		
Profit after tax for the year	4,787,019	2,883,227
Other comprehensive income	-	-
Total comprehensive income for the year	4,787,019	2,883,227

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive Officer | Director | Director | Chairman

ALPHA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operator's Fund		Participant's Fund	
	2024	2023	2024	2023
	(Rupees)			
Operating Cash flows				
(a) Takaful activities				
Contribution received	-	-	65,307,696	15,817,253
Reinsurance recoveries received	-	-	1,005,857	-
Retakaful contribution paid	-	-	(22,199,774)	(12,188,217)
Claims paid	-	-	(13,307,288)	(100,864)
Re-takaful rebate received	-	-	599,957	437,282
Net cash flow from takaful activities	-	-	31,406,448	3,965,454
(b) Other operating activities				
Income tax paid	(2,447,570)	(1,199,673)	(449,627)	(58,252)
Comission paid	(7,391,296)	(1,500,410)	-	-
Wakala/ Mudarib fee received / (paid)	25,000,000	-	(25,000,000)	-
Ceded money expense	-	(500,000)	-	-
Receivable from OPF/PTF	-	-	-	-
Other operating payments / receipts	(7,577,840)	(2,476,680)	5,466,733	4,738,148
Net cash flow (used in) / generated from other operating activities	7,583,294	(5,676,763)	(19,982,894)	4,679,896
Total cash flow (used in) / generated from all operating activities	7,583,294	(5,676,763)	11,423,554	8,645,350
(c) Investment activities				
Profit / return received	7,675,999	6,222,134	2,821,206	388,346
Payments for investments	-	(25,000,000)	-	-
Proceed from investments	25,000,000	-	-	-
Total cash flow generated from / (used in) investing activities	32,675,999	(18,777,866)	2,821,206	388,346
(d) Financing activities				
Contribution to the operator funds	-	50,000,000	-	500,000
Qard e Hasna (paid) / received	(25,000,000)	-	25,000,000	-
Total cash flows generated from financing activities	(25,000,000)	50,000,000	25,000,000	500,000
Net cash flow generated from all activities	15,259,293	25,545,371	39,244,760	9,533,696
Cash and cash equivalents at beginning of year	25,545,371	-	9,533,696	-
Cash and cash equivalents at end of year	40,804,664	25,545,371	48,778,456	9,533,696
Reconciliation to profit and loss account				
Operating cash flows	7,583,294	(5,676,763)	11,423,554	8,645,350
Profit / return received	5,012,472	3,558,607	2,821,206	388,346
Investment income	2,663,527	3,759,392	-	-
Increase in assets other than cash	862,162	13,555,617	4,700,024	25,522,944
Increase in liabilities	(11,334,436)	(12,313,626)	(35,084,303)	(37,030,915)
Profit / (deficit) after taxation	4,787,019	2,883,227	(16,139,519)	(2,474,275)
Attributed to:				
Operator's Fund	4,787,019	2,883,227	-	-
Participants' Takaful Fund	-	-	(16,139,519)	(2,474,275)
	4,787,019	2,883,227	(16,139,519)	(2,474,275)

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

ALPHA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operator's Fund		
	Statutory Fund	Accumulated profit	Total
	(Rupees)		
Balance as at January 01, 2023	-	-	-
Contribution to the operator funds	50,000,000	-	50,000,000
Profit for the year	-	2,883,227	2,883,227
Other comprehensive income	-	-	-
Balance as at December 31, 2023	50,000,000	2,883,227	52,883,227
Balance as at January 01, 2024	**50,000,000**	**2,883,227**	**52,883,227**
Profit for the year	-	**4,787,019**	**4,787,019**
Other comprehensive income	-	-	-
Balance as at December 31, 2024	**50,000,000**	**7,670,246**	**57,670,246**

	Participants' Takaful Fund		
	Ceded money	Accumulated Deficit	Total
	(Rupees)		
Balance as at January 01, 2023	-	-	-
Addition during the year	500,000	-	500,000
Deficit for the year	-	(2,474,275)	(2,474,275)
Other comprehensive income	-	-	-
Balance as at December 31, 2023	500,000	(2,474,275)	(1,974,275)
Balance as at January 01, 2024	**500,000**	**(2,474,275)**	**(1,974,275)**
Deficit for the year	-	**(16,139,519)**	**(16,139,519)**
Other comprehensive income	-	-	-
Balance as at December 31, 2024	**500,000**	**(18,613,794)**	**(18,113,794)**

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive Officer | Director | Director | Chairman

1. LEGAL STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on November 21, 2022 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi.

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF) on January 11, 2023 under the Waqf Deed with a Seed money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations, 2019 shall prevail.

These financial statements reflect the financial position and results of operations of both the Operator's Takaful Fund (OPF) and Participants' Takaful Fund (PTF) (collectively WTO) in a manner that the assets, liabilities, income and expenses of the Operator and Participants' Takful Fund remain separately identifiable.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost except for available for sale investments that are measure at fair value.

2.2 Functional And Presentation Currency

These financial statements are presented in Pak Rupees which is also the WTO's functional currency. All financial information presented in Pak Rupees has been rounded to nearest thousand Rupees, unless otherwise stated.

2.3 Standards, interpretations and amendments to published approved accounting standards that were effective in the current year

The Company has adopted following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year.

Amendments to approved accounting standards	Effective Date
Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020)	January 01, 2024
Non-current liabilities with covenants (Amendment to IAS 1 in October 2022)	January 01, 2024
Lease liability in a sale and leaseback (Amendment to IFRS 16 in September 2022)	January 01, 2024
Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	January 01, 2024

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2025.

Amendments to approved accounting standards

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.

Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability

Further, operators will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- The nature and financial impacts of the currency not being exchangeable;
- The spot exchange rate used;
- The estimation process; and
- Risks to the operator because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments Disclosures".Financial Assets with ESG-linked features.

Under IFRS 9, it was unclear whether the contractual cash flows of some financial asset with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss. Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features.While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs - e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs;
- not measured at fair value through profit or loss; and
- recognition / derecognition requirements of financial assets / liabilities by electronic payments.

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e. when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Operator to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- No practical ability to withdraw, stop or cancel the payment instruction;
- No practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- **Other related amendment:**

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

- Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Annual Improvements to IFRS Accounting Standards – Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows

The amendements to IFRS 9 address:

- conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables: Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit and loss account.

The amendment on trade receivables may require some companies to change their accounting policy.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

2.4.1 Temporary exemption from IFRS 17 and IFRS 9

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I) / 2023 dated 21 November 2023 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance / takaful and re-insurance / re-takaful business from financial years commencing on or after January 01, 2025.

IFRS 17, replaces IFRS 4 "Insurance Contracts". The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts. This standard requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition / derecognition of IFRS 17. Companies subject to the requirement of SRO 1715 will also be required to adopt requirements of IFRS 9 from the date of transition. On initial application of IFRS 17, comparative information for insurance contracts is restated in accordance with IFRS 17, whereas comparative information for related financial assets might not be restated in accordance with IFRS 9 if the insurer is initially applying IFRS 9 at the same date as IFRS 17.

SECP through its S.R.O.506(I)/2024 has directed that the applicability period of optional temporary exemption from applying IFRS 9 "Financial Instruments" as given in para 20A of IFRS 4 "Insurance Contracts" is extended for annual periods beginning before 01 January 2026, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

SECP vide letter no. ID/MDPRD/IFRS-17/2021/176 dated 15 June 2021 initiated a four-phase approach towards implementation of IFRS 17 "Insurance Contracts". The first three phases now stand completed and Phase 4 parallel run and implementation has commenced and is currently under progress.

In Phase 4 SECP requires parallel run of IFRS 17 for the year ended 31 December 2024 to be submitted to SECP by 30 June 2025 and dry run on the financial statement of the first quarter of 2025 to be submitted by 30 November 2025.

The tables below set out the fair values as at the end of reporting year and the amount of change in the fair value during that year 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 asset 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.

Fair value of financial assets and change in the fair values during the year ended December 31,2024.

Financial assets	As at 31 December 2024			
	Fail the SPPI test		Pass the SPPI test	
	Fair Value	Change in unrealised gain during the year	Fair Value	Change in unrealised gain during the year
Cash and bank*	-	-	89,583,120	-
Investment in debt securities	-	-	-	-
	-	-	89,583,120	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

Financial assets	As at 31 December 2023			
	Fail the SPPI test		Pass the SPPI test	
	Fair Value	Change in unrealised gain during the year	Fair Value	Change in unrealised gain during the year
Cash and bank*	-	-	35,079,067	-
Investment in debt securities	-	-	25,000,000	-
	-	-	60,079,067	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are consistent to all the years presented. Details of these accounting policies are as follows:

3.1 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

A separate Participants Takaful Fund (PTF) has been created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of takaful operator is of the management of the PTF. At the initial stage of the setup of the PTF, the takaful operator makes an initial donation to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful operator.

These contracts are entered with group companies, corporate clients, and individuals residing or located in Pakistan.

Once a contract has been classified as an takful contract, it remains a takaful contract for the remainder of its period, even if the takaful risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Takaful contracts are classified into following main categories:

3.1.1 Fire and property

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation, impact and other coverage.

3.1.2 Marine and transport

Marine and transport takaful provides coverage against cargo risk, war risk and damages occurring in inland transit.

3.1.3 Motor

Motor takaful provides comprehensive car coverage and indemnity against third party loss.

3.1.4 Other classes

Other classes includes mainly bond, liability, engineering, etc.

3.2 Commission expense

Commission incurred in obtaining and recording takaful are deferred and recognised as an asset. These costs are charged to the profit and loss acocunt based on the pattern of recognition of contribution revenue.

3.3 Rebate income

Rebate income from retakaful is recognized on the date of the commencement of the underlying itakaful contract. These are deferred and recognized in the profit and loss account as revenue in accordance with the pattern of recoginition of the retakaful contributions.

3.4 Contribution

For all the takaful contracts, contributions / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognised as written from the date of attachment of the risk to the policy / cover note and over the period of contract from inception to the expiry of policy. Where contributions for a policy are payable in installments, full contribution for the duration of the policy is recognised as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated on gross basis and exclusive of taxes and duties levied on contributions.

3.5 Unearned Contribution

Contribution under a policy is recongnised on the time of commencement of the takaful contract. The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge. Unearned premiums have been calculated by applying 1/24th / 1/6th method as applicable and specified in the Insurance Rules, 2017. Remaining portion is recognized in the Statement of Comprehensive Income.

3.6 Contribution deficiency reserve

The WTO is required as per Insurance Rules, 2017, to maintain 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, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired takaful contract in that class of business at the reported date. The movement in the contribution deficiency reserve is recorded as an expense in the Statement of profit and loss and the same is recognized as a liability.

The WTO determines adequacy of liability of contribution deficiency by carrying out analysis of expired periods. For this purpose actuarial valuation has been carried out to determine the amount of contribution deficiency reserve as required by under Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan on January 09, 2012. However, the management, including on the basis of this actuarial valuation as of December 31, 2023, consider that no contribution deficiency reserve is required to the maintained.

3.7 Retakaful contracts held

Takaful contracts entered into by the WTO (for PTF) with retakaful operator for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The WTO recognizes the entitled benefits under the contract as retakaful assets. Outward retakaful contribution are accounted for in the same period as the related contribution for the direct or accepted retakaful business being covered under the retakaful arrangement.

Retakaful liabilities represent balances due to retakaful entities. Amounts payable are estimated in a manner consistent with the related retakaful contract.

Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful operator are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the retakaful contract and are in accordance with the related retakaful contract. Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related retakaful assets / liabilities.

The deferred portion of retakaful contribution ceded is recognized as a prepayment which is calculated in accordance with the pattern of recognition of revenue.

The WTO assesses its retakaful assets for impairment on financial statement date. If there is an objective evidence that the retakaful asset is impaired, the WTO reduces the carrying amount of the retakaful asset to its recoverable amount and recognises that impairment loss in the Statement of profit and loss account.

3.8 Receivables and payables

3.8.1 Receivables related to Takaful contract

Receivables related to takaful contracts are recognized and due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is an objective evidence that the takaful receivable is impaired, as a result of one or more events that occurred after the initial recognition, the WTO reduces the carrying amount of the takaful receivables accordingly and recognizes that impairment loss in the Statement of profit and loss account.

Provision for impairment on contribution receivables is estimated on a systematic basis after analyzing the receivables as per their aging.

3.8.2 Creditors, accruals and provisions

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

Provisions are recognised when the WTO has a present legal or constructive obligation as a result of past events and 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 financial statement date and adjusted to reflect the current estimate.

3.9 Reinsurance recoveries against ourstading claims

Claim recoveries against outstanding claims from the reinsurer and salvage are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be recevied.

3.10 Segment reporting

An operating segment is a component of the WTO that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The WTO presents segment reporting of operating results using the classes of business as specified under the Insurance Rules, 2017 and General Takalful Accounting Regulation, 2019. The reported operating segments are also consistent with the internal reporting provided to the Board of Directors who assess the performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Assets, liabilities and capital expenditures that are directly attributable to specify segments are assigned to them, while the carrying amount of certain assets (liabilities) used (incurred) jointly by two or more segments are allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

The WTO has four primary business segments for reporting purposes, namely fire and property, marine and transport, motor and other classes. The nature and business activities of these segments are disclosed in note no. 4.1. Income and expenses directly attribute to a particular segment is so allocated. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as other expenses.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the financial statement at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and current and saving accounts with banks.

3.11.1 Revenue recognition

3.11.1.1 Contribution

The revenue recognition policy for Contribution is given under note 3.4.

3.11.1.2 Retakaful rebate income

The revenue recognition policy for rebate from retakaful opertaors is given under note 3.3.

3.11.1.3 Dividend income

dividend income is recognized when the right to receive the dividend is established.

3.11.1.4 Gain / (loss) on sale / redemption of investments

Gain / (loss) on sale / redemption of investments is taken to profit and loss account in the year of sale / redemption.

3.11.1.5 Income on debt securities and bank balances

Income on debt securities and bank balances is recognized on a time propotionate basis taking account the effectiveness yield on the investment / bank balances.

3.12 Wakala fees

The Operator manages the general takaful operations for the participants and charges 35% (2023: 35%) for fire and property, 35% (2023: 35%) for marine, aviation and transport, 35% (2023: 35%) for motor, 35% (2023: 35%) for engineering, 20% (2023: 35%) for health and 35% (2023: 35%) for miscellaneous of gross contribution written including administrative surcharge as wakala fee against the services.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment / deposit income earned by the Participants' Takaful Fund as Mudarib's share (2023: Nil).

3.13 Investments

These comprises of the following:

- In debt securities - held-to-maturity

3.13.1 Measurement

Held-to-maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold till maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortised cost less provision for impairment in value, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition by using the effective yield method.

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

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the Statement of profit or loss.

3.14 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statement, if the WTO has a legally enforceable right to set-off and the WTO intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

3.15 Taxation

Current - OPF

Provision for current taxation is based on taxable income of the operator for the year determined in accordance with the tax rates enacted on substantially enacted as at the year end. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years / relating to the operators fund operated.

Deferred - OPF

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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

3.16 Impairment of assets

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is an objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset. If a decline in fair value is significant or prolonged, than there is an objective evidence, of impairment regardless of how long management intends to hold the investment.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exist, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less cost of sell. An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the Statement of profit or loss. Provision for impairment are reviewed at each reported date and are adjusted to reflect the current best estimates. Change in the provisions are recognised as an income or expense.

3.17 Foreign currency transalations

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the reported date. Exchange differences are taken to the profit and loss account.

3.18 Salvage recoveries

Salvage recoveries are recognized as an asset and measured at the amount expected to be received.

3.19 Claims

Takaful claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims.

3.20 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognised in respect of all claims incurred up to the financialstatement date which is measured at the undiscounted value of expected future payments. Provision foroutstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Retakaful recoveries against outstanding claims are recognised as an asset and measured at the amount expected to be received.

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.21 Financial instruments

Financial assets and financial liabilities within the scope of IAS-39 are recognized at the time when the WTO becomes a party to the contractual provisions of the instrument and are derecognized when the WTO loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the Statment of Comprehensive Income. Fair value of financial assets at discounted interest rates are determined initially and the difference carried forward as a prepayment (staff bonus), which then is expensed out over the period in which the services are rendered.

3.22 Takaful Surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the period.

3.23 Management expense

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly allocable to takaful business are charged to OPF and allocated on the basis of gross contribution written during the period.

3.24 Qard-e-Hasna

If there is a deficit of admissible assets over liabilities in PTF, the Operator from the Operators Fund may provide Qard-e- Hasna to PTF so that PTF may become solvent as per Takaful Rules, 2012. Qard-e-Hasna from PTF can be recovered by the Operator over any period of time without charging any profit.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 WTO's accounting polices. 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 result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 the revision and future periods if the revision affects both current and future periods. In the process of applying the WTO's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Note
Contribution deficiency reserve	3.6
Receivables related to Takaful contract	3.8.1
Provision for outstanding claims including IBNR	3.20
Taxation	3.15

5. INVESTMENTS

	Note	December 31, 2024 Cost	Impairment / provision	Carrying value	December 31, 2023 Cost	Impairment / provision	Carrying value
		(Rupees)			(Rupees)		
INVESTMENT IN DEBT SECURITIES - HELD TO MATURITY							
Operator's Fund							
- Sukuk certificates	5.1	-	-	-	25,000,000	-	25,000,000
		-	-	-	25,000,000	-	25,000,000

5.1 Sukuk certificates having face value of Rs. Nil (2023: Rs. 25 million). These carry profit of Nil (2023: 21.25%) per annum and matured in April, 2024.

	Operator's Fund December 31 2024	Operator's Fund December 31, 2023	Participant's Takaful Fund December 31, 2024	Participant's Takaful Fund December 31, 2023
6 TAKAFUL / RETAKAFUL RECEIVABLES				
Unsecured and considered good				
	(Rupees)			
Due from takaful participants holders	-	-	6,651,715	4,608,601
Due from other takaful / retakaful operators	-	-	3,455,293	4,819,735
	-	-	10,107,008	9,428,336
7 RECEIVABLE FROM PTF				
Wakala fee	1,402,265	8,625,121	-	-
Mudarib	116,504	116,504	-	-
Inter fund receivable	10,197,794	1,968,202	-	-
	11,716,563	10,709,827	-	-
8 OTHER RECEIVABLES				
Accrued Markup	-	1,095,865	-	-
Receivable from Alpha Insurance Company Limited	-	-	802,461	-
Others	-	-	85,465	-
	-	1,095,865	887,926	-

8.1 This amount represents the interest accrued on the on the Sukuk held by the Operator as at December 31, 2024 at Nil (2023: 21.25%).

		Operator's Fund December 31 2024	Operator's Fund December 31, 2023	Participant's Takaful Fund December 31, 2024	Participant's Takaful Fund December 31, 2023
9 PREPAYMENTS	Note	(Rupees)			
Prepaid retakaful contribution ceded		-	-	9,803,237	10,630,110
10 CASH AND BANK					
Cash at bank					
Profit and loss account	10.1	40,804,664	25,545,371	48,778,456	9,533,696
		40,804,664	25,545,371	48,778,456	9,533,696

10.1 The rate of return on profit and loss sharing accounts held with Islamic banks during the year is 10.75% per annum (2023: 11.01% to 15.75% per annum).

	Operator's Takaful Fund December 31, 2024	Operator's Takaful Fund December 31, 2023	Participant's Takaful Fund December 31, 2024	Participant's Takaful Fund December 31, 2023
11. TAKAFUL / RETAKAFUL PAYABLES	(Rupees)			
Due to takaful/retakaful payables	-	-	11,207,323	4,649,812
12. OTHER CREDITORS AND ACCRUALS				
Commission payable	3,840,029	2,664,154	-	-
Payable to Alpha Insurance Company Limited	7,380,111	3,166,670	-	-
Federal takaful fee	-	-	692,510	219,971
Sales tax on services	-	-	9,040,346	2,653,293
Withholding tax payable	1,559,916	566,956	186,433	-
Accrued expenses	2,010,306	509,600	-	1,974,306
Auditor's fee	559,600	-	-	-
Others	7,210	-	41,194	-
	15,357,172	6,907,380	9,960,483	4,847,570

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There are no contingencies outstanding as at Decemeber 31, 2024 and December 31, 2023.

13.2 Commitments

There are no commitments as at Decemeber 31, 2024 and December 31, 2023.

	December 31, 2024	December 31, 2023
14. NET CONTRIBUTION	(Rupees)	
Written gross contribution	53,273,281	24,869,271
Less: Wakala fee	(14,892,500)	(3,218,875)
Contribution Net of Wakala Fee	38,380,781	21,650,396
Add: Unearned contribution reserve opening	15,584,797	-
Less: Unearned contribution reserve closing	(26,817,572)	(15,584,797)
Contribution earned	27,148,006	6,065,599
Less: Retakaful contribution ceded	22,199,774	16,838,028
Add: Prepaid retakaful contribution opening	10,630,110	-
Less: Prepaid retakaful contribution closing	(9,803,237)	(10,630,110)
Retakaful expense	23,026,647	6,207,918
Net contribution	4,121,359	(142,319)

		Note	December 31, 2024	December 31, 2023
			----------(Rupees)----------	
15.	**RETAKAFUL REBATE EARNED**			
	Retakaful rebate received or recoverable		599,957	437,282
	Add: Unearned retakaful rebate opening		372,110	-
	Less: Unearned retakaful rebate closing		(317,169)	(372,110)
			654,898	65,172
16.	**TAKAFUL BENEFITS / CLAIMS EXPENSE**			
	Benefits / Claims paid or payable		13,307,288	100,864
	Less: Outstanding claims including IBNR opening		(490,482)	-
	Add: Outstanding claims including IBNR closing		8,437,126	490,482
	Benefits / Claims expense		21,253,932	591,346
	Less: Retakaful and other recoveries received		1,005,857	-
	Add: Retakaful recoveries against outstanding claims - opening		-	-
	Less: Retakaful recoveries against outstanding claims - closing		626,028	-
	Retakaful and other recoveries revenue		1,631,885	-
	Net Takaful Benefits / Claim Expense		19,622,047	591,346
17.	**OTHER DIRECT EXPENSES**			
	Inspection charges		348,480	1,892,991
	Bank charges		6,327	8,627
	Others		245,986	176,006
			600,793	2,077,624
18.	**COMMISSION EXPENSE**			
	Commission paid or payable		8,567,171	4,164,564
	Add: Deferred commission expense opening		2,823,772	-
	Less: Deferred commission expense closing		(3,282,754)	(2,823,772)
	Commission expense		8,108,189	1,340,792
19.	**DEFERRED WAKALA FEE**			
	Gross Wakala Fee		17,777,144	8,625,121
	Add: Unearned wakala fee opening		5,406,246	-
	Less: Unearned wakala fee closing		(8,290,890)	(5,406,246)
	Net wakala fee		14,892,500	3,218,875
20.	**MANAGEMENT EXPENSES**			
	Employee Benefit cost		2,370,000	1,054,434
	Legal and professional charges		-	988,200
	Professional Charges- IT Related		3,540,866	2,036,123
			5,910,866	4,078,757
21.	**INVESTMENT INCOME**			
	Profit on sukuks	10.1	1,567,662	3,759,392
22.	**OTHER INCOME**			
	OPF			
	Profit on bank deposits		5,012,472	3,558,607
	PTF			
	Profit on bank deposits		2,821,206	388,346

	Note	December 31, 2024	December 31, 2023
		----------(Rupees)----------	
23. OTHER EXPENSES			
Auditors' remuneration	23.1	**700,000**	650,000
Bank Charges		**11,299**	7,147
Printing & stationery		-	15,800
		711,299	672,947
23.1 AUDITORS' REMUNERATION			
Audit Fee		**350,000**	350,000
Shariah Audit Fee		**150,000**	150,000
Out of Pocket Expense		**200,000**	150,000
		700,000	650,000

24. CLAIM DEVELOPMENT - PTF

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before reinsurance.

Accident year	December 31, 2024	December 31, 2023
	------------(Rupees)------------	
Estimate of ultimate claims cost:		
At end of accident year	**21,845,278**	591,346
Cumulative payments to date	**(13,408,152)**	(100,864)
Liability recognised in statement of financial position	**8,437,126**	490,482

25. TAXATION

	December 31, 2024	December 31, 2023
For the year		
- Current	**1,955,261**	1,177,655

25.1. Relationship between tax expense and accounting profit

	December 31, 2024	December 31, 2023
Profit before taxation	**6,742,280**	4,060,882
Tax at the applicable rate of 29%	**1,955,261**	1,177,655

26. RELATED PARTY TRANSACTIONS

The Operator has related party relations with the Alpha Insurrnace company Limited. The operator in the normal course of business carries at the transactions with the Alpha Insurance Company Limited.

Name of related party	Relationship and percentage of share holding	Transactions during the period	December 31, 2024	December 31, 2023
			----(Rupees)----	
Alpha Insurance Company Limited	Parent Company	Statutory fund received - OPF	-	50,000,000
		Insurance stamps - PTF	-	21,810

Name of related party	Relationship and percentage of share holding	Balance	December 31, 2024	December 31, 2023
			----(Rupees)----	
Alpha Insurance Company Limited	Parent Company	Payble to AICL - OPF	**7,380,111**	3,166,670
		Receivable from AICL - PTF	**802,461**	-

27. MANAGEMENT OF TAKAFUL AND MANAGEMENT RISK

The Operator issue contracts that transfer takaful risk or financial risk or both. This section summarises the takaful risks and the way the Operator manages them.

27.1. Takaful risk management

27.1.1 Takaful risk

The risk under any takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the participant. Generally most takaful contracts carry the takaful risk for a year of one year, although in case of marine contract, it may be of lesser year.

The Operator's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate retakaful is arranged to mitigate the effect of the potential loss to the PTF from individual to large or catastrophic insured events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

27.1.2 Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the covered events. This has been managed by having in place underwriting strategy, retakaful arrangements and proactive claim handling procedures.

The retakaful arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on PTF's net retentions.

27.1.3 Uncertainity in the estimation of future claim payments

Claims on takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contracts respectively, including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Operator. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each year. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Outstanding claims are reviewed on a yearic basis.

27.1.4 Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

27.1.5 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for claims recognised in the balance sheet is adequate. However, actual experience may differ from the expected outcome.

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of retakaful. The impact of 10 % increase / decrease in incidence of covered events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

	December 31, 2024	**December 31, 2024**	December 31, 2023	December 31, 2023
	Underwriting results	**Shareholder's equity**	Underwriting results	Shareholder's equity
Average claim cost		------------**Rupees**-------------		
Fire and property	**(234,360)**	**(166,395)**	(7,983)	(5,668)
Marine and transport	**(99,397)**	**(70,572)**	-	-
Motor	**(1,188,699)**	**(843,976)**	(51,152)	(36,318)
Health	**(116,266)**	**(82,549)**	-	-
Other classes	**(323,483)**	**(229,673)**	-	-
	(1,962,205)	**(1,393,165)**	(59,135)	(41,986)

27.1.6 Concentration of risk

To optimise benefits form the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the insured. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc. are extracted form the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/ re-takaful personnel for their evaluation.

Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional re-takaful arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

The insurers monitors concentration of Takaful risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at reporting date:

	December 31, 2024				December 31, 2023			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilitiés	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
1. Fire and Property Damage	53%	53%	27%	22%	16.3%	16.3%	31.7%	27.4%
2. Marine, Aviation and Transport	7%	7%	7%	8%	0.0%	0.0%	9.3%	-9.5%
3. Motor	40%	40%	46%	52%	83.7%	83.7%	55.7%	112.8%
4. Accidental and Health	0%	0%	7%	10%	0.0%	0.0%	0.0%	0.0%
5. Others	0%	0%	13%	8%	0.0%	0.0%	3.3%	-30.7%
	100%	100%	100%	100%	100.0%	100.0%	100.0%	100.0%

The Company minimises its exposure to significant losses by obtaining re-takaful from a number of reinsurers, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below.

	December 31, 2024			December 31, 2023		
	Gross sum insured	Re-Takaful	Net	Gross sum insured	Re-Takaful	Net
Fire and property	454,000,000	444,000,000	10,000,000	424,383,898	414,383,898	10,000,000
Marine, aviation and transport	212,368,200	202,368,200	10,000,000	256,540,500	246,540,500	10,000,000
Health	65,000,000	63,000,000	2,000,000	40,000,000	38,000,000	2,000,000
Motor	360,000	-	360,000	-	-	-
Miscelleneous	5,000,000	-	5,000,000	5,000,000	-	5,000,000
	736,728,200	709,368,200	27,360,000	725,924,398	698,924,398	27,000,000

27.1.7 Sources of uncertainty in the estimation of future claim payments

Claims on general Takaful contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the Takaful contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

27.1.8 Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Operators's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, .economic conditions, etc

28 SEGMENT INFORMATION

28.1 Participants' Takaful Fund

	Note	For the year ended December 31, 2024					
		Fire & property	Marine, aviation & transport	Motor	Health	Other classes	Aggregate
		(Rupees)					
Contribution receivable(inclusive of federal excise duty and administrative surcharge)		13,385,792	10,567,356	26,769,444	3,922,218	6,798,057	61,442,867
Federal Excise duty		(1,595,125)	(1,041,857)	(2,842,561)	-	(850,217)	(6,329,760)
Federal insurance fee		(94,258)	(78,790)	(201,790)	(38,834)	(58,867)	(472,539)
Others		(1,570)	(1,334,617)	(28,700)	(50)	(2,350)	(1,367,287)
Gross Written Contribution (inclusive of Administrative Surcharge)		11,694,839	8,112,092	23,696,393	3,883,334	5,886,623	53,273,281
Wakala fees		(3,865,558)	(1,921,080)	(7,214,172)	(584,859)	(1,306,831)	(14,892,500)
Takaful Contribution earned		9,177,166	7,715,543	20,088,431	2,103,458	2,955,908	42,040,506
Takaful contribution ceded to retakaful operators		(7,909,262)	(5,431,383)	(5,591,458)	-	(4,094,544)	(23,026,647)
Net Contribution		(2,597,654)	363,080	7,282,801	1,518,599	(2,445,467)	4,121,359
Rebate from retakaful		215,812	122,192	281,710	-	35,184	654,898
Net Underwriting (Expense)/Income		(2,381,842)	485,272	7,564,511	1,518,599	(2,410,283)	4,776,257
Takaful claims		(2,978,453)	(996,922)	(12,931,179)	(1,102,926)	(3,244,452)	(21,253,932)
Takaful claims recoverd from retakaful operator		626,028	-	1,005,857	-	-	1,631,885
Net claims		(2,352,425)	(996,922)	(11,925,322)	(1,102,926)	(3,244,452)	(19,622,047)
Contribution Deficiency		-	(2,495,783)	(662,213)	(55,484)	(300,662)	(3,514,142)
Other direct expense		(131,889)	(91,485)	(267,238)	(43,795)	(66,386)	(600,793)
Net takaful claims & expenses		(2,484,314)	(3,584,190)	(12,854,773)	(1,202,205)	(3,611,500)	(23,736,982)
Underwriting results		(4,866,156)	(3,098,918)	(5,290,262)	316,394	(6,021,783)	(18,960,725)
Other income							2,821,206
Less:Mudarib's share of investment	28.1.1						-
Deficit transferred							(16,139,519)

	As at December 31,2024					
	Fire & property	Marine, aviation & transport	Motor	Health	Other classes	Aggregate
	(Rupees)					
Corporate segment assets	8,791,344	3,158,602	11,970,254	1,062,361	3,844,602	28,827,163
Corporate unallocated assets						50,174,261
Total assets						79,001,424
Corporate segment liabilities	13,048,274	6,860,368	22,329,367	3,243,004	5,020,349	50,501,362
Corporate unallocated liabilities						21,613,856
Total liabilities						72,115,218

28.1.1 During the year, mudarib's share of investment has been charged by Operator amounting to Rs.Nil (2023: 0.116 million).

28.2 Participants' Takaful Fund

	For the period from January 11, 2023 to December 31, 2023				
	Fire & property	Marine, aviation & transport	Motor	Other classes	Aggregate
	(Rupees)				
Contribution receivable (inclusive of Federal Excise duty and administrative surcharge)	9,398,425	2,123,280	15,913,200	650,570	28,085,475
Less : Federal excise duty	(1,008,098)	(220,491)	(1,587,903)	(72,465)	(2,888,957)
Federal insurance fee	(75,197)	(17,806)	(121,394)	(5,574)	(219,971)
Others	(200)	(103,426)	(3,550)	(100)	(107,276)
Gross contributions (inclusive of administrative surcharge)	8,314,930	1,781,557	14,200,353	572,431	24,869,271
Wakala fee	(1,170,535)	(112,144)	(1,916,537)	(19,659)	(3,218,875)
Contribution earned	3,372,577	334,272	5,520,701	56,924	9,284,474
Takaful contribution ceded to retakaful operators	(2,400,404)	(1,312,624)	(1,040,885)	(1,454,005)	(6,207,918)
Net takaful contribution	(198,362)	(1,090,496)	2,563,279	(1,416,740)	(142,319)
Rebate from retakaful	38,304	548	26,320	-	65,172
Net underwriting income	(160,058)	(1,089,948)	2,589,599	(1,416,740)	(77,147)
Takaful claims	(79,826)	-	(511,520)	-	(591,346)
Takaful claims recovered from retakaful	-	-	-	-	-
Net claims	(79,826)	-	(511,520)	-	(591,346)
Other direct expense	(694,644)	(148,835)	(1,186,323)	(47,822)	(2,077,624)
Net takaful claims & expenses	(774,470)	(148,835)	(1,697,843)	(47,822)	(2,668,970)
Underwriting results	(934,528)	(1,238,783)	891,756	(1,464,562)	(2,746,117)
Other income					388,346
Less: Mudarib fee					(116,504)
Deficit transferred					271,842
Deficit transferred to balance of PTF					(2,474,275)

	As at December 31, 2023				
	Fire & property	Marine, aviation & transport	Motor	Other classes	Aggregate
	(Rupees)				
Corporate segment assets	8,707,323	2,728,079	11,792,556	2,236,733	25,464,691
Corporate unallocated assets					9,591,949
Total assets					35,056,640
Corporate segment liabilities	6,726,099	1,609,766	12,061,018	526,109	20,922,992
Corporate unallocated liabilities					16,107,923
Total liabilities					37,030,915

28.3 Operators' Fund

	Note	For the year ended December 31,2024					
		Fire & property	Marine, aviation & transport	Motor	Health	Other classes	Aggregate
		(Rupees)					
Wakala fee		3,865,558	1,921,080	7,214,172	584,859	1,306,831	14,892,500
Commission expense		(2,739,731)	(1,766,590)	(3,175,723)	(194,067)	(232,078)	(8,108,189)
Management expenses		(1,297,611)	(900,077)	(2,629,144)	(430,879)	(653,155)	(5,910,866)
Net commission and expenses		(171,784)	(745,587)	1,409,305	(40,087)	421,598	873,445
Mudarab share	28.1.1						-
Investment income							1,567,662
Other income							5,012,472
Ceded money expense							-
Other expense							(711,299)
Profit before taxation							6,742,280
Taxation							(1,955,261)
Profit after taxation							4,787,019

	As at December 31,2024					
	Fire & property	Marine, aviation & transport	Motor	Health	Other classes	Aggregate
	(Rupees)					
Corporate segment assets	1,406,692	345,447	1,346,308	47,852	136,454	3,282,753
Corporate unallocated assets						78,035,555
Total Assets						81,318,308
Corporate segment liabilities	2,152,017	1,069,496	4,016,244	325,600	727,533	8,290,890
Corporate unallocated liabilities						15,357,172
Total Liabilities						23,648,062

28.4 Operators' Fund

	For the period from January 11, 2023 to December 31, 2023				
	Fire & property	Marine, aviation & transport	Motor	Other classes	Aggregate
	(Rupees)				
Wakala fee	1,170,535	112,144	1,916,537	19,659	3,218,875
Commission expense	(613,576)	(63,768)	(656,458)	(6,990)	(1,340,792)
Management expenses	(1,363,714)	(292,190)	(2,328,970)	(93,883)	(4,078,757)
	(806,755)	(243,814)	(1,068,891)	(81,214)	(2,200,674)
Investment income					3,759,392
Mudarab Share					116,504
Other income					3,558,607
Ceded Money Expense					(500,000)
Other Expense					(672,947)
					6,261,556
Profit before taxation					4,060,882
Taxation					(1,177,655)
Profit after taxation					2,883,227

	As at December 31, 2023				
	Fire & property	Marine, aviation & transport	Motor	Other classes	Aggregate
	(Rupees)				
Corporate segment assets	1,211,481	317,921	1,219,534	74,836	2,823,772
Corporate unallocated assets					62,373,081
Total assets					65,196,853
Corporate segment liabilities	1,728,101	494,693	3,004,659	178,793	5,406,246
Corporate unallocated liabilities					6,907,380
Total liabilities					12,313,626

29. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

Insurance and financial risk management objectives and policies are consistent with those disclosed in financial statements for the period ended December 31, 2024.

29.1. Credit risk

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

29.1.1 Management of credit risk

The Operator's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Operator in the following manner:

- Credit rating and / or Credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Operator is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.

- Loans given to employees are deductible from the salary of the employees.

- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of recovery.

29.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk for the year ended December 31, 2024 is as follows:

	December 31, 2024			
	Operators' Fund		Participants' Takaful Fund	
	Balance as per financial statements	Maximum exposure	Balance as per financial statements	Maximum exposure
	(Rupees)			
Other receivables	-	-	887,926	887,926
Takaful / retakaful receivables	-	-	10,107,008	10,107,008
Reinsurance Recoverable	-	-	626,028	626,028
Receivables from PTF	11,716,563	11,716,563	-	-
Cash and bank	40,804,664	40,804,664	48,778,456	48,778,456
	52,521,227	52,521,227	60,399,418	60,399,418

	December 31, 2023			
	Operators' Fund		Participants' Takaful Fund	
	Balance as per financial statements	Maximum exposure	Balance as per financial statements	Maximum exposure
	(Rupees)			
Other receivables	1,095,865	1,095,865	-	-
Takaful / retakaful receivables	-	-	9,428,336	9,428,336
Receivables from PTF	10,709,827	10,709,827		-
Investments	25,000,000	25,000,000	-	-
Cash and bank	25,545,371	25,545,371	9,533,696	9,533,696
	62,351,063	62,351,063	18,962,032	18,962,032

29.1.3 Impaired asset

Age analysis of the contribution due from takaful participants' holder:

	December 31, 2024		December 31, 2023	
	Gross	Impairment	Gross	Impairment
	----------- (Rupees) ------------			
Upto 1 year	6,651,715	-	4,608,601	-
	6,651,715	-	4,608,601	-

Age analysis of amount due from other takaful / retakaful Operators at the reporting date was:

	December 31, 2024		December 31, 2023	
	Gross	Impairment	Gross	Impairment
	----------- (Rupees) ------------			
Upto 1 year	3,455,293	-	4,819,735	-
	3,455,293	-	4,819,735	-

Age analysis of other recoveries against outstandings claims at the reporting date was:

	December 31, 2024		December 31, 2023	
	Gross	Impairment	Gross	Impairment
	----------- (Rupees) ------------		----------- (Rupees) ------------	
Upto 1 year	626,028	-	-	-
	626,028	-	-	-

29.1.4 Credit rating and collateral

The credit quality of Operator's bank balances can be assessed with reference to external credit rating as follows:

	December 31, 2024		
	Short-term Rating	Long-term Rating	Rating agency
Bank Al Habib Limited	A1+	AAA	PACRA
Meezan Bank Limited	A1+	AAA	PACRA
UBL	A1+	AAA	VIS
JS Bank	A1+	AA	PACRA

	December 31, 2023		
	Short-term Rating	Long-term Rating	Rating agency
Bank Al Habib Limited	A1+	AAA	PACRA
Meezan Bank Limited	A1+	AAA	PACRA
UBL	A1+	AAA	VIS

The Operator enters into re-takaful / co-takaful arrangements with re-takaful / other takaful operators having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it is relates is as follows:

	December 31, 2024			
	Amount due from other takaful / retakaful	**Reinsurance recoveries against outstanding claims**	**Prepaid reinsurance premium ceded**	**December 31, 2024**
A or above (including PRCL)	**3,455,293**	**-**	**7,842,590**	**11,297,883**
Other	**-**	**626,028**	**1,960,647**	**2,586,675**
	3,455,293	**626,028**	**9,803,237**	**13,884,558**

	December 31, 2023			
	Amount due from other takaful / retakaful	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	December 31, 2023
A or above (including PRCL)	4,819,735	-	6,170,370	10,990,105
Other	-	-	4,459,740	4,459,740
	4,819,735	-	10,630,110	15,449,845

29.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of contribution due but unpaid at the reporting date was:

	Participants' Takaful Fund			
	December 31, 2024		December 31, 2023	
	(Rupees)	**%**	(Rupees)	%
Textile and composite	**354,444**	**9.64**	24,528	0.26
Cable, engineering and steel	**-**	**-**	38,460	0.41
Others	**3,322,950**	**90.36**	9,360,020	99.33
	3,677,394	**100.00**	9,423,008	100.00

29.1.6 Settlement risk

The Operator's activities may give rise to the risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

29.2. Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due under normal circumstances. To guard against the risk, the Operator has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

	December 31, 2024			December 31, 2023		
	Carrying amount	Upto one year	Greater than one	Carrying amount	Upto one year	Greater than one year
	(Rupees)			(Rupees)		
Non-Derivative Financial Liabilities						
Outstanding claims including IBNR	8,437,126	8,437,126	-	490,482	490,482	-
Takaful / re-takaful payables	11,207,323	11,207,323	-	4,649,812	4,649,812	-
Payable to OPF/PTF	11,716,563	11,716,563	-	10,709,827	10,709,827	-
Other creditors and accruals - PTF & OPF	13,838,450	13,838,450	-	8,314,730	8,314,730	-
	45,199,462	45,199,462	-	24,164,851	24,164,851	-

29.2.1 Management of liquidity risk

The Operator's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. Due to nature of the business, the Operator maintains flexibility in funding by maintaining committed credit lines available. The Operator's liquidity management invloves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

29.2.2 Maturity profile for financial assets and liabilities

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amount in the table are gross nominal undiscounted casf flows (including interest paymets). The information given below is based on the contractural repricing on the maturity dates, which ever is earlier.

	December 31, 2024			December 31, 2023		
	Interest/mark-up bearing	Non-interest/Non-mark-up bearing	Total	Interest/mark-up bearing	Non-interest/Non-mark-up bearing	Total
OPERATOR'S FUND	Maturity upto one year	Maturity upto one year		Maturity upto one year	Maturity upto one year	
Financial Asset						
Receivable from PTF	-	11,716,563	11,716,563	-	10,709,827	10,709,827
Investments	-	-	-	25,000,000	-	25,000,000
Other receivables	-	-	-	-	1,095,865	1,095,865
Cash and bank	40,804,664	-	40,804,664	25,545,371	-	25,545,371
As on December 31, 2024	40,804,664	11,716,563	52,521,227	50,545,371	11,805,692	62,351,063
Financial Liabilities						
Other creditors and accruals	-	13,797,256	13,797,256	-	6,340,424	6,340,424
As on December 31, 2024	-	13,797,256	13,797,256	-	6,340,424	6,340,424
Net	40,804,664	(2,080,693)	38,723,971	50,545,371	5,465,268	56,010,639
PARTICIPANTS' TAKAFUL FUND						
Financial assets						
Takaful / retakaful receivables	-	10,107,008	10,107,008	-	9,428,336	9,428,336
Reinsurance Recoverable	-	626,028	626,028	-	-	-
Other receivables	-	887,926	887,926	-	-	-
cash and bank	48,778,456	-	48,778,456	9,533,696	-	9,533,696
As on December 31, 2024	48,778,456	11,620,962	60,399,418	9,533,696	9,428,336	18,962,032
Financial liabilities						
Outstanding claims including IBNR	-	8,437,126	8,437,126	-	490,482	490,482
Takaful / retakaful payables	-	11,207,323	11,207,323	-	4,649,812	4,649,812
Payable to OPF	-	11,716,563	11,716,563	-	10,709,827	10,709,827
Other creditors and accrual	-	41,194	41,194	-	1,974,306	1,974,306
As on December 31, 2024	-	31,402,206	31,402,206	-	17,824,427	17,824,427

29.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will effect the Operator's income or the value of its holding of financial instruments. the objectve of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Operator is exposed to interest rate risk, currency risk and other price risk.

29.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Operator limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

Refer note 29.2.2 for the details of maturity analysis of financial instruments.

29.3.1.1 Senstivity analysis

At the balance sheet date the interest rate profile of the Operator's interest-bearing financial instrument are as follows:

	Operator's Fund		Operator's Fund	
	December 31, 2024		December 31, 2023	
Financial asset Assets subjective to variable rate	**Effective interest rate in %**	**Rupees**	Effective interest rate in %	Rupees
-Bank balances	**10.75%**	**40,804,664**	7.5% to 17.5%	25,545,371
	Participants' Takaful Fund		Participants' Takaful Fund	
	December 31, 2024		December 31, 2023	
Financial asset Assets subjective to variable rate	**Effective interest rate in %**	**Rupees**	Effective interest rate in %	Rupees
-Bank balances	**10.75%**	**48,778,456**	7.5% to 15.75%	9,533,696

Fair value senstivity analysis for fixed rate instrument

The Operator does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and Fund of the Operator.

Cash flow senstivity analysis for variable rate instruments

The Operator is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks. A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	December 31, 2024		December 31, 2023	
	Operator's Fund		Operator's Fund	
	Mark-up 100bps		Mark-up 100bps	
	Increase	**Decrease**	Increase	Decrease
	(Rupees)		(Rupees)	
Cash flow senstivity	**4,080,466**	**(4,080,466)**	2,554,537	(2,554,537)
	Participants' Takaful Fund		Participants' Takaful Fund	
Cash flow senstivity	**4,877,846**	**(4,877,846)**	953,370	(953,370)

29.3.1.2 Price risk

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

The WTO's strategy is to hold its strategic investments for long period of time. Thus, WTO's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. WTO strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. WTO manages price risk by monitoring exposure in these securities and implementing the strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The WTO has no significant concentration of price risk.

29.3.1.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The WTO, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

29.4 Fund management

The Operator's objective when managing capital is to safe guard the WTO's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Operator manages its funds structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: quoted prices in the active market for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices include in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

OPERATOR'S FUND

	As on December 31, 2024							
	Held to maturity	Loans and receivables	Other financial assets	Financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Receivable from PTF	-	11,716,563	-	-	11,716,563	-	-	-
Cash and bank balances	-	-	40,804,664	-	40,804,664	-	-	-
	-	11,716,563	40,804,664	-	52,521,227	-	-	-
Financial liabilities not measured at fair vlaue								
Other creditors and accruals	-	-	-	13,797,256	13,797,256	-	-	-
	-	-	-	13,797,256	13,797,256	-	-	-

	As on December 31, 2023							
	Held to maturity	Loans and receivables	Other financial assets	Financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Investments	25,000,000	-	-	-	25,000,000	-	25,000,000	-
Other receivables	-	1,095,865	-	-	1,095,865	-	-	-
Receivable from PTF	-	10,709,827	-	-	10,709,827	-	-	-
Cash and bank balances	-	-	25,545,371	-	25,545,371	-	-	-
	25,000,000	11,805,692	25,545,371	-	62,351,063	-	25,000,000	-
Financial liabilities not measured at fair vlaue								
Other creditors and accruals	-	-	-	6,340,424	6,340,424	-	-	-
	-	-	-	6,340,424	6,340,424	-	-	-

PARTICIPANTS' TAKAFUL FUND	As on December 31, 2024							
	Held to maturity	Loans and receivables	Other financial assets	Financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
	(Rupees)							
Financial asstes measured at fair value								
Takaful / retakaful recoveries	-	10,107,008	-	-	10,107,008	-	-	-
Reinsurance Recoverable	-	626,028	-	-	626,028	-	-	-
Other Receivable	-	887,926	-	-	887,926	-	-	-
cash and bank balances	-	-	48,778,456	-	48,778,456	-	-	-
	-	11,620,962	48,778,456	-	60,399,418	-	-	-
Financial liabilities not measured at fair value								
Payble to OPF	-	-	-	11,716,563	11,716,563	-	-	-
Outstanding claims including IBNR	-	-	-	8,437,126	8,437,126	-	-	-
Takaful / retakaful payables	-	-	-	11,207,323	11,207,323	-	-	-
Other creditors and accruals	-	-	-	41,194	41,194	-	-	-
	-	-	-	31,402,206	31,402,206	-	-	-

	As on December 31, 2023							
	Held to maturity	Loans and receivables	Other financial assets	Financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
	(Rupees)							
Financial asstes measured at fair value								
Takaful / retakaful recoveries	-	9,428,336	-	-	9,428,336	-	-	-
cash and bank balances	-	-	9,533,696	-	9,533,696	-	-	-
	-	9,428,336	9,533,696	-	18,962,032	-	-	-
Financial liabilities not measured at fair value								
Payble to OPF	-	-	-	10,709,827	10,709,827	-	-	-
Outstanding claims including IBNR	-	-	-	490,482	490,482	-	-	-
Takaful / retakaful payables	-	-	-	4,649,812	4,649,812	-	-	-
Other creditors and accruals	-	-	-	1,974,306	1,974,306	-	-	-
	-	-	-	17,824,427	17,824,427	-	-	-

The carrying value of remaining financia assets and financial liabilities reflected in these financial statements approximate to their value, as there are mostly short term in mature or repriced frequently.

31. NUMBER OF EMPLOYEES	December 31, 2024	December 31, 2023
Number of employees at the end of the year	2	1
Average number of employees during the period	2	1

32. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 29 APR 2025 by the Board of Directors of the Company.

33. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer	Director	Director	Chairman