

Report (Un-Audited)
Third Quarter 2021



Going Beyond





EFU GENERAL INSURANCE LTD

ISO 9001: 2015 Certified



efuinsurance.com

Insurer Financial Strength

AA+
Outlook Stable
VIS

AA+
Outlook Stable
PACRA

B+
Outlook Stable
A.M.BEST
For the latest rating,
access www.ambest.com

Contents

03	Company Information
04	Directors' Review
05	Directors' Review Urdu
06	Unconsolidated Condensed Interim Statement of Financial Position
07	Unconsolidated Condensed Interim Profit and Loss Account
08	Unconsolidated Condensed Interim Statement of Comprehensive Income
09	Unconsolidated Condensed Interim Cash Flow Statement
10	Unconsolidated Condensed Interim Statement of Changes in Equity
11	Notes to the Unconsolidated Condensed Interim Financial Statements

Consolidated Condensed Interim Financial Statements

32	Directors' Review
33	Directors' Review Urdu
34	Consolidated Condensed Interim Statement of Financial Position
35	Consolidated Condensed Interim Profit and Loss Account
36	Consolidated Condensed Interim Statement of Comprehensive Income
37	Consolidated Condensed Interim Cash Flow Statement
38	Consolidated Condensed Interim Statement of Changes in Equity
39	Notes to the Consolidated Condensed Interim Financial Statements

Window Takaful Operations

- 64** Condensed Interim Statement of Financial Position
- 65** Condensed Interim Profit and Loss Account
- 66** Condensed Interim Statement of Comprehensive Income
- 67** Condensed Interim Cash Flow Statement
- 68** Condensed Interim Statement of Changes in Funds
- 69** Notes to the Condensed Interim Financial Statements

Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Rafique R. Bhimjee

Taher G. Sachak

Ali Raza Siddiqui

Mohammed Iqbal Mankani

Saad Bhimjee

Tanveer Sultan Moledina

Yasmin Hyder

Chief Financial Officer

Altaf Qamruddin Gokal, F.C.A.

Company Secretary

Amin Punjani, A.C.A., A.C.C.A., M.A.

Legal Advisor

Mohammad Ali Sayeed

Advisors

S.C. (Hamid) Subjally

Syed Mehdi Imam, M.A.

Shari'ah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Tanveer Sultan Moledina

Rafique R. Bhimjee

Ali Raza Siddiqui

Taher G. Sachak

Yasmin Hyder

Investment Committee

Rafique R. Bhimjee

Saifuddin N. Zoomkawala

Hasanali Abdullah

Taher G. Sachak

Altaf Gokal

Ethics, Human Resource & Remuneration Committee

Iqbal Mankani

Saifuddin N. Zoomkawala

Hasanali Abdullah

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Sheikh Sultan Trust Building No. 2

Beaumont Road

Karachi

Registrar

CDC Share Registrar Services Limited

CDC House, 99-B, Block B

S.M.C.H.S., Shahrah-e-Faisal

Karachi - 74400

Website

www.efuinsurance.com

Email

info@efuinsurance.com

Registered Office

Kamran Centre, 1st Floor

85, East, Jinnah Avenue

Blue Area

Islamabad

Main Offices

EFU House

M. A. Jinnah Road

Karachi

Co-operative Insurance Building

23, Shahrah-e-Quaid-e-Azam

Lahore

Window Takaful Operations

5th Floor, EFU House

M. A. Jinnah Road

Karachi

Directors' Review

We are pleased to present the unaudited financial statements for the nine months period ended 30 September 2021.

Performance Review

The Written Premium for the period increased by 8 % to Rs. 18,662 million (including Takaful Contribution of Rs. 2,045 million) from 17,307 million (including Takaful Contribution of Rs. 1,830 million) for corresponding period of last year. The Net Premium Revenue increased by 10 % to Rs. 7,048 million from Rs. 6,431 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was 47% as compared to 50% for the corresponding period last year.

Investment income (including rental income, profit on deposits and other income) for the period increased by 6 % to Rs. 1,871 million as compared to Rs. 1,765 million for the corresponding period of last year.

The after tax profit for the period increased by 10 % to Rs. 1,956 million as compared to Rs. 1,775 million in the corresponding period last year.

The earnings per share for the nine months was Rs. 9.78 as against Rs. 8.88 in the corresponding period of last year.

Your Directors have pleasure in declaring third interim cash dividend of Rs.1.5 (15.00%) per share for the year 2021.

Outlook

Although Government had plans to implement growth oriented budget, global slowdown may affect the economy in future.

Acknowledgements

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

Your Directors would also like to thank the Securities & Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance and support.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

ڈائریکٹرز ریویو

(یہ انگریزی ڈائریکٹرز ریویو کا ترجمہ ہے)

ہم بمسرت ۳۰ ستمبر ۲۰۲۱ء کو ختم ہونے والی ۹ ماہ کی مدت کے لئے غیر آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

کارکردگی کا جائزہ

اس مدت کیلئے تحریری پریمئیم ۸ فیصد اضافے کے ساتھ ۱۸،۶۶۲ ملین روپے (بشمول نکافل کنٹری بیوشن ۲،۰۴۵ ملین روپے) ہو گیا جو گزشتہ سال کی اس مدت کے دوران ۱۷،۳۰۷ ملین روپے (بشمول نکافل کنٹری بیوشن ۱،۸۳۰ ملین روپے) رہا تھا۔ خالص پریمئیم ریونیو ۱۰ فیصد اضافے سے بڑھ کر ۵،۰۴۸ ملین روپے ہو گیا جو گزشتہ سال کی اس مدت کیلئے ۶،۴۳۱ ملین روپے رہا تھا۔ خالص پریمئیم ریونیو کے لئے مجموعی کلیجہ کا تناسب ۴۷ فیصد تھا جو گزشتہ سال کی اس مدت کے دوران ۵۰ فیصد رہا تھا۔

سرمایہ کاری کی آمدنی (بشمول ریٹیل آمدنی، ڈپازٹس پر منافع جات اور دیگر آمدنی) برائے زیر جائزہ مدت ۶ فیصد اضافے سے بڑھ کر ۱،۸۷۱ ملین روپے ہو گئی جو اس کے مقابلے میں گزشتہ سال کی اس مدت کے لئے ۱،۷۶۵ ملین روپے تھی۔

اس مدت کے لئے منافع بعد از ٹیکس ۱۰ فیصد سے بڑھ کر ۱،۹۵۶ ملین روپے ہو گیا جو اس کے مقابلے میں گزشتہ سال کی اس مدت میں ۱،۷۷۵ ملین روپے تھا۔

اس ۹ ماہ کی مدت کے لئے آمدنی فی شیئر ۸۷ روپے رہی جو اس کے مقابلے میں گزشتہ سال کی اس مدت میں ۸۷ روپے تھی۔

آپ کے ڈائریکٹرز بمسرت سال ۲۰۲۱ء کے لئے تیسرے عبوری نقد منافع منقسمہ بشرح ۵۰ روپے (۱۵ فیصد) کا اعلان کرتے ہیں۔

مستقبل کا نقطہ نظر

اگرچہ حکومت نے گروتھ اور اینڈ بجٹ لانے کا منصوبہ بنایا ہے تاہم مستقبل میں عالمی سست روی معیشت کو متاثر کر سکتی ہے۔

اظہار تشکر

آپ کے ڈائریکٹرز تہ دل سے یہ امر ریکارڈ پر لاتے ہیں کہ ہمارے آفیسرز، فیلڈ فورس اور دیگر اسٹاف نے نہایت جانفشانی سے کمپنی کی ترقی کے لئے محنت کی ہے اور کاروبار کے اضافے اور کامیابیوں کے تسلسل کو برقرار رکھنے میں کردار ادا کیا ہے۔

آپ کے ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور اپنے تمام ری انشوررز کا ان کی مسلسل رہنمائی اور تعاون کیلئے شکریہ بھی ادا کرنا چاہتے ہیں۔

سیف الدین این۔ زومکا والا
چیئرمین

حسن علی عبداللہ
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی۔ ساچک
ڈائریکٹر

رفیق آر۔ بصیم جی
ڈائریکٹر

کراچی، ۲۸ اکتوبر ۲۰۲۱ء

Unconsolidated Condensed Interim Statement of Financial Position As at 30 September 2021 (Unaudited)

Rupees '000

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Property and equipment	6	2 774 124	2 818 853
Investment property	7	2 521 549	2 517 970
Investment in subsidiary	8	9 086 552	9 298 848
Investments			
Equity securities	9	3 960 982	4 480 733
Debt securities	10	10 643 019	10 273 302
Term deposits		453 370	683 006
Loans and other receivables	11	166 521	344 839
Insurance / reinsurance receivables	12	3 762 756	3 639 822
Reinsurance recoveries against outstanding claims	19	4 001 852	3 856 142
Salvage recoveries accrued		80 616	55 059
Deferred commission expense	20	788 067	678 039
Retirement benefit		30 955	34 454
Taxation - payments less provision		10 936	-
Prepayments	13	4 950 096	4 864 069
Cash and bank	14	1 104 575	1 328 500
		<u>44 335 970</u>	<u>44 873 636</u>
Total assets of window takaful operations - Operator's Fund		<u>1 129 491</u>	<u>938 700</u>
Total assets		<u><u>45 465 461</u></u>	<u><u>45 812 336</u></u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	15	15 458 133	16 183 550
Unappropriated profit		1 401 053	1 395 315
Total equity		<u>18 859 186</u>	<u>19 578 865</u>
Surplus on revaluation of property and equipment		<u>1 013 184</u>	<u>1 013 365</u>
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	19	7 513 384	7 111 989
Unearned premium reserve	18	10 603 444	9 411 142
Unearned reinsurance commission	20	139 115	152 144
Deferred taxation		290 489	724 126
Premium received in advance		32 955	43 747
Insurance / reinsurance payables		3 637 295	4 559 213
Other creditors and accruals	16	2 851 832	2 683 162
Taxation - provision less payments		-	92 583
Total liabilities		<u>25 068 514</u>	<u>24 778 106</u>
		<u>44 940 884</u>	<u>45 370 336</u>
Total liabilities of window takaful operations - Operator's Fund		<u>524 577</u>	<u>442 000</u>
Total equity and liabilities		<u><u>45 465 461</u></u>	<u><u>45 812 336</u></u>
Contingencies and commitments	17		

The annexed notes 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Unconsolidated Condensed Interim Profit and Loss Account For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Note	Three months period ended		Nine months period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net insurance premium	18	2 294 597	2 227 133	7 047 935	6 430 761
Net insurance claims	19	(1 245 560)	(1 401 243)	(3 287 383)	(3 208 681)
Net commission and other acquisition cost	20	(324 768)	(138 597)	(923 606)	(510 945)
Insurance claims and acquisition expenses		(1 570 328)	(1 539 840)	(4 210 989)	(3 719 626)
Management expenses		(675 302)	(677 268)	(2 040 042)	(2 009 468)
Underwriting results		48 967	10 025	796 904	701 667
Investment income	21	350 045	400 349	1 666 683	1 554 811
Rental income		31 263	26 903	90 679	89 715
Other income	22	63 213	25 119	114 104	120 421
Other expenses		(5 282)	(13 986)	(51 101)	(65 180)
		439 239	438 385	1 820 365	1 699 767
Results of operating activities		488 206	448 410	2 617 269	2 401 434
Profit from window takaful operations - Operator's Fund	23	65 762	45 891	126 822	154 076
Profit before tax		553 968	494 301	2 744 091	2 555 510
Income tax expense	24	(153 598)	(140 393)	(788 534)	(780 503)
Profit after tax		400 370	353 908	1 955 557	1 775 007
Earnings (after tax) per share - Rupees	25	2.00	1.77	9.78	8.88

The annexed notes 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Unconsolidated Condensed Interim Statement of Comprehensive Income For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Profit after tax	400 370	353 908	1 955 557	1 775 007
Other comprehensive income				
Total items that may be reclassified subsequently to profit and loss account				
Unrealized (loss) / gain on available-for-sale investments during the period	(629 673)	668 652	(1 130 264)	750 204
Reclassification adjustments relating to available-for-sale investments disposed off during the period	–	3 335	40 941	13 692
Unrealized loss on available-for-sale investments during the period of subsidiary company	(176 222)	(244 296)	(286 797)	(1 172 921)
Total unrealized (loss) / gain on available-for-sale investments	(805 895)	427 691	(1 376 120)	(409 025)
Deferred tax on available-for-sale investments	182 606	(194 876)	315 905	(221 531)
Deferred tax on available-for-sale investments of subsidiary company	51 104	70 845	83 171	340 147
Net unrealized gain / (loss) from window takaful operations - Operator's Fund (net of deferred tax)	(3)	(1 474)	1 627	(76)
Other comprehensive income	(572 188)	302 186	(975 417)	(290 485)
Total comprehensive income for the period	(171 818)	656 094	980 140	1 484 522

The annexed notes 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Unconsolidated Condensed Interim Cash Flow Statement For the nine months period ended 30 September 2021 (Unaudited)

	2021	2020
		Rupees '000
Operating cash flows		
a) Underwriting activities		
Insurance premium received	16 532 396	16 141 794
Reinsurance premium paid	(9 360 675)	(9 222 586)
Claims paid	(4 678 632)	(3 674 084)
Reinsurance and other recoveries received	1 573 027	1 483 991
Commission paid	(1 168 262)	(991 328)
Commission received	198 748	236 081
Management expenses paid	(1 806 356)	(1 754 273)
Net cash flow from underwriting activities	1 290 246	2 219 595
b) Other operating activities		
Income tax paid	(889 792)	(778 386)
Other operating payments	(100 083)	21 748
Other operating receipts	90 078	110 339
Loans advanced	(780)	(291)
Loans repayments received	525	1 254
Net cash flow used in other operating activities	(900 052)	(645 336)
Total cash flow from all operating activities	390 194	1 574 259
Investment activities		
Profit / return received	1 094 119	1 088 131
Dividend received	781 260	664 490
Rentals received	127 063	53 463
Payment for investments / investment properties	(14 655 236)	(10 093 017)
Proceeds from investments / investment properties	13 937 175	8 414 525
Fixed capital expenditures	(225 942)	(137 560)
Proceeds from sale of property and equipment	30 115	6 934
Total cash flow from / (used in) investing activities	1 088 554	(3 034)
Financing activities		
Payments against lease liabilities	(45 608)	(40 050)
Dividends paid	(1 657 065)	(1 653 383)
Total cash flow used in financing activities	(1 702 673)	(1 693 433)
Net cash flow used in all activities	(223 925)	(122 208)
Cash and cash equivalents at the beginning of period	1 328 500	1 191 688
Cash and cash equivalents at the end of period	1 104 575	1 069 480
Reconciliation to profit and loss account		
Operating cash flows	390 194	1 574 259
Depreciation / amortization expense	(264 997)	(262 972)
Finance cost	(7 431)	(9 334)
Profit on disposal of property and equipment	24 440	6 567
Profit on disposal of investments / investment properties	92 498	14 723
Rental income	90 679	89 715
Dividend Income	775 581	661 381
Other investment income	798 604	878 706
Profit on deposits	69 255	90 090
Other income	20 409	23 764
Increase / (decrease) in assets other than cash	524 667	(1 094 869)
Increase in liabilities other than borrowings	(685 164)	(351 099)
Profit after tax from conventional insurance operations	1 828 735	1 620 931
Profit from window takaful operations - Operator's Fund	126 822	154 076
Profit after tax	1 955 557	1 775 007

The annexed notes 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Unconsolidated Condensed Interim Statement of Changes in Equity For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company						Total
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves		Unappropriated profit	
				Unrealized gain / (loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property		
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	(749 729)	1 502 713	1 530 185	19 296 071
Total comprehensive income for the period ended 30 September 2020							
Profit after tax						1 775 007	1 775 007
Other comprehensive income				(290 485)		-	(290 485)
				(290 485)		1 775 007	1 484 522
Transferred from surplus on revaluation of property, and equipment on account of incremental depreciation- net of tax						20	20
Transactions with owners recorded directly in equity							
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
2nd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Other transfer within equity							
Transfer to general reserve			400 000			(400 000)	-
Balance as at 30 September 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>(1 040 214)</u>	<u>1 502 713</u>	<u>1 205 212</u>	<u>19 080 613</u>
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	(852 863)	1 623 511	1 395 315	19 578 865
Total comprehensive income for the period ended 30 September 2021							
Profit after tax						1 955 557	1 955 557
Other comprehensive income				(975 417)		-	(975 417)
				(975 417)	-	1 955 557	980 140
Transferred from surplus on revaluation of property, and equipment on account of incremental depreciation- net of tax						181	181
Transactions with owners recorded directly in equity							
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Other transfer within equity							
Transfer to general reserve			250 000			(250 000)	-
Balance as at 30 September 2021	<u>2 000 000</u>	<u>12 902</u>	<u>15 650 000</u>	<u>(1 828 280)</u>	<u>1 623 511</u>	<u>1 401 053</u>	<u>18 859 186</u>

The annexed notes 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Notes to the Unconsolidated Condensed Interim Financial Statements For the nine months period ended 30 September 2021 (Unaudited)

1. Legal status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 02 September 1932. The Company is listed on the Pakistan Stock Exchange and is engaged in non-life insurance business comprising of fire and property damage, marine, motor, miscellaneous etc.

The Registered Office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Company operates through 56 (2020: 54) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

- 1.1 In 2018, the Company had assessed its control position in relation to its investments in EFU Life Assurance Limited after its agreement with some shareholders of EFU Life Assurance Limited effective 31 March 2018, accordingly it was concluded that the Company has the ability to control the composition of the Board of Directors of EFU Life Assurance Limited, therefore EFU Life Assurance Limited has become the subsidiary of the Company from 31 March 2018.

2. Basis of preparation and statement of compliance

These unconsolidated condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012, General Takaful Accounting Regulations, 2019;

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 condensed interim financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of condensed interim financial statements of the General Window Takaful Operations has been reported which is annexed to these unconsolidated condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012, General Takaful Accounting Regulations, 2019.

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual unconsolidated financial statements and should be read in conjunction with the Company's audited annual unconsolidated financial statements for the year ended 31 December 2020.

2.1 Basis of measurement

The unconsolidated condensed interim financial statements have been prepared under the historical cost basis except for the available-for-sale investments, property and equipment and investment property that have 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.

2.2 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees in thousand, unless otherwise stated.

2.3 Standards, interpretations and amendments effective during the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these unconsolidated condensed interim 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 01 July 2021:

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends 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.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its 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. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

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

- 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 held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets.

Rupees '000

Financial assets	30 September 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Investment in subsidiary - available for sale	9 086 552	(286 797)	–	–	–
Investments in equity securities - available for sale	3 960 982	(713 049)	–	–	–
Investments in debt securities - available for sale	–	–	10 643 019	–	(376 274)
Term Deposits *	–	–	453 370	–	–
Loans and other receivables *	–	–	2 110	–	–
Total	13 047 534	(999 846)	11 098 499	–	(376 274)

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

Rupees '000

Investments in debt securities - available-for-sale	30 September 2021 (Unaudited)				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	AA-	Unrated
Investments in debt securities - available-for-sale	100 000	51 012	5 527	180 000	10 306 480
Term deposits	364 870	–	–	88 500	–
Total	464 870	51 012	5 527	268 500	10 306 480

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of unconsolidated condensed interim financial statements are consistent with those followed in preparation of annual audited unconsolidated financial statements of the Company for the year ended 31 December 2020.

4. Accounting estimates and judgements

The preparation of these unconsolidated condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of these unconsolidated condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation, uncertainty were the same as those that applied to the audited unconsolidated financial statements as at and for the year ended 31 December 2020 except for useful life of tracker equipment as mentioned in note 4.1.

4.1 Change in accounting estimates

The Company, during the period has reviewed the useful life of tracker equipment. This has resulted into revision of useful life of tracker equipment from five years to three years. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting Policies, Changes in Estimates and Errors" whereby the effect of the change has been recognized prospectively by including the same in the profit and loss account in the period of the change. Had the Company's accounting estimate not been changed, property and equipment of the Company and profit after tax for the period would have been higher by Rs. 40,875 thousand and Rs. 29,022 thousand respectively.

5. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the audited unconsolidated financial statements for the year ended 31 December 2020.

6. Property and equipment

The details of additions and disposals during the nine months period ended 30 September 2021 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Buildings	60 243	71 279	–	–
Right of use assets - buildings	58 679	–	–	–
Furniture and fixtures	13 716	13 023	–	–
Office equipment	10 860	8 511	–	–
Computer equipment	20 585	12 132	–	–
Vehicles	51 677	23 057	5 675	367
Tracker equipment	10 182	9 558	–	–
	<u>225 942</u>	<u>137 560</u>	<u>5 675</u>	<u>367</u>

7. Investment property

Rupees '000

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Opening net book value	2 517 970	2 341 470
Additions and capital improvements	3 579	6 362
Unrealized fair value gain *	–	170 138
Closing net book value	<u>2 521 549</u>	<u>2 517 970</u>

* The Company revalues its investment property annually and any change in fair value is accounted for at the end of the year, as per IAS 40.

8. Investment in subsidiary

Rupees '000

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 165 443	–	13 165 443	13 090 943	–	13 090 943
Deficit on revaluation	–	–	(4 078 891)	–	–	(3 792 095)
	<u>13 165 443</u>	<u>–</u>	<u>9 086 552</u>	<u>13 090 943</u>	<u>–</u>	<u>9 298 848</u>

9. Investment in equity securities - available-for-sale

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party *						
Listed shares	396 298	–	396 298	396 298	–	396 298
Others						
Listed shares	2 186 017	(35 626)	2 150 391	1 969 892	(39 956)	1 929 936
Unlisted shares	15 500	(15 500)	–	15 500	(15 500)	–
	2 201 517	(51 126)	2 150 391	1 985 392	(55 456)	1 929 936
Surplus on revaluation	–	–	1 414 293	–	–	2 154 499
	<u>2 597 815</u>	<u>(51 126)</u>	<u>3 960 982</u>	<u>2 381 690</u>	<u>(55 456)</u>	<u>4 480 733</u>

* The Company has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as the management has concluded that the Company does not have significant influence in these companies.

10. Investment in debt securities - available-for-sale

Rupees '000

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government securities	10 358 676	–	10 358 676	9 612 685	–	9 612 685
Term finance certificates	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukus	180 000	–	180 000	180 000	–	180 000
	10 782 794	(44 118)	10 738 676	10 036 803	(44 118)	9 992 685
(Deficit) / surplus on revaluation	–	–	(95 657)	–	–	280 617
	<u>10 782 794</u>	<u>(44 118)</u>	<u>10 643 019</u>	<u>10 036 803</u>	<u>(44 118)</u>	<u>10 273 302</u>

11. Loans and other receivables – considered good

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Loans to employees		2 110	1 854
Accrued investment income		100 885	289 588
Security deposits		18 131	17 431
Advances to suppliers		25 773	4 098
Advances to employees		10 124	5 102
Other receivables		9 498	26 766
		<u>166 521</u>	<u>344 839</u>
12. Insurance / reinsurance receivables – unsecured and considered good			
Due from insurance contract holders		3 641 748	3 573 077
Provision for impairment of receivables from insurance contract holders		(1 209)	(7 123)
		<u>3 640 539</u>	<u>3 565 954</u>
Due from other insurer / reinsurers		122 217	73 868
		<u>3 762 756</u>	<u>3 639 822</u>
13. Prepayments			
Prepaid reinsurance premium ceded	18	4 869 891	4 808 670
Software and hardware support services		3 247	845
Prepaid insurance premium		8 427	–
Prepaid charges for vehicle tracking devices		42 412	50 090
Annual supervision fee		7 900	–
Others		18 219	4 464
		<u>4 950 096</u>	<u>4 864 069</u>

		Rupees '000
	Note	31 December 2020 (Audited)
		30 September 2021 (Unaudited)
14. Cash and bank		
Cash and cash equivalents		
Cash in hand		1 569
Policy and revenue stamps - bond papers		21 881
		23 450
Cash at bank		
Current accounts		207 542
Saving accounts		873 583
		1 081 125
		1 104 575
		19 962
		148 584
		1 159 954
		1 308 538
		1 328 500
15. Reserves		
Capital reserve		
Reserve for exceptional losses	15.1	12 902
Revenue reserves		
General reserve		15 650 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(1 828 280)
Reserve for change in fair value of investment property - net		1 623 511
		15 458 133
		12 902
		15 400 000
		(852 863)
		1 623 511
		16 183 550

15.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

		Rupees '000
		31 December 2020 (Audited)
		30 September 2021 (Unaudited)
16. Others creditors and accruals		
Federal insurance fee payable		10 276
Sales tax payable		43 835
Accrued expenses		264 140
Agent commission payable		583 622
Unearned rentals		97 904
Other deposits		1 259 740
Unclaimed dividends		402 115
Lease liability		121 062
Others		69 138
		11 847
		175 492
		297 260
		506 475
		68 097
		1 098 695
		359 180
		100 561
		65 555
		2 683 162
		2 851 832

17. Contingencies and commitments

17.1 The income tax assessment of the Company has been finalized upto tax year 2021.

The Income Tax Department has made an assessment order for assessment year 1999-2000 and 2000-2001 by adding back provision for bonus to staff, provision for gratuity and excess management expense. The Company had filed appeals before the Commissioner, Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Company had filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeals are decided against the Company a tax liability of Rs. 13 million would arise.

The Income Tax Department (Audit) has made an assessment order for assessment year 2002-2003 by adding certain items. The Company had filed an appeal before Commissioner Income Tax (Appeals). The appeal was decided in the favour of the Company. The Department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) and the same has been decided in the favour of the Company. The Department has filed appeal before Honourable High Court of Sindh against the order of the Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company a tax liability of Rs. 76 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Company for tax year 2005 to 2007 by disallowing prorated expense. The Company has filed appeals before Commissioner Income Tax (Appeals). The appeals were decided in the favour of the Company. The Department then filed appeals before the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) had passed an order in favour of the Company. The Department then filed reference before the Honourable High Court of Sindh. The Honourable High Court of Sindh maintained the decision of Income Tax Appellate Tribunal (ITAT). The Department has filed appeals for the tax year 2005 to 2007 before the Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh in respect of proration of expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Company for tax year 2008 by adding capital gain on investment, depreciation on leased asset, admissible expenses, re-insurance premium ceded, provision for leave encashment, amortization of premium relative to par and provision for outstanding claims (IBNR). The Company filed appeal before Commission Income Tax (Appeals) against the order of Income Tax Commissioner (Audit). The Appeal decided in favour of the Company except addition made on account of reinsurance premium ceded. The Company has filed appeal before Income Tax Appellate Tribunal (ITAT) against the decision of Income Tax Commissioner (Appeals) for maintaining the decision of Income Tax Commissioner (Audit) with respect to confirming the addition made on account of re-insurance premium ceded. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Company. The Department filed appeal in Income Tax Appellate Tribunal (ITAT) against the decision of Income Tax Commissioner (Appeals) for deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Company. The Department has filed appeals before the Honourable High Court of Sindh against the decision of the Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium, deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. If the appeals decided against the Company, a tax liability of Rs. 5,099 million would be payable. The Honourable High Court of Sindh has issued orders in favour of the assesses on the identical cases.

The Department has filed an appeal for tax years 2014 to 2016 before the Income Tax Appellate Tribunal (ITAT) against the order of Commissioner (Appeal) in respect of Dividend Income taxed at reduced rate. If the appeal is decided against the Company, a tax liability of Rs. 355 million would arise.

The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax years 2017 and 2019 on account of fair market value of motor vehicles. The Company has filed appeals before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) has confirmed the action of the Commissioner, Inland Revenue (Audit). The Company then filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeal is decided against the Company, a tax liability of Rs. 2 million would arise.

The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax year 2020 on account of expenses. The Company has filed appeals before Commissioner Income Tax (Appeals). If the appeal is decided against the Company, a tax liability of Rs. 2 million would arise.

No provision has been made in these unconsolidated condensed interim financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Company.

- 17.2 In 2014, 2015, 2016, 2017 and 2018, the Searle Company Limited issued bonus shares (453,612, 312,993, 664,632, 472,284 and 443,697 shares, respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981, 24,857 and 21,360 shares respectively). In this regard, a constitutional petition had been filed by the Company in Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Company. The Honourable High Court of Sindh decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Company has not paid / provided an amount of Rs. 37 million being withholding tax on bonus shares.
- 17.3 There are no commitments as at 30 September 2021 (31 December 2020: Nil).

18. Net insurance premium

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Written gross premium	7 089 873	6 304 859	16 617 774	15 476 409
Unearned premium reserve - opening	8 805 984	8 376 182	9 411 142	9 143 972
Unearned premium reserve - closing	(10 603 444)	(9 719 463)	(10 603 444)	(9 719 463)
Premium earned	5 292 413	4 961 578	15 425 472	14 900 918
Less:				
Reinsurance premium ceded	3 251 437	3 034 193	8 438 758	7 640 898
Prepaid reinsurance premium - opening	4 616 270	4 621 001	4 808 670	5 750 008
Prepaid reinsurance premium - closing	(4 869 891)	(4 920 749)	(4 869 891)	(4 920 749)
Reinsurance expense	2 997 816	2 734 445	8 377 537	8 470 157
	<u>2 294 597</u>	<u>2 227 133</u>	<u>7 047 935</u>	<u>6 430 761</u>
19. Net insurance claim expense				
Claims Paid	1 547 514	1 243 908	4 653 073	3 628 553
Outstanding claims including IBNR - closing	7 513 384	7 693 770	7 513 384	7 693 770
Outstanding claims including IBNR - opening	(7 532 603)	(6 966 017)	(7 111 989)	(6 273 372)
Claim expense	1 528 295	1 971 661	5 054 468	5 048 951
Less:				
Reinsurance and other recoveries received	548 336	315 087	1 621 375	1 525 695
Reinsurance and other recoveries in respect of outstanding claims - opening	(4 267 453)	(4 141 093)	(3 856 142)	(4 081 849)
Reinsurance and other recoveries in respect of outstanding claims - closing	4 001 852	4 396 424	4 001 852	4 396 424
Reinsurance and other recoveries revenue	282 735	570 418	1 767 085	1 840 270
	<u>1 245 560</u>	<u>1 401 243</u>	<u>3 287 383</u>	<u>3 208 681</u>

20. Net commission expense

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Commission paid or payable	638 570	520 897	1 245 410	1 093 699
Deferred commission expense - opening	541 078	486 923	678 039	598 669
Deferred commission expense - closing	(788 067)	(677 643)	(788 067)	(677 643)
Net commission	391 581	330 177	1 135 382	1 014 725
Less:				
Commission received or recoverable	103 035	111 046	198 747	236 082
Unearned reinsurance commission - opening	102 893	243 772	152 144	430 936
Unearned reinsurance commission - closing	(139 115)	(163 238)	(139 115)	(163 238)
Commission from reinsurers	66 813	191 580	211 776	503 780
	<u>324 768</u>	<u>138 597</u>	<u>923 606</u>	<u>510 945</u>
21. Investment income				
Income from subsidiary - available-for-sale				
Dividend income	67 142	66 131	601 345	593 501
Income from equity securities - available-for-sale				
Dividend income	72 863	4 724	174 236	67 880
Income from debt securities - available-for-sale				
Return on debt securities	240 720	286 616	814 922	908 587
Income from term deposits Return on term deposits	2 333	4 159	7 478	14 218
	383 058	361 630	1 597 981	1 584 186
Net realized gains / (losses) on investments Available-for-sale financial assets				
Realized gains on:				
Equity securities	2 234	3 334	162 264	15 840
Realized losses on:				
Equity securities	(12 484)	-	(69 766)	(1 117)
	(10 250)	3 334	92 498	14 723
	<u>372 808</u>	<u>364 964</u>	<u>1 690 479</u>	<u>1 598 909</u>
(Impairment) / reversal in value of available-for-sale equity securities	(22 573)	35 616	(22 826)	(43 667)
Investment related expenses	(190)	(231)	(970)	(431)
	<u>350 045</u>	<u>400 349</u>	<u>1 666 683</u>	<u>1 554 811</u>

22. Other income

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Gain on sale of property and equipment	12 749	3 332	24 440	6 567
Return on loans to employees	32	25	93	102
Exchange gains	25 182	(735)	20 316	24 401
Return on bank balances	25 250	22 497	69 255	89 351
	<u>63 213</u>	<u>25 119</u>	<u>114 104</u>	<u>120 421</u>
23. Profit from window takaful operations – Operator's Fund				
Wakala fee	198 778	166 396	565 595	501 247
Commission expense	(77 932)	(61 916)	(223 971)	(182 754)
General, administrative and management expenses	(75 280)	(78 279)	(259 696)	(227 322)
Modarib's share of PTF investment income	8 388	8 315	23 228	24 876
Investment income	11 529	10 205	20 213	33 726
Direct expenses	(137)	(122)	(597)	(556)
Other income	416	1 292	2 050	4 859
	<u>65 762</u>	<u>45 891</u>	<u>126 822</u>	<u>154 076</u>
24. Income tax expense				
For current period				
Current	168 533	136 215	825 792	773 242
Deferred	(14 935)	4 178	(37 258)	(10 531)
	<u>153 598</u>	<u>140 393</u>	<u>788 534</u>	<u>762 711</u>
For prior year(s)				
Prior years tax	–	–	–	17 792
	<u>153 598</u>	<u>140 393</u>	<u>788 534</u>	<u>780 503</u>
25. Earnings per share - basic and diluted				
Profit (after tax) for the period (Rupees '000)	<u>400 370</u>	<u>353 908</u>	<u>1 955 557</u>	<u>1 775 007</u>
Weighted average number of ordinary shares (Numbers '000)	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>
Earnings per share (Rupees)	<u>2.00</u>	<u>1.77</u>	<u>9.78</u>	<u>8.88</u>

26. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, subsidiary company, and entities with common directors and employee retirement benefit funds. 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 period other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Transactions				
Subsidiary company				
Premium written	1 024	529	26 560	24 599
Premium paid	–	–	10 753	9 355
Claims paid including salvage recovered	193	547	1 397	3 853
Dividends received	67 142	66 131	601 345	593 501
Dividends paid	7 021	7 021	39 788	39 788
Profit commission	–	–	–	10 020
Associated companies				
Premium written	207 236	48 486	417 510	315 647
Premium paid / (refund)	(63)	8	21 503	20 206
Claims paid including salvage recovered	29 510	25 549	73 395	66 398
Dividends paid	101 577	98 664	562 055	559 100
Bank deposits made / (withdrawn)	(145 000)	1 910	(195 000)	1 910
Key management personnel				
Premium written	946	876	1 045	973
Claims paid	220	170	240	170
Dividends paid	1 306	1 351	7 358	7 651
Compensation	60 682	65 941	154 798	161 745
Others				
Premium written	22 851	8 673	266 790	229 434
Claims paid including salvage recovered	1 518	1 890	7 825	35 424
Dividends paid	98 920	89 552	563 391	490 391
Brokerage paid	179	97	1 239	330
Employees' funds				
Contribution to provident fund	9 443	8 760	24 077	22 453
Contribution to gratuity fund	5 467	4 711	16 397	14 129
Contribution released to pension fund	(972)	(806)	(2 917)	(2 421)
Dividends paid	674	812	4 463	4 601
			30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balances				
Others				
Balances receivable			123 121	79 089
Balances payable			336	23
Deposits maturing within 12 months			88 500	283 500
Bank balances			95 237	196 114
Employees' funds receivable / (payable)				
EFU gratuity fund			(16 397)	(9 806)
EFU pension fund			47 352	44 260

27. Segment Information

Rupees '000

For nine months period ended 30 September 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	11 592 309	2 891 748	3 133 345	1 564 871	-	19 182 273
Less: Sales tax	1 403 415	312 781	377 583	191 206	-	2 284 985
Stamp duty	408	111 407	889	682	-	113 386
Federal insurance fee	100 835	24 422	27 277	13 594	-	166 128
Gross written premium (inclusive of administrative surcharge)	10 087 651	2 443 138	2 727 596	1 359 389	-	16 617 774
Gross direct premium	10 055 725	2 402 135	2 569 725	1 348 006	-	16 375 591
Facultative inward premium	4 209	827	-	-	-	5 036
Administrative surcharge	27 717	40 176	157 871	11 383	-	237 147
Insurance premium earned	9 699 433	2 075 878	2 484 205	1 165 956	-	15 425 472
Insurance premium ceded to reinsurers	(7 064 007)	(871 384)	(16 457)	(425 689)	-	(8 377 537)
Net insurance premium	2 635 426	1 204 494	2 467 748	740 267	-	7 047 935
Commission income	165 810	11 858	36	34 072	-	211 776
Net underwriting income	2 801 236	1 216 352	2 467 784	774 339	-	7 259 711
Insurance claims	(2 546 048)	(569 653)	(1 157 226)	(781 541)	-	(5 054 468)
Insurance claims recovered from reinsurers	1 567 856	140 514	(90)	58 805	-	1 767 085
Net insurance claims	(978 192)	(429 139)	(1 157 316)	(722 736)	-	(3 287 383)
Commission expense	(623 993)	(202 558)	(227 239)	(81 592)	-	(1 135 382)
Management expenses	(757 135)	(327 028)	(745 782)	(210 097)	-	(2 040 042)
Net insurance claims and expenses	(2 359 320)	(958 725)	(2 130 337)	(1 014 425)	-	(6 462 807)
Underwriting results	441 916	257 627	337 447	(240 086)	-	796 904
Investment income						1 666 683
Rental income						90 679
Other income						114 104
Other expenses						(51 101)
Profit from window takaful operations - Operator's Fund						126 822
Profit before tax						2 744 091
						As at 30 September 2021 (Unaudited)
Corporate segment assets	9 795 727	2 307 661	801 127	669 699	-	13 574 214
Corporate segment assets - Takaful OPF	100 976	9 709	269 652	5 943	-	386 280
Corporate unallocated assets						30 761 756
Corporate unallocated assets - Takaful OPF						743 211
Total assets						45 465 461
Corporate segment liabilities	14 407 240	3 092 333	2 700 870	3 569 112	-	23 769 555
Corporate segment liabilities - Takaful OPF	108 984	11 849	372 409	18 929	-	512 171
Corporate unallocated liabilities						1 298 959
Corporate unallocated liabilities - Takaful OPF						12 406
Total liabilities						25 593 091
Location	External premium less reinsurance by geographical segments 2021 (Unaudited)					
Pakistan	7 026 043					
* EPZ	21 892					
Total	7 047 935					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For six months period ended 30 September 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Misce-llaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	11 457 640	2 100 076	2 902 425	1 499 406	-	17 959 547
Less: Sales tax	1 479 251	226 209	348 840	186 084	-	2 240 384
Stamp duty	391	86 195	850	566	-	88 002
Federal insurance fee	98 792	17 686	25 276	12 998	-	154 752
Gross written premium (inclusive of administrative surcharge)	9 879 206	1 769 986	2 527 459	1 299 758	-	15 476 409
Gross direct premium	9 850 848	1 735 371	2 355 187	1 288 463	-	15 229 869
Facultative inward premium	-	1 238	-	-	-	1 238
Administrative surcharge	28 358	33 377	172 272	11 295	-	245 302
Insurance premium earned	9 429 671	1 725 086	2 484 985	1 261 176	-	14 900 918
Insurance premium ceded to reinsurers	(7 066 941)	(699 817)	(12 062)	(691 337)	-	(8 470 157)
Net insurance premium	2 362 730	1 025 269	2 472 923	569 839	-	6 430 761
Commission income	379 197	10 622	131	113 830	-	503 780
Net underwriting income	2 741 927	1 035 891	2 473 054	683 669	-	6 934 541
Insurance claims	(2 339 640)	(969 616)	(1 182 506)	(557 189)	-	(5 048 951)
Insurance claims recovered from reinsurers	1 062 505	462 459	7 448	307 858	-	1 840 270
Net insurance claims	(1 277 135)	(507 157)	(1 175 058)	(249 331)	-	(3 208 681)
Commission expense	(532 345)	(163 562)	(218 600)	(100 218)	-	(1 014 725)
Management expenses	(725 680)	(297 399)	(812 427)	(173 962)	-	(2 009 468)
Net insurance claims and expenses	(2 535 160)	(968 118)	(2 206 085)	(523 511)	-	(6 232 874)
Underwriting results	206 767	67 773	266 969	160 158	-	701 667
Investment income						1 554 811
Rental income						89 715
Other income						120 421
Other expenses						(65 180)
Profit from window takaful operations - Operator's Fund						154 076
Profit before tax						2 555 510
						As at 31 December 2020 (Audited)
Corporate segment assets	9 836 545	1 615 062	648 322	1 072 606	-	13 172 535
Corporate segment assets - Takaful OPF	54 704	7 402	217 416	2 733	-	282 255
Corporate unallocated assets						31 701 101
Corporate unallocated assets - Takaful OPF						656 445
Total assets						45 812 336
Corporate segment liabilities	14 724 695	2 592 963	2 418 687	3 147 059	-	22 883 404
Corporate segment liabilities - Takaful OPF	57 656	8 356	331 655	10 688	-	408 355
Corporate unallocated liabilities						1 894 702
Corporate unallocated liabilities - Takaful OPF						33 645
Total liabilities						25 220 106
Location	External premium less reinsurance by geographical segments 2020 (Unaudited)					
Pakistan	6 412 434					
* EPZ	18 327					
Total	6 430 761					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For three months period ended 30 June 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	5 034 628	1 213 283	1 299 710	560 853	–	8 108 474
Less: Sales tax	553 693	131 403	154 514	65 674	–	905 284
Stamp duty	226	41 648	333	254	–	42 461
Federal insurance fee	44 322	10 299	11 335	4 900	–	70 856
Gross written premium (inclusive of administrative surcharge)	4 436 387	1 029 933	1 133 528	490 025	–	7 089 873
Gross direct premium	4 417 580	1 015 965	1 077 460	485 019	–	6 996 024
Facultative inward premium	4 209	–	–	–	–	4 209
Administrative surcharge	14 598	13 968	56 068	5 006	–	89 640
Insurance premium earned	3 275 317	781 722	844 300	391 074	–	5 292 413
Insurance premium ceded to reinsurers	(2 495 223)	(355 929)	(6 572)	(140 092)	–	(2 997 816)
Net insurance premium	780 094	425 793	837 728	250 982	–	2 294 597
Commission income	52 272	5 037	9	9 495	–	66 813
Net underwriting income	832 366	430 830	837 737	260 477	–	2 361 410
Insurance claims	(442 800)	(125 122)	(388 179)	(572 194)	–	(1 528 295)
Insurance claims recovered from reinsurers	211 998	1 669	–	69 068	–	282 735
Net insurance claims	(230 802)	(123 453)	(388 179)	(503 126)	–	(1 245 560)
Commission expense	(216 311)	(70 490)	(77 212)	(27 568)	–	(391 581)
Management expenses	(238 234)	(118 231)	(245 116)	(73 721)	–	(675 302)
Net insurance claims and expenses	(685 347)	(312 174)	(710 507)	(604 415)	–	(2 312 443)
Underwriting results	147 019	118 656	127 230	(343 938)	–	48 967
Investment income						350 045
Rental income						31 263
Other income						63 213
Other expenses						(5 282)
Profit from window takaful operations - Operator's Fund						65 762
Profit before tax						553 968

Rupees '000

For three months period ended 30 September 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Misce-llaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 813 159	814 465	1 243 444	430 107	-	7 301 175
Less: Sales tax	611 408	88 893	146 922	53 086	-	900 309
Stamp duty	212	32 211	211	325	-	32 959
Federal insurance fee	41 599	6 864	10 855	3 730	-	63 048
Gross written premium (inclusive of administrative surcharge)	4 159 940	686 497	1 085 456	372 966	-	6 304 859
Gross direct premium	4 145 350	674 103	1 021 325	367 877	-	6 208 655
Administrative surcharge	14 590	12 394	64 131	5 089	-	96 204
Insurance premium earned	3 246 138	499 999	801 074	414 367	-	4 961 578
Insurance premium ceded to reinsurers	(2 342 203)	(163 485)	(6 378)	(222 379)	-	(2 734 445)
Net insurance premium	903 935	336 514	794 696	191 988	-	2 227 133
Commission income	154 050	(108)	59	37 579	-	191 580
Net underwriting income	1 057 985	336 406	794 755	229 567	-	2 418 713
Insurance claims	(1 242 743)	(203 041)	(441 928)	(83 949)	-	(1 971 661)
Insurance claims recovered from reinsurers	562 260	6 897	6 968	(5 707)	-	570 418
Net insurance claims	(680 483)	(196 144)	(434 960)	(89 656)	-	(1 401 243)
Commission expense	(177 353)	(51 159)	(70 357)	(31 308)	-	(330 177)
Management expenses	(262 139)	(96 564)	(260 448)	(58 117)	-	(677 268)
Net insurance claims and expenses	(1 119 975)	(343 867)	(765 765)	(179 081)	-	(2 408 688)
Underwriting results	(61 990)	(7 461)	28 990	50 486	-	10 025
Investment income						400 349
Rental income						26 903
Other income						25 119
Other expenses						(13 986)
Profit from window takaful operations - Operator's Fund						45 891
Profit before tax						494 301

28. Movement in investment

Name of investment					Rupees '000
	Held to maturity - Term deposits	Available-for-sale - Subsidiary	Available-for-sale - Debt securities	Available-for-sale - Equity securities	Total
At beginning of previous year	444 352	10 169 336	9 654 535	3 271 467	23 539 690
Additions	3 857 700	119 386	8 152 628	1 113 817	13 243 531
Disposals (sale and redemptions)	(3 619 046)	-	(7 692 541)	(586 535)	(11 898 122)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(989 874)	158 680	686 737	(144 457)
Impairment losses	-	-	-	(4 753)	(4 753)
At beginning of current year	683 006	9 298 848	10 273 302	4 480 733	24 735 889
Additions	3 612 005	74 501	9 133 837	1 831 314	14 651 657
Disposals (sale and redemptions)	(3 841 641)	-	(8 387 846)	(1 615 190)	(13 844 677)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(286 797)	(376 274)	(713 049)	(1 376 120)
Impairment losses	-	-	-	(22 826)	(22 826)
At end of current period	453 370	9 086 552	10 643 019	3 960 982	24 143 923

29 Fair value

29.1 IFRS 13 defines fair value as an exit price. 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.

29.2 All assets and liabilities for which fair value is measured or disclosed in the unconsolidated condensed interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

Rupees '000

As at 30 September 2021 (Unaudited)								
	Available- for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	3 960 982				3 960 982	3 960 982		
Debt securities	10 643 019				10 643 019		10 643 019	
Investment in subsidiary	9 086 552				9 086 552	9 086 552		
Financial assets not measured at fair value								
Term deposits *			453 370		453 370			
Loans and other receivables *		166 521			166 521			
Insurance / reinsurance receivables *		3 762 756			3 762 756			
Reinsurance recoveries against outstanding claims *		4 001 852			4 001 852			
Cash and bank *			1 104 575		1 104 575			
Total assets of window takaful operations - Operator's fund *	607 503	255 488	103 067	-	966 058		607 503	
	24 298 056	8 186 617	1 661 012	-	34 145 685	13 047 534	11 250 522	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(7 513 384)	(7 513 384)			
Premium received in advance *				(32 955)	(32 955)			
Insurance / reinsurance payables *				(3 637 295)	(3 637 295)			
Other creditors and accruals *				(2 851 832)	(2 851 832)			
Total liabilities of window takaful operations - Operator's Fund *				(124 887)	(124 887)			
	24 298 056	8 186 617	1 661 012	(14 160 353)	19 985 332	13 047 534	11 250 522	-

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

Rupees '000

As at 31 December 2020 (Audited)								
	Available- for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	4 480 733				4 480 733	4 480 733		
Debt securities	10 273 302				10 273 302		10 273 302	
Investment in subsidiary	9 298 848				9 298 848	9 298 848		
Financial assets not measured at fair value								
Term deposits *			683 006		683 006			
Loans and other receivables *		344 839			344 839			
Insurance / reinsurance receivables *		3 639 822			3 639 822			
Reinsurance recoveries against outstanding claims *		3 856 142			3 856 142			
Cash and bank *			1 328 500		1 328 500			
Total assets of window takaful operations - Operator's fund *	378 864	179 703	252 829		811 396		378 864	
	<u>24 431 747</u>	<u>8 020 506</u>	<u>2 264 335</u>	<u>-</u>	<u>34 716 588</u>	<u>13 779 581</u>	<u>10 652 166</u>	<u>-</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(7 111 989)	(7 111 989)			
Premium received in advance *				(43 747)	(43 747)			
Insurance / reinsurance payables *				(4 559 213)	(4 559 213)			
Other creditors and accruals *				(2 683 162)	(2 683 162)			
Total liabilities of window takaful operations - Operator's Fund *				(96 998)	(96 998)			
	<u>24 431 747</u>	<u>8 020 506</u>	<u>2 264 335</u>	<u>(14 495 109)</u>	<u>20 221 479</u>	<u>13 779 581</u>	<u>10 652 166</u>	<u>-</u>

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

30. Non-adjusting event after the unconsolidated condensed interim financial statement date

The Board of Directors in their meeting held on 28 October 2021 have announced a Third interim cash dividend in respect of the year ended 31 December 2021 of Rs. 1.50 per share i.e. 15.00 % (2020: Rs. 1.50 per share i.e. 15.00 %). These unconsolidated condensed interim financial statements for the nine months period ended 30 September 2021 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

31. Impact of COVID-19 on the unconsolidated condensed interim financial statements

The novel coronavirus (COVID 19) emerged in 2020 and since then, the condition has continued to deteriorate. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The COVID-19 pandemic has significantly impacted the market around the world to date and may continue to do so in the coming months of 2021. The scale and duration of this outbreak remains uncertain and as it evolves globally, the Company based on its current assessment considered that there would be no significant impact that will adversely affect its business, result of operations and financial condition of the Company.

32. Corresponding Figures

32.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

33. General

Figures have been rounded off to the nearest thousand rupees.

34. Date of authorization for issue of unconsolidated condensed interim financial statements

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 28 October 2021.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Consolidated Condensed Interim Financial Statements (Unaudited)

For the nine months period ended 30 September 2021

Directors' Review to the Members on Consolidated Condensed Interim Financial Information for the nine months period ended 30 September 2021

We are pleased to present the consolidated condensed interim financial information of EFU General Insurance Limited and our subsidiary, EFU Life Assurance Limited.

Performance Review

Consolidated gross premium was Rs. 42 billion (2020: Rs. 37 billion), net premium was Rs. 32 billion (2020: Rs. 28 billion) and profit after tax was Rs. 2,245 million (2020: Rs. 2,222 million). The consolidated total assets were Rs. 206 billion (31 December 2020: Rs. 201 billion) and total investments rose to Rs. 161 billion (31 December 2020: Rs. 157 billion).

Movement of Reserves

Rupees '000

	30 September 2021 (Unaudited)
Unappropriated loss brought forward	(190 774)
Profit attributable to ordinary shares	1 743 486
Transferred from surplus on revaluation of property and equipment	7 948
Loss on Group Life PTF	(8 820)
Acquisition of Non-Controlling Interest without a change in control	(47 653)
	1 694 961
Profit available for appropriations	1 504 187
Earnings per share (Rupees)	8.72

Outlook

Although Government had plans to implement growth oriented budget, global slowdown may affect the economy in future.

Acknowledgements

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

Your Directors would also like to thank the Securities & Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance and support.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

مجموعی کنڈینسڈ عبوری مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کا جائزہ ۳۰ ستمبر ۲۰۲۱ء کو ختم ہونے والی ۹ ماہ کی مدت کیلئے

ہم، مسرت ای ایف یو، جنرل انٹرنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یو لائف انشورنس لمیٹڈ کے مجموعی کنڈینسڈ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

کارکردگی کا جائزہ

یکجا شدہ مجموعی پرمیئم ۲۲ بلین روپے (۲۰۲۰ء: ۳۷ بلین روپے)، خالص پرمیئم ۳۲ بلین روپے (۲۰۲۰ء: ۲۸ بلین روپے) اور منافع بعد از ٹیکس ۲۴۲۵ بلین روپے رہا (۲۰۲۰ء: ۲۲۲۳ بلین روپے)۔
یکجا شدہ مجموعی اثاثہ جات ۲۰۶ بلین روپے (۳۱ دسمبر ۲۰۲۰: ۲۰۱ بلین روپے) اور مجموعی سرمایہ کاری ۱۶۱ بلین روپے رہی (۳۱ دسمبر ۲۰۲۰: ۱۵۷ بلین روپے)۔

محفوظ اثاثہ جات کی منتقلی

روپے ہزاروں میں

۳۰ ستمبر ۲۰۲۱ء
(غیر آڈٹ شدہ)

(۱۹۰ ۷۷۴)

۱ ۷۲۳ ۲۸۶

۷ ۹۴۸

(۸ ۸۲۰)

(۴۷ ۶۵۳)

۱ ۶۹۴ ۹۶۱

۱ ۵۰۴ ۱۸۷

۸۶۷۲

غیر مختص کردہ خسارہ جو آئندہ شامل کیا جائے گا

عمومی شیئرز کیلئے قابل منسوب منافع

جانسداد اور ایکویٹی کی ری ویلیویشن پر اضافے سے منتقل شدہ کنٹرول

گروپ لائف پنی ایف پر خسارہ

کنٹرول میں کسی تبدیلی کے بغیر نان کنٹروولنگ انٹرسٹ (این سی آئی) کا حصول

تناسب کے تحت دستیاب منافع

آمدنی فی شیئر (روپے)

مستقبل کا نقطہ نظر

اگرچہ حکومت نے گروتھ اور ریٹینڈ بجٹ لانے کا منصوبہ بنایا ہے تاہم مستقبل میں عالمی سست روی معیشت کو متاثر کر سکتی ہے۔

اعتراف

آپ کے ڈائریکٹرز تہ ذیل سے یہ امر ریکارڈ پر لاتے ہیں کہ ہمارے آفیسرز، فیلڈ فورس اور دیگر اسٹاف نے نہایت جانفشانی سے کمپنی کی ترقی کیلئے محنت کی ہے اور کاروبار کے اضافے اور کامیابیوں کے تسلسل کو برقرار رکھنے میں مثالی کردار ادا کیا ہے۔

آپ کے ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور اپنے تمام ری انشوررز کا ان کی مسلسل رہنمائی اور تعاون کیلئے شکر یہ بھی ادا کرنا چاہتے ہیں۔

سیف الدین این۔ زومکا والا
چیئرمین

حسن علی عبداللہ
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی۔ ساجک
ڈائریکٹر

رفیق آر۔ بصیم جی
ڈائریکٹر

کراچی، ۲۸ اکتوبر ۲۰۲۱ء

Consolidated Condensed Interim Statement of Financial Position As at 30 September 2021 (Unaudited)

		Rupees '000	
	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Property and equipment	6	8 030 788	8 050 240
Intangible assets		8 005 264	8 019 617
Investment property	7	2 521 549	2 517 970
Investments			
Equity securities	8	41 092 011	44 844 214
Debt securities	9	99 815 208	92 718 140
Term deposits		19 704 799	19 745 006
Loans and other receivables	10	2 454 181	2 982 790
Insurance / reinsurance receivables	11	4 207 052	3 840 408
Reinsurance recoveries against outstanding claims	20	4 001 852	3 856 142
Salvage recoveries accrued		80 616	55 059
Deferred commission expense	21	788 067	678 039
Retirement benefit		30 955	34 454
Taxation - payments less provision		988 723	762 071
Prepayments	12	5 069 857	4 945 735
Cash and bank	13	7 652 583	6 663 591
		<u>204 443 505</u>	<u>199 713 476</u>
Total assets of window takaful operations - Operator's Fund		1 129 491	938 700
Total assets		<u>205 572 996</u>	<u>200 652 176</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	14	2 000 000	2 000 000
Reserves	15	18 092 407	18 617 930
Unappropriated profit		(445 810)	(190 774)
Capital and reserve attributable to Company's equity holders		19 646 597	20 427 156
Non-controlling interest		3 850 947	4 130 931
Total equity		<u>23 497 544</u>	<u>24 558 087</u>
Surplus on revaluation of property and equipment		1 557 117	1 574 691
Liabilities			
Insurance liabilities	16	148 623 053	142 846 493
Underwriting provisions			
Outstanding claims including IBNR	20	7 513 384	7 111 989
Unearned premium reserves	19	10 603 444	9 411 142
Unearned reinsurance commission	21	139 115	152 144
Deferred taxation		2 909 792	3 296 951
Premium received in advance		1 393 468	1 263 853
Insurance / reinsurance payables		3 689 664	4 742 653
Other creditors and accruals	17	5 121 838	5 252 173
		<u>31 370 705</u>	<u>31 230 905</u>
Total liabilities		<u>179 993 758</u>	<u>174 077 398</u>
		<u>205 048 419</u>	<u>200 210 176</u>
Total liabilities of window takaful operations - Operator's Fund		524 577	442 000
Total equity and liabilities		<u>205 572 996</u>	<u>200 652 176</u>
Contingencies and commitments	18		

The annexed notes 1 to 37 form an integral part of these consolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Consolidated Condensed Interim Profit and Loss Account For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Note	Three months period ended		Nine months period ended	
		30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Net insurance premium	19	10 280 154	10 047 371	31 692 595	27 535 205
Net insurance claims	20	(7 148 847)	(6 743 714)	(20 702 831)	(15 658 108)
Net commission and other acquisition costs	21	(2 142 839)	(1 761 909)	(6 434 316)	(4 941 168)
Insurance claims and acquisition expenses		(9 291 686)	(8 505 623)	(27 137 147)	(20 599 276)
Management expenses		(1 278 241)	(1 189 733)	(3 705 470)	(3 446 669)
Net change in insurance liabilities (other than outstanding claims)		228 276	(5 583 609)	(5 775 079)	(16 602 496)
Underwriting result		(61 497)	(5 231 594)	(4 925 101)	(13 113 236)
Investment income	22	3 289 767	2 680 644	9 731 220	9 504 234
Net realized fair value gain on financial assets	23	897 823	2 195 998	3 068 536	3 418 818
Net fair value (loss) / gain on financial assets at fair value through profit and loss	24	(3 602 160)	1 266 393	(4 851 387)	3 313 867
Rental income		31 263	26 903	90 679	89 715
Other income	25	86 791	49 895	195 754	170 725
Other expenses		(9 978)	(16 147)	(78 264)	(87 428)
		693 506	6 203 686	8 156 538	16 409 931
Results of operating activities		632 009	972 092	3 231 437	3 296 695
Profit from window takaful operations - Operator's Fund	26	65 762	45 891	126 822	154 076
Profit before tax		697 771	1 017 983	3 358 259	3 450 771
Income tax expense	27	(200 460)	(327 955)	(1 113 256)	(1 228 364)
Profit after tax		497 311	690 028	2 245 003	2 222 407
Profit attributable to:					
Equity holders of the parent		406 215	464 826	1 743 486	1 632 916
Non-controlling interest		91 096	225 202	501 517	589 491
		497 311	690 028	2 245 003	2 222 407
Earnings (after tax) per share - Rupees	28	2.03	2.32	8.72	8.16

The annexed notes 1 to 37 form an integral part of these consolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Consolidated Condensed Interim Statement of Comprehensive Income For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Profit after tax	497 311	690 028	2 245 003	2 222 407
Other comprehensive income				
Total items that may be reclassified subsequently to profit and loss account				
Unrealized (loss) / gain on available-for-sale investments during the period	(647 753)	701 346	(1 142 039)	715 600
Reclassification adjustments relating to available-for-sale investments disposed of during the period	—	3 335	40 941	13 692
Total unrealized (loss) / gain for the period	(647 753)	704 681	(1 101 098)	729 292
Deferred tax on available-for-sale investments	187 849	(204 382)	319 320	(210 204)
Net unrealized gain / (loss) from window takaful operations - Operator's Fund (net of deferred tax)	(3)	(1 474)	1 627	(76)
Other comprehensive income for the period	(459 907)	498 825	(780 151)	519 012
Total comprehensive income for the period	37 404	1 188 853	1 464 852	2 741 419
Total comprehensive income attributable to:				
Equity holders of the parent	(46 601)	950 686	967 963	2 165 052
Non-controlling interest	84 005	238 167	496 889	576 367
	37 404	1 188 853	1 464 852	2 741 419

The annexed notes 1 to 37 form an integral part of these consolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Consolidated Condensed Interim Cash Flow Statement For the nine months period ended 30 September 2021 (Unaudited)

	2021	2020
		Rupees '000
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	42 250 550	38 103 571
Reinsurance premium / retakaful contribution paid	(10 576 654)	(9 965 960)
Claims paid	(22 871 407)	(16 144 634)
Reinsurance and other recoveries received	2 253 063	2 004 206
Commission paid	(4 955 789)	(3 976 729)
Commission received	198 748	236 081
Management expenses paid	(5 532 366)	(4 734 099)
Net cash flow from underwriting activities	766 145	5 522 436
b) Other operating activities		
Income tax paid	(1 370 928)	(1 241 937)
Other operating payments	(131 625)	(10 410)
Other operating receipts	90 078	110 338
Loans advanced	(233 445)	(33 769)
Loans repayments received	204 966	2 515
Net cash flow used in other operating activities	(1 440 954)	(1 173 263)
Total cash flow (used in) / from all operating activities	(674 809)	4 349 173
Investment activities		
Profit / return received	8 517 049	10 928 110
Dividend received	1 764 425	592 714
Rentals received	127 063	53 463
Payment for investments / investment properties	(88 672 875)	(152 070 565)
Proceeds from investments / investment properties	83 165 591	136 155 614
Fixed capital expenditures	(586 632)	(430 128)
Proceeds from sale of property and equipment	102 763	37 145
Total cash flow from / (used in) investing activities	4 417 384	(4 733 647)
Financing activities		
Payments against lease liabilities	(158 434)	(164 039)
Dividends paid	(2 405 720)	(2 409 882)
Total cash flow used in financing activities	(2 564 154)	(2 573 921)
Net cash flow from / (used in) all activities	1 178 421	(2 958 395)
Cash and cash equivalents at beginning of period	25 725 591	26 564 236
Cash and cash equivalents at end of period	26 904 012	23 605 841
Reconciliation to profit and loss account		
Operating cash flows	(674 809)	4 349 173
Depreciation / amortization expense	(761 587)	(756 815)
Finance cost	(44 227)	(49 982)
Profit on disposal of property and equipment	69 532	31 957
Profit on disposal of investments / investment properties	3 161 034	3 433 541
Rental income	90 679	89 715
Dividend income	1 746 928	581 968
Other investment income	7 891 548	8 831 890
Profit on lease termination	7 642	3 678
Profit on deposits	69 255	90 090
Other income	36 733	36 699
(Depreciation) / appreciation in market value of investments	(4 347 236)	3 700 320
Reversal / (impairment) in the value of available-for-sale equity investments	(3 848)	25 943
Increase / (decrease) in assets other than cash	1 079 642	(1 659 184)
Increase in liabilities other than running finance	(6 203 105)	(16 640 662)
Profit after tax from conventional insurance operations	2 118 181	2 068 331
Profit from window takaful operations - Operator's Fund	126 822	154 076
Profit after tax	2 245 003	2 222 407

The annexed notes 1 to 37 form an integral part of these consolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Consolidated Condensed Interim Statement of Changes in Equity For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company							Total	
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Unrealized gain/(loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property	Unappropriated profit	Equity attributable to equity holder of parent		Non-controlling interest
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	1 211 225	1 502 713	(254 638)	19 472 202	4 071 148	23 543 350
Total comprehensive income for the period ended 30 September 2020									
Profit after tax				532 136		1 632 916	1 632 916	589 491	2 222 407
Other comprehensive income				532 136		-	532 136	(13 124)	519 012
						1 632 916	2 165 052	576 367	2 741 419
Transfer from surplus on revaluation of property and equipment - net of tax						3 060	3 060	3 868	6 928
Acquisition of NCI without a change in control						(58 230)	(58 230)	(27 809)	(86 039)
Transactions with owners recorded directly in equity									
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)		(1 100 000)
Final dividend for the year 2019 at the rate of Rs. 10.50 (105.00%) per share								(588 738)	(588 738)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share								(83 892)	(83 892)
2nd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)	-	(300 000)
2nd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						-	-	(83 869)	(83 869)
Other transfer within equity									
Transfer to general reserve			400 000			(400 000)			
Balance as at 30 September 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>1 743 361</u>	<u>1 502 713</u>	<u>(776 892)</u>	<u>19 882 084</u>	<u>3 867 075</u>	<u>23 749 159</u>
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	1 805 449	1 399 579	(190 774)	20 427 156	4 130 931	24 558 087
Total comprehensive income for the period ended 30 September 2021									
Profit after tax				(775 523)		1 743 486	1 743 486	501 517	2 245 003
Other comprehensive income				(775 523)		-	(775 523)	(4 628)	(780 151)
						1 743 486	967 963	496 889	1 464 852
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax						7 948	7 948	9 626	17 574
Loss on Group Life PTF						(8 820)	(8 820)	(10 993)	(19 813)
Acquisition of NCI without a change in control						(47 650)	(47 650)	(26 851)	(74 501)
Transactions with owners recorded directly in equity									
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)		(1 100 000)
Final dividend for the year 2020 at the rate of Rs. 10.50 (105.00%) per share								(582 878)	(582 878)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share								(82 919)	(82 919)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share								(82 858)	(82 858)
Other transfer within equity									
Transfer to general reserve			250 000			(250 000)			
Balance as at 30 September 2021	<u>2 000 000</u>	<u>12 902</u>	<u>15 650 000</u>	<u>1 029 926</u>	<u>1 399 579</u>	<u>(445 810)</u>	<u>19 646 597</u>	<u>3 850 947</u>	<u>23 497 544</u>

The annexed notes 1 to 37 form an integral part of these consolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Notes to the Consolidated Condensed Interim Financial Statements For the nine months period ended 30 September 2021 (Unaudited)

1. Legal status and nature of business

1.1 EFU General Insurance Limited (The Company) has assessed its control position in relation to its investments in EFU Life Assurance Limited after its agreement with some shareholders of EFU Life Assurance Limited effective 31 March 2018, accordingly it has been concluded that the Company has the ability to control the composition of the Board of Directors of EFU Life Assurance Limited, therefore EFU Life Assurance Limited has become the subsidiary of the Company from 31 March 2018. The consolidated financial statements have been prepared and are presented as per the requirements of Section 228 of the Companies Act 2017.

1.2 The group comprises of:

1.2.1 EFU General Insurance Limited (Holding Company)

EFU General Insurance Limited was incorporated as a public limited company on 02 September 1932. The Holding Company is listed on the Pakistan Stock Exchange Limited and is engaged in non-life insurance business comprising of fire and property damage, marine, motor, miscellaneous etc.

The Registered Office of the Holding Company is situated at Kamran Centre, 1st Floor 85, East, Jinnah Avenue Blue Area Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Holding Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Holding Company operates through 56 (2020: 54) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

1.2.2 EFU Life Assurance Limited (Subsidiary Company)

EFU Life Assurance Limited with 44.85 % effective holding was incorporated as public limited company on 09 August 1992 and started its operation from 18 November 1992. The Subsidiary Company is listed on Pakistan Stock Exchange Limited and is engaged in life assurance business comprising of ordinary life business, pension fund business and accident and health business and has established following funds, as required by the Insurance Ordinance, 2000.

- Investment linked business (includes individual life business)
- Conventional business (includes group life and individual life businesses)
- Pension business (unit-linked) *
- Accident and health business
- Family takaful investment linked business
- Family takaful protection business

* The Subsidiary Company has discontinued pension business and accordingly no new business has been written under this fund.

The Registered Office of the Subsidiary Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at Plot No.112, 8th East Street, Phase 1, DHA, Karachi. The Subsidiary Company commenced Window Takaful Operations on 06 February 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012.

2. Basis of preparation and statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012, General Takaful Accounting Regulations, 2019;

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 consolidated condensed interim financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of condensed interim financial statements of the General Window Takaful Operations has been reported which is annexed to these consolidated condensed

interim financial statements as per the requirements of the SECP Takaful Rules, 2012, General Takaful Accounting Regulations, 2019.

These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2020.

2.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost basis except for the available-for-sale investments, property and equipment and investment property that have been measured at fair value and the Group's liability under defined benefit plan that is determined based on present value of defined benefit obligation less fair value of plan assets.

2.3 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Group's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees in thousand, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these consolidated condensed interim financial statements.

2.4 Standards, interpretations and amendments not effective at year end

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 01 July 2021:

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends 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.

IFRS 9 'Financial Instruments' is effective for reporting period / year ending on or after 30 June 2019. It replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Group has determined that it is eligible for the temporary exemption option since the Group has not previously applied any version of IFRS 9, its 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 Group doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Group can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms “principal” as being the fair value of the financial asset at initial recognition, and the “interest” as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

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

- 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 held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets.

Rupees '000

	30 September 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized loss during the period	Carrying value	Cost less Impairment	Change in unrealized loss during the period
Financial assets					
Cash and bank *	751 606	–	6 874 641	–	–
Investments in equity securities - available-for-sale	41 092 011	(4 688 538)	–	–	–
Investments in debt securities - available-for-sale	–	–	99 815 208	–	(1 309 951)
Term deposits *	–	–	19 704 799	–	–
Loans to employees *	–	–	239 451	–	–
Total	<u>41 843 617</u>	<u>(4 688 538)</u>	<u>126 634 099</u>	<u>–</u>	<u>(1 309 951)</u>

	30 September 2021 (Unaudited)							
	Gross carrying amounts of debt instruments that pass the SPPI test							
	AAA	AA+	AA	A+	A-	AA-	A-1+	Unrated
Investments in debt securities - available-for-sale	1 761 378	818 099	2 734 927	380 643	100 800	180 000	–	93 839 361
Term deposits	364 870	–	–	1 800 000	3 867 000	88 500	13 584 429	–
Total	<u>2 126 248</u>	<u>818 099</u>	<u>2 734 927</u>	<u>2 180 643</u>	<u>3 967 800</u>	<u>268 500</u>	<u>13 584 429</u>	<u>93 839 361</u>

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

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of consolidated condensed interim financial statements are consistent with those followed in preparation of annual consolidated financial statements of the Group for the year ended 31 December 2020.

4. Accounting estimates and judgements

The preparation of consolidated condensed interim 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. Actual results may differ from these estimates.

In preparation of these consolidated condensed interim financial statements, the significant judgment made by management in applying the Group's accounting policies and the key sources of estimation, uncertainty were the same as those that applied to the consolidated financial statement as at and for the year ended 31 December 2020 except for useful life of tracker equipment as mentioned in note 4.1.

4.1 Change in accounting estimates

The Holding Company, during the period has reviewed the useful life of tracker equipment. This has resulted into revision of useful life of tracker equipment from five years to three years. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting Policies, Changes in Estimates and Errors" whereby the effect of the change has been recognized prospectively by including the same in the profit and loss account in the period of the change. Had the Holding Company's accounting estimate not been changed, property and equipment of the Group and profit after tax for the period would have been higher by Rs. 40,875 thousand and Rs. 29,022 thousand respectively.

5. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

6. Property and equipment

The details of additions and disposals during the nine months period ended 30 September 2021 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Tangible				
Buildings	60 243	105 137	-	-
Right of use assets - building	58 679	-	-	-
Furniture and fixtures	25 819	52 226	-	-
Office equipment	23 382	19 017	181	16
Computer equipment	196 836	61 509	-	14
Vehicles	188 156	152 696	33 050	5 049
Tracker equipment	10 182	9 558	-	-
Leasehold improvements	22 793	-	-	-
Intangibles assets	542	29 904	-	-
	<u>586 632</u>	<u>430 047</u>	<u>33 231</u>	<u>5 079</u>

7. Investment property

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Opening net book value	2 517 970	2 341 470
Additions and capital improvements	3 579	6 362
Unrealized fair value gain *	-	170 138
Closing net book value	<u>2 521 549</u>	<u>2 517 970</u>

* The Group revalues its investment property annually and any change in fair value is accounted for at the end of the year, as per IAS 40.

8. Investment in equity securities

Rupees '000

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party *						
Listed shares	600 520	(160 914)	439 606	702 768	(201 047)	501 721
Mutual funds	523	–	523	523	–	523
	601 043	(160 914)	440 129	703 291	(201 047)	502 244
Others						
Listed shares	2 347 868	(57 259)	2 290 609	2 108 003	(58 813)	2 049 190
Unlisted shares	31 508	(15 500)	508	31 508	(15 500)	508
Mutual funds	121 406	(16 276)	105 130	123 307	(10 754)	112 553
	2 500 782	(89 035)	2 396 247	2 262 818	(85 067)	2 162 251
Surplus on revaluation	–	–	1 456 477	–	–	2 223 956
	3 101 825	(249 949)	4 292 853	2 966 109	(286 114)	4 888 451
At fair value through profit and loss designated upon initial recognition						
Related Party *						
Listed shares	523 423	–	641 952	8 557	–	202 717
Mutual funds	1 247	–	1 132	596	–	1 174
	524 670	–	643 084	9 153	–	203 891
Others						
Listed shares	34 508 365	–	34 921 852	33 977 498	–	38 194 734
Mutual funds	1 121 076	–	1 234 222	1 410 788	–	1 557 138
	35 629 441	–	36 156 074	35 388 286	–	39 751 872
	36 154 111	–	36 799 158	35 397 439	–	39 955 763
	39 255 936	(249 949)	41 092 011	38 363 548	(286 114)	44 844 214

* The Group has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Group does not have significant influence in these companies.

9. Investment in debt securities

Rupees '000

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government securities	7 891 182	–	7 891 182	7 447 581	–	7 447 581
Available-for-sale						
Government securities	10 358 676	–	10 358 676	9 612 685	–	9 612 685
Term Finance Certificate	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate Sukuks	180 000	–	180 000	180 000	–	180 000
(Deficit) / surplus on revaluation	–	–	(95 657)	–	–	280 617
	10 782 794	(44 118)	10 643 019	10 036 803	(44 118)	10 273 302
Fair value through profit and loss (Designated-upon initial recognition)						
Government securities	74 988 192	–	75 231 699	67 013 519	–	67 013 519
Term Finance Certificates	3 110 795	–	3 110 795	3 905 652	–	3 905 652
Corporate Sukuks	2 528 513	–	2 528 513	3 859 532	–	3 859 532
Commercial papers	–	–	–	8 554	–	8 554
Certificates of investment	410 000	–	410 000	210 000	–	210 000
	81 037 500	–	81 281 007	74 997 257	–	74 997 257
	99 711 476	(44 118)	99 815 208	92 481 641	(44 118)	92 718 140

10. Loans and other receivables - considered good

Rupees '000

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Loans to employees		239 451	202 928
Accrued investment income		1 337 639	2 293 217
Security deposits		149 033	143 712
Advances to suppliers		265 080	90 467
Advances to employees		10 124	5 102
Other receivables		452 854	247 364
		<u>2 454 181</u>	<u>2 982 790</u>
11. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		3 871 467	3 749 182
Provision for impairment of receivables from insurance contract holders		(1 209)	(7 123)
		<u>3 870 258</u>	<u>3 742 059</u>
Due from other insurer / reinsurers		336 794	98 349
		<u>4 207 052</u>	<u>3 840 408</u>
12. Prepayments			
Prepaid reinsurance premium ceded	19	4 869 891	4 808 670
Software and hardware support services		3 247	845
Group health insurance premium		5 721	–
Prepaid tracker expense		42 412	50 090
Annual supervision fee		7 900	–
Others		140 686	86 130
		<u>5 069 857</u>	<u>4 945 735</u>
13. Cash and Bank			
Cash and cash equivalents			
Cash in hand		3 136	25
Policy and revenue stamps bond papers		23 200	24 862
		26 336	24 887
Cash at bank			
Current accounts		751 606	1 525 392
Saving accounts		6 874 641	5 113 312
		<u>7 626 247</u>	<u>6 638 704</u>
		<u>7 652 583</u>	<u>6 663 591</u>

14. Share capital

14.1 Authorized capital

Number of shares '000		Rupees '000	
30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
200 000	200 000	2 000 000	2 000 000

14.2 Issued, subscribed and paid-up share capital

Number of shares '000		Rupees '000	
30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
250	250	2 500	2 500
199 750	199 750	1 997 500	1 997 500
200 000	200 000	2 000 000	2 000 000
		2 500	2 500
		1 997 500	1 997 500
		2 000 000	2 000 000

		Rupees '000	
		Note	
		30 September 2021 (Unaudited)	31 December 2020 (Audited)
15. Reserves			
Capital reserve			
Reserve for exceptional losses	15.1	12 902	12 902
Revenue reserves			
General reserve		15 650 000	15 400 000
Revaluation reserve for unrealized gain on available-for-sale investments - net		1 029 926	1 805 449
Reserve for change in fair value of investment property - net		1 399 579	1 399 579
		<u>18 092 407</u>	<u>18 617 930</u>

15.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

16. Insurance liabilities

Rupees '000

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Reported outstanding claims	16.1	3 617 605	3 568 512
Incurring but not reported claims	16.2	845 429	769 857
Investment component of unit-linked and account value policies	16.3	142 440 081	136 898 826
Liabilities under individual conventional insurance contracts	16.4	920 419	933 952
Liabilities under group insurance contracts (other than investment linked)	16.5	548 952	447 173
Participant's Takaful Fund Balance		250 567	228 173
		<u>148 623 053</u>	<u>142 846 493</u>
16.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		3 041 210	3 059 539
Payable over a period of time exceeding one year		1 039 092	905 164
		<u>4 080 302</u>	<u>3 964 703</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(462 697)	(396 191)
		<u>(462 697)</u>	<u>(396 191)</u>
Net reported outstanding claims		<u>3 617 605</u>	<u>3 568 512</u>
16.2 Incurring but not reported claims			
Gross of reinsurance		1 021 146	957 089
Reinsurance recoveries		(175 717)	(187 232)
Net of reinsurance		<u>845 429</u>	<u>769 857</u>
16.3 Investment component of unit-linked and account value policies			
Investment component of unit linked policies		142 440 081	136 898 826
		<u>142 440 081</u>	<u>136 898 826</u>
16.4 Liabilities under Individual Conventional Insurance Contracts			
Gross of reinsurance		1 104 600	1 122 415
Reinsurance credit		(184 181)	(188 463)
Net of reinsurance		<u>920 419</u>	<u>933 952</u>
16.5 Liabilities under Group Insurance Contracts (other than investment linked)			
Gross of reinsurance		719 481	560 405
Reinsurance credit		(170 529)	(113 232)
Net of reinsurance		<u>548 952</u>	<u>447 173</u>

17. Others creditors and accruals

Rupees '000

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Federal insurance fee payable	10 276	11 847
Sales tax payable	43 835	175 492
Accrued expenses	1 068 033	1 124 297
Agent commission payable	1 181 172	1 426 827
Unearned rentals	97 904	68 097
Other deposits	1 259 740	1 098 695
Unclaimed / unpaid dividends	463 729	413 162
Lease liability	715 289	604 074
Others	281 860	329 682
	<u>5 121 838</u>	<u>5 252 173</u>

18. Contingencies and commitments

The income tax assessment of the Holding Company and its Subsidiary Company has been finalized up to tax year 2021.

18.1 Holding Company

The Income Tax Department has made an assessment order for assessment year 1999-2000 and 2000-2001 by adding back provision for bonus to staff, provision for gratuity and excess management expense. The Holding Company had filed appeals before the Commissioner, Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Holding Company had filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeals are decided against the Holding Company a tax liability of Rs. 13 million would arise.

The Income Tax Department (Audit) has made an assessment order for assessment year 2002-2003 by adding certain items. The Holding Company had filed an appeal before Commissioner Income Tax (Appeals). The appeal was decided in the favour of the Holding Company. The Department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) and the same has been decided in the favour of the Holding Company. The Department has filed appeal before Honourable High Court of Sindh against the order of the Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Holding Company a tax liability of Rs. 76 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Holding Company for tax year 2005 to 2007 by disallowing prorated expense. The Holding Company has filed appeals before Commissioner Income Tax (Appeals). The appeals were decided in the favour of the Holding Company. The Department then filed appeals before the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) had passed an order in favour of the Holding Company. The Department then filed reference before the Honourable High Court of Sindh. The Honourable High Court of Sindh maintained the decision of Income Tax Appellate Tribunal (ITAT). The Department has filed appeals for the tax year 2005 to 2007 before the Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh in respect of proration of expenses and if the appeals are decided against the Holding Company, a tax liability of Rs. 37 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Holding Company for tax year 2008 by adding capital gain on investment, depreciation on leased asset, admissible expenses, re-insurance premium ceded, provision for leave encashment, amortization of premium relative to par and provision for outstanding claims (IBNR). The Holding Company filed appeal before Commission Income Tax (Appeals) against the order of Income Tax Commissioner (Audit). The Appeal decided in favour of the Holding Company except addition made on account of reinsurance premium ceded. The Holding Company has filed appeal before Income Tax Appellate Tribunal (ITAT) against the decision of Income Tax Commissioner (Appeals) for maintaining the decision of Income Tax Commissioner (Audit) with respect to confirming the addition made on account of re-insurance premium ceded. The Income Tax

Appellate Tribunal (ITAT) decided the case in favour of the Holding Company. The Department filed appeal in Income Tax Appellate Tribunal (ITAT) against the decision of Income Tax Commissioner (Appeals) for deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Holding Company. The Department has filed appeals before the Honourable High Court of Sindh against the decision of the Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium, deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. If the appeals decided against the Holding Company, a tax liability of Rs. 5,099 million would be payable. The Honourable High Court of Sindh has issued orders in favour of the assesses on the identical cases.

The Department has filed an appeal for tax years 2014 to 2016 before the Income Tax Appellate Tribunal (ITAT) against the order of Commissioner (Appeal) in respect of Dividend Income taxed at reduced rate. If the appeal is decided against the Holding Company, a tax liability of Rs. 355 million would arise.

The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax years 2017 and 2019 on account of fair market value of motor vehicles. The Holding Company has filed appeals before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) has confirmed the action of the Commissioner, Inland Revenue (Audit). The Holding Company then filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeal is decided against the Holding Company, a tax liability of Rs. 2 million would arise.

The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax year 2020 on account of expenses. The Holding Company has filed appeals before Commissioner Income Tax (Appeals). If the appeal is decided against the Holding Company, a tax liability of Rs. 2 million would arise.

In 2014, 2015, 2016, 2017 and 2018, the Searle Company Limited issued bonus shares (453,612, 312,993, 664,632, 472,284 and 443,697 shares, respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981, 24,857 and 21,360 shares respectively). In this regard, a constitutional petition had been filed by the Company in Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Holding Company. The Honourable High Court of Sindh decided the case against the Holding Company. Subsequently, the Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Holding Company has not paid / provided an amount of Rs. 37 million being withholding tax on bonus shares.

18.2 Subsidiary Company

In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.14 million and Rs.15 million for Tax Years 2012 and 2013 respectively. The Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Subsidiary Company filed second appeal before the Appellate Tribunal against the order of CIT. The Learned Appellate Tribunal Inland revenue had now decided the case in Subsidiary Company's favour. Subsequent to the period, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Subsidiary Company expects a favourable decision.

In 2015 and 2016, The Searle Company Limited issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 17,124 shares respectively) and the IBL Healthcare Limited issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,016 shares respectively). In this regard, a constitutional petition had been filed by the Subsidiary Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The honorable high court decided the case against the Subsidiary Company. Subsequently, the Subsidiary Company filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgment until the next date of hearing, which has not yet been decided. The Subsidiary Company is of the view that the case will be decided in its favour and as such no provision has been made for the aforementioned tax. The amount involved is Rs. 3 million.

- 18.2.1 During 2019, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 08 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance was made taxable from 01 July 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB extended exemption on health insurance till 30 June 2020.

With effect from 01 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Subsidiary Company collectively through the forum of Insurance Association of Pakistan (IAP) had filed a constitutional petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively.

According to the grounds of the petition and legal opinion obtained by the Subsidiary Company the Insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The legal opinion covered question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, is a Federal subject. The opinion also mentions that vast majority of premium received from a policyholder, during the life of the policy, is in fact channeled it to the policyholder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules.

The Honorable Lahore and Sindh High Courts have directed that no coercive measure would be taken until the next date of hearing.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax authorities. Further the committee formed met on 05 February 2020 in Lahore at PRA office to work out the way forward. Thereafter, due to the COVID 19 situation and consequential lockdown, further meetings of the Joint committee are not being held.

On 2 April 2020, due to the outbreak of COVID-19, the PRA provided a relief to Life Insurance sector through its notification no. SO(TAX) 1-1110/2020 (COVID-19). The PRA reduced the PST rate from 16% to zero percent without input tax adjustment for life insurance from 2 April 2020 till 30 June 2020.

SRB through notification no. SRB-3-4/13/2020 dated 22 June 2020 exempted the life insurance services conditionally from 1 July 2019 to 30 June 2020 subject to e-depositing SST due, on such services for the tax periods from 1 July 2020 onward. Further in Sindh, on June 29, 2020 SRB through another notification No SRB-3-4/18/2020 has amended the responsibility of withholding agent rules requiring a Subsidiary Company also to withheld SST on Services of Life Insurance.

The Subsidiary Company with other life insurance companies has filed another petition in this regard in the Honorable Sindh High Court. The Honorable Sindh High Court has directed that no coercive measure will be taken until the next date of hearing.

In continuation to the constitutional petition filed in Sindh High Court, a hearing was scheduled to be conducted during 2021, however no hearing was held during the period amid rising cases due to the pandemic and annual vacations of the judges.

Furthermore, Khyber Pakhtunkhwa Revenue Authority (KPRA) through Khyber Pakhtunkhwa Finance Act 2021 has imposed sales tax on life insurance at the rate of 15%, from 1st July 2021, which was previously exempt for the reason of economic documentation.

Based on the legal opinion, obtained the Subsidiary Company considers that it has a reasonably strong case on the merits in the constitutional petition and the writ petition filed in the High Courts. In view of the above, the Subsidiary Company has not started billing or withholding sales tax from its customers. The amount of sales tax involved is around Rs. 1,544 million computed on the basis of risk based premium. As per the advice of legal advisor, in case the administrative efforts fail, the amount will be charged to the policyholders.

Bank guarantees amounting to Rs. 56 million have been given in respect of Group Life coverage. These bank guarantees will expire on 31 December 2023.

- 18.3 No provision has been made in these consolidated condensed interim financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Group.
- 18.4 There are no commitments as at 30 September 2021 (31 December 2020: Nil).

19. Net insurance premium

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Written gross premium	15 285 282	14 323 844	42 157 245	37 272 693
Unearned premium reserve - opening	8 805 984	8 376 182	9 411 142	9 143 972
Unearned premium reserve - closing	(10 603 444)	(9 719 463)	(10 603 444)	(9 719 463)
Premium earned	13 487 822	12 980 563	40 964 943	36 697 202
Less:				
Reinsurance premium ceded	3 461 289	3 232 940	9 333 569	8 332 738
Prepaid reinsurance premium - opening	4 616 270	4 621 001	4 808 670	5 750 008
Prepaid reinsurance premium - closing	(4 869 891)	(4 920 749)	(4 869 891)	(4 920 749)
Reinsurance expense	3 207 668	2 933 192	9 272 348	9 161 997
	<u>10 280 154</u>	<u>10 047 371</u>	<u>31 692 595</u>	<u>27 535 205</u>
20. Net insurance claims expense				
Claims Paid	7 625 842	6 759 501	22 738 335	16 591 385
Outstanding claims including IBNR - closing	7 513 384	7 693 770	7 513 384	7 693 770
Outstanding claims including IBNR - opening	(7 532 603)	(6 966 017)	(7 111 989)	(6 273 372)
Claims expense	7 606 623	7 487 254	23 139 730	18 011 783
Less:				
Reinsurance and other recoveries received	723 377	488 209	2 291 189	2 039 100
Reinsurance and other recoveries in respect of outstanding claims - opening	(4 267 453)	(4 141 093)	(3 856 142)	(4 081 849)
Reinsurance and other recoveries in respect of outstanding claims - closing	4 001 852	4 396 424	4 001 852	4 396 424
Reinsurance and other recoveries revenue	457 776	743 540	2 436 899	2 353 675
	<u>7 148 847</u>	<u>6 743 714</u>	<u>20 702 831</u>	<u>15 658 108</u>
21. Net commission expense				
Commission paid or payable	2 211 264	1 939 083	6 072 569	4 940 224
Deferred commission expense - opening	541 078	486 923	678 039	598 669
Deferred commission expense - closing	(788 067)	(677 643)	(788 067)	(677 643)
Net commission	1 964 275	1 748 363	5 962 541	4 861 250
Less:				
Commission received or recoverable	103 035	111 046	198 747	236 082
Unearned reinsurance commission - opening	102 893	243 772	152 144	430 936
Unearned reinsurance commission - closing	(139 115)	(163 238)	(139 115)	(163 238)
Commission from reinsurers	66 813	191 580	211 776	503 780
Other acquisition cost	245 377	205 126	683 551	583 698
	<u>2 142 839</u>	<u>1 761 909</u>	<u>6 434 316</u>	<u>4 941 168</u>

22. Investment income

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Income from equity securities				
- Available-for-sale				
Dividend income	80 789	5 041	194 284	79 002
-Fair value through profit and loss				
Dividend income	638 621	85 497	1 564 462	510 603
Income from debt securities				
- Available-for-sale				
Return on debt securities	240 720	286 616	814 922	908 587
-Held to maturity				
On government securities	143 084	125 032	418 239	409 185
-Fair value through profit and loss				
Return on debt securities	298 439	271 916	900 998	1 359 523
On government securities	1 640 458	1 622 340	4 915 422	5 146 928
Income from term deposits				
Return on term deposits	280 669	245 483	854 191	1 119 781
	<u>3 322 780</u>	<u>2 641 925</u>	<u>9 662 518</u>	<u>9 533 609</u>
Net realized gains / (losses) on investments				
Available-for-sale financial assets				
Realized gains on:				
Equity securities	2 234	3 334	162 264	15 840
Realized losses on:				
Equity securities	(12 484)	-	(69 766)	(1 117)
Net unrealized gains on investments	(10 250)	3 334	92 498	14 723
(Impairment) / reversal in value of				
available-for-sale equity securities	(22 573)	35 616	(22 826)	(43 667)
Investment related expenses	(190)	(231)	(970)	(431)
Total Investment income	<u>3 289 767</u>	<u>2 680 644</u>	<u>9 731 220</u>	<u>9 504 234</u>
23. Net realized fair value gains / (losses) on financial assets				
Available-for-sale financial assets				
Realized gain on:				
Equity securities	975 115	583 343	3 701 601	736 609
Government securities	-	1 612 655	-	2 682 209
Realized losses on				
Equity securities	(77 292)	-	(633 065)	-
	<u>897 823</u>	<u>2 195 998</u>	<u>3 068 536</u>	<u>3 418 818</u>

24. Net fair value (losses) / gains on financial assets at fair value through profit or loss	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Net unrealized (losses) / gains on investments in financial assets - government securities and Debt Securities (designated upon initial recognition)	(347 854)	(3 383 441)	(933 677)	1 315 791
Net unrealized (losses) / gains on investments at fair value through profit or loss (designated upon initial recognition) - Equity Securities	(3 256 478)	4 619 528	(3 923 296)	1 965 132
Total investment income	(3 604 332)	1 236 087	(4 856 973)	3 280 923
Exchange gain / (loss)	13 950	(2 010)	11 078	10 923
(Impairment) / Reversal in value of available-for-sale securities	(10 896)	34 229	(3 848)	25 943
Investment related expenses	(882)	(1 913)	(1 644)	(3 922)
	<u>(3 602 160)</u>	<u>1 266 393</u>	<u>(4 851 387)</u>	<u>3 313 867</u>
25. Other income				
Gain on sale of property and equipment	20 872	14 981	69 532	31 957
Return on loans to employees	5 877	5 674	16 417	13 037
Exchange difference	25 182	(735)	20 316	24 401
Return on bank balances	25 250	22 497	69 255	89 351
Fee charged to policyholder	4 412	7 478	12 592	11 979
Gain on early termination of lease contracts	5 198	-	7 642	-
	<u>86 791</u>	<u>49 895</u>	<u>195 754</u>	<u>170 725</u>
26. Window takaful operations - Operator's fund				
Wakala fee	198 778	166 396	565 595	501 247
Commission expense	(77 932)	(61 916)	(223 971)	(182 754)
General, administrative and management expense	(75 280)	(78 279)	(259 696)	(227 322)
Modarib's share of PTF investment income	8 388	8 315	23 228	24 876
Investment income	11 529	10 205	20 213	33 726
Direct expenses	(137)	(122)	(597)	(556)
Other income	416	1 292	2 050	4 859
	<u>65 762</u>	<u>45 891</u>	<u>126 822</u>	<u>154 076</u>
27. Taxation				
For current period				
Current	265 493	317 715	1 202 752	1 249 242
Deferred	(46 073)	10 240	(70 536)	(38 670)
	<u>219 420</u>	<u>327 955</u>	<u>1 132 216</u>	<u>1 210 572</u>
For prior period(s)				
Prior year tax	(18 960)	-	(18 960)	17 792
	<u>200 460</u>	<u>327 955</u>	<u>1 113 256</u>	<u>1 228 364</u>
28. Earnings per share - basic and diluted				
Profit (after tax) for the period (Rupees '000)	<u>406 215</u>	<u>464 826</u>	<u>1 743 486</u>	<u>1 632 916</u>
Weighted average number of ordinary shares (Numbers '000)	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>
Earnings per share (Rupees)	<u>2.03</u>	<u>2.32</u>	<u>8.72</u>	<u>8.16</u>

Rupees '000

29. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, and entities with common directors and employee retirement benefit funds. 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 other than those which have been specifically disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
				Rupees '000
Transactions				
Associated companies				
Premium written	210 683	238 808	527 944	416 528
Premium paid / (refund)	(63)	519	54 877	43 284
Claims paid	50 594	76 139	134 312	106 651
Commission paid	48 275	73 253	152 755	147 335
Travelling expenses	–	359	2 943	1 771
Donation paid	2 446	627	12 756	2 216
Dividend paid	166 327	325 249	1 144 805	1 134 732
Interest on bank deposits	191 943	361 526	730 160	549 025
Purchase of vehicle	4 602	29 641	89 465	102 288
Investment made	–	1 910	335 915	1 910
Bank deposit / (withdrawn)	(1 805 000)	–	291 804	–
Payment to K-Electric	17 821	–	49 255	–
Key management personnel				
Premium written	7 692	1 760	11 345	2 205
Claims paid	–	170	–	170
Dividend paid	1 532	4 987	9 384	16 770
Loan to key employees	–	–	–	6 584
Loan recovered	2 723	2 387	6 217	3 494
Compensation	100 252	189 242	290 867	282 815
Others				
Premium written	22 851	202 237	266 790	229 422
Claims paid	1 518	33 465	7 825	35 424
Dividend paid	98 920	177 427	563 391	490 391
Brokerage paid	179	134	1 239	330
Employees' funds				
Contribution to provident fund	20 515	31 769	57 881	49 380
Contribution to gratuity fund	5 467	9 420	16 397	14 129
Contribution to pension fund	9 163	15 383	26 269	22 142
Dividend paid	674	1 624	4 463	4 601
			30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balances				
Others				
Balances receivable			126 399	119 592
Balances payable			7 371	1 224
Bank deposits			7 376 929	7 004 500
Bank balances			3 573 277	1 852 642
Employees' funds receivable / (payable)				
EFU gratuity fund			(16 397)	(9 806)
EFU pension fund			47 352	44 260

Rupees '000

For the nine months period ended 30 September 2021 (Unaudited)

Current period	General Insurance				Life Assurance		Total			
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance		Shareholders' Fund	Statutory Funds	Aggregate Life Assurance
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	11 577 462	2 891 748	3 125 132	1 561 371	-	19 155 713	-	25 566 031	25 566 031	44 721 744
Less: Sales tax	1 403 415	312 781	377 583	191 206	-	2 284 985	-	-	-	2 284 985
Stamp duty	408	111 407	889	682	-	113 386	-	-	-	113 386
Federal insurance fee	100 835	24 422	27 277	13 594	-	166 128	-	-	-	166 128
Gross Written Premium (inclusive of administrative surcharge)	10 072 804	2 443 138	2 719 383	1 355 889	-	16 591 214	-	25 566 031	25 566 031	42 157 245
Gross direct premium	10 040 878	2 402 135	2 561 512	1 344 506	-	16 349 031	-	25 566 031	25 566 031	41 915 062
Facultative inward premium	4 209	827	-	-	-	5 036	-	-	-	5 036
Administrative surcharge	27 717	40 176	157 871	11 383	-	237 147	-	-	-	237 147
Insurance premium earned	9 684 586	2 075 878	2 475 992	1 162 456	-	15 398 912	-	25 566 031	25 566 031	40 964 943
Insurance premium ceded to reinsurers	(7 064 007)	(871 384)	(16 457)	(425 689)	-	(8 371 537)	-	(894 811)	(894 811)	(9 272 348)
Net insurance premium	2 620 579	1 204 494	2 459 535	736 767	-	7 027 375	-	24 671 220	24 671 220	31 692 595
Commission income	165 810	11 858	36	34 072	-	211 776	-	-	-	211 776
Net underwriting income	2 786 389	1 216 352	2 459 571	770 839	-	7 233 151	-	24 671 220	24 671 220	31 904 371
Insurance claims	(2 546 048)	(569 653)	(1 157 033)	(781 541)	-	(5 054 275)	-	(18 085 455)	(18 085 455)	(23 139 730)
Insurance claims recovered from reinsurers	1 567 856	140 514	(90)	58 805	-	1 767 085	-	669 814	669 814	2 436 899
Net claims	(978 192)	(429 139)	(1 157 123)	(722 736)	-	(3 287 190)	-	(17 415 641)	(17 415 641)	(20 702 831)
Commission expense	(623 993)	(202 558)	(227 239)	(81 592)	-	(1 135 382)	-	(5 510 710)	(5 510 710)	(6 646 092)
Management expenses	(752 596)	(325 108)	(741 780)	(208 898)	-	(2 028 382)	-	(1 677 088)	(1 677 088)	(3 705 470)
Net insurance claims and expenses	(2 354 781)	(956 805)	(2 126 142)	(1 013 226)	-	(6 450 954)	-	(24 603 439)	(24 603 439)	(31 054 393)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(5 775 079)	(5 775 079)	(5 775 079)
Underwriting result	431 608	259 547	333 429	(242 387)	-	782 197	-	(5 707 298)	(5 707 298)	(4 925 101)
Net investment income	-	-	-	-	-	1 065 338	-	8 665 882	8 665 882	9 731 220
Net realized fair value gain on financial assets	-	-	-	-	-	-	-	3 068 536	3 068 536	3 068 536
Net fair value loss on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	(4 851 387)	(4 851 387)	(4 851 387)
Rental income	-	-	-	-	-	90 679	-	-	-	90 679
Other income	-	-	-	-	-	114 104	-	81 650	81 650	195 754
Other expense	-	-	-	-	-	(51 101)	-	(27 163)	(27 163)	(78 264)
Profit before tax from takaful operations – OPF	-	-	-	-	-	126 822	-	-	-	126 822
Profit before tax	-	-	-	-	-	2 128 039	-	1 230 220	1 230 220	3 358 259
Corporate segment assets - conventional	9 795 727	2 307 661	801 127	669 699	-	13 574 214	-	156 843 597	156 843 597	170 417 811
Corporate segment assets - Takaful OPF	100 976	9 709	269 652	5 943	-	386 280	-	-	-	386 280
Corporate unallocated assets - conventional	-	-	-	-	-	29 650 773	4 369 573	-	4 369 573	34 020 346
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	743 211	-	-	-	743 211
Consolidated total assets	-	-	-	-	-	44 354 478	4 369 573	156 846 303	161 213 170	205 567 648
Corporate segment liabilities	14 407 240	3 092 333	2 700 870	3 569 112	-	23 769 555	-	152 799 039	152 799 039	176 568 594
Corporate segment liabilities - Takaful OPF	108 984	11 849	372 409	18 929	-	512 171	-	-	-	512 171
Corporate unallocated liabilities	-	-	-	-	-	2 480 494	942 028	-	942 028	3 422 522
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	12 406	-	-	-	12 406
Consolidated total liabilities	-	-	-	-	-	26 774 626	942 028	152 799 039	153 741 067	180 515 693
External premium less reinsurance by geographical segments 2021	31 670 703	21 892	-	-	-	-	-	-	-	31 692 595
Location	-	-	-	-	-	-	-	-	-	-
Pakistan	-	-	-	-	-	-	-	-	-	-
* EPZ	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

* This represents US Dollar Equivalent in Pak Rupees

Current period For the three months period ended 30 September 2021 (Unaudited) Rupees '000

	General Insurance				Treaty	Life Assurance			Aggregate Life Assurance	Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous		Shareholders' Fund	Statutory Funds			
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	5 034 628	1 213 283	1 298 686	560 853	-	-	8 196 433	8 196 433	16 303 883	
Less: Sales tax	553 693	131 403	154 514	65 674	-	-	-	-	905 284	
Stamp duty	226	41 648	333	254	-	-	-	-	42 461	
Federal insurance fee	44 322	10 299	11 335	4 900	-	-	-	-	70 856	
Gross Written Premium (inclusive of administrative surcharge)	4 436 387	1 029 933	1 132 504	490 025	-	-	8 196 433	8 196 433	15 285 282	
Gross direct premium	4 417 580	1 015 965	1 076 436	485 019	-	-	8 196 433	8 196 433	15 191 433	
Administrative surcharge	14 598	13 968	56 068	5 006	-	-	-	-	89 640	
Insurance premium earned	3 275 317	781 722	843 276	391 074	-	-	8 196 433	8 196 433	13 487 822	
Insurance premium ceded to reinsurers	(2 495 223)	(355 929)	(6 572)	(140 092)	-	-	(209 852)	(209 852)	(3 207 668)	
Net insurance premium	780 094	425 793	836 704	250 982	-	-	7 986 581	7 986 581	10 280 154	
Commission income	52 272	5 037	9	9 495	-	-	-	-	66 813	
Net underwriting income	832 366	430 830	836 713	260 477	-	-	7 986 581	7 986 581	10 346 967	
Insurance claims	(442 800)	(125 122)	(387 986)	(572 194)	-	-	(6 078 521)	(6 078 521)	(7 606 623)	
Insurance claims recovered from reinsurers	211 998	1 669	-	69 068	-	-	175 041	175 041	457 776	
Net claims	(230 802)	(123 453)	(387 986)	(503 126)	-	-	(5 903 480)	(5 903 480)	(7 148 847)	
Commission expense	(216 311)	(70 490)	(77 212)	(27 568)	-	-	(1 818 071)	(1 818 071)	(2 209 652)	
Management expenses	(238 234)	(118 231)	(245 116)	(73 721)	-	-	(602 939)	(602 939)	(1 278 241)	
Net insurance claims and expenses	(685 347)	(312 174)	(710 314)	(604 415)	-	-	(8 324 490)	(8 324 490)	(10 636 740)	
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	228 276	228 276	228 276	
Underwriting result	147 019	118 656	126 399	(343 938)	-	-	(109 633)	(109 633)	(61 497)	
Net investment income	-	-	-	-	-	-	3 006 864	3 006 864	3 289 767	
Net realized fair value gains on financial assets	-	-	-	-	-	-	897 823	897 823	897 823	
**Net fair value gain on financial assets at fair value through profit and loss*	-	-	-	-	-	-	(3 602 160)	(3 602 160)	(3 602 160)	
Rental income	-	-	31 263	-	-	-	-	-	31 263	
Other income	-	-	63 213	-	-	-	23 578	23 578	86 791	
Other expense	-	-	(5 282)	-	-	-	(4 696)	(4 696)	(9 978)	
Profit before tax from takaful operations – OPF	-	-	65 762	-	-	-	-	-	65 762	
Profit before tax	-	-	485 995	-	-	-	211 776	211 776	697 771	

Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)

Less: Sales tax

Stamp duty

Federal insurance fee

Gross Written Premium

(inclusive of administrative surcharge)

Gross direct premium

Administrative surcharge

Insurance premium earned

Insurance premium ceded to reinsurers

Net insurance premium

Commission income

Net underwriting income

Insurance claims

Insurance claims recovered from reinsurers

Net claims

Commission expense

Management expenses

Net insurance claims and expenses

Net Change in Insurance Liabilities

(Other than outstanding Claims)

Underwriting result

Net investment income

Net realized fair value gains on financial assets

**Net fair value gain on financial assets at fair

value through profit and loss*

Rental income

Other income

Other expense

Profit before tax from takaful operations – OPF

Profit before tax

For the three months period ended 30 September 2020 (Unaudited) Rupees '000

	General Insurance			Treaty	Aggregate General Insurance	Life Assurance		Aggregate Life Assurance	Total
	Fire and property damage	Marine, aviation and transport	Motor			Miscellaneous	Shareholders' Fund		
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 813 159	814 465	1 243 299	429 723	-	7 300 646	8 019 514	8 019 514	15 320 160
Less: Sales tax	611 408	88 893	146 922	53 086	-	900 309	-	-	900 309
Stamp duty	212	32 211	211	325	-	32 959	-	-	32 959
Federal insurance fee	41 599	6 864	10 855	3 730	-	63 048	-	-	63 048
Gross Written Premium (inclusive of administrative surcharge)	4 159 940	686 497	1 085 311	372 582	-	6 304 330	-	8 019 514	14 323 844
Gross direct premium	4 145 350	674 103	1 021 180	367 493	-	6 208 126	-	8 019 514	14 227 640
Administrative surcharge	14 590	12 394	64 131	5 089	-	96 204	-	-	96 204
Insurance premium earned	3 246 138	499 999	800 929	413 983	-	4 961 049	-	8 019 514	12 980 563
Insurance premium ceded to reinsurers	(2 342 203)	(163 485)	(6 378)	(222 379)	-	(2 734 445)	-	(198 747)	(2 933 192)
Net insurance premium	903 935	336 514	794 551	191 604	-	2 226 604	-	7 820 767	10 047 371
Commission income	154 050	(108)	59	37 579	-	191 580	-	-	191 580
Net underwriting income	1 057 985	336 406	794 610	229 183	-	2 418 184	-	7 820 767	10 238 951
Insurance claims	(1 242 743)	(199 735)	(445 234)	(83 949)	-	(1 971 661)	-	(5 515 593)	(7 487 254)
Insurance claims recovered from reinsurers	562 260	6 897	6 968	(5 707)	-	570 418	-	173 122	743 540
Net claims	(680 483)	(192 838)	(438 266)	(89 656)	-	(1 401 243)	-	(5 342 471)	(6 743 714)
Commission expense	(177 353)	(51 159)	(70 357)	(31 308)	-	(330 177)	-	(1 623 312)	(1 953 489)
Management expenses	(262 023)	(96 645)	(260 472)	(58 121)	-	(677 261)	-	(512 472)	(1 189 733)
Net insurance claims and expenses	(1 119 859)	(340 642)	(769 095)	(179 085)	-	(2 408 681)	-	(7 478 255)	(9 886 936)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(5 583 609)	(5 583 609)
Underwriting result	(61 874)	(4 236)	25 515	50 098	-	9 503	-	(5 241 097)	(5 231 594)
Net investment income	-	-	-	-	-	334 218	-	2 346 426	2 680 644
Net realized fair value losses on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	2 195 998	2 195 998
Rental income	-	-	-	-	-	-	-	1 266 393	1 266 393
Other income	-	-	-	-	-	26 903	-	-	26 903
Other expense	-	-	-	-	-	25 119	-	24 776	49 895
Profit before tax from takaful operations - OPF	-	-	-	-	-	(13 986)	-	(2 161)	(16 147)
Profit before tax	-	-	-	-	-	45 891	-	-	45 891
	-	-	-	-	-	427 648	-	590 335	1 017 983

Prior period

Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)

Less: Sales tax

Stamp duty

Federal insurance fee

Gross Written Premium (inclusive of

administrative surcharge)

Gross direct premium

Administrative surcharge

Insurance premium earned

Insurance premium ceded to reinsurers

Net insurance premium

Commission income

Net underwriting income

Insurance claims

Insurance claims recovered from reinsurers

Net claims

Commission expense

Management expenses

Net insurance claims and expenses

Net Change in Insurance Liabilities

(Other than outstanding Claims)

Underwriting result

Net investment income

Net realized fair value losses on financial assets

at fair value through profit and loss

Rental income

Other income

Other expense

Profit before tax from takaful operations - OPF

Profit before tax

31 Movement in Investment

Name of investment	Rupees '000			
	Held to maturity	Available-for-sale	Fair value through P & L	Total
At beginning of previous year	23 536 673	14 722 021	90 660 639	128 919 333
Additions	90 484 953	42 280 570	55 987 553	188 753 076
Disposals (sale and redemptions)	(89 106 980)	(39 157 501)	(39 059 755)	(167 324 236)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	825 711	6 085 209	6 910 920
Impairment losses	-	48 267	-	48 267
At beginning of current year	24 914 646	18 719 068	113 673 646	157 307 360
Additions	104 320 680	53 740 095	27 429 299	185 490 074
Disposals (sale and redemptions)	(104 223 841)	(53 010 536)	(19 460 480)	(176 694 857)
Fair value net gains (excluding net realized gains / (losses))	-	(1 102 905)	(4 360 980)	(5 463 885)
Impairment losses	-	(26 674)	-	(26 674)
At end of current period	25 011 485	18 319 048	117 281 485	160 612 018

32. Fair value

32.1 IFRS 13 defines fair value as an exit price. 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.

32.2 All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

Rupees '000

As at 30 September 2021 (Unaudited)

	Available- for-sale	Fair value through profit and loss	HTM	Loan and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	4 169 356	39 383 613					43 552 969	43 552 969		
Equity securities - unquoted	508						508			508
Government securities		75 231 699					75 231 699		75 231 699	
Mutual funds	123 497	1 235 354					1 358 851		1 358 851	
Sukuk Bonds		2 528 513					2 528 513		2 528 513	
Debt securities	10 643 019	-					10 643 019		10 643 019	
Financial assets not measured at fair value										
Term deposits *					453 370		453 370			
Government securities			7 891 182				7 891 182		7 932 215	
Loans and other receivables *				166 521	2 045 054		2 211 575			
Insurance / reinsurance receivables *				3 762 756			3 762 756			
Reinsurance recoveries against outstanding claims *				4 001 852			4 001 852			
Advances *				242 606			242 606			
Other assets *					1 678 149		1 678 149			
Certificate of investment *		210 000					210 000			
Cash and bank *		25 799 437			1 104 575		26 904 012			
Total assets of window takaful operations - Operator's fund *	607 503			255 488	103 067		966 058		607 503	
	15 543 883	144 388 616	7 891 182	8 429 223	5 384 215	-	181 637 119	43 552 969	98 301 800	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(7 513 384)	(7 513 384)			
Premium received in advance *						(1 393 468)	(1 393 468)			
Insurance / reinsurance payables *						(3 689 664)	(3 689 664)			
Other creditors and accruals *						(5 121 838)	(5 121 838)			
Total liabilities of window takaful operations - Operator's fund *						(124 887)	(124 887)			
	15 543 883	144 388 616	7 891 182	8 429 223	5 384 215	(17 843 241)	163 793 878	43 552 969	98 301 800	508

Rupees '000

As at 31 December 2020 (Audited)

	Available- for-sale	Fair value through profit and loss	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	4 761 392	38 958 658					43 720 050	43 720 050		
Equity securities - unquoted	508						508			508
Government securities		67 952 169					67 952 169	67 952 169		
Mutual funds	127 059	1 558 312					1 685 371	1 685 371		
Sukuk Bonds		3 859 532					3 859 532	3 859 532		
Debt securities	10 273 302	3 914 206					14 187 508	14 187 508		
Financial assets not measured at fair value										
Term deposits *					683 006		683 006			
Government securities			6 508 931	214 382			6 723 313	5 340 466		
Loans and other receivables *				344 839			344 839			
Insurance / reinsurance receivables *				3 639 822			3 639 822			
Reinsurance recoveries against outstanding claims*				3 856 142			3 856 142			
Advances *					214 382		214 382			
Other assets *					4 442 243		4 442 243			
Certificate of investment*		210 000					210 000			
Cash and bank *		24 397 091			1 328 500		25 725 591			
Total assets of window takaful operations - Operator's fund *	378 864			179 703	252 829		811 396		378 864	
	15 541 125	140 849 968	6 508 931	8 234 888	6 920 960	-	178 055 872	43 720 050	93 403 910	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(7 111 989)	(7 111 989)			
Premium received in advance *						(1 263 853)	(1 263 853)			
Insurance / reinsurance payables *						(4 742 653)	(4 742 653)			
Other creditors and accruals *						(5 252 173)	(5 252 173)			
Total liabilities of window takaful operations - Operator's fund *						(96 998)	(96 998)			
	15 541 125	140 849 968	6 508 931	8 234 888	6 920 960	(18 467 666)	159 588 206	43 720 050	93 403 910	508

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

33. Impact of COVID-19 on the consolidated condensed interim financial statements

The novel coronavirus COVID-19 emerged in 2020 and since then, the condition has continued to deteriorate. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The COVID-19 pandemic has significantly impacted the market around the world to date and may continue to do so in the coming months of 2021. The scale and duration of this outbreak remains uncertain and as it evolves globally, the Group based on its current assessment considered that there would be no significant impact that will adversely affect its business, result of operations and financial condition of the Group.

34. Non-adjusting event after the financial statement date

The Board of Directors in their meeting held on 28 October 2021 have announced a third interim cash dividend in respect of the year ended 31 December 2021 of Rs. 1.50 per share i.e. 15.00 % (2020: Rs. 1.50 per share i.e. 15.00 %). These consolidated condensed interim financial statements for the nine months period ended 30 September 2021 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

35. Corresponding Figures

35.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

36. General

Figures have been rounded off to the nearest thousand rupees.

37. Date of authorization for issue of consolidated condensed interim financial statements

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 28 October 2021.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

Window Takaful Operations

Condensed Interim Financial Statements

For the nine months period ended 30 September 2021 (Unaudited)

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Financial Position
As at 30 September 2021 (Unaudited)

Rupees '000

	Note	Operator's Fund		Participants' Takaful Fund	
		30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Assets					
Property and equipment	6	2 904	1 247	-	-
Investments					
Debt securities	7	607 503	378 864	1 691 902	1 270 934
Term deposits		-	195 000	150 000	360 000
Loans and other receivables	8	1 690	302	4 208	15 074
Takaful / retakaful receivables	9	7 537	6 160	409 459	268 071
Retakaful recoveries against outstanding claims / benefits	17	-	-	624 565	730 638
Salvage recoveries accrued		-	-	65 127	35 760
Deferred commission expense	18	156 575	125 049	-	-
Receivable from PTF	10	235 933	162 669	-	-
Accrued investment income		10 328	10 572	34 972	23 575
Deferred wakala fee		-	-	411 792	337 898
Deferred taxation		3 038	1 008	-	-
Taxation - payments less provision		-	-	-	-
Prepayments	11	916	-	343 067	293 081
Cash and bank	12	103 067	57 829	232 626	97 799
Total assets		1 129 491	938 700	3 967 718	3 432 830
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	100 000	-	-
Revaluation reserve - available-for-sale investments		(185)	(1 812)	-	-
Accumulated profit		488 511	398 512	-	-
Total Operator's Fund		588 326	496 700	-	-
Participants' Takaful Fund (PTF)					
Cede money		-	-	500	500
Revaluation reserve - available-for-sale investments		-	-	(6 499)	(14 101)
Accumulated surplus		-	-	755 231	650 714
Balance of Participants' Takaful Fund		-	-	749 232	637 113
Liabilities					
PTF Underwriting provisions					
Outstanding claims / benefits including IBNR	17	-	-	1 273 215	1 252 165
Unearned contribution reserves		-	-	1 317 199	1 172 697
Reserve for unearned retakaful rebate	16	-	-	55 415	29 852
Contribution received in advance		-	-	12 953	2 448
Takaful / retakaful payables		2 665	2 649	291 969	158 920
Unearned wakala fee		411 792	337 898	-	-
Payable to OPF	10	-	-	235 933	162 669
Taxation - provision less payments		1 821	4 455	-	-
Other creditors and accruals	13	124 887	96 998	31 802	16 966
Total liabilities		541 165	442 000	3 218 486	2 795 717
Total equity and liabilities		1 129 491	938 700	3 967 718	3 432 830
Contingencies and commitments	14				

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Profit and Loss Account
For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Note	Three months period ended		Nine months period ended	
		30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Participants' Takaful Fund - (PTF)					
Contributions earned		446 392	413 370	1 334 428	1 226 826
Less: Contributions ceded to retakaful		(144 856)	(118 877)	(417 198)	(318 691)
Net contribution revenue	15	301 536	294 493	917 230	908 135
Retakaful rebate earned	16	22 592	21 816	65 912	55 566
Net underwriting income		324 128	316 309	983 142	963 701
Net claims - reported / settled - IBNR	17	(290 122)	(275 854)	(831 381)	(734 256)
Other direct expenses		(25 992)	(42 145)	(108 707)	(117 354)
Surplus before investment income		8 014	(1 690)	43 054	112 091
Investment Income	19	31 662	28 697	76 923	82 607
Other income	20	2 654	4 529	7 768	17 082
Less: Modarib's share of investment income		(8 388)	(8 315)	(23 228)	(24 876)
Surplus transferred to accumulated surplus		33 942	23 221	104 517	186 904
Operator's Fund - (OPF)					
Wakala fee		198 778	166 396	565 595	501 247
Commission expense	18	(77 933)	(61 916)	(223 972)	(182 754)
General, administrative and management expense		(75 278)	(78 328)	(259 694)	(227 322)
		45 567	26 152	81 929	91 171
Modarib's share of PTF investment income		8 388	8 315	23 228	24 876
Investment income	19	11 529	10 205	20 213	33 726
Direct expenses		(139)	(73)	(599)	(556)
Other income	20	417	1 292	2 051	4 859
Profit before taxation		65 762	45 891	126 822	154 076
Taxation	21	(19 133)	(13 343)	(36 823)	(44 717)
Profit after taxation		46 629	32 548	89 999	109 359

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Participants' Takaful Fund - (PTF)				
Surplus for the period	33 942	23 221	104 517	186 904
Other comprehensive income				
Unrealized gain / (loss) on available-for-sale investments during the period - net	1 524	(14 257)	7 602	(6 074)
Total items that may be reclassified subsequently to profit and loss account	1 524	(14 257)	7 602	(6 074)
Total comprehensive income for the period	<u>35 466</u>	<u>8 964</u>	<u>112 119</u>	<u>180 830</u>
Operator's Fund - (OPF)				
Profit after tax for the period	46 629	32 548	89 999	109 359
Other comprehensive income				
Fair value gain / (loss) on available for sale investments during the period	(3)	(2 075)	2 293	(107)
Deferred tax on available-for-sale investments	–	601	(666)	31
Total items that may be reclassified subsequently to profit and loss account	(3)	(1 474)	1 627	(76)
Total comprehensive income for the period	<u>46 626</u>	<u>31 074</u>	<u>91 626</u>	<u>109 283</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Cash Flow Statement
For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	1 912 174	1 724 401
Retakaful contribution paid	–	–	(373 732)	(397 211)
Claims / benefits paid	–	–	(948 644)	(863 719)
Retakaful and other recoveries received	–	–	216 489	189 837
Commission paid	(228 224)	(173 352)	–	–
Retakaful rebate received	–	–	91 475	72 602
Wakala fee received / (paid)	568 367	447 239	(568 367)	(447 239)
Modarib received / (paid)	21 086	20 353	(21 086)	(20 353)
Net cash flow from takaful activities	361 229	294 240	308 309	258 318
b) Other operating activities				
Income tax paid	(42 152)	(42 132)	–	–
General and other expenses paid	(263 035)	(227 415)	(108 709)	(117 355)
Other operating payments	(3 829)	(2 888)	50 466	(18 484)
Other operating receipts	3 933	4 557	15 566	7 751
Net cash flow used in other operating activities	(305 083)	(267 878)	(42 677)	(128 088)
Total cash flow from all operating activities	56 146	26 362	265 632	130 230
Investment activities				
Profit / return received	31 460	36 263	81 513	88 907
Payment for investments	(347 180)	(696 899)	(811 939)	(1 825 062)
Proceeds from investments	306 880	561 026	599 621	1 462 075
Fixed capital expenditure	(2 068)	(83)	–	–
Total cash flow used in investing activities	(10 908)	(99 693)	(130 805)	(274 080)
Net cash flow from / (used in) all activities	45 238	(73 331)	134 827	(143 850)
Cash and cash equivalents at the beginning of the period	57 829	110 628	97 799	343 552
Cash and cash equivalents at the end of the period	103 067	37 297	232 626	199 702
Reconciliation to profit and loss account				
Operating cash flow	56 146	26 362	265 632	130 230
Depreciation expense	(559)	(489)	–	–
Other investment income	20 213	33 726	76 923	82 607
Other income	2 051	4 859	7 036	16 896
Increase in assets other than cash	111 314	91 505	177 694	860 076
Increase in liabilities other than borrowings	(99 166)	(46 604)	(422 768)	(902 905)
Surplus after tax for the period	89 999	109 359	104 517	186 904
Attributed to				
Operator's Fund	89 999	109 359	–	–
Participants' Takaful Fund	–	–	104 517	186 904
	89 999	109 359	104 517	186 904

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Changes in Funds
For the nine months period ended 30 September 2021 (Unaudited)

Rupees '000

	Operator's Fund			
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total
Balance as at 01 January 2020	100 000	(1 244)	266 687	365 443
Total comprehensive income for the period ended 30 September 2020				
Profit for the period			109 359	109 359
Other comprehensive income		(76)		(76)
Balance as at 30 September 2020	<u>100 000</u>	<u>(1 320)</u>	<u>376 046</u>	<u>474 726</u>
Balance as at 01 January 2021	100 000	(1 812)	398 512	496 700
Total comprehensive income for the period ended 30 September 2021				
Profit for the period			89 999	89 999
Other Comprehensive Income		1 627		1 627
Balance as at 30 September 2021	<u>100 000</u>	<u>(185)</u>	<u>488 511</u>	<u>588 326</u>
	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
Balance as at 01 January 2020	500	(6 211)	377 601	371 890
Surplus for the period			186 904	186 904
Other comprehensive income		(6 074)		(6 074)
Balance as at 30 September 2020	<u>500</u>	<u>(12 285)</u>	<u>564 505</u>	<u>552 720</u>
Balance as at 01 January 2021	500	(14 101)	650 714	637 113
Surplus for the period			104 517	104 517
Other Comprehensive Income		7 602		7 602
Balance as at 30 September 2021	<u>500</u>	<u>(6 499)</u>	<u>755 231</u>	<u>749 232</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

EFU General Insurance Limited - Window Takaful Operations Notes to the Condensed Interim Financial Statements For the nine months period ended 30 September 2021 (Unaudited)

1. Legal status and nature of business

EFU General Insurance Limited (the Operator) was allowed to undertake Window Takaful Operations (the Operations) on 16 April 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participants' Takaful Fund (PTF) on 06 May 2015 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2. Basis of preparation and statement of compliance

These condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulation, 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, Takaful Rules, 2012, General Takaful Accounting Regulations, 2019 shall prevail.

These condensed interim financial statements reflect the financial position and results of operations of both the Operator and Participant in a manner that the assets, liabilities, income and expenses of the Operator and Participant remain separately identifiable.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Operators' annual financial statements for the year ended 31 December 2020.

2.1 Basis of measurement

The condensed interim financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees, which is also the Operator's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupees in thousand, unless otherwise stated.

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of condensed interim financial statements are consistent with those followed in preparation of the annual financial statement of the Operator for the year ended 31 December 2020.

3.1 Standards, interpretations and amendments effective during the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Operator's operation and therefore not detailed in these condensed interim financial statements.

3.2 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 01 July 2021:

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends 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.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Operator has determined that it is eligible for the temporary exemption option since the Operator has not previously applied any version of IFRS 9, its 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 Operator doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Operator can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

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

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) all other financial assets.

Operator's Fund

Rupees '000

Financial assets	30 September 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period
Cash and bank *	122	–	102 945	–	–
Investments in debt securities - available-for-sale	–	–	607 503	–	1 627
Term Deposits *	–	–	–	–	–
Loans and other receivables	1 690	–	–	–	–
Total	1 812	–	710 448	–	1 627

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

	30 September 2021 (Unaudited)				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA-	A+	Unrated
Investments in debt securities - available-for-sale	25 038	76 206	28 577	12 108	465 574
Term deposits	–	–	–	–	–
Total	25 038	76 206	28 577	12 108	465 574

Participants' Takaful Fund

Financial assets	30 September 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period
Cash and bank *	2 294	–	230 332	–	–
Investments in debt securities - available-for-sale	–	–	1 691 902	–	7 602
Term Deposits *	–	–	150 000	–	–
Loans and other receivables	1 690	–	–	–	–
Total	3 984	–	2 072 234	–	7 602

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

	30 September 2021 (Unaudited)				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA-	A+	Unrated
Investments in debt securities - available-for-sale	25 038	148 872	28 577	5 297	1 484 118
Term deposits	–	–	–	150 000	–
Total	25 038	148 872	28 577	155 297	1 484 118

4. Accounting estimates and judgements

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of these condensed interim financial statements, the significant judgments made by management in applying the Operator's accounting policies and the key sources of estimation, uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2020.

5. Management of takaful and financial risk

Takaful and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2020.

6. Property and equipment

The details of additions and disposals during the nine months period ended 30 September 2021 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Computers	268	16	–	–
Vehicles	1 800	–	–	–
	<u>2 068</u>	<u>16</u>	<u>–</u>	<u>–</u>

7. Investment in debt securities - available-for-sale

7.1 Operator's Fund

Rupees '000

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	467 369	–	467 369	180 563	–	180 563
Corporate Sukuks	149 348	(8 954)	140 394	200 854	–	200 854
	616 717	(8 954)	607 763	381 417	–	381 417
Deficit on revaluation	–	–	(260)	–	–	(2 553)
	<u>616 717</u>	<u>(8 954)</u>	<u>607 503</u>	<u>381 417</u>	<u>–</u>	<u>378 864</u>

7.2 Participants' Takaful Fund

Rupees '000

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	1 493 091	–	1 493 091	978 846	–	978 846
Corporate Sukuks	214 261	(8 952)	205 309	306 188	–	306 188
	1 707 352	(8 952)	1 698 400	1 285 034	–	1 285 034
Deficit on revaluation	–	–	(6 498)	–	–	(14 100)
	<u>1 707 352</u>	<u>(8 952)</u>	<u>1 691 902</u>	<u>1 285 034</u>	<u>–</u>	<u>1 270 934</u>

8. Loans and other receivables
- considered good

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Security deposits	301	302	–	–
Other receivables	1 389	–	4 208	15 074
	<u>1 690</u>	<u>302</u>	<u>4 208</u>	<u>15 074</u>

9. Takaful / retakaful receivables
- unsecured and considered good

Due from takaful participants holders	–	–	407 448	264 590
Due from other takaful / retakaful operators	7 537	6 160	2 011	3 481
	<u>7 537</u>	<u>6 160</u>	<u>409 459</u>	<u>268 071</u>

10. Receivable (OPF) / Payable (PTF)

Wakala fee	222 168	151 046	222 168	151 046
Modarib fee	13 765	11 623	13 765	11 623
	<u>235 933</u>	<u>162 669</u>	<u>235 933</u>	<u>162 669</u>

11. Prepayments

Annual supervision fees	916	–	–	–
Prepaid retakaful contribution ceded	–	–	309 661	220 077
Prepaid charges for vehicle tracking devices	–	–	33 406	73 004
	<u>916</u>	<u>–</u>	<u>343 067</u>	<u>293 081</u>

12. Cash and bank balances

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Cash and cash equivalents				
Cash in hand	43	–	–	–
Policy stamps	–	–	1 445	671
	43	–	1 445	671
Cash at bank				
Current accounts	79	6 588	849	5 792
Saving accounts	102 945	51 241	230 332	91 336
	<u>103 067</u>	<u>57 829</u>	<u>232 626</u>	<u>97 799</u>

13. Other creditors and accruals

Federal insurance fee payable	–	–	2 397	1 815
Sales tax payable	1 773	902	26 997	15 072
Accrued expenses	6 924	10 225	–	–
Agent commission payable	97 714	70 457	–	–
Retirement benefit obligations	125	167	–	–
Payable to EFU General Insurance Limited *	16 587	–	–	–
Other creditors	1 764	15 247	2 408	79
	<u>124 887</u>	<u>96 998</u>	<u>31 802</u>	<u>16 966</u>

* This represents amount payable in respect of common expenses incurred by EFU General Insurance Limited on behalf of Operator's Fund.

14. Contingencies and commitments

There are no contingencies and commitments as at 30 September 2021 (31 December 2020: Nil).

15. Net contribution

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Written gross contribution	782 039	757 312	2 044 526	1 830 310
Wakala fee	(240 659)	(205 912)	(639 489)	(520 013)
Contribution net of wakala fee	541 380	551 400	1 405 037	1 310 297
Unearned contribution reserve - opening	810 419	724 396	834 798	778 955
Unearned contribution reserve - closing	(905 407)	(862 426)	(905 407)	(862 426)
Contribution earned	446 392	413 370	1 334 428	1 226 826
Less:				
Retakaful contribution ceded	268 295	246 070	506 781	410 264
Prepaid retakaful contribution - opening	186 221	142 194	220 077	177 814
Prepaid retakaful contribution - closing	(309 660)	(269 387)	(309 660)	(269 387)
Retakaful expense	144 856	118 877	417 198	318 691
	<u>301 536</u>	<u>294 493</u>	<u>917 230</u>	<u>908 135</u>

16. Retakaful rebate

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Rebate received or recoverable	52 980	44 366	91 475	72 602
Unearned retakaful rebate-opening	25 027	27 103	29 852	32 617
Unearned retakaful rebate-closing	(55 415)	(49 653)	(55 415)	(49 653)
	<u>22 592</u>	<u>21 816</u>	<u>65 912</u>	<u>55 566</u>

17. Takaful benefits / claims expense

Benefits / claims paid	370 207	326 787	919 278	831 424
Outstanding benefits / claims including IBNR - opening	(1 337 096)	(1 218 098)	(1 252 165)	(615 868)
Outstanding benefits / claims including IBNR - closing	1 273 215	1 299 525	1 273 215	1 299 525
Claim expense	306 326	408 214	940 328	1 515 081
Less:				
Retakaful and other recoveries received	161 577	80 427	215 020	188 500
Retakaful and other recoveries in respect of outstanding claims - opening	(769 938)	(667 968)	(730 638)	(127 576)
Retakaful and other recoveries in respect of outstanding claims - closing	624 565	719 901	624 565	719 901
Retakaful and other recoveries revenue	16 204	132 360	108 947	780 825
	<u>290 122</u>	<u>275 854</u>	<u>831 381</u>	<u>734 256</u>

18. Commission expense

Commission paid or payable	91 084	80 780	255 498	194 064
Deferred commission expense - opening	143 424	109 736	125 049	117 290
Deferred commission expense - closing	(156 575)	(128 600)	(156 575)	(128 600)
	<u>77 933</u>	<u>61 916</u>	<u>223 972</u>	<u>182 754</u>

19. Investment income

19.1 Operator's Fund				
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	11 226	6 351	27 987	20 871
Income from term deposits - Return on term deposits	235	3 854	1 548	12 855
	<u>11 461</u>	<u>10 205</u>	<u>29 535</u>	<u>33 726</u>
(Impairment) / reversal in value of available-for-sale debt securities	68	-	(9 322)	-
	<u>11 529</u>	<u>10 205</u>	<u>20 213</u>	<u>33 726</u>
19.2 Participants' Takaful Fund				
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	28 377	18 970	76 629	49 283
Income from term deposits - Return on term deposits	3 281	9 727	9 621	33 324
	<u>31 658</u>	<u>28 697</u>	<u>86 250</u>	<u>82 607</u>
(Impairment) / reversal in value of available-for-sale debt securities	4	-	(9 327)	-
	<u>31 662</u>	<u>28 697</u>	<u>76 923</u>	<u>82 607</u>

20. Other income

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
20.1 Operator's Fund				
Other income				
Profit on bank deposits	417	1 292	2 051	4 859
	<u>417</u>	<u>1 292</u>	<u>2 051</u>	<u>4 859</u>
20.2 Participants' Takaful Fund				
Other income				
Profit on bank deposits	1 894	4 561	7 037	16 896
Exchange gain / (loss)	760	(32)	731	186
	<u>2 654</u>	<u>4 529</u>	<u>7 768</u>	<u>17 082</u>

21. Taxation

For current period

Current
Deferred

Current	19 077	13 311	39 518	44 726
Deferred	56	32	(2 695)	(9)
	<u>19 133</u>	<u>13 343</u>	<u>36 823</u>	<u>44 717</u>

22. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employees' retirement benefit funds. 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 are as follows:

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
22.1 Participants' Takaful Fund				
Associate				
Contributions written	1 162	2 345	3 103	5 629
Claims paid	684	2 562	4 537	3 631
Others				
Contributions written / (refund)	(82)	(15)	1 575	1 592
Claims paid	88	28	323	251

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balances		
Balances Receivable	420	478
Bank Balances	144	9 340
Employees' Funds (Payable) / Receivable		
EFU Gratuity Fund	(125)	(167)

Rupees '000

23. Segment Reporting**For the nine months period ended 30 September 2021 (Unaudited)**

23.1 Operator's Fund

Current period

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	66 678	27 491	458 414	13 012	–	565 595
Commission expense	(39 652)	(14 863)	(167 244)	(2 213)	–	(223 972)
General, administrative and management expenses	(8 620)	(4 633)	(242 080)	(4 361)	–	(259 694)
Net commission and expenses	(48 272)	(19 496)	(409 324)	(6 574)	–	(483 666)
	18 406	7 995	49 090	6 438	–	81 929
Modarib's share of PTF investment income						23 228
Investment income						20 213
Direct expenses						(599)
Other income						2 051
Profit before taxation						126 822
Taxation						(36 823)
Profit after taxation						89 999
						As at 30 September 2021 (Unaudited)
Corporate segment assets	100 976	9 709	269 652	5 943	–	386 280
Corporate unallocated assets						743 211
Total assets						1 129 491
Corporate segment liabilities	108 984	11 849	372 409	18 929	–	512 171
Corporate unallocated liabilities						28 994
Total liabilities						541 165

Rupees '000

For the three months period ended 30 September 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	25 916	10 502	159 040	3 320	–	198 778
Commission expense	(14 484)	(5 108)	(57 612)	(729)	–	(77 933)
General, administrative and management expenses	(3 935)	(1 299)	(69 621)	(423)	–	(75 278)
Net commission and expenses	(18 419)	(6 407)	(127 233)	(1 152)	–	(153 211)
	<u>7 497</u>	<u>4 095</u>	<u>31 807</u>	<u>2 168</u>	<u>–</u>	<u>45 567</u>
Modarib's share of PTF investment income						8 388
Investment income						11 529
Direct expenses						(139)
Other income						417
Profit before taxation						65 762
Taxation						(19 133)
Profit after taxation						<u>46 629</u>

For the three months period ended 30 September 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	19 424	4 250	138 085	4 637	–	166 396
Commission expense	(12 117)	(2 676)	(45 439)	(1 684)	–	(61 916)
General, administrative and management expenses	(3 269)	(958)	(71 423)	(2 678)	–	(78 328)
Net commission and expenses	(15 386)	(3 634)	(116 862)	(4 362)	–	(140 244)
	<u>4 038</u>	<u>616</u>	<u>21 223</u>	<u>275</u>	<u>–</u>	<u>26 152</u>
Modarib's share of PTF investment income						8 315
Investment income						10 205
Direct expenses						(73)
Other income						1 292
Profit before taxation						45 891
Taxation						(13 343)
Profit after taxation						<u>32 548</u>

23.2 Participants' Takaful Fund

Rupees '000

For the nine months period ended 30 September 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	439 757	108 288	1 706 349	93 056	–	2 347 450
Less: Sales tax	52 902	11 477	198 602	13 146	–	276 127
Stamp duty	39	6 146	159	5	–	6 349
Federal insurance fee	3 831	898	14 928	791	–	20 448
Gross written contribution (inclusive of administrative surcharge)	382 985	89 767	1 492 660	79 114	–	2 044 526
Gross direct contribution	379 736	85 659	1 366 752	78 856	–	1 911 003
Administrative surcharge	3 249	4 108	125 908	258	–	133 523
Wakala fee	(99 018)	(29 316)	(494 808)	(16 347)	–	(639 489)
Contributions earned	222 085	60 481	982 621	69 241	–	1 334 428
Contributions ceded to retakaful	(265 126)	(67 544)	(17 726)	(66 802)	–	(417 198)
Net contribution revenue	(43 041)	(7 063)	964 895	2 439	–	917 230
Retakaful rebate earned	39 171	15 159	10	11 572	–	65 912
Net underwriting income	(3 870)	8 096	964 905	14 011	–	983 142
Takaful claims	(141 437)	(3 030)	(801 126)	5 265	–	(940 328)
Takaful claims recovered from retakaful	122 071	2 423	(3 821)	(11 726)	–	108 947
Net claims	(19 366)	(607)	(804 947)	(6 461)	–	(831 381)
Other direct expenses	(57)	(49)	(108 564)	(37)	–	(108 707)
Surplus / (deficit) before investment income	(23 293)	7 440	51 394	7 513	–	43 054
Investment income						76 923
Other income						7 768
Modarib share of investment income						(23 228)
Surplus transferred to accumulated surplus						104 517
						As at 30 September 2021 (Unaudited)
Corporate segment assets	1 095 112	41 992	582 001	104 124	–	1 823 229
Corporate unallocated assets						2 144 489
Total assets						3 967 718
Corporate segment liabilities	1 114 592	83 584	1 434 476	128 476	–	2 761 128
Corporate unallocated liabilities						457 358
Total liabilities						3 218 486

Rupees '000

For the nine months period ended 30 September 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	343 830	59 224	1 557 366	134 990	-	2 095 410
Less: Sales tax	40 991	6 084	181 087	15 429	-	243 591
Stamp duty	34	3 020	145	6	-	3 205
Federal insurance fee	2 998	496	13 626	1 184	-	18 304
Gross written contribution (inclusive of Administrative surcharge)	299 807	49 624	1 362 508	118 371	-	1 830 310
Gross direct contribution	297 193	47 201	1 197 721	118 192	-	1 660 307
Administrative surcharge	2 614	2 423	164 787	179	-	170 003
Wakala fee	(66 211)	(13 647)	(422 400)	(17 755)	-	(520 013)
Contributions earned	195 299	34 956	939 212	57 359	-	1 226 826
Contributions ceded to retakaful	(228 468)	(36 966)	(7 653)	(45 604)	-	(318 691)
Net contribution revenue	(33 169)	(2 010)	931 559	11 755	-	908 135
Rebate from retakaful operator	43 295	8 317	30	3 924	-	55 566
Net underwriting income	10 126	6 307	931 589	15 679	-	963 701
Takaful claims	(771 718)	(20 884)	(712 025)	(10 454)	-	(1 515 081)
Takaful claims recovered from retakaful	749 928	16 708	10 401	3 788	-	780 825
Net claims	(21 790)	(4 176)	(701 624)	(6 666)	-	(734 256)
Other direct expense	(8)	(4)	(117 334)	(8)	-	(117 354)
Surplus / (deficit) before investment income	(11 672)	2 127	112 631	9 005	-	112 091
Investment income						82 607
Other income						17 082
Modarib share of investment income						(24 876)
Surplus transferred to accumulated surplus						186 904
						As at 31 December 2020 (Audited)
Corporate segment assets	957 026	39 009	489 142	109 991	-	1 595 168
Corporate unallocated assets						1 837 662
Total assets						3 432 830
Corporate segment liabilities	980 498	62 492	1 248 097	138 142	-	2 429 229
Corporate unallocated liabilities						366 488
Total liabilities						2 795 717

Rupees '000

For the three months period ended 30 September 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	270 302	36 062	567 291	27 225	-	900 880
Less: Sales tax	33 416	3 685	66 099	5 582	-	108 782
Stamp duty	20	2 157	60	1	-	2 238
Federal insurance fee	2 345	300	4 962	214	-	7 821
Gross written contribution (inclusive of administrative surcharge)	234 521	29 920	496 170	21 428	-	782 039
Gross direct contribution	232 790	28 523	457 045	21 276	-	739 634
Administrative surcharge	1 731	1 397	39 125	152	-	42 405
Wakala fee	(63 574)	(10 472)	(161 255)	(5 358)	-	(240 659)
Contributions earned	79 598	19 861	331 050	15 883	-	446 392
Contributions ceded to retakaful	(96 731)	(23 287)	(6 039)	(18 799)	-	(144 856)
Net contribution revenue	(17 133)	(3 426)	325 011	(2 916)	-	301 536
Rebate from retakaful operator	13 678	5 238	3	3 673	-	22 592
Net underwriting income	(3 455)	1 812	325 014	757	-	324 128
Takaful claims	(14 420)	(3 706)	(288 311)	111	-	(306 326)
Takaful claims recovered from retakaful	13 141	2 963	65	35	-	16 204
Net claims	(1 279)	(743)	(288 246)	146	-	(290 122)
Other direct expense	(17)	(13)	(25 965)	3	-	(25 992)
Surplus / (deficit) before investment income	(4 751)	1 056	10 803	906	-	8 014
Investment income						31 662
Other income						2 654
Modarib share of investment income						(8 388)
Surplus transferred to accumulated surplus						33 942

Rupees '000

For the three months period ended 30 September 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	209 091	25 526	548 783	83 378	-	866 778
Less: Sales tax	24 671	2 696	63 680	9 513	-	100 560
Stamp duty	22	1 245	60	4	-	1 331
Federal insurance fee	1 826	214	4 803	732	-	7 575
Gross written contribution (inclusive of administrative surcharge)	182 572	21 371	480 240	73 129	-	757 312
Gross direct contribution	180 988	20 404	431 027	72 998	-	705 417
Administrative surcharge	1 584	967	49 213	131	-	51 895
Wakala fee	(40 192)	(5 877)	(148 875)	(10 968)	-	(205 912)
Contributions earned	68 558	11 249	307 330	26 233	-	413 370
Contributions ceded to retakaful	(79 039)	(11 804)	(3 218)	(24 816)	-	(118 877)
Net contribution revenue	(10 481)	(555)	304 112	1 417	-	294 493
Rebate from retakaful operator	18 316	2 655	15	830	-	21 816
Net underwriting income	7 835	2 100	304 127	2 247	-	316 309
Takaful claims	(141 208)	11 301	(275 628)	(2 679)	-	(408 214)
Takaful claims recovered from retakaful	129 315	(9 040)	10 401	1 684	-	132 360
Net claims	(11 893)	2 261	(265 227)	(995)	-	(275 854)
Other direct expense	(2)	(1)	(42 141)	(1)	-	(42 145)
Surplus / (deficit) before investment income	(4 060)	4 360	(3 241)	1 251	-	(1 690)
Investment income						28 697
Other income						4 529
Modarib share of investment income						(8 315)
Deficit transferred to accumulated surplus						23 221

24. Movement in investments

24.1 Operator's Fund

Rupees '000

Name of investment	Available-for-sale debt securities	Held to maturity - term deposit	Total
At beginning of previous year	248 024	150 000	398 024
Additions	209 873	594 500	804 373
Disposals (sale and redemptions)	(78 231)	(549 500)	(627 731)
Fair value net losses (excluding net realized gains / (losses))	(802)	-	(802)
At beginning of current year	378 864	195 000	573 864
Additions	287 180	60 000	347 180
Disposals (sale and redemptions)	(51 880)	(255 000)	(306 880)
Fair value net losses (excluding net realized gains / (losses))	2 293	-	2 293
Impairment losses	(8 954)	-	(8 954)
At end of current period	607 503	-	607 503

24.2 Participants' Takaful Fund

Name of investment	Available-for-sale debt securities	Held to maturity - term deposit	Total
At beginning of previous year	721 066	440 000	1 161 066
Additions	1 038 893	1 015 000	2 053 893
Disposals (sale and redemptions)	(481 134)	(1 095 000)	(1 576 134)
Fair value net losses (excluding net realized gains / (losses))	(7 891)	-	(7 891)
At beginning of current year	1 270 934	360 000	1 630 934
Additions	516 939	295 000	811 939
Disposals (sale and redemptions)	(94 621)	(505 000)	(599 621)
Fair value net losses (excluding net realized gains / (losses))	7 602	-	7 602
Impairment losses	(8 952)	-	(8 952)
At end of current period	1 691 902	150 000	1 841 902

25 Fair value

25.1 IFRS 13 defines fair value as an exit price. 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.

25.2 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

25.3 Operator's Fund

Rupees '000

As at 30 September 2021 (Unaudited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	465 574				465 574		465 574	
Corporate Sukuks	141 929				141 929		141 929	
Financial assets not measured at fair value								
Investments								
Term deposits *								
Loans and other receivables *		1 690			1 690			
Takaful / retakaful receivables *		7 537			7 537			
Receivable from PTF *		235 933			235 933			
Accrued investment income *		10 328			10 328			
Cash and bank balances *			103 067		103 067			
	607 503	255 488	103 067		966 058		607 503	
Financial liabilities not measured at fair value								
Other creditors and accruals *				(124 887)	(124 887)			
	607 503	255 488	103 067	(124 887)	841 171	-	607 503	-

As at 31 December 2020 (Audited)

	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	177 872				177 872		177 872	
Corporate Sukuks	200 992				200 992		200 992	
Financial assets not measured at fair value								
Investments								
Term deposits *			195 000		195 000			
Loans and other receivables *		302			302			
Takaful / retakaful receivables *		6 160			6 160			
Receivable from PTF *		162 669			162 669			
Accrued investment income *		10 572			10 572			
Cash and bank balances *			57 829		57 829			
	378 864	179 703	252 829		811 396		378 864	
Financial liabilities not measured at fair value								
Other creditors and accruals *				(96 998)	(96 998)			
	378 864	179 703	252 829	(96 998)	714 398	-	378 864	-

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

25.4 Participants' Takaful Fund

Rupees '000

As at 30 September 2021 (Unaudited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	1 484 119				1 484 119		1 484 119	
Corporate Sukuks	207 783				207 783		207 783	
Financial assets not measured at fair value								
Investments								
Term deposits *			150 000		150 000			
Loans and other receivables *		4 208			4 208			
Takaful / retakaful receivables *		409 459			409 459			
Retakaful recoveries against outstanding claims *		624 565			624 565			
Accrued investment income *		34 972			34 972			
Cash and bank balances *			232 626		232 626			
	<u>1 691 902</u>	<u>1 073 204</u>	<u>382 626</u>		<u>3 147 732</u>		<u>1 691 902</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 273 215)	(1 273 215)			
Contributions received in advance *				(12 953)	(12 953)			
Takaful / retakaful payable *				(291 969)	(291 969)			
Payable to OPF *				(235 933)	(235 933)			
Other creditors and accruals *				(31 802)	(31 802)			
	<u>1 691 902</u>	<u>1 073 204</u>	<u>382 626</u>	<u>(1 845 872)</u>	<u>1 301 860</u>	<u>-</u>	<u>1 691 902</u>	<u>-</u>
As at 31 December 2020 (Audited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	963 594				963 594		963 594	
Corporate Sukuks	307 340				307 340		307 340	
Financial assets not measured at fair value								
Investments								
Term deposits *			360 000		360 000			
Loans and other receivables *		15 074			15 074			
Takaful / retakaful receivables *		268 071			268 071			
Retakaful recoveries against outstanding claims *		730 638			730 638			
Accrued investment income *		23 575			23 575			
Cash and bank balances *			97 799		97 799			
	<u>1 270 934</u>	<u>1 037 358</u>	<u>457 799</u>		<u>2 766 091</u>		<u>1 270 934</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 252 165)	(1 252 165)			
Contributions received in advance *				(2 448)	(2 448)			
Takaful / retakaful payable *				(158 920)	(158 920)			
Payable to OPF *				(162 669)	(162 669)			
Other creditors and accruals *				(16 966)	(16 966)			
	<u>1 270 934</u>	<u>1 037 358</u>	<u>457 799</u>	<u>(1 593 168)</u>	<u>1 172 923</u>	<u>-</u>	<u>1 270 934</u>	<u>-</u>

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

26. Impact of COVID-19 on the condensed interim financial statements

The novel coronavirus COVID-19 emerged in 2020 and since then, the condition has continued to deteriorate. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The COVID-19 pandemic has significantly impacted the market around the world to date and may continue to do so in the coming months of 2021. The scale and duration of this outbreak remains uncertain and as it evolves globally, the Operator based on its current assessment considered that there would be no significant impact that will adversely affect its business, result of operations and financial condition of the Operator.

27. General

Figures have been rounded off to the nearest thousand rupees.

28. Date of authorization for issue of condensed interim financial statements

These condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 28 October 2021.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2021

