



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

## **INDEPENDENT AUDITORS' REVIEW REPORT**

**To the members of EFU Life Assurance Limited**

**Report on review of Interim Financial Statements**

### ***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of EFU Life Assurance Limited ("the Company") as at 30 June 2020 and the related condensed interim statement of profit and loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "Interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

***Emphasis of matter***

We draw attention to note 15.2 to the condensed interim financial statements, which describes that the company has challenged the scope and applicability of provincial sales tax on services on the premium from life insurance business in the provincial High Courts.

Our conclusion is not modified in respect of the above matter.


***Other Matter***

The figures for the three months period ended 30 June 2020 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Zeeshan Rashid.

Karachi

Date: 28 August 2020

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

## **Directors' Review, 30 June 2020**

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the six months ended 30 June 2020.

### ***Top-line performance:***

The premium income for the second quarter of 2020 was impacted due to the COVID-19 related lockdowns and closure of the economy. Your Company's Gross premium income was Rs. 13.81 billion (2019: Rs. 15.28 billion) during the first six months of 2020, a reduction of 9.6%. As new business activity was significantly hampered due to the lockdowns, new individual life regular premium income was Rs. 2.13 billion (2019: Rs. 3.13 billion), a reduction of 32%. Renewal premium was Rs. 9.71 billion (2019: Rs. 9.75 billion) a slight reduction of 0.4%. Inclusive of renewal premium, the total individual life regular premium business was Rs. 11.84 billion (2019: 12.87 billion), a reduction of 8.1%. Single premium business was Rs. 192 million (2019: Rs. 646 million). Group Benefits business was Rs. 1.71 billion (2019: Rs. 1.88 billion), a reduction of 9.4%.

Your Company's window takaful operations are in the sixth year of business. Generally, the demand for Islamic financial products over the years is on the rise and this has also benefited the Company's takaful line of business. The total family takaful contribution was up by 11.1% at Rs. 2.03 billion (2019: 1.83 billion). Out of this, Rs. 1.87 billion (2019: Rs. 1.69 billion) was from Individual family takaful business (a growth of 10.84%) while Rs. 163 million (2019: Rs. 143 million) was from Group Family Takaful (a growth of 14%). The Company expects this line of business to contribute positively to the growth during 2020.

### ***Strategy to manage effective functioning of business during COVID-19:***

Your Company developed its COVID-19 Response strategy and successfully implemented various parts of it during the second quarter of the year. The key components of the strategy were focused on well-being of employees, caring for our customers, launching COVID-19 specific products, reaching out to masses, digitalization of processes, and effective communication with all internal and external stakeholders. The Securities and Exchange Commission of Pakistan also proactively guided the life insurance industry in terms of facilitation measures for customers, such as promoting online premium and claims payments, ease in non-essential documentation for claims, using electronic mediums for customer communication and delivery of documents and extension of grace period for premium payments. Your Company has complied with all these measures.

### ***Sales Tax on Life Insurance premium:***

The Company has been engaged with the provincial tax authorities on the matter of sales tax on life insurance premiums and during the first six months of 2020 had meetings with the Sindh and Punjab Revenue Boards. In 2019, the Company along with the insurance industry had filed a constitutional petition in Sindh and Punjab High Courts and the matter is sub judice.

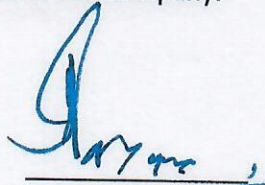
**Bottom-line performance:**

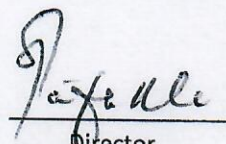
Despite the reduction in the topline, the Company's portfolio has shown a positive growth in the bottom-line, mainly due to improvement in investment income of shareholders' related funds, increase in the investment management charge and better claims experience on the group life portfolio.

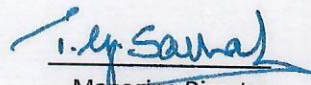
Your Company had a Profit after Tax of Rs. 683 million (2019: Rs. 448 million), a growth of 53%. The Earnings per Share is Rs.6.83 (2019: Rs.4.48).

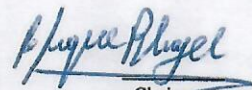
Interim Dividend: The Directors have pleasure in declaring an Interim Dividend of Rs.1.5 per share. i.e. 15%.

We would like to thank our valued customers for their continued patronage and to the Securities and Exchange Commission of Pakistan for their guidance, and our main reinsurer Munich Re for its support. Your Directors would also like to place on record their appreciation for the efforts made by the officers, all distribution channels and staff who have contributed to the development, growth and continued success of the Company.

  
Director  
HAA

  
Director  
SNZ

  
Managing Director  
& Chief Executive  
TGS

  
Chairman  
FRB

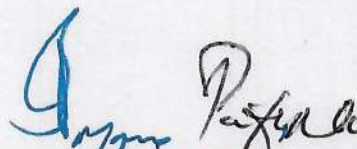
**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As At 30 June 2020**

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
----- (Rupees in '000) -----			
<b>Assets</b>			
Properties and equipments			
Intangible assets	6	2,967,418	2,883,687
Investments	6	37,873	24,733
Equity securities			
Government securities	7	23,035,153	10,472,542
Debt securities	8	77,416,250	76,203,542
Term deposits	9	7,958,319	9,319,491
Open-ended mutual funds	10	16,442,290	19,659,000
Insurance / reinsurance receivables	11	1,331,456	410,714
Other loans and receivables		230,188	253,999
Taxation - payments less provision		3,817,423	3,235,945
Prepayments		1,221,748	1,061,222
Cash & Bank		95,829	51,216
<b>Total Assets</b>	12	<b>5,109,337</b>	<b>5,713,548</b>
		<b>139,663,284</b>	<b>129,289,639</b>
<b>Equity and Liabilities</b>			
Authorised share capital [150,000,000 ordinary shares (2019: 150,000,000) of Rs.10 each]		1,500,000	1,500,000
Ordinary share capital: 100,000,000 (2019: 100,000,000) ordinary shares of Rs.10 each		1,000,000	1,000,000
Retained earnings arising from business other than participating business attributable to shareholders (Ledger account D)		1,869,306	1,730,534
Reserves	13	2,000,000	2,000,000
Surplus on revaluation of available for sale investment-net of tax		4,520	50,986
Unappropriated profit		470,815	1,126,420
<b>Total Equity</b>		<b>5,344,641</b>	<b>5,907,940</b>
<b>Liabilities</b>			
Insurance Liabilities	14	130,506,167	119,153,655
Deferred taxation		708,737	743,179
Premium received in advance		973,291	969,354
Insurance / reinsurance payables		168,674	258,031
Other creditors and accruals		1,961,774	2,257,480
		3,812,476	4,228,044
<b>Total Liabilities</b>		<b>134,318,643</b>	<b>123,381,699</b>
<b>Total Equity and Liabilities</b>		<b>139,663,284</b>	<b>129,289,639</b>
Contingency(ies) and commitment(s)	15		

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

  
**Managing Director &  
Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**  
HA

  
**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**Condensed Interim Profit And Loss Account (Unaudited)**  
**For The Six Months Period Ended 30 June 2020**

Note	Six months period ended 30 June		Three months period ended 30 June	
	2020	2019	2020	2019
(Rupees in '000)				
Premium / Contribution Revenue	13,811,923	15,277,157	6,499,734	7,820,562
Premium / retakaful ceded to reinsurers	(493,093)	(358,933)	(210,652)	(194,266)
<b>Net premium revenue</b>	<b>13,318,830</b>	<b>14,918,224</b>	<b>6,289,082</b>	<b>7,626,296</b>
Investment income	17	6,196,498	4,819,975	3,364,183
Net realised fair value gains / (losses) on financial assets	18	1,222,820	(5,587,340)	1,125,882
Net fair value gains / (losses) on financial assets at fair value through profit or loss	19	2,045,976	1,021,656	2,687,938
Other income	20	21,130	30,978	10,543
<b>Net income</b>		<b>9,486,424</b>	<b>305,267</b>	<b>7,189,546</b>
Insurance benefits		22,805,254	15,223,491	13,477,628
Recoveries from reinsurers		7,450,544	8,186,470	2,781,735
Claims related expenses		(345,785)	(216,896)	(191,268)
<b>Net insurance benefits</b>		<b>5,503</b>	<b>4,060</b>	<b>3,596</b>
Net change in insurance liabilities (other than outstanding claims)	21	7,110,262	7,973,634	2,594,063
Acquisition expenses		11,018,887	2,171,030	8,753,647
Marketing and administration expenses	22	2,806,911	3,444,858	1,264,971
Other expenses	23	885,050	850,395	410,327
<b>Total expenses</b>	24	<b>20,087</b>	<b>13,420</b>	<b>9,290</b>
<b>Profit before tax (Refer note below)</b>		<b>14,730,935</b>	<b>6,479,703</b>	<b>10,438,235</b>
Income tax expense	25	964,057	770,154	445,330
<b>Profit after tax for the period</b>		<b>(280,890)</b>	<b>(322,330)</b>	<b>(123,628)</b>
<b>Earnings per share - Rupees</b>		<b>683,167</b>	<b>447,824</b>	<b>321,702</b>
		<b>6.83</b>	<b>4.48</b>	<b>3.22</b>
				<b>2.16</b>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Note:

Profit before tax is inclusive of the amount of the profit before tax of the Shareholders' Fund, the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholders' Fund based on the advice of the Appointed Actuary, and the undistributed surplus in the Revenue Account of the Statutory Funds which also includes the solvency margins maintained in accordance with the Insurance Rules, 2017. For details of the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholders' Fund aggregating to Rs. 898 million (2019: Rs.673 million), please refer to note 27, relating to segmental information - Revenue Account by Statutory Fund.

  
**Managing Director &  
 Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

  
**Director**

  
**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
**For The Six Months Period Ended 30 June 2020**

	Six months period ended 30 June		Three months period ended 30 June	
	2020	2019	2020	2019
	(Rupees in '000)			
Profit after tax for the period - as per Profit and Loss Account	683,167	447,824	321,702	216,445
<b>Other Comprehensive Income:</b>				
<i>Items that may be reclassified to profit and loss in subsequent periods:</i>				
Change in unrealised (losses) / gains on available-for-sale financial assets	(67,298)	(46,417)	23,817	(2,539)
Reclassification adjustment relating to available-for-sale investments sold during the period	-	-	-	-
Related deferred tax	20,833	13,461	(5,590)	1,175
Other comprehensive income for the period- net of tax	(46,465)	(32,956)	18,227	(1,364)
<b>Total comprehensive income for the period</b>	<b>636,702</b>	<b>414,868</b>	<b>339,929</b>	<b>215,081</b>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

  
**Managing Director &  
 Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

  
**Director**

  
**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**For The Six Months Period Ended 30 June 2020**

		Attributable to the equity holders' of the Company				
Share Capital	General Reserve	Retained earnings arising from business other than participating business attributable to shareholders (ledger account D)- net of tax *	Surplus/Deficit on revaluation of available for sale investment	Unappropriated Profit	Total	
Note	(Rupees in '000)					
	1,000,000	2,150,000	1,748,449	75,713	1,053,434	6,027,596
Balance as at 1 January 2019 (as reported)						
Adjustment due to change in accounting policy	-	-	(69,193)	-	-	(69,193)
Balance as at 1 January 2019 re-stated	1,000,000	2,150,000	1,679,256	75,713	1,053,434	5,958,403
Comprehensive Income for the period ended 30 June 2019						
Income for the period ended 30 June 2019	-	-	(86,784)	-	534,609	447,825
Other Comprehensive loss	-	-	-	(32,956)	-	(32,956)
Total income for the period ended 30 June 2019	-	-	(86,784)	(32,956)	534,609	414,869
Contribution to increase solvency margin	-	-	55,547	-	(55,547)	-
Transfer to General Reserve	-	(150,000)	-	-	150,000	-
Transactions with shareholders						
Dividend for the year ended 31 December 2018	-	-	-	-	(1,125,000)	(1,125,000)
Interim Dividend-1st Quarter 2019	-	-	-	-	(150,000)	(150,000)
Balance as at 30 June 2019	1,000,000	2,000,000	1,648,019	42,757	(1,275,000)	(1,275,000)
					407,486	5,098,272
Balance as at 1 January 2020	1,000,000	2,000,000	1,730,534	50,986	1,126,420	5,907,940
Comprehensive Income for the period ended 30 June 2020						
Income for the period ended 30 June 2020	-	-	1,896	-	678,271	683,167
Other Comprehensive loss	-	-	-	(46,466)	-	(46,466)
	-	-	1,896	(46,466)	678,271	636,701
Contribution to increase solvency margin	-	-	133,876	-	(133,876)	-
Transactions with shareholders						
Dividend for the year ended 31 December 2019	-	-	-	-	(1,050,000)	(1,050,000)
Interim Dividend-1st Quarter 2020	-	-	-	-	(150,000)	(150,000)
Balance as at 30 June 2020	1,000,000	2,000,000	589,306	4,620	(1,200,000)	(1,200,000)
					470,815	5,344,641

\*This include balances maintained in accordance with the requirements of section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

  
 Managing Director &  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Chairman

**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW (Unaudited)**  
**For The Six Months Period Ended 30 June 2020**

Six months period ended	
30 June	
2020	2019
----- (Rupees in '000) -----	
<b>Operating cash flows</b>	
<b>a) Underwriting activities</b>	
Insurance premium / contribution received	13,825,198
Reinsurance premium / Retakaful contribution paid	15,326,131
Claims paid	(567,976)
Reinsurance and other recoveries received	(292,934)
Commission paid	(7,116,922)
Marketing and administrative expenses paid	(345,785)
Other acquisition cost paid	(2,000,962)
Net cash flow from underwriting activities	(885,050)
	(1,305,360)
	2,294,713
<b>b) Other operating activities</b>	
Income tax paid	(455,025)
Other operating (payments) / receipts	(530,956)
Loans advanced	(498,789)
Loans repayments received	1,699,669
Net cash flow from other operating activities	(33,478)
<b>Total cash flow from all operating activities</b>	25,862
	(961,430)
	1,333,283
<b>Investment activities</b>	
Profit / Return received	5,661,596
Dividends received	4,057,738
Payments for investments	435,911
Proceed from disposal of investments	614,077
Fixed capital expenditure	(88,184,405)
Proceeds from sale of property and equipment	(203,126,814)
<b>Total cash flow from investing activities</b>	78,299,350
	(181,585)
	14,929
	(3,954,204)
	(433,473)
<b>Financing activities</b>	
Dividends paid	(1,200,000)
<b>Total cash flow from financing activities</b>	(1,200,000)
	(1,275,000)
<b>Net cash flow from all activities</b>	(3,820,921)
	2,182,381
Cash and cash equivalents at beginning of the period	25,372,547
Cash and cash equivalents at end of the period	19,835,462
	21,551,626
	22,017,843
<b>Reconciliation to profit and loss account</b>	
Operating cash flows	1,333,283
Depreciation expense	3,890,854
Amortization expense	(246,698)
Profit on disposal of property and equipment	(219,297)
Profit/(Loss) on disposal of investments	(10,470)
Other revenue	9,343
Dividend income	1,222,820
Other investment income	7,286
Appreciation in market value of investments	428,512
Provision of impairment in the value of available for sale equity investments	8,954
Increase / (decrease) in assets other than cash	5,728,129
Increase in liabilities	4,456,028
<b>Profit after tax for the period</b>	2,302,596
	(8,286)
	(147,408)
	(1,245,202)
	(9,935,940)
	(2,456,226)
	683,167
	447,824

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

  
**Managing Director &  
 Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

  
**Director**

  
**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**Notes To The Condensed Interim Financial Information (Unaudited)**  
**For The Six Months Period Ended 30 June 2020**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The Registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House Plot No.112, 8th East street, Phase 1, DHA, Karachi.
- 1.2 The Company is a subsidiary of EFU General Insurance Limited on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Limited effective 31 March 2018.
- 1.3 The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory 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 (Refer note 1.4)
  - Family takaful protection business (Refer note 1.4)

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

- 1.4 The Company was granted authorisation on 19 January 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operation in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 6 February 2015 under the brand name "Hemayah". For the purpose of carrying on takaful business, the Company has formed a Waqf namely EFU Life - Window Family Takaful Limited Waqf (here-in-after referred to as the Participant Takaful Fund (PTF)) was formed on 6 February 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 2 million. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Company.

**2. Basis of preparation and statement of compliance**

The condensed interim financial statements 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 and Takaful Rules, 2012.

Incase requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed. The condensed interim financial information does not include all the information required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

**2.3. Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention, except for the available for sale investments which are stated at their fair values.

**2.4. Functional and presentation currency**

These condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousands.

**2.5. Standards, Interpretations and Amendments that are not yet effective**

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 2020 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 condensed interim financial statements, except those disclosed in note 5 and note 2.5.1.

- 2.5.1 IFRS 9 'Financial Instruments' is effective for reporting year ended 31 December 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 introduces 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 1 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:

- 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.

**Financial assets**

	30 June 2020 (Unaudited)			
	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealized gain or loss during the period	Fair value	Change in unrealized gain or loss during the period
	(Rupees in '000)			
Cash and bank *	-	-	5,109,337	-
Investments in equity securities and mutual funds	-	-	-	-
Investments in debt securities	23,035,153	(2,655,894)	-	-
Term Deposits	-	-	85,374,569	4,699,232
Mutual Funds	-	-	16,442,280	-
	<b>1,331,456</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>24,366,609</b>	<b>(2,655,894)</b>	<b>106,926,196</b>	<b>4,699,232</b>

	30 June 2020 (Unaudited)											
	Gross carrying amounts of debt instruments that pass the SPPI test											
	AA+	A	A+	AA	AA-	AAA	A-	A-1	BBB+	A-1+	A-2	Unrated
	(Rupees in '000)											
Cash and bank *	-	-	-	-	-	-	-	1,489,780	-	3,588,069	2,888	21,113
Investments in equity securities	-	-	-	-	-	-	-	-	-	-	-	-
Investments in debt securities	350,000	500,000	264,796	4,052,203	223,009	2,269,885	10,838	-	52,720	-	-	24,868
Term Deposits / Certificate of Investment	-	-	600,000	-	-	-	-	3,350,000	-	12,492,280	-	210,000
<b>Total gross carrying amounts of financial assets that pass the SPPI test</b>	<b>350,000</b>	<b>500,000</b>	<b>864,796</b>	<b>4,052,203</b>	<b>223,009</b>	<b>2,269,885</b>	<b>10,838</b>	<b>4,839,780</b>	<b>52,720</b>	<b>16,080,359</b>	<b>2,888</b>	<b>255,981</b>

\* 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 accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2019.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

The outbreak of coronavirus in late 2019 has been officially announced as a global pandemic on 11 March 2020 by the World Health Organisation. However, Pakistan witnessed its first case amidst February 2020, which subsequently increased exponentially throughout the country countered by several measures by both the Federal and Provincial governments including the imposition of lockdowns and restricting economic activities.

Although insurance industry has its impact on multiple fronts as a claim payer, as an employer and as investment manager, but for the Company the operational disruption, as indicated by outstanding claim inventories and development triangles, has been minimal. However, the significant uncertainty requires changes to methodologies and assumptions have been made to provide additional margins in the Policyholder Liabilities.

Following are the changes in valuation principles, methodologies and assumption including the changes in response to COVID-19:

**Change in Assumptions:**

**Investment Linked Business:**

During the lockdown the Company had extended the premium payment grace period for conventional and takaful individual policies. Although the extension in grace period has ended before the period end, an additional reinstatement reserve has been set aside for policies that lapsed during the three-months preceding the period end to provide for a possible one-off increase in the reinstatements. Moreover, an additional Mortality Fluctuation Reserve (MFR) has also been set aside under the investment-linked business fund.

**Conventional Business / Family Takaful Protection Business:**

Expected Loss Ratio (ELR) assumptions being used for IBNR claim reserve pertaining to conventional group life and family takaful protection business have been revised to provide for possible increase in incidence and delay in reporting of claims. Further, for family takaful protection business, the methodology for second last and third last event quarters have been moved from CL to ELR and an additional margin in IBNR for pay-continuation claims has been set aside.

**Family Takaful Investment Linked Business**

Since the individual family takaful fund has become sizeable an Incurred But Not Reported (IBNR) claims reserve has been set aside. This reserve has been determined using the Chain Ladder (CL) method.

**5 CHANGES IN ACCOUNTING POLICIES**

5.1 Last year, the Company changed its practice of the presentation of the surplus in the Participant Takaful Fund. Earlier this was included in the ledger account D based on the SECP's circular number SRO 88(1)/2017 dated 09 February 2017 relating to the Insurance Accounting Regulations 2017, as per which, for published financial statements under rule number 6 (i) and 6 (ii) balance in ledger accounts C and D shall be included as part of shareholder's Equity. For this reason the surplus in the Participant Takaful Fund was earlier also included in shareholders Equity. Subsequently in 2019 SECP issued a circular number 15 dated November 18, 2019 in the said circular SECP has mentioned that retained earnings of Participant Takaful Fund should be part of insurance liabilities. Accordingly based on the suggestion in the said circular and for better presentation, the company has moved retained earnings of Participant Takaful Fund from shareholder's equity to insurance liabilities. The effect of the changes are given in the statement of changes in equity (reduction of ledger D account balance as of 01 January 2019 as earlier reported Rs. 69.19 million as of 31 December 2019 net of tax). The liability balance as of 31 December 2018 is now stated at Rs. 92.26 million.

5.2 The reported figure of march 2019 are restated by taking impact of IFRS-16 and surplus on PTF moved to policyholder liability. The effects on condensed interim statement of financial position and condensed interim profit and loss account are as follow:

	(Rupees in '000)
Impact on condensed Interim statement of financial position as at 31 March 2019	
Decrease in equity	(13,363)
Impact on condensed Interim profit and loss account for the period ended 31 March 2019	
Increase in policy holder liability	(5,455)
Increase cost due to IFRS-16	(9,270)
Decrease in tax	1,362
Change in EPS- Rupees per share	(0.13)

WPM/DA

**6 Properties, Equipments and Intangible Assets**

Operating assets  
Right Of Use Asset

30 June 2020 (Unaudited) (Rupees In '000)	31 December 2019 (Audited) (Rupees In '000)
2,491,666	2,505,661
476,862	378,026
<b>2,967,418</b>	<b>2,883,687</b>

Details of additions and disposals during the Six months period ended 30 June 2020 are as follows:

Furniture, fixture and fittings  
Office equipment  
Computer equipment  
Motor Vehicle  
Lease hold Improvements  
Building

Six months ended			
30 June 2020		30 June 2019	
Additions	Disposals	Additions	Disposals
(Unaudited)			
(Rupees In '000)			
29,463		9,861	-
7,385	182	9,761	189
41,815		78,849	604
51,387	20,693	103,048	46,832
15,224		37,160	-
12,701			
<b>157,976</b>	<b>20,875</b>	<b>238,779</b>	<b>47,425</b>

The market value of land and building is estimated at Rs. 3,240 million. The valuations have been carried out by independent valuer.

During the period additions in intangible assets were Rs.23.610 million (30 June 2019: Rs.0.144 million).

**7 INVESTMENTS IN EQUITY SECURITIES**

Available for Sale  
At fair value through profit or loss (Designated - upon initial recognition)

Note	30 June 2020 (Unaudited) (Rupees In '000)	31 December 2019 (Audited) (Rupees In '000)
7.1	186,658	250,880
7.2	22,838,595	10,221,662
	<b>23,036,153</b>	<b>10,472,542</b>

**7.1 Available for Sale**

Related Party  
Listed Shares

Others  
Listed Shares

Unlisted Shares

Surplus on revaluation

30 June 2020 (Unaudited)			31 December 2019 (Audited)		
Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
(Rupees In '000)					
306,470	(258,197)	48,273	306,470	(254,266)	52,204
140,317	(19,565)	120,752	140,317	(18,212)	122,105
16,008	-	16,008	16,008	-	16,008
-	-	27,025	-	-	76,063
<b>476,653</b>	<b>-</b>	<b>688,032</b>	<b>476,653</b>	<b>-</b>	<b>587,286</b>
<b>24,599,361</b>	<b>-</b>	<b>22,250,663</b>	<b>9,514,742</b>	<b>-</b>	<b>9,634,376</b>
<b>25,638,789</b>	<b>(277,762)</b>	<b>23,036,153</b>	<b>10,454,190</b>	<b>(272,478)</b>	<b>10,472,542</b>

**7.2 Fair Value through Profit and Loss  
(Designated - upon initial recognition)**

Related Parties  
Listed Shares

Others  
Listed Shares

Reconciliation of provision for Impairment  
Balance at the beginning of the period  
Provision / (Reversal) for Impairment on available for sale investments  
Balance at the end of the period

Note	30 June 2020 (Unaudited) (Rupees In '000)	31 December 2019 (Audited) (Rupees In '000)
	272,478	286,748
	5,284	(14,270)
	<b>277,762</b>	<b>272,478</b>

**8. GOVERNMENT SECURITIES**

Held to Maturity  
Fair value through profit and loss (designated - upon initial recognition)

Note	30 June 2020 (Unaudited) (Rupees In '000)	31 December 2019 (Audited) (Rupees In '000)
8.1	5,988,006	5,350,047
8.2	71,428,244	70,853,495
	<b>77,416,250</b>	<b>76,203,542</b>

**8.1 Held to Maturity**

03 Years Pakistan Investment Bond  
03 Years Pakistan Investment Bond  
10 Years Pakistan Investment Bond  
20 Years Pakistan Investment Bond  
3 Months Treasury Bills  
10 Years Pakistan Energy Sukuk 1

Maturity Year	Effective Yield %	Amortised Cost	Principal Repayment	Carrying Value
(Rupees In '000)				
2021	7.25	65,465	70,000	65,465
2022	9	2,714,730	2,850,000	2,714,730
2026	8.75	12,008	15,000	12,008
2024	10	54,132	53,700	54,132
2020	12.07	2,945,728	2,559,000	2,945,728
2029	14.88	195,943	197,180	195,943
		<b>5,988,006</b>	<b>6,744,860</b>	<b>5,988,006</b>

**8.2 Fair Value through profit and loss  
(Designated - upon initial recognition)**

03 Years Pakistan Investment Bond  
03 Years Pakistan Investment Bond  
05 Years Pakistan Investment Bond  
05 Years Pakistan Investment Bond  
10 Years Pakistan Investment Bond  
10 Years Pakistan Investment Bond  
10 Years Pakistan Investment Bond  
20 Years Pakistan Investment Bond  
3 Months Treasury Bills  
06 Years Pakistan Water And Power Development Authority  
10 Years Pakistan Energy Sukuk 1

Maturity Year	Effective Yield %	Amortised Cost	Principal Repayment	Carrying Value
(Rupees In '000)				
2021	7.25	10,131,102	10,723,500	10,743,274
2022	9	19,746,039	20,356,300	21,026,432
2023	8	589,932	675,000	683,184
2024	9.5	21,371,892	23,117,500	24,328,473
2021	7.75	542,945	560,000	562,941
2022	12	101,688	100,000	113,640
2024	12	302,635	301,000	321,467
2029	10	2,118,941	2,100,000	2,283,920
2024	10	2,124,598	2,289,000	2,484,873
2020	12.25	7,732,512	7,901,000	7,751,081
2021	12.01	204,577	571,089	200,349
2029	14.88	956,490	963,159	929,600
		<b>65,923,451</b>	<b>69,667,666</b>	<b>71,428,244</b>

**9. INVESTMENT IN DEBT SECURITIES**

Fair Value through Profit and Loss  
(Designated upon initial recognition)

Note	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment/ Provision	Carrying Value	Cost	Impairment/ Provision	Carrying Value
	(Rupees in '000)					
Others						
Term Finance Certificates						
Corporate Sukuks	3,663,691	-	3,663,691	3,796,582	-	3,796,582
Commercial papers	4,039,768	-	4,039,768	4,677,570	-	4,677,570
Certificates of investment	24,870	-	24,870	635,359	-	635,359
	210,000	-	210,000	210,000	-	210,000
	<b>7,958,319</b>	<b>-</b>	<b>7,958,319</b>	<b>9,319,491</b>	<b>-</b>	<b>9,319,491</b>

**9.1 Term Finance Certificates**

Bank Al Habib  
Bank Al Habib  
Bank Al Habib TFC  
Al Baraka Bank  
Byco Oil Pakistan  
United Bank Ltd.  
Soneri Bank  
Askari Bank Ltd.  
HBL  
JS Bank Limited  
Bank Afifah Perpetual TFC  
Askari Bank VII  
Dubai Islamic  
Bank Islamic

Yield	Maturity	No. Of Certificates		Face Value	Carrying Amount		
		30 June 2020 (Unaudited)	31 December 2019 (Audited)		30 June 2020 (Unaudited)	31 December 2019 (Audited)	
		(Rupees in '000)					
		40,000	80,000	10	200,000	400,000	
		20,000	20,000	5	97,482	89,960	
		80,100	80,100	5	366,892	392,940	
		10,000	10,000	4	10,838	14,866	
		20,000	20,000	5	68,479	73,781	
		250,000	250,000	5	1,250,000	1,250,000	
		10,000	10,000	5	50,000	50,000	
		500	500	1,000	500,000	500,000	
		2,000	20,000	10	200,000	200,000	
		5,000	5,000	100	500,000	500,000	
		20,000	20,000	5	100,000	100,000	
		1		100,000	100,000	-	
		20,000	20,000	5	100,000	100,000	
		28,063		5,346	3,663,691	3,661,547	

**9.2 Corporate Sukuks**

Hascoj Petroleum  
K Electric  
Dawood Hercules Sukuk  
Dawood Hercules Sukuk  
Pakistan Services Limited  
Meezan Bank Ltd  
Fauji Fertilizer Company Ltd  
HUB Co Sukuk 4 Years  
International Brands Ltd  
Engro Polymer  
Neelum Jhelum

15.35	2022	30,000	30,000	7	52,720	68,006
14.50	2022	7,500	7,500	10	713,376	885,786
14.50	2022	6,619	2,000	200	543,856	464,310
14.64	2023	6,681	6,681	99	411,376	599,407
14.92	2024	2,500	833	100	223,009	249,990
15.30	Perpetual	100,000	100,000	5	500,000	500,000
14.99	2021	9,807	2,814	10	14,796	19,768
15.91	2023	50,000	7,000	7	350,000	350,000
14.35	2021	1,000	1,000	202	41,049	72,510
14.54	2026	2,250	5,000	20	228,173	227,818
15.23	2026	12,500	12,500	63	961,406	1,039,976
					4,039,768	4,477,570

**9.3 Commercial Paper**

KEL Islamic Commercial Paper (ICP3)  
KEL Islamic Commercial Paper (ICPA)  
TPL Corp (ICP)

15.23	2020	1	1	100,000	-	96,975
15.38	2020	1	1	500,000	-	489,660
15.53	2020	1	1.00	25,000	24,870	49,724
					24,870	635,359

**9.4 Certificate of Investment**

First Habib Modarba

13.50	2020	1	1	210	210,000	210,000
					7,958,319	9,004,476

**10. INVESTMENTS IN TERM DEPOSITS**

Deposit maturing within 12 months

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	16,442,290	19,659,000

**11 INVESTMENT IN MUTUAL FUNDS**

At fair value through profit or loss (Designated - upon initial recognition)  
Available for Sale

	1,194,593	265,847
	136,963	144,867
	<b>1,331,456</b>	<b>410,714</b>

At fair value through profit or loss (Designated - upon initial recognition)

Related Parties

Mutual Funds (fair value through profit and loss)  
designated upon initial recognition)

	30 June 2020 (Unaudited)		31 December 2019 (Audited)			
	Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
	(Rupees in '000)					
	547	-	863	547	-	1,033

Others

Mutual Funds (fair value through profit and loss)  
Designated upon initial recognition)

	1,367,803	-	1,193,730	253,068	-	264,814
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Available for Sale

Related Parties

Mutual Funds (Available for sale)

	26,717	-	26,717	26,717	-	26,717
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Others

Mutual Funds (Available for sale)  
Surplus on revaluation

	129,507	(14,202)	115,305	116,235	(11,200)	105,035
	-	-	(5,169)	-	-	13,115
	<b>1,514,574</b>	<b>(14,202)</b>	<b>1,331,456</b>	<b>396,567</b>	<b>(11,200)</b>	<b>410,714</b>

**Reconciliation of provision for impairment**

Balance at the beginning of the period  
Provision / (Reversal) for impairment on available for sale investments  
Balance at the end of the period

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	11,200	10,280
	3,002	920
	<b>14,202</b>	<b>11,200</b>

	30 June 2020 (Unaudited) ----- (Rupees in '000) -----	31 December 2019 (Audited) ----- (Rupees in '000) -----
<b>12. CASH AND BANK</b>		
Cash and Cash Equivalent		
Cash in hand	1,523	41
Policy & Revenue stamps	5,963	13,400
Cash at bank		
Current account	1,046,225	1,892,503
Saving account	4,055,626	3,807,604
	<u>5,109,337</u>	<u>5,713,548</u>
<b>12.1 Cash and cash equivalents for cash flow purpose comprise of the following:</b>		
	30 June 2020 (Unaudited) ----- (Rupees in '000) -----	30 June 2019 (Unaudited) ----- (Rupees in '000) -----
- Cash and others	7,486	5,571
- Cash at bank	5,101,851	4,058,272
- Term deposits maturing within three months	16,442,290	17,954,000
	<u>21,551,627</u>	<u>22,017,843</u>
	30 June 2020 (Unaudited) ----- (Rupees in '000) -----	31 December 2019 (Audited) ----- (Rupees in '000) -----
<b>13. RETAINED EARNING LEDGER ACCOUNT D</b>		
Opening balance	2,315,372	2,174,946
Contribution to increase solvency margin	133,876	106,503
Change in solvency margin through profit and loss account	6,896	33,923
	<u>2,456,144</u>	<u>2,315,372</u>
Related Deferred Tax Liability on:		
Opening balance		
Reversal / (charge) to profit and loss account	(584,838)	(495,690)
Closing balance	(2,000)	(89,148)
Net of tax	<u>(586,838)</u>	<u>(584,838)</u>
	<u>1,869,306</u>	<u>1,730,534</u>
<b>14. INSURANCE LIABILITIES</b>		
Reported outstanding claims		
Incurred but not reported claims	14.1 3,087,690	2,715,505
Investment component of unit-linked and account value policies	14.2 756,624	734,895
Liabilities under individual conventional insurance contracts	14.3 125,031,859	114,383,622
Liabilities under group insurance contracts (other than investment linked)	14.4 942,325	763,786
Participant takaful fund balance	14.5 423,353	383,053
	14.6 <u>264,316</u>	<u>172,794</u>
	<u>130,506,167</u>	<u>119,153,655</u>
<b>14.1 Reported Outstanding Claims</b>		
Gross of Reinsurance		
Payable within one year	2,662,533	2,328,910
Payable over a period of time exceeding one year	730,147	648,115
	<u>3,392,680</u>	<u>2,977,025</u>
Recoverable from Reinsurers		
Receivable over a period of time exceeding one year	(304,990)	(261,520)
	<u>(304,990)</u>	<u>(261,520)</u>
	<u>3,087,690</u>	<u>2,715,505</u>
<b>14.2 Incurred But Not Reported Claims</b>		
Gross of reinsurance	889,109	863,010
Reinsurance recoveries	(132,485)	(128,115)
Net of reinsurance	<u>756,624</u>	<u>734,895</u>
<b>14.3 Investment Component of Unit Linked and Account Value Policies</b>		
Investment component of unit linked policies	125,031,859	114,383,622
Investment component of account value policies	-	-
	<u>125,031,859</u>	<u>114,383,622</u>

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
<b>14.4 Liabilities under Individual Conventional Insurance Contracts</b>		
Gross of Reinsurance	1,104,227	941,275
Reinsurance Credit	(161,902)	(177,489)
Net of Reinsurance	<u>942,325</u>	<u>763,786</u>
<b>14.5 Liabilities under Group Insurance Contracts (other than Investment linked)</b>		
Gross of Reinsurance	602,562	456,072
Reinsurance Credit	(179,209)	(73,019)
Net of Reinsurance	<u>423,353</u>	<u>383,053</u>
<b>14.6 Participant Takaful Fund Balance</b>	<u>264,316</u>	<u>172,794</u>
<b>15. CONTINGENCIES AND COMMITMENTS</b>		

**15.1** The Income tax assessment of the Company for tax year 2019 has been finalized. 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.13.833 million and Rs.15.014 million for Tax Years 2012 and 2013 respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Company filed second appeal before the Appellate Tribunal against the order of CIT. The learned Appellate Tribunal Inland revenue has now decided the case in 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 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 Ltd. 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 Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The honorable high court decided the case against the Company. Subsequently, the 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 Company is of the view that the case will be decided in its favour and no provision has been made for the aforementioned tax. The amount involved is Rs 3.279 million.

**15.2** Last year, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 8 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance was made taxable from 1 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 1 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 Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutive 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 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 opinion also mentions that vast majority of premium received from a policy holder, during the life of the policy, is in fact channeled it to the policy holder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules.

In view of the above the Company has not started billing sales tax to its customers. The amount of sales tax involved is around Rs. 916 million computed on the basis of risk based premium, as per the advice of legal advisor, which nonetheless the Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA have 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 and agreed in the meeting that the sales tax on Life and Health be kept exempt till 30th June 2020 however a formal notification in this regard has not yet been issued. Further the committee formed met on 5 February 2020 in Lahore at PRA office to work out the way forward.

Based on the legal opinion obtained the Company considers that it has a reasonably strong case on the merits in the constitution petition and the writ petition filed in the High Courts. The petition is still pending for hearing.

**15.3** Bank guarantees amounting to Rs. 58.241 million has been given in respect of Group Life coverage. These bank guarantees will expire by 19 February 2021 and 2 December 2023

**15.4** There were no capital commitments at the period end.

Aggregate		Aggregate	
Six months period ended		Three months period ended	
30 June		30 June	
2020	2019	2020	2019
(Unaudited)			
(Rupees in '000)			

## 16. NET INSURANCE PREMIUM / CONTRIBUTION REVENUE

### Gross premium / contribution

#### Regular premium / contribution individual policies

First year	2,125,846	3,125,731	937,841	1,605,891
Second year renewal	2,210,082	2,348,476	1,087,674	1,260,034
Subsequent year renewal	7,499,246	7,398,067	3,571,552	3,708,827

#### Single premium / contribution individual policies

Group policies with cash values	21,719	28,360	9,259	14,332
Group policies without cash values	1,685,587	1,855,855	772,680	929,045
Reversal/(Provision) Experience refund	77,446	(125,450)	16,623	(45,814)
<b>Total gross premium / contribution</b>	<b>13,811,923</b>	<b>15,277,157</b>	<b>6,499,734</b>	<b>7,820,562</b>

#### Less: Reinsurance premium / retakaful contribution ceded

On individual life first year business	24,389	16,110	8,807	13,231
On individual life second year business	20,456	6,587	10,191	2,138
On individual life renewal business	120,967	52,465	57,456	26,445
On group policies	338,308	315,409	138,662	173,189
Less: Experience refund from reinsurers	(676)	(28,540)	161	(18,628)
Less: Reinsurance commission on risk premium	(10,351)	(3,098)	(4,625)	(2,109)
<b>Total reinsurance premium / retakaful contribution ceded</b>	<b>493,093</b>	<b>358,933</b>	<b>210,652</b>	<b>194,266</b>
<b>Net premium / contribution</b>	<b>13,318,830</b>	<b>14,918,224</b>	<b>6,289,082</b>	<b>7,626,296</b>

## 17. INVESTMENT INCOME

### Income from equity securities

#### At fair value through profit and loss (Designated upon initial recognition)

Dividend income	425,106	603,518	115,954	183,240
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#### Available for Sale

Dividend income	10,805	10,559	5,200	6,971
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### Income from debt securities

#### At fair value through profit and loss (Designated upon initial recognition)

Return on debt securities	1,087,607	571,885	551,958	349,836
On government securities	3,524,588	2,576,553	2,196,995	1,440,280

#### Held to maturity

On government securities	284,153	212,675	129,737	101,729
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### Income from term deposits

Return on term deposits	864,239	844,785	364,339	517,760
<b>Total</b>	<b>6,196,498</b>	<b>4,819,975</b>	<b>3,364,183</b>	<b>2,599,816</b>

**18. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS**

Available for sale  
Realised gains on:  
- Equity securities  
- Government securities  
  
Realised losses on:  
- Equity securities

Aggregate Six months period ended 30 June		Aggregate Three months period ended 30 June	
2020	2019	2020	2019

153,266	33,010	108,448	(127,727)
1,069,554	-	1,017,434	-
-	(5,600,350)	-	(2,749,651)
<u>1,222,820</u>	<u>(5,567,340)</u>	<u>1,125,882</u>	<u>(2,877,378)</u>

**19. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS- UNREALISED**

Net unrealised losses on investments in  
financial assets- Government securities and  
Debt Securities(fair value through profit and loss designated upon initial recognition)

Net unrealised gains / (losses) on investments at fair value  
through profit or loss (designated upon initial recognition)- Equity Securities

Total investment income

Exchange Gain

Provision / (Reversal) of Impairment in value of available for sale securities  
Less: Investment related expenses

4,699,232	34,916	805,749	(132,404)
<u>(2,655,894)</u>	<u>974,998</u>	<u>1,864,334</u>	<u>(730,836)</u>
2,043,338	1,009,914	2,670,083	(863,240)
12,933	19,811	4,111	16,417
(8,286)	(3,940)	14,511	(2,939)
(2,009)	(4,129)	(767)	(2,121)
<u>2,045,976</u>	<u>1,021,656</u>	<u>2,687,938</u>	<u>(851,883)</u>

**20. OTHER INCOME**

Gain on sale of fixed assets  
Return on loans to employees  
Fees charged to Policyholders

9,343	17,303	7,344	7,965
7,286	8,954	1,921	4,711
4,501	4,719	1,278	2,705
<u>21,130</u>	<u>30,976</u>	<u>10,543</u>	<u>15,381</u>

**21. NET INSURANCE BENEFITS**

Gross claims

Claims under individual policies

by death  
by insured event other than death  
by maturity  
by surrender

Total gross individual policy claims

Claims under group policies

by death  
by insured event other than death  
by maturity  
by surrender

Total gross group claims

Total gross claims

Less: Reinsurance / retakaful recoveries

On individual life claims  
On group life claims

Total reinsurance / retakaful recoveries

Add: Claims related expenses  
Net insurance benefit expense

595,128	426,851	277,859	153,911
4,701	12,530	3,215	6,539
711,579	603,001	307,628	288,036
4,991,737	6,011,183	1,577,168	2,752,155
<u>6,303,145</u>	<u>7,053,565</u>	<u>2,165,870</u>	<u>3,200,641</u>
1,073,694	1,085,307	590,349	601,438
38,784	30,467	15,140	10,615
331	399	-	77
34,591	16,730	10,377	14,968
<u>1,147,400</u>	<u>1,132,903</u>	<u>615,866</u>	<u>627,098</u>
7,450,545	8,186,468	2,781,736	3,827,739
132,143	63,603	63,197	18,599
213,643	153,291	128,072	98,851
<u>345,786</u>	<u>216,894</u>	<u>191,269</u>	<u>117,450</u>
5,503	4,060	3,596	3,014
<u>7,110,262</u>	<u>7,973,634</u>	<u>2,594,063</u>	<u>3,713,303</u>

Aggregate		Aggregate	
Six months period ended 30 June		Three months period ended 30 June	
2020	2019	2020	2019

(Unaudited)

(Rupees in '000)

## 22. ACQUISITION EXPENSES

Remuneration to insurance intermediaries on individual policies:

- Commission to agent on first year premiums / contributions	887,813	1,224,110	406,616	642,337
- Commission to agent on second year premiums / contributions	208,103	295,976	94,861	157,229
- Commission to agent on subsequent renewal premiums / contributions	214,327	220,240	104,171	110,629
- Commission to agent on single premiums / contributions	5,451	17,675	2,982	9,921
- Override commission to supervisors	212,862	286,099	95,404	143,288
- Other benefits to insurance intermediaries				
Salaries, allowances and other benefits	697,740	742,540	281,049	380,608

Remuneration to insurance intermediaries on group policies:

- Commission	162,726	201,015	74,226	102,135
- Other benefits to insurance intermediaries	39,317	41,208	19,386	23,050
- Traveling expenses (including cost of contests, conventions etc.)	22,385	29,165	9,997	14,172
- Printing and stationery	2,272	4,533	754	915
- Depreciation	162,881	144,940	90,152	91,340
- Rent, rates and taxes	1,428	2,602	25	1,339
- Electricity, gas and water	12,627	20,036	7,409	13,710
- Entertainment	15,446	19,445	6,493	12,318
- Vehicle running expenses	5,085	8,456	4,703	4,207
- Office repairs & maintenance	12,603	9,166	5,038	4,382
- Postages, telegrams and telephone	18,178	20,947	9,744	9,402
- Medical fees	8,348	11,137	4,127	5,291
- Finance Cost	24,464	20,590	14,112	9,497
- Others	49,419	71,230	11,141	40,348
Other acquisition costs - policy stamps	43,436	53,748	22,581	27,068
	<b>2,806,911</b>	<b>3,444,858</b>	<b>1,264,971</b>	<b>1,803,186</b>

## 23. MARKETING AND ADMINISTRATION EXPENSES

Employee benefit cost	432,920	355,998	220,579	187,550
Traveling expenses	6,817	45,561	2,055	41,550
Advertisements and sales promotion	43,828	44,090	(2,248)	2,318
Printing and stationery	39,572	33,328	24,326	20,473
Depreciation	83,840	74,357	41,294	34,581
Amortisation	10,470	6,461	5,486	3,230
Rent, rates and taxes	4,937	991	4,579	666
Legal and Professional charges - business related	33,886	59,038	18,277	23,623
Electricity, gas and water	15,332	16,424	6,586	7,499
Entertainment	20,479	19,802	5,140	9,766
Vehicle running expenses	1,325	6,067	946	4,398
Office repair and maintenance	36,792	32,602	11,868	17,708
Appointed actuary fees	8,475	6,300	4,916	3,450
Bank charges	10,425	9,821	6,966	7,722
Postage, internet and telephone	39,617	42,609	13,255	19,262
Fees and subscription	20,017	14,876	8,091	5,269
Annual supervision fee SECP	21,975	30,804	11,725	15,732
Miscellaneous	54,343	51,266	26,466	28,156
	<b>885,050</b>	<b>850,395</b>	<b>410,327</b>	<b>432,953</b>

## 24. OTHER EXPENSES

Directors' fee	1,500	950	700	500
Donation	16,680	5,971	7,277	4,080
Others	1,907	6,499	1,313	6,382
	<b>20,087</b>	<b>13,420</b>	<b>9,290</b>	<b>10,962</b>

Six months ended  
30 June

Three months period ended  
30 June

2020 2019 2020 2019

(Unaudited)

(Rupees in '000)

## 25. TAXATION

For the years

Current

Deferred

Umm

Current	294,500	249,000	107,600	145,062
Deferred	(13,610)	73,330	16,028	84,200
	<b>280,890</b>	<b>322,330</b>	<b>123,628</b>	<b>229,262</b>



27. SEGMENTAL INFORMATION

27.1 Revenue Account by Statutory Fund  
For the six months period ended 30 June 2020

Income

Premium / Contribution less  
reinsurance / retakaful  
Policy transfer from other statutory funds  
Bonus units transfer to statutory fund  
Net investment income / wakala income  
Total net income

Investment Linked Business	Conventional Business	Statutory Funds				Family Takaful Protection Business	Aggregate 2020
		Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	(Unaudited)		

10,047,669	1,312,226	147	305	1,835,115	114,370	13,309,732
-	-	-	-	9,098	-	9,098
8,926,201	133,507	1,350	105	504,451	45,975	9,611,289
18,973,770	1,445,733	1,497	410	2,348,664	160,045	22,930,119

Insurance Benefits and Expenditures

Claims net of reinsurance recoveries  
Policy transfer from other statutory funds  
Bonus units transfer to statutory fund  
Management expenses less recoveries  
Total Insurance Benefits and Expenditures

6,966,210	830,927	1,233	419	230,110	67,404	7,095,303
8,457	-	-	-	-	-	9,457
2,603,421	281,935	476	211	1,038,441	76,959	3,901,443
8,478,088	1,112,862	1,709	630	1,268,551	144,363	11,006,203

Excess of Income over Insurance  
Benefits and Expenditures

Net Change in Insurance Liabilities  
(Other than outstanding Claims)

Surplus / (deficit) before tax

Movement in policyholders' liabilities

Transfer to and from Shareholder's Fund  
Transfer of (surplus) / deficit to shareholders' fund  
Capital contribution from share holders' fund  
Net Transfer to / from shareholders' fund

Balance of statutory funds at beginning of the period

Balance of statutory funds at end of the period

For the six months period ended 30 June 2019

10,495,682	332,871	(212)	(220)	1,080,113	15,662	11,923,916
(9,753,484)	(69,545)	2,476	250	(1,123,242)	6,178	(10,927,367)
742,198	273,326	2,264	30	(43,129)	21,860	996,549
9,753,484	59,545	(2,476)	(250)	1,123,242	(6,178)	10,927,367
(630,047)	(250,850)	(2,288)	(81)	-	(14,869)	(898,135)
(630,047)	(250,850)	(2,288)	(81)	133,876	-	133,876
112,260,531	1,565,488	22,273	1,277	5,153,135	135,416	119,138,120
122,126,168	1,647,509	19,773	976	6,367,124	136,229	130,297,777

Income

Premium / Contribution less  
reinsurances / retakaful  
Policy transfer from other statutory funds  
Bonus units transferred to statutory funds  
Net investment income  
Total net income

Insurance Benefits and Expenditures

Claims net of reinsurance recoveries  
Policy transfer from other statutory funds  
Bonus units transferred to statutory funds  
Management expenses less recoveries  
Total Insurance Benefits and Expenditures

Excess of Income over Insurance  
Benefits and Expenditures

Net Change in Insurance Liabilities  
(Other than outstanding Claims)

Surplus / (Deficit) before tax

Movement in policyholders' liabilities

Transfer to and from Shareholder's Fund  
Transfer of (surplus) / deficit to shareholders' fund  
Capital contribution from share holders' fund  
Net Transfer to/from shareholders' fund

Balance of statutory funds at beginning of the period

Balance of statutory funds at end of the period

Investment Linked Business	Conventional Business	Statutory Funds				Family Takaful Protection Business	Aggregate 2019
		Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	(Unaudited)		

11,793,292	1,335,448	317	329	1,571,966	109,743	14,911,095
-	-	-	-	7,129	-	7,129
64,512	117,744	(206)	151	124,191	56,502	352,894
11,857,804	1,453,192	111	480	1,803,286	166,245	15,281,118

6,653,115	910,795	2,648	151	345,535	50,018	7,962,262
7,312	-	-	-	-	-	7,312
3,106,972	350,025	37	164	835,045	85,905	4,478,148
9,767,399	1,260,820	2,685	315	1,280,580	135,923	12,447,722

2,080,405	192,372	(2,574)	165	522,706	30,322	2,833,396
(1,528,028)	(67,127)	2,722	(10)	(521,360)	(3,282)	(2,117,085)
562,377	125,245	148	155	1,346	27,040	716,311
1,528,028	67,127	(2,722)	10	521,360	3,282	2,117,085

(534,677)	(115,701)	(201)	(154)	-	(22,159)	(672,892)
(534,677)	(115,701)	(201)	(154)	55,547	-	55,547
102,834,817	1,422,896	24,457	1,480	3,559,726	107,368	107,950,744
104,390,545	1,499,567	21,682	1,491	4,137,979	115,531	110,166,795

27.2 Segment statement of financial position

	As at 30 June 2020 (Unaudited)			As at 31 December 2019 (Audited)		
	Statutory Funds	Shareholders Funds	Total	Statutory Funds	Shareholders Funds	Total
	(Rupees in '000)					
Property and equipment	1,261,835	1,705,584	2,967,419	1,278,082	1,605,605	2,883,687
Intangible assets	-	37,873	37,873	-	24,733	24,733
Investments	125,246,619	936,847	126,183,466	115,103,349	961,940	116,065,289
Insurance / reinsurance receivables	230,188	-	230,188	253,999	-	253,999
Other loans and receivables	3,564,026	253,399	3,817,425	3,000,983	234,962	3,235,945
Taxation - payments less provision	8,902	1,212,845	1,221,747	6,334	1,054,887	1,061,221
Prepayments	95,829	-	95,829	51,216	-	51,216
Cash and Bank	5,045,078	64,258	5,109,336	5,669,243	44,304	5,713,547
<b>Total Assets</b>	<b>135,452,477</b>	<b>4,210,806</b>	<b>139,663,283</b>	<b>125,363,206</b>	<b>3,926,431</b>	<b>129,289,637</b>
Insurance Liabilities net of reinsurance recoveries	130,506,167	-	130,506,167	119,153,655	-	119,153,655
Deferred taxation	-	708,737	708,737	-	743,179	743,179
Premium / Contribution received in advance	973,291	-	973,291	969,354	-	969,354
Insurance / reinsurance payables	168,674	-	168,674	258,031	-	258,031
Other creditors and accruals	1,321,721	640,053	1,961,774	1,763,076	494,405	2,257,481
<b>Total Liabilities</b>	<b>132,969,853</b>	<b>1,348,790</b>	<b>134,318,643</b>	<b>122,144,116</b>	<b>1,237,584</b>	<b>123,381,700</b>

Held to maturity	Available to Sale	Fair value through profit & loss account	Deposit maturing within 12 months	Total
(Rupees in '000)				

28. MOVEMENT IN INVESTMENTS

At beginning of previous year (1 January 2019)	3,740,698	446,794	86,584,045	15,049,100	105,820,637
Additions	13,050,623	6,647,402	380,300,117	163,450,000	583,448,142
Disposals (sale and redemptions)	(13,358,000)	(5,250,000)	(379,008,661)	(158,840,100)	(556,456,761)
Fair value net gains (excluding net realised gains)	-	(34,827)	3,274,748	-	3,239,921
Impairment losses	-	13,350	-	-	13,350
At beginning of current period (1 January 2020)	3,433,321	1,822,719	91,150,249	19,659,000	116,065,289
Additions	3,136,359	2,482,816	43,657,688	39,153,869	88,430,732
Disposals (sale and redemptions)	(2,834,000)	(1,625,000)	(33,463,661)	(42,370,579)	(80,293,240)
Fair value net gains (excluding net realised gains)	-	(67,298)	2,056,271	-	1,988,973
Impairment losses	-	(8,286)	-	-	(8,286)
At end of current period (30 June 2020)	3,735,680	2,604,951	103,400,547	16,442,290	126,183,468

29. FAIR VALUE

Investments on the balance sheet are carried at fair value except for investments in unquoted investments which are stated at breakup value. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

On balance sheet financial instruments

	30 June 2020 (Unaudited)										
	Fair Value through profit and loss designated upon initial recognition	Available for Sale	Held To Maturity	Loans and Receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
(Rupees in '000)											
<b>Financial assets measured at fair value</b>											
<b>- Investments</b>											
Government Securities (T-bills + PIBs + Sukuks)	71,824,187	-	-	-	-	-	71,824,187	-	71,824,187	-	71,824,187
Sukuk Bonds (other than government)	4,039,758	-	-	-	-	-	4,039,758	-	4,039,758	-	4,039,758
Listed equity securities	22,822,587	196,558	-	-	-	-	23,019,145	23,019,145	-	-	23,019,145
Unlisted equity securities	-	16,008	-	-	-	-	16,008	-	-	16,008	16,008
Units of mutual funds	1,184,893	138,883	-	-	-	-	1,323,776	-	-	16,008	1,339,784
Debt securities (Listed TFCs)	3,708,561	-	-	-	-	-	3,708,561	3,708,561	-	-	3,708,561
<b>Financial assets not measured at fair value</b>											
Government Securities (T-bills + PIBs + Sukuks)	-	-	5,792,063	-	-	-	5,792,063	-	5,792,063	-	5,792,063
Balances with banks *	21,551,627	-	-	-	-	-	21,551,627	-	21,551,627	-	21,551,627
Certificate of Investment	210,000	-	-	-	-	-	210,000	-	210,000	-	210,000
Advances	-	-	-	180,159	-	-	180,159	-	180,159	-	180,159
Investment income accrued	-	-	-	-	2,828,537	-	2,828,537	-	2,828,537	-	2,828,537
Other loans and receivables (excluding markup accrued)*	-	-	-	-	3,637,284	-	3,637,284	-	3,637,284	-	3,637,284
	125,151,313	348,428	5,792,063	180,159	6,463,801	-	137,938,765	-	137,938,765	-	137,938,765
<b>Financial liabilities not measured at fair value</b>											
Deferred taxation	-	-	-	-	-	708,737	708,737	-	708,737	-	708,737
Premium received in advance	-	-	-	-	-	973,291	973,291	-	973,291	-	973,291
Insurance / reinsurance payables	-	-	-	-	-	168,674	168,674	-	168,674	-	168,674
Other creditors and accruals	-	-	-	-	-	1,991,774	1,991,774	-	1,991,774	-	1,991,774
	-	-	-	-	-	3,812,476	3,812,476	-	3,812,476	-	3,812,476
	125,151,313	348,428	5,792,063	180,159	6,463,801	(3,812,476)	134,124,289	-	134,124,289	-	134,124,289
<b>On balance sheet financial instruments</b>											
31 December 2019 (Audited)											
	Fair Value through profit and loss (designated upon initial recognition)	Available for Sale	Held To Maturity	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
(Rupees in '000)											
<b>Financial assets measured at fair value</b>											
<b>- Investments</b>											
Government Securities (T-bills + PIBs + Sukuks)	70,853,485	-	-	-	-	-	70,853,485	-	70,853,485	-	70,853,485
Sukuk Bonds (other than government)	4,877,570	-	-	-	-	-	4,877,570	-	4,877,570	-	4,877,570
Listed equity securities	10,297,217	174,817	-	-	-	-	10,472,034	10,472,034	-	-	10,472,034
Unlisted equity securities	508	-	-	-	-	-	508	-	-	508	508
Units of mutual funds	285,847	144,867	-	-	-	-	430,714	-	410,714	508	431,222
Debt securities (Listed TFCs)	4,431,921	-	-	-	-	-	4,431,921	4,431,921	-	-	4,431,921
<b>Financial assets not measured at fair value</b>											
Government Securities (T-bills + PIBs + Sukuks)	-	-	5,350,047	-	-	-	5,350,047	-	5,350,047	-	5,350,047
Balances with banks *	25,372,548	-	-	-	-	-	25,372,548	-	25,372,548	-	25,372,548
Certificate of Investment	210,000	-	-	-	-	-	210,000	-	210,000	-	210,000
Advances	-	-	-	172,543	-	-	172,543	-	172,543	-	172,543
Investment income accrued	-	-	-	-	2,760,117	-	2,760,117	-	2,760,117	-	2,760,117
Other loans and receivables (excluding markup accrued)*	-	-	-	-	3,083,402	-	3,083,402	-	3,083,402	-	3,083,402
	116,109,106	319,684	5,350,047	172,543	5,823,519	-	127,774,899	-	127,774,899	-	127,774,899
<b>Financial liabilities not measured at fair value</b>											
Deferred taxation	-	-	-	-	-	743,179	743,179	-	743,179	-	743,179
Premium received in advance	-	-	-	-	-	989,354	989,354	-	989,354	-	989,354
Insurance / reinsurance payables	-	-	-	-	-	258,031	258,031	-	258,031	-	258,031
Other creditors and accruals	-	-	-	-	-	2,257,480	2,257,480	-	2,257,480	-	2,257,480
	-	-	-	-	-	4,228,044	4,228,044	-	4,228,044	-	4,228,044
	116,109,106	319,684	5,350,047	172,543	5,823,519	(4,228,044)	123,546,855	-	123,546,855	-	123,546,855

\*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

*Kanish*

**30. GENERAL**

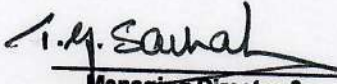
Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Certain prior year's figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.


**30.1 Date of authorization for issue**

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 20 August 2020.

*Handwritten initials*

  
Managing Director &  
Chief Executive Officer

  
Chief Financial Officer

  
Director


  
Director

  
Chairman

**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020 (Unaudited)**

	Note	Operator Sub Fund	Policyholder Fund	30 June 2020	31 December 2019
(Rupees in '000)					
<b>Assets</b>					
<b>Investments</b>					
Equity securities	5	-	1,164,371	1,164,371	147,634
Government securities	6	-	789,542	789,542	872,969
Debt securities	7	10,000	1,201,545	1,211,545	1,201,589
Term deposits	8	78,000	2,366,000	2,444,000	2,474,000
Takaful / retakaful receivables		-	11,498	11,498	13,276
Other loans and receivables		367,936	495,354	863,290	1,192,146
Prepayments		7,145	-	7,145	9,019
Cash & Bank	9	119,074	1,349,557	1,468,631	1,382,351
<b>Total Assets</b>		<b>582,155</b>	<b>7,377,867</b>	<b>7,960,022</b>	<b>7,292,984</b>
<b>Equity and Liabilities</b>					
Cede Money		50,000	-	50,000	50,000
Capital contributed by shareholder's fund		355,017	-	355,017	298,964
Qard-e-Hasna		(39,783)	39,783	-	-
Retained Earning arising from business other than participating business attributable to shareholder's (Ledger account D)		62,568	-	62,568	56,348
Accumulated losses		(262,574)	-	(262,574)	(182,496)
<b>Total Equity</b>		<b>165,228</b>	<b>39,783</b>	<b>205,011</b>	<b>222,816</b>
<b>Liabilities</b>					
Insurance Liabilities	10	-	6,621,248	6,621,248	5,345,812
Takaful contribution received in advance		-	121,640	121,640	121,412
Takaful / retakaful payables		-	64,796	64,796	72,677
Other creditors and accruals		416,927	530,400	947,327	1,530,267
<b>Total Liabilities</b>		<b>416,927</b>	<b>7,338,084</b>	<b>7,755,011</b>	<b>7,070,168</b>
<b>Total Equity and Liabilities</b>		<b>582,155</b>	<b>7,377,867</b>	<b>7,960,022</b>	<b>7,292,984</b>
Contingency(ies) and commitment(s)	11				

The annexed notes 1 to 23 form an integral part of these financial statements.

  
 Managing Director &  
 Chief Executive Officer  
 TWS

  
 Chief Financial  
 Officer  
 SSA

  
 Director  
 HISA

  
 Director  
 SNZ

  
 Chairman  
 RRB

**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS**  
**Condensed Interim Profit And Loss Account (Unaudited)**  
**For The Six Months Period Ended 30 June 2020**

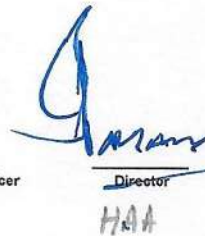
Note	Operator Sub Fund		Policyholder Funds		Aggregate		Aggregate	
	Six months period ended 30 June		Six months period ended 30 June		Six months period ended 30 June		Three months period ended 30 June	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Contribution Revenue	550,056	617,544	1,483,416	1,212,787	2,033,472	1,830,331	968,252	989,046
Contribution ceded to reinsurers	-	-	(74,889)	(41,493)	(74,889)	(41,493)	(35,366)	(31,947)
<b>Net Contribution revenue</b>	<b>550,056</b>	<b>617,544</b>	<b>1,408,527</b>	<b>1,171,294</b>	<b>1,958,583</b>	<b>1,788,838</b>	<b>932,886</b>	<b>957,099</b>
Wakalat-ul-Istismar - PIF	128,344	99,132	(128,344)	(99,132)	-	-	-	-
Wakala Fee - PTF	80,134	84,422	(80,134)	(84,422)	-	-	-	-
Investment income	35,405	11,535	278,024	127,179	313,429	138,714	159,888	67,980
Net realised fair value gains / (losses) on financial assets	160	(978)	22,921	(172,820)	23,081	(173,798)	23,081	(102,305)
Net fair value gains / (losses) on financial assets at fair value through profit or loss	35	181	5,104	32,042	5,139	32,223	80,448	(6,381)
<b>Net income</b>	<b>794,134</b>	<b>811,836</b>	<b>1,506,098</b>	<b>974,141</b>	<b>2,300,232</b>	<b>1,785,977</b>	<b>1,196,303</b>	<b>916,393</b>
Takaful benefits	-	-	332,549	419,890	332,549	419,890	133,340	216,546
Recoveries from retakafuls	-	-	(35,035)	(24,335)	(35,035)	(24,335)	(24,660)	(10,266)
Claims related expenses	-	-	-	-	-	-	-	-
<b>Net Takaful Benefits</b>	<b>-</b>	<b>-</b>	<b>297,514</b>	<b>395,555</b>	<b>297,514</b>	<b>395,555</b>	<b>108,680</b>	<b>206,280</b>
Net Change in Takaful Liabilities (other than outstanding claims)	-	-	1,208,584	578,586	1,208,584	578,586	726,156	286,819
Acquisition expenses	775,183	725,981	-	-	775,183	725,981	350,889	379,771
Marketing and administration expenses	131,737	111,414	-	-	131,737	111,414	68,900	57,795
<b>Total Expenses</b>	<b>906,920</b>	<b>837,395</b>	<b>1,208,584</b>	<b>578,586</b>	<b>2,115,504</b>	<b>1,415,981</b>	<b>1,145,944</b>	<b>724,385</b>
<b>Loss before tax</b>	<b>(112,786)</b>	<b>(25,559)</b>	<b>-</b>	<b>-</b>	<b>(112,786)</b>	<b>(25,559)</b>	<b>(58,321)</b>	<b>(14,272)</b>
Income tax	32,708	7,412	-	-	32,708	7,412	16,914	4,139
<b>Loss for the period</b>	<b>(80,078)</b>	<b>(18,147)</b>	<b>-</b>	<b>-</b>	<b>(80,078)</b>	<b>(18,147)</b>	<b>(41,407)</b>	<b>(10,133)</b>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
 Managing Director &  
 Chief Executive Officer

TWS

  
 Chief Financial Officer  
 SSA

  
 Director  
 HAA

  
 Director  
 SM 2

  
 Chairman  
 RRB

**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**For The Six Months Period Ended 30 June 2020**


	Operator Sub Fund		Policyholder Funds		Aggregate			
	Six months period ended 30 June		Six months period ended 30 June		Six months period ended 30 June		Three months period ended 30 June	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Profit for the year - as per Profit and Loss Account	(80,078)	(18,147)	-	-	(80,078)	(18,147)	(41,407)	(10,133)
Other Comprehensive Income:								
Items that may be reclassified to profit and loss in subsequent periods:								
Change in unrealised gains / (losses) on available-for-sale financial assets	-	-	-	-	-	-	-	-
Reclassification adjustment relating to available-for-sale investments sold during the period	-	-	-	-	-	-	-	-
Related deferred tax	-	-	-	-	-	-	-	-
Other comprehensive income for the period- net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(80,078)</b>	<b>(18,147)</b>	<b>-</b>	<b>-</b>	<b>(80,078)</b>	<b>(18,147)</b>	<b>(41,407)</b>	<b>(10,133)</b>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
 Managing Director &  
 Chief Executive Officer  
 TSS

  
 Chief Financial Officer  
 SSA

  
 Director  
 HAA

  
 Director  
 SNZ

  
 Chairman  
 RRB

**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**


	Attributable to the equity holders' of the Company						Total
	Cede Money	Capital Contributed by Shareholder's Fund	General Reserve	Retained earnings arising from business other than participating business attributable to shareholders (ledger account D)- net of tax *	Surplus/Deficit on revaluation of available for sale investment	Unappropriated Profit	
	(Rupees in '000)						
Balance as at 1 January 2019 (as reported)	50,000	231,392	-	38,974	-	(170,052)	150,314
Capital contribution from shareholder's fund		26,162					26,162
Income for the period ended 30 June 2019		-	-	-	-	(18,147)	(18,147)
Other Comprehensive loss		-	-	-	-	-	-
Total income for the period ended 30 June 2019		-	-	-	-	(18,147)	(18,147)
Contribution to increase solvency margin		-	-	7,828	-	-	7,828
Balance as at 30 June 2019	50,000	257,554	-	46,802	-	(188,199)	166,157
Balance as at 1 January 2020	50,000	298,964	-	56,348	-	(182,496)	222,816
Capital contribution from shareholder's fund		56,053					56,053
Income for the period ended 30 June 2020		-	-	-	-	(80,078)	(80,078)
Other Comprehensive loss		-	-	-	-	(80,078)	(80,078)
Contribution to increase solvency margin		-	-	6,220	-	-	6,220
Balance as at 30 June 2020	50,000	355,017	-	62,568	-	(262,574)	205,011


\*This include balances maintained in accordance with the requirements of section 35 of the Insurance Ordinance, 2000 read with rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes 1 to 23 form an integral part of these financial statements.

  
 Managing Director &  
 Chief Executive Officer  
 TGS

  
 Chief Financial  
 Officer  
 SSA

  
 Director  
 HAA

  
 Director  
 SHZ

  
 Chairman  
 KKS

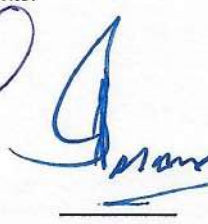
**EFU LIFE ASSURANCE LIMITED - Window Takaful Operations**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW**  
**For The Six Months Period Ended 30 June 2020**


	Six months period ended 30 June	
	2020	2019
	----- (Rupees in '000) -----	
<b>Operating cash flows</b>		
<b>a) Underwriting activities</b>		
Contribution received	2,035,478	1,832,906
Retakaful contribution paid	(82,770)	(61,180)
Claims paid	(267,748)	(408,655)
Retakaful and other recoveries received	35,035	24,335
Commission paid	(504,272)	(532,897)
Marketing and Administrative expenses paid	(131,737)	(111,414)
Other acquisition cost paid	(293,267)	(197,142)
Net cash flow from underwriting activities	790,719	545,953
<b>b) Other operating activities</b>		
Other operating payments	(510,317)	32,383
Other receipts on operating assets	479,063	(33,549)
Net cash flow from other operating activities	(31,254)	(1,166)
<b>Total cash flow from all operating activities</b>	<b>759,465</b>	<b>544,787</b>
<b>Investment activities</b>		
Profit / Return received	194,431	34,892
Dividends received	5,427	18,563
Payments for investments	(7,689,075)	236,678
Proceed from disposal of investments	6,774,029	70,000
<b>Total cash flow from investing activities</b>	<b>(715,188)</b>	<b>360,133</b>
<b>Financing activities</b>		
Capital contributed by shareholder's fund	12,003	1,944
<b>Total cash flow from financing activities</b>	<b>12,003</b>	<b>1,944</b>
<b>Net cash flow from all activities</b>	<b>56,280</b>	<b>906,864</b>
Cash and cash equivalents at beginning of the period	3,856,351	2,331,188
Cash and cash equivalents at end of the period	<b>3,912,631</b>	<b>3,238,052</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	759,465	544,787
Depreciation expense	(48,912)	(31,209)
Amortization expense	(1,357)	(837)
Loss on disposal of investments	23,081	(173,798)
Dividend Income	5,427	18,563
Other investment income	318,730	121,143
Appreciation / (Depreciation) in market value of investments	(5,589)	31,231
(Increase) / decrease in assets other than cash	(446,079)	28,862
Increase in liabilities	(684,844)	(556,889)
<b>Profit after taxation</b>	<b>(80,078)</b>	<b>(18,147)</b>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
 Managing Director &  
 Chief Executive Officer  
 TSS

  
 Chief Financial  
 Officer  
 SSA

  
 Director  
 MAA

  
 Director  
 SNZ

  
 Chairman  
 RRB

**EFU LIFE ASSURANCE LIMITED**  
**Notes To The Condensed Interim Financial Information (Unaudited)**  
**For The Six Months Ended 30 June 2020**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The Registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House Plot No.112, 8th East street, Phase 1, DHA, Karachi.
- 1.2 The Company is a subsidiary of EFU General Insurance Limited on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Limited effective 31 March 2018.
- 1.3 The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:
- Family Takaful Investment Linked Business (Refer note 1.4)
  - Family Takaful Protection Business (Refer note 1.4)
- \* The Company had discontinued pension business and accordingly no new business has been written under this fund.
- 1.4 The Company was granted authorisation on 19 January 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operation in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 6 February 2015 under the brand name "Hemayah". For the purpose of carrying on takaful business, the Company has formed a Waqf namely EFU Life - Window Family Takaful Limited Waqf (here-in-after referred to as the Participant Takaful Fund (PTF)) was formed on 6 February 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 2 million. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Company.

**2. Basis of preparation and statement of compliance**

- 2.1 These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated 09 February 2017.
- 2.2 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017; and
  - Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017.

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

**2.3. Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the available for sale investments which are stated at their fair values.

**2.4. Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousands.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2019.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

5	INVESTMENTS IN EQUITY SECURITIES	Note	30 June 2020		31 December 2019			
			(Unaudited)		(Audited)			
----- (Rupees in '000) -----								
	Available for Sale	5.1	-	-	-	-		
	At fair value through profit or loss (Designated - upon initial recognition)	5.2	1,164,371	-	147,634	-		
			<u>1,164,371</u>	<u>-</u>	<u>147,634</u>	<u>-</u>		
5.1	Available for Sale		30 June 2020			31 December 2019		
		Note	Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
----- (Rupees in '000) -----								
5.2	Fair Value through Profit and Loss (Designated - upon initial recognition)							
	Related Parties							
	Listed Shares		-	-	-	-	-	-
	Others							
	Listed Shares		1,131,050	-	1,164,371	122,789	-	147,634
			<u>1,131,050</u>	<u>-</u>	<u>1,164,371</u>	<u>122,789</u>	<u>-</u>	<u>147,634</u>
6.	GOVERNMENT SECURITIES							
	Held to Maturity	6.1				195,942		16,931
	Fair value through profit and loss (designated - upon initial recognition)	6.2				593,600		856,038
						<u>789,542</u>		<u>872,969</u>
30 June 2020 (Unaudited)								
6.1	Held to Maturity		Maturity Year	Effective Yield %	Amortised Cost	Principal Repayment	Carrying Value	
----- (Rupees in '000) -----								
	10 Years Pakistan Energy Sukuk 1		2029	14.88	195,942	197,160	195,942	
					<u>195,942</u>	<u>197,160</u>	<u>195,942</u>	
30 June 2020 (Unaudited)								
6.2	Fair Value through profit and loss (Designated - upon initial recognition)		Maturity Year	Effective Yield %	Amortised Cost	Principal Repayment	Carrying Value	
----- (Rupees in '000) -----								
	10 Years Pakistan Energy Sukuk 1		2029	14.88	616,251	620,840	593,600	
					<u>616,251</u>	<u>620,840</u>	<u>593,600</u>	
7.	INVESTMENT IN DEBT SECURITIES							
	Fair Value through Profit and Loss (Designated upon initial recognition)							
	Others							
	Term Finance Certificates	7.1	150,000	-	150,000	-	-	-
	Corporate Sukuks	7.2	1,061,545	-	1,061,545	1,103,857	-	1,103,857
	Commercial papers	7.3	-	-	-	97,732	-	97,732
			<u>1,211,545</u>	<u>-</u>	<u>1,211,545</u>	<u>1,201,589</u>	<u>-</u>	<u>1,201,589</u>
No. Of Certificates								
			30 June 2020	31 December 2019	Face Value	Carrying Amount 30 June 2020	31 December 2019	
----- (Rupees in '000) -----								
7.1	Term Finance Certificates	Yield	Maturity					
	Bank Islamic	11.58	Perpetual	28.063	5,345	150,000	-	
						<u>150,000</u>	<u>-</u>	
7.2	Corporate Sukuks							
	K Electric	14.50	2022	7,500	7,500	10	50,625	62,869
	Dawood Hercules Sukuk	14.50	2022	5,819	2,000	200	146,653	161,488
	Meezan Bank Ltd	15.30	Perpetual	100,000	100,000	5	250,000	250,000
	HUB Co Sukuk 4 Years	15.91	2023	50,000	7,000	7	200,000	200,000
	International Brands Ltd	14.35	2021	1,000	1,000	202	10,262	17,959
	Engro Polymer	14.54	2026	2,250	5,000	20	207,864	207,544
	Dubai Islamic Bank Limited sukuk						100,000	100,000
	Neelum Jhelum	15.23	2026	12,500	12,500	83	96,141	103,997
							<u>1,061,545</u>	<u>1,103,857</u>
							<u>1,211,545</u>	<u>1,103,857</u>
7.3	Commercial Paper							
	KEL Islamic Commercial Paper (ICPA)	15.38	2020	1	1	500,000	-	97,732
							<u>-</u>	<u>97,732</u>
							<u>1,211,545</u>	<u>1,201,589</u>
8.	INVESTMENTS IN TERM DEPOSITS							
	Deposit maturing within 12 months						2,444,000	2,474,000
							<u>2,444,000</u>	<u>2,474,000</u>

	30 June 2020	31 December 2019
	Unaudited	Audited
	----- (Rupees in '000) -----	
<b>9. CASH AND BANK</b>		
Cash and Cash Equivalent		
Cash in hand	439	4
Cash at bank		
Current account	424,245	460,104
Saving account	1,043,947	922,243
	<u>1,468,631</u>	<u>1,382,351</u>
<b>9.1 Cash and cash equivalents for cash flow purpose comprise of the following:</b>	30 June 2020	30 June 2019
	Unaudited	Unaudited
	----- (Rupees in '000) -----	
- Cash and others	439	418
- Cash at bank	1,468,192	1,068,635
- Term deposits maturing within three months	2,444,000	2,169,000
	<u>3,912,631</u>	<u>3,238,053</u>
	30 June 2020	31 December 2019
	Unaudited	(Restated)
	----- (Rupees in '000) -----	
<b>10. TAKAFUL LIABILITIES</b>		
Reported outstanding claims	185,071	117,931
Incurring but not reported claims	28,527	31,577
Investment component of unit-linked and account value policies	5,990,127	4,876,131
Liabilities under individual conventional insurance contracts	69,600	68,972
Liabilities under group insurance contracts (other than investment linked)	40,528	37,377
Other liabilities	43,079	41,029
Participant takaful fund balance	264,315	172,794
	<u>6,621,248</u>	<u>5,345,812</u>
<b>10.1 Reported Outstanding Claims</b>		
<b>Gross of Retakaful</b>		
Payable within one year	177,165	112,364
Payable over a period of time exceeding one year	25,849	19,361
	<u>203,014</u>	<u>131,725</u>
<b>Recoverable from Retakaful</b>		
Receivable over a period of time exceeding one year	(17,943)	(13,794)
	<u>(17,943)</u>	<u>(13,794)</u>
Net reported outstanding claims	185,071	117,931
<b>10.2 Incurred But Not Reported Claims</b>		
Gross of retakaful	38,613	37,942
Retakaful recoveries	(10,086)	(6,365)
Net of retakaful	<u>28,527</u>	<u>31,577</u>
<b>10.3 Investment Component of Unit Linked and Account Value Policies</b>		
Investment component of unit linked policies	5,990,127	4,876,131
Investment component of account value policies	-	-
	<u>5,990,127</u>	<u>4,876,131</u>
	30 June 2020	31 December 2019
	Unaudited	(Restated)
	----- (Rupees in '000) -----	
<b>10.4 Liabilities under Individual Conventional takaful Contracts</b>		
Gross of Retakaful	110,422	110,754
Retakaful Credit	(40,822)	(41,782)
Net of Reinsurance	<u>69,600</u>	<u>68,972</u>
<b>10.5 Liabilities under Group Takaful Contracts (other than investment linked)</b>		
Gross of Retakaful	65,322	44,444
Retakaful Credit	(24,794)	(7,067)
Net of Retakaful	<u>40,528</u>	<u>37,377</u>
<b>10.6 This comprises of surplus of Individual Family Takaful - Participant Takaful Fund, which relates exclusively to participants of the Individual Family Takaful Fund and is not available for distribution to shareholders. Under the Waqf Deed of Individual Family Takaful Fund read with Rule 21 of Takaful Rules, 2012, the surplus arising in the Participants Sub Fund can only be distributed to the Participants of that Fund based on approval of the Appointed Actuary. The surplus has been classified under insurance liabilities as clarified by SECP.</b>		

## 11. CONTINGENCIES AND COMMITMENTS

The contingencies and commitments reported in the main financials of the Company also includes impacts of Window Takaful Operations as at June 30, 2020. Out of the reported amount thereon, an amount of Rs. 76.6 million pertains to Window Takaful Operations. There were no other material contingencies and commitments as at June 30, 2020.

## 12. NET CONTRIBUTION REVENUE

### Gross contribution

#### Regular contribution individual policies

	Aggregate Six months period ended 30 June		Aggregate Three months period ended 30 June	
	2020	2019	2020	2019
First year	675,250	770,595	289,061	396,888
Second year renewal	502,850	422,178	242,876	245,475
Subsequent year renewal	619,944	386,044	302,469	193,044

#### Single contribution individual policies

Group policies with cash values	705	735	525	435
Group policies without cash values	162,281	141,991	92,433	88,714
<b>Total gross contribution</b>	<b>2,033,472</b>	<b>1,830,331</b>	<b>968,252</b>	<b>989,046</b>

### Less: Retakaful contribution ceded

On individual life first year business	8,996	10,270	1,583	9,506
On individual life second year business	8,206	-	3,960	(1,366)
On individual life renewal business	13,598	-	7,566	(1,786)
On group policies	47,911	32,248	24,124	26,277
Less: Experience refund from retakaful	(3,822)	(1,025)	(1,867)	(683)

### Retakaful contribution ceded

	74,889	41,493	35,366	31,948
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### Net contribution

	<u>1,958,583</u>	<u>1,788,838</u>	<u>932,886</u>	<u>957,098</u>
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## 13. INVESTMENT INCOME

### Income from equity securities

#### At fair value through profit and loss (Designated upon initial recognition)

Dividend income	5,428	18,563	2,176	2,976
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#### Available for Sale

Dividend income	-	-	-	-
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### Income from debt securities

#### At fair value through profit and loss (Designated upon initial recognition)

Return on debt securities	205,779	21,344	85,339	7,633
On government securities	(130,970)	175,888	(69,109)	103,115

#### Held to maturity

On government securities	122,905	(139,513)	64,216	(80,108)
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### Income from term deposits

Return on term deposits	110,287	62,432	77,266	34,364
	<u>313,429</u>	<u>138,714</u>	<u>159,888</u>	<u>67,980</u>

14. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	Aggregate (Unaudited)		Aggregate (Audited)	
	Six months period ended 30 June		Three months period ended 30 June	
	2020	2019	2020	2019
	(Rupees in '000)			
Available for sale				
Realised gains on:				
- Equity securities	23,081	-	23,081	-
- Government securities	-	-	-	-
Realised losses on:				
- Equity securities	-	(173,798)	-	(102,305)
	<u>23,081</u>	<u>(173,798)</u>	<u>23,081</u>	<u>(102,305)</u>
<b>15. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS- UNREALISED</b>				
Net unrealised gains on investments at fair value through profit or loss (designated upon initial recognition)- Equity Securities	<u>5,139</u>	<u>32,223</u>	<u>80,448</u>	<u>(6,381)</u>
Total investment income	<u>5,139</u>	<u>32,223</u>	<u>80,448</u>	<u>(6,381)</u>
	<u>5,139</u>	<u>32,223</u>	<u>80,448</u>	<u>(6,381)</u>
<b>16. NET TAKAFUL BENEFITS</b>				
<b>Gross claims</b>				
Claims under individual policies				
by death	25,981	24,082	7,934	6,537
by insured event other than death	-	-	-	-
by maturity	-	-	-	-
by surrender	213,018	332,745	63,689	184,788
<b>Total gross individual policy claims</b>	<u>238,999</u>	<u>356,827</u>	<u>71,623</u>	<u>191,325</u>
Claims under group policies				
by death	84,318	60,242	55,202	25,219
by insured event other than death	9,232	2,820	6,516	-
by maturity	-	-	-	-
by surrender	-	-	-	-
<b>Total gross group claims</b>	<u>93,550</u>	<u>63,062</u>	<u>61,718</u>	<u>25,219</u>
<b>Total gross claims</b>	<u>332,549</u>	<u>419,889</u>	<u>133,341</u>	<u>216,544</u>
<b>Less: Retakaful recoveries</b>				
On individual life claims	8,889	11,290	1,646	4,211
On group life claims	26,146	13,044	23,014	6,054
<b>Total retakaful recoveries</b>	<u>35,035</u>	<u>24,334</u>	<u>24,660</u>	<u>10,265</u>
<b>Net takaful benefit expense</b>	<u>297,514</u>	<u>395,555</u>	<u>108,681</u>	<u>206,279</u>



## 20. RELATED PARTY TRANSACTIONS

The related parties comprise of holding company, directors, key management personnel, associated companies/associated undertakings, and entities with common directors and retirement benefit fund. Compensation of key management personnel are on employment terms. Contribution to the provident fund is in accordance with the service rules. Change to the defined contribution is in accordance with the actuarial advice. Other transactions are at agreed rates. Details of transactions with related parties during the period, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	Six months ended	
	30 June 2020	30 June 2019
	(Unaudited)	
	----- (Rupees in '000) -----	
<b>Transactions</b>		
<b>Associated companies/ Related Party</b>		
Premium written	2,168	2,116
Premium paid	2,341	1,352
Claims paid	2,155	500
Commission paid	19,101	44,867
Interest On bank deposit	-	255
<b>Employees' funds</b>		
Contribution to provident fund	1,573	1,101
Contribution to pension fund	410	331
	-----	-----
	30 June 2020	31 December 2019
	Unaudited	Audited
	----- (Rupees in '000) -----	
<b>Balances</b>		
Bank balances	66,597	15,299
Premium receivable	98	197
Claims outstanding - Related party	500	-

21. SEGMENTAL INFORMATION

21.1 Revenue Account by Statutory Fund

	Family Takaful Investment Linked Business	Family Takaful Protection Business	Aggregate Six months ended 30 June 2020
<b>Income</b>			
Contribution less retakaful	1,835,115	114,370	1,949,485
Policy transfer from other statutory funds	9,098	-	9,098
Bonus units transfer to statutory fund	-	-	-
Net investment income / wakala income	504,451	45,675	550,126
Total net income	2,348,664	160,045	2,508,709
<b>Takaful Benefits and Expenditures</b>			
Claims net of retakaful recoveries	230,110	67,404	297,514
Policy transfer from other statutory funds	-	-	-
Bonus units transfer to statutory fund	-	-	-
Management expenses less recoveries	1,038,441	76,959	1,115,400
Total takaful Benefits and Expenditures	1,268,551	144,363	1,412,914
<b>Excess of income over takaful Benefits and Expenditures</b>			
	1,080,113	15,682	1,095,795
<b>Net Change in takaful Liabilities (Other than outstanding Claims)</b>			
	(1,123,242)	6,178	(1,117,064)
<b>Surplus / (deficit) before tax</b>			
	(43,129)	21,860	(21,269)
<b>Movement in takaful liabilities</b>			
	1,123,242	(6,178)	1,117,064
<b>Transfer to and from Shareholder's Fund</b>			
Transfer of (surplus) / deficit to shareholders' fund	-	(14,869)	(14,869)
Capital contribution from share holders' fund	133,876	-	133,876
Net Transfer to / from shareholders' fund	133,876	(14,869)	119,007
<b>Balance of statutory funds at beginning of the period</b>			
	5,153,135	135,416	5,288,551
<b>Balance of statutory funds at end of the period</b>			
	6,367,124	136,229	6,503,353
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Aggregate Six months ended 30 June 2019
<b>Income</b>			
Contribution less retakaful	1,671,966	109,743	1,781,709
Policy transfer from other statutory funds	7,129	-	7,129
Bonus units transferred to statutory funds	-	-	-
Net investment income	124,191	56,502	180,693
Total net income	1,803,286	166,245	1,969,531
<b>Takaful Benefits and Expenditures</b>			
Claims net of retakaful recoveries	345,535	50,018	395,553
Policy transfer from other statutory funds	-	-	-
Bonus units transferred to statutory funds	-	-	-
Management expenses less recoveries	935,045	85,905	1,020,950
Total Insurance Benefits and Expenditures	1,280,580	135,923	1,416,503
<b>Excess of income over Takaful Benefits and Expenditures</b>			
	522,706	30,322	553,028
<b>Net Change in Takaful Liabilities (Other than outstanding Claims)</b>			
	(521,360)	(3,282)	(524,642)
<b>Surplus / (Deficit) before tax</b>			
	1,346	27,040	28,386
<b>Movement in takaful liabilities</b>			
	521,360	3,282	524,642
<b>Transfer to and from Shareholder's Fund</b>			
Transfer of (surplus) / deficit to shareholders' fund	-	(22,159)	(22,159)
Capital contribution from share holders' fund	55,547	-	55,547
Net Transfer to/from shareholders' fund	55,547	(22,159)	33,388
<b>Balance of statutory funds at beginning of the period</b>			
	3,559,726	107,368	3,667,094
<b>Balance of statutory funds at end of the period</b>			
	4,137,979	115,531	4,253,510

22 FAIR VALUE

Investments on the balance sheet are carried at fair value except for investments in non unit-linked funds which are stated at lower of cost or market value and unquoted investments which are stated at cost. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

On balance sheet financial instruments

	30 June 2020						Total	Fair value			Total
	Fair Value through profit and loss designated upon initial recognition	Available for Sale	Held To Maturity	Loans and Receivables	Other financial assets	Other financial liabilities		Level 1	Level 2	Level 3	
								(Rupees in '000)			
<b>Financial assets measured at fair value</b>											
<b>- Investments</b>											
Government Securities (T-bills + PIBs + Sukuks)	789,542	-	-	-	-	-	789,542	-	789,542	-	789,542
Sukuk Bonds (other than government)	1,061,545	-	-	-	-	-	1,061,545	-	1,061,545	-	1,061,545
Listed equity securities	1,164,371	-	-	-	-	-	1,164,371	1,164,371	-	-	1,164,371
Unlisted equity securities	-	-	-	-	-	-	-	-	-	-	-
Units of mutual funds	-	-	-	-	-	-	-	-	-	-	-
Debt securities (Listed TFCs)	150,000	-	-	-	-	-	150,000	150,000	-	-	150,000
<b>Financial assets not measured at fair value</b>											
- Government Securities (T-bills + PIBs + Sukuks)	-	-	-	-	-	-	-	-	190,400	-	190,400
- Balances with banks *	3,912,631	-	-	-	-	-	3,912,631	-	-	-	3,912,631
- Certificate of Investment	-	-	-	-	-	-	-	-	-	-	-
- Advances	-	-	-	-	-	-	-	-	-	-	-
- Investment income accrued	-	-	-	-	196,754	-	196,754	-	-	-	196,754
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	863,290	-	863,290	-	-	-	863,290
	7,078,089	-	-	-	1,060,044	-	8,138,133	-	-	-	8,138,133
<b>Financial liabilities not measured at fair value</b>											
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Premium received in advance	-	-	-	-	-	121,640	121,640	-	-	-	121,640
Insurance / reinsurance payables	-	-	-	-	-	64,796	64,796	-	-	-	64,796
Other creditors and accruals	-	-	-	-	-	947,327	947,327	-	-	-	947,327
	-	-	-	-	-	1,133,763	1,133,763	-	-	-	1,133,763
	7,078,089	-	-	-	1,060,044	(1,133,763)	7,004,370	-	-	-	7,004,370

On balance sheet financial instruments

	31 December 2019						Total	Fair value			Total
	Fair Value through profit and loss (designated upon initial recognition)	Available for Sale	Held to Maturity	Loans and Receivables	Other financial Assets	Other financial liabilities		Level 1	Level 2	Level 3	
								(Rupees in '000)			
<b>Financial assets measured at fair value</b>											
<b>- Investments</b>											
Government Securities (T-bills + PIBs + Sukuks)	872,969	-	-	-	-	-	872,969	-	872,969	-	872,969
Sukuk Bonds (other than government)	1,103,857	-	-	-	-	-	1,103,857	-	1,103,857	-	1,103,857
Listed equity securities	147,634	-	-	-	-	-	147,634	147,634	-	-	147,634
Unlisted equity securities	-	-	-	-	-	-	-	-	-	-	-
Units of mutual funds	-	-	-	-	-	-	-	-	-	-	-
Debt securities (Listed TFCs)	97,732	-	-	-	-	-	97,732	97,732	-	-	97,732
<b>Financial assets not measured at fair value</b>											
- Government Securities (T-bills + PIBs + Sukuks)	-	-	-	-	-	-	-	-	16,931	-	16,931
- Balances with banks *	3,856,351	-	-	-	-	-	3,856,351	-	-	-	3,856,351
- Certificate of Investment	-	-	-	-	-	-	-	-	-	-	-
- Advances	-	-	-	-	-	-	-	-	-	-	-
- Investment income accrued	-	-	-	-	83,178	-	83,178	-	-	-	83,178
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	128,748	-	128,748	-	-	-	128,748
	6,078,543	-	-	-	211,926	-	6,290,469	-	-	-	6,290,469
<b>Financial liabilities not measured at fair value</b>											
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Premium received in advance	-	-	-	-	-	121,412	121,412	-	-	-	121,412
Insurance / reinsurance payables	-	-	-	-	-	72,677	72,677	-	-	-	72,677
Other creditors and accruals	-	-	-	-	-	673,817	673,817	-	-	-	673,817
	-	-	-	-	-	867,906	867,906	-	-	-	867,906
	6,078,543	-	-	-	211,926	(867,906)	5,422,563	-	-	-	5,422,563

\*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

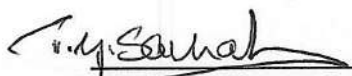




23 GENERAL

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Certain prior year's figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

23.1 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Company in their meeting held on 20 August 2020.

 Managing Director & Chief Executive Officer TYS	 Chief Financial Officer SSA	 Director HAA	 Director SNZ	 Chairman RRB
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