

Report (Un-Audited)
First Quarter 2021



Going Beyond





EFU GENERAL INSURANCE LTD

ISO 9001: 2015 Certified



efuinsurance.com

Insurer Financial Strength

AA+
Outlook Stable
VIS

AA+
Outlook Stable
PACRA

B+
Outlook Stable
A.M.BEST
For the latest rating,
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Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Abdul Rehman Haji Habib
Rafique R. Bhimjee
Taher G. Sachak
Ali Raza Siddiqui
Mohammed Iqbal Mankani
Saad Bhimjee
Tanveer Sultan Moledina
Yasmin Hyder

Chief Financial Officer

Altaf Qamruddin Gokal, F.C.A.

Company Secretary

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

Legal Advisor

Mohammad Ali Sayeed

Advisors

S.C. (Hamid) Subjally
Syed Mehdi Imam, M.A.

Shari'ah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Tanveer Sultan Moledina
Rafique R. Bhimjee
Ali Raza Siddiqui
Taher G. Sachak
Yasmin Hyder

Investment Committee

Rafique R. Bhimjee
Saifuddin N. Zoomkawala
Hasanali Abdullah
Taher G. Sachak
Altaf Gokal

Ethics, Human Resource & Remuneration Committee

Iqbal Mankani
Saifuddin N. Zoomkawala
Hasanali Abdullah

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi

Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block B
S.M.C.H.S., Shahrah-e-Faisal
Karachi - 74400

Website

www.efuinsurance.com

Email

info@efuinsurance.com

Registered Office

Kamran Centre, 1st Floor
85, East, Jinnah Avenue
Blue Area
Islamabad

Main Offices

EFU House
M. A. Jinnah Road
Karachi

Co-operative Insurance Building
23, Shahrah-e-Quaid-e-Azam
Lahore

Window Takaful Operations

5th Floor, EFU House
M. A. Jinnah Road
Karachi

Directors' Review

We are pleased to present the unaudited financial statements for the three months period ended 31 March 2021.

Performance Review

The Written Premium (including Takaful) for the quarter was Rs. 6,022 million (including Takaful Contribution of Rs. 712 million) as against Rs. 6,219 million (including Takaful Contribution of Rs. 613 million) for corresponding period of last year. The Net Premium Revenue was Rs. 2,688 million (including Takaful Net Contribution Revenue) as against Rs. 2,494 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was 40 % as compared to 42 % for the corresponding period of last year.

Investment income (including rental income, profit on deposits and other income) for the quarter increased by 24 % to Rs. 907 million as compared to Rs. 734 million for the corresponding period of last year.

The after tax profit for the quarter increased by 38 % to Rs. 999 million as compared to Rs. 714 million in the corresponding period last year.

The earnings per share for the quarter was Rs. 4.99 against Rs. 3.57 in the corresponding period of last year.

Your Directors have pleasure in declaring first interim cash dividend of Rs. 1.50 (15 %) per share for the year 2021.

Outlook

The third wave of COVID 19 outbreak is likely to have impact on Pakistan's economy which could impact insurance business also in case longer period of smart lockdowns are announced in various parts of the country.

Acknowledgements

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

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

ڈائریکٹرز ریویو

(یہ انگریزی ڈائریکٹرز ریویو کا ترجمہ ہے)

ہم بمسرت ۳۱ مارچ ۲۰۲۱ء کو ختم ہونے والی سہ ماہی کے لئے غیر آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

کارکردگی کا جائزہ

سہ ماہی کے لئے تحریری پریمیسیم (بشمول نکافل) ۶،۰۲۲ ملین روپے (بشمول نکافل کنٹری بیوشن ۱۲ ملین روپے) رہا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے لئے ۶،۲۱۹ ملین روپے (بشمول نکافل کنٹری بیوشن ۶۱۳ ملین روپے) رہا تھا۔ خالص پریمیسیم ریونیو ۲،۶۸۸ ملین روپے (بشمول نکافل خالص کنٹری بیوشن ریونیو) تھا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے لئے ۲،۴۹۴ ملین روپے رہا تھا۔ خالص پریمیسیم ریونیو کے لئے مجموعی کلیمز کا تناسب ۴۰ فیصد تھا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کیلئے ۴۲ فیصد رہا تھا۔

سرمایہ کاری کی آمدنی (بشمول رینٹل آمدنی، ڈپازٹس اور دیگر آمدنی پر منافع جات) برائے زیر جائزہ سہ ماہی ۲۴ فیصد بڑھ کر ۹۰ ملین روپے ہو گئی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے لئے ۷۳ ملین روپے تھی۔

اس سہ ماہی کے لئے منافع بعد از ٹیکس ۳۸ فیصد سے بڑھ کر ۹۹۹ ملین روپے ہو گیا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت میں ۱۴ ملین روپے تھا۔

اس سہ ماہی کے لئے آمدنی فی شیئر ۴۹۹ روپے رہی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت میں ۳۶۵ روپے تھی۔

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

آڈٹ لگ

COVID-19 (کورونا وائرس) کی تیسری لہر کے پاکستانی معیشت پر بھی ممکنہ اثرات مرتب ہوں گے، اور اسارٹ لاک ڈاؤن کی طویل مدت کی وجہ سے انشورنس کی صنعت بھی اس سے متوقع طور پر متاثر ہوگی، جیسا کہ ملک کے مختلف مقامات پر اسارٹ لاک ڈاؤن کا اعلان کیا گیا ہے۔

اظہار تشکر

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

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

سیف الدین این۔ زومکا والا
چیئر مین

حسن علی عبداللہ
میجنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی۔ ساچک
ڈائریکٹر

رفیق آر۔ بھیم جی
ڈائریکٹر

کراچی، ۲۸ اپریل ۲۰۲۱ء

Unconsolidated Condensed Interim Statement of Financial Position As at 31 March 2021 (Unaudited)

Rupees '000

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Property and equipment	6	2 788 924	2 818 853
Investment property	7	2 520 752	2 517 970
Investment in subsidiary Investments	8	9 180 680	9 298 848
Equity securities	9	4 236 444	4 480 733
Debt securities	10	11 250 514	10 273 302
Term deposits		614 899	683 006
Loans and other receivables	11	683 213	344 839
Insurance / reinsurance receivables	12	3 391 804	3 639 822
Reinsurance recoveries against outstanding claims	20	3 463 457	3 856 142
Salvage recoveries accrued		53 262	55 059
Deferred commission expense	21	697 589	678 039
Retirement benefit		39 824	34 454
Prepayments	13	4 834 875	4 864 069
Cash and bank	14	1 518 816	1 328 500
		<u>45 275 053</u>	<u>44 873 636</u>
Total assets of window takaful operations - Operator's Fund		986 737	938 700
Total assets		<u><u>46 261 790</u></u>	<u><u>45 812 336</u></u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	2 000 000	2 000 000
Reserves	16	15 943 191	16 183 550
Unappropriated profit		1 044 053	1 395 315
Total equity		18 987 244	19 578 865
Surplus on revaluation of property and equipment		1 013 305	1 013 365
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	20	6 757 309	7 111 989
Unearned premium reserve	19	9 682 893	9 411 142
Unearned reinsurance commission	21	130 534	152 144
Deferred taxation		518 293	724 126
Premium received in advance		54 740	43 747
Insurance / reinsurance payables		4 504 634	4 559 213
Other creditors and accruals	17	3 888 564	2 683 162
Taxation - provision less payments		261 418	92 583
Total liabilities		<u>25 798 385</u>	<u>24 778 106</u>
		<u>45 798 934</u>	<u>45 370 336</u>
Total liabilities of window takaful operations - Operator's Fund		462 856	442 000
Total equity and liabilities		<u><u>46 261 790</u></u>	<u><u>45 812 336</u></u>
Contingencies and commitments	18		

The annexed notes 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Unconsolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2021 (Unaudited)

		Rupees '000	
	Note	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Net insurance premium	19	2 382 062	2 179 087
Net insurance claims	20	(948 073)	(906 488)
Net commission and other acquisition cost	21	(296 502)	(218 176)
Insurance claims and acquisition expenses		(1 244 575)	(1 124 664)
Management expenses		(644 278)	(695 382)
Underwriting results		493 209	359 041
Investment income	22	868 236	646 002
Rental income		28 821	32 266
Other income	23	10 278	55 275
Other expenses		(26 989)	(33 403)
		880 346	700 140
Results of operating activities		1 373 555	1 059 181
Profit from window takaful operations - Operator's Fund	24	32 434	58 827
Profit before tax		1 405 989	1 118 008
Income tax expense	25	(407 311)	(404 254)
Profit after tax		998 678	713 754
Earnings (after tax) per share - Rupees	26	4.99	3.57

The annexed notes 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Unconsolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2021 (Unaudited)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
	Rupees '000	
Profit after tax	998 678	713 754
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized loss on available-for-sale investments during the period	(564 332)	(517 172)
Reclassification adjustments relating to available-for-sale investments disposed of during the period	40 941	5 079
Unrealized loss on available-for-sale investments during the period of subsidiary company	(165 591)	(791 563)
Total unrealized loss on available-for-sale investments	(688 982)	(1 303 656)
Deferred tax on available-for-sale investments	151 783	148 507
Deferred tax on available-for-sale investments of subsidiary company	48 022	229 553
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(1 182)	1 494
	(490 359)	(924 102)
Total comprehensive income for the period	508 319	(210 348)

The annexed notes 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Unconsolidated Condensed Interim Cash Flow Statement For the three months period ended 31 March 2021 (Unaudited)

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Operating cash flows		
a) Underwriting activities		
Insurance premium received	5 543 009	5 059 515
Reinsurance premium paid	(2 628 957)	(2 942 453)
Claims paid	(1 371 386)	(1 005 304)
Reinsurance and other recoveries received	488 925	381 905
Commission paid	(357 512)	(298 997)
Commission received	52 840	62 664
Management expenses paid	(609 257)	(625 439)
Net cash flow from underwriting activities	1 117 662	631 891
b) Other operating activities		
Income tax paid	(235 100)	(231 197)
Other operating payments	(128 903)	(19 795)
Other operating receipts	146 445	334 263
Loans advanced	(129)	(100)
Loans repayments received	161	552
Net cash flow (used in) / from other operating activities	(217 526)	83 723
Total cash flow from all operating activities	900 136	715 614
Investment activities		
Profit / return received	475 679	436 630
Dividend received	42 924	476 231
Rentals received	22 329	1 954
Payment for investments / investment properties	(3 489 299)	(2 732 647)
Proceeds from investments / investment properties	2 302 468	2 300 471
Fixed capital expenditures	(48 105)	(40 955)
Proceeds from sale of property and equipment	2 446	3 293
Total cash flow (used in) / from investing activities	(691 558)	444 977
Financing activities		
Payments against lease liabilities	(17 903)	(15 097)
Dividends paid	(359)	(1 034 623)
Total cash flow used in financing activities	(18 262)	(1 049 720)
Net cash flow from all activities	190 316	110 871
Cash and cash equivalents at the beginning of period	1 328 500	1 191 688
Cash and cash equivalents at the end of period	1 518 816	1 302 559
Reconciliation to profit and loss account		
Operating cash flows	900 136	715 614
Depreciation / amortization expense	(76 908)	(88 326)
Finance cost	(2 481)	(3 143)
Profit on disposal of property and equipment	1 320	3 221
Profit on disposal of investments / investment properties	54 324	3 964
Rental income	28 821	32 266
Dividend Income	527 042	501 183
Other investment income	286 870	140 856
Profit on deposits	23 306	36 840
Other (loss) / income	(14 347)	15 213
(Decrease) / increase in assets other than cash	(610 074)	52 271
Increase in liabilities other than borrowings	(151 765)	(755 032)
Profit after tax from conventional insurance operations	966 244	654 927
Profit from window takaful operations - Operator's Fund	32 434	58 827
Profit after tax	998 678	713 754

The annexed notes 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Unconsolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2021 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company						Total
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves		Unappropriated profit	
				Unrealized gain / (loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property		
Balance as at 01 January 2019	2 000 000	12 902	15 000 000	(749 729)	1 502 713	1 530 185	19 296 071
Total comprehensive income for the period ended 31 March 2020							
Profit after tax				(924 102)	-	713 754	713 754
Other comprehensive income				(924 102)	-	-	(924 102)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax						713 754	(210 348)
						7	7
Transactions with owners recorded directly in equity							
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
Other transfer within equity							
Transfer to general reserve			400 000			(400 000)	-
Balance as at 31 March 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>(1 673 831)</u>	<u>1 502 713</u>	<u>743 946</u>	<u>17 985 730</u>
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	(852 863)	1 623 511	1 395 315	19 578 865
Total comprehensive income for the period ended 31 March 2021							
Profit after tax				(490 359)	-	998 678	998 678
Other comprehensive income				(490 359)	-	-	(490 359)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax						998 678	508 319
						60	60
Transactions with owners recorded directly in equity							
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
Other transfer within equity							
Transfer to general reserve			250 000			(250 000)	-
Balance as at 31 March 2021	<u>2 000 000</u>	<u>12 902</u>	<u>15 650 000</u>	<u>(1 343 222)</u>	<u>1 623 511</u>	<u>1 044 053</u>	<u>18 987 244</u>

The annexed notes 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Notes to the Unconsolidated Condensed Interim Financial Statements For the three months period ended 31 March 2021 (Unaudited)

1. Legal status and nature of business

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

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

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

2. Basis of preparation and statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

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

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments effective during the current period

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

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

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

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

The 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.

Rupees '000

Financial assets	31 March 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or loss during the period	Carrying value	Cost less impairment	Change in unrealized gain or loss during the period
Cash and bank *	414 697	–	1 104 119		
Investments in subsidiary - available-for-sale	9 180 680	(165 591)	–	–	–
Investments in equity securities - available-for-sale	4 236 444	(356 310)	–	–	–
Investments in debt securities - available-for-sale	–	–	11 250 514	–	(167 081)
Term deposits *	–	–	614 899	–	–
Loans and other receivables *	681 391	–	1 822	–	–
Total	14 513 212	(521 901)	12 971 354	–	(167 081)

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

Rupees '000

	31 March 2021 (Unaudited)					
	Gross carrying amounts of debt instruments that pass the SPPI test					
	AAA	AA+	AA	AA-	A	Unrated
Investments in debt securities - available-for-sale	100 000	51 118	50 831	180 000	–	10 868 565
Term deposits	172 236	144 163	–	283 500	15 000	–
Total	272 236	195 281	50 831	463 500	15 000	10 868 565

3. Summary of significant accounting policies

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

4. Accounting estimates and judgements

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

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

5. Management of insurance and financial risk

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

6. Property and equipment

The details of additions and disposals during the three months period ended 31 March 2021 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Buildings	16 105	18 014	–	–
Right of use assets - building	156	2 735	–	–
Furniture and fixtures	9 461	5 751	–	–
Office equipment	4 742	610	–	–
Computer equipment	5 420	1 594	–	–
Vehicles	9 228	6 993	1 126	72
Tracker equipment	2 993	5 258	–	–
	<u>48 105</u>	<u>40 955</u>	<u>1 126</u>	<u>72</u>

7. Investment property

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Opening net book value	2 517 970	2 341 470
Additions and capital improvements	2 782	6 362
Unrealized fair value gain*	–	170 138
Closing net book value	<u>2 520 752</u>	<u>2 517 970</u>

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

8. Investment in subsidiary

Rupees '000

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 138 366	–	13 138 366	13 090 943	–	13 090 943
Deficit on revaluation	–	–	(3 957 686)	–	–	(3 792 095)
	<u>13 138 366</u>	<u>–</u>	<u>9 180 680</u>	<u>13 090 943</u>	<u>–</u>	<u>9 298 848</u>

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

Rupees '000

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party*						
Listed shares	396 298	-	396 298	396 298	-	396 298
Others						
Listed shares	2 084 658	(21 517)	2 063 141	1 969 892	(39 956)	1 929 936
Unlisted shares	15 500	(15 500)	-	15 500	(15 500)	-
	2 100 158	(37 017)	2 063 141	1 985 392	(55 456)	1 929 936
Surplus on revaluation	-	-	1 777 005	-	-	2 154 499
	<u>2 496 456</u>	<u>(37 017)</u>	<u>4 236 444</u>	<u>2 381 690</u>	<u>(55 456)</u>	<u>4 480 733</u>

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

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

Rupees '000

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government securities	10 756 978	-	10 756 979	9 612 685	-	9 612 685
Term finance certificates	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukus	180 000	-	180 000	180 000	-	180 000
	11 181 096	(44 118)	11 136 979	10 036 803	(44 118)	9 992 685
Surplus on revaluation	-	-	113 535	-	-	280 617
	<u>11 181 096</u>	<u>(44 118)</u>	<u>11 250 514</u>	<u>10 036 803</u>	<u>(44 118)</u>	<u>10 273 302</u>

11. Loans and other receivables - considered good

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Loans to employees	1 822	1 854
Accrued investment income	596 600	289 588
Security deposits	17 431	17 431
Advances to suppliers	18 000	4 098
Advances to employees	7 162	5 102
Other receivables	42 198	26 766
	<u>683 213</u>	<u>344 839</u>
12. Insurance / reinsurance receivables - unsecured and considered good		
Due from insurance contract holders	3 346 889	3 573 077
Provision for impairment of receivables from insurance contract holders	(3 143)	(7 123)
	<u>3 343 746</u>	<u>3 565 954</u>
Due from other insurer / reinsurers	48 058	73 868
	<u>3 391 804</u>	<u>3 639 822</u>

13. Prepayments

Rupees '000

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Prepaid reinsurance premium ceded	19	4 727 054	4 808 670
Software and hardware support services		6 501	845
Group health insurance premium		18 681	–
Group life insurance premium		8 013	–
Prepaid charges for vehicle tracking devices		47 399	50 090
Annual supervision fee		23 701	–
Others		3 526	4 464
		<u>4 834 875</u>	<u>4 864 069</u>

14. Cash and Bank

Cash and cash equivalents			
Cash in hand		1 236	–
Policy and revenue stamps, bond papers		13 977	19 962
		15 213	19 962
Cash at bank			
Current accounts		399 484	148 584
Saving accounts		1 104 119	1 159 954
		1 503 603	1 308 538
		<u>1 518 816</u>	<u>1 328 500</u>

15. Share capital

15.1 Authorized capital

Number of shares '000

Rupees '000

31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<u>200 000</u>	<u>200 000</u>	<u>2 000 000</u>	<u>2 000 000</u>

15.2 Issued, subscribed and paid-up share capital

Number of shares '000

Rupees '000

31 March 2021 (Unaudited)	31 December 2020 (Audited)		31 March 2021 (Unaudited)	31 December 2020 (Audited)
<u>250</u>	<u>250</u>	Ordinary shares of Rs. 10 each, fully paid in cash	<u>2 500</u>	<u>2 500</u>
<u>199 750</u>	<u>199 750</u>	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	<u>1 997 500</u>	<u>1 997 500</u>
<u>200 000</u>	<u>200 000</u>		<u>2 000 000</u>	<u>2 000 000</u>

		Rupees '000	
	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
16. Reserves			
Capital reserve			
Reserve for exceptional losses	16.1	12 902	12 902
Revenue reserves			
General reserve		15 650 000	15 400 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(1 343 222)	(852 863)
Reserve for change in fair value of investment property - net		1 623 511	1 623 511
		<u>15 943 191</u>	<u>16 183 550</u>

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

		Rupees '000	
		31 March 2021 (Unaudited)	31 December 2020 (Audited)
Federal insurance fee payable		23 251	11 847
Federal excise duty and sales tax payable		282 470	175 492
Accrued expenses		255 991	297 260
Agent commission payable		539 465	506 475
Unearned rentals		51 113	68 097
Other deposits		1 134 760	1 098 695
Unclaimed dividends		1 458 821	359 180
Lease liability		85 294	100 561
Others		57 399	65 555
		<u>3 888 564</u>	<u>2 683 162</u>

18. Contingencies and commitments

18.1 The income tax assessment of the Company has been finalized upto tax year 2020.

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

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

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

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

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

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

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

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

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

18.3 There are no commitments as at 31 March 2021 (31 December 2020: Nil).

19. Net insurance premium

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Written gross premium	5 309 807	5 606 784
Unearned premium reserve - opening	9 411 142	9 143 972
Unearned premium reserve - closing	(9 682 893)	(9 756 634)
Premium earned	5 038 056	4 994 122
Less:		
Reinsurance premium ceded	2 574 378	2 510 624
Prepaid reinsurance premium - opening	4 808 670	5 750 008
Prepaid reinsurance premium - closing	(4 727 054)	(5 445 597)
Reinsurance expense	2 655 994	2 815 035
Net Insurance Premium	<u>2 382 062</u>	<u>2 179 087</u>
20. Net insurance claim expense		
Claim Paid	1 373 183	1 001 593
Outstanding claims including IBNR - closing	6 757 309	6 435 284
Outstanding claims including IBNR - opening	(7 111 989)	(6 273 372)
Claims expense	1 018 503	1 163 505
Less:		
Reinsurance and other recoveries received	463 115	579 455
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 856 142)	(4 081 849)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 463 457	3 759 411
Reinsurance and other recoveries revenue	70 430	257 017
Net Insurance claim expense	<u>948 073</u>	<u>906 488</u>

21. Net commission expense

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Commission paid or payable	390 501	354 576
Deferred commission expense - opening	678 039	598 669
Deferred commission expense - closing	(697 589)	(600 200)
Net commission	370 951	353 045
Less:		
Commission received or recoverable	52 839	62 664
Unearned reinsurance commission - opening	152 144	430 936
Unearned reinsurance commission - closing	(130 534)	(358 731)
Commission from reinsurers	74 449	134 869
Net commission expense	<u>296 502</u>	<u>218 176</u>
22. Investment income		
Income from subsidiary - available-for-sale		
Dividend income	467 122	461 262
Income from equity securities - available-for-sale		
Dividend income	59 920	39 920
Income from debt securities - available-for-sale		
Return on debt securities	286 626	327 510
Income from term deposits		
Return on term deposits	3 247	5 303
	816 915	833 995
Net realized gains / (losses) on investments Available-for-sale financial assets		
Realized gains on:		
Equity securities	104 397	5 081
Realized losses on:		
Equity securities	(50 073)	(1 117)
	54 324	3 964
	871 239	837 959
Impairment in value of available-for-sale equity securities	(2 743)	(191 957)
Investment related expenses	(260)	-
	<u>868 236</u>	<u>646 002</u>

23. Other income		Rupees '000
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Gain on sale of property and equipment	1 320	3 221
Return on loans to employees	30	44
Exchange (losses) / gains	(14 378)	15 170
Return on bank balances	23 306	36 840
	<u>10 278</u>	<u>55 275</u>
24. Window Takaful Operations - Operator's Fund		
Wakala fee	176 843	170 210
Commission expense	(69 718)	(60 812)
General, administrative and management expenses	(93 067)	(74 704)
Modarib's share of PTF investment income	7 643	8 917
Investment income	10 316	13 495
Direct expenses	(212)	(45)
Other income	629	1 766
	<u>32 434</u>	<u>58 827</u>
25. Taxation		
For current period		
Current	413 352	389 357
Deferred	(6 041)	(9 116)
	407 311	380 241
For prior year(s)		
Prior years tax	-	24 013
	<u>407 311</u>	<u>404 254</u>
26. Earnings per share - basic and diluted		
Profit (after tax) for the period	(Rupees '000) 998 678	713 754
Weighted average number of ordinary shares	(Numbers '000) 200 000	200 000
Earnings per share	(Rupees) 4.99	3.57

27. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, subsidiary company, and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Transactions		
Subsidiary Company		
Premium written	25 135	22 463
Premium paid	10 753	9 329
Claims paid including salvage recovered	(118)	2 326
Dividend received	–	461 262
Dividend paid	–	25 745
Associated companies		
Premium written	89 461	85 777
Premium paid	21 670	20 036
Claims paid including salvage recovered	17 130	25 776
Dividend paid	–	361 771
Key management personnel		
Premium written	99	31
Dividend paid	–	4 691
Compensation	42 954	44 216
Others		
Premium written	18 973	27 216
Claims paid including salvage recovered	2 913	1 959
Dividend paid	–	312 964
Brokerage paid	532	196
Employees' funds		
Contribution to provident fund	7 358	6 887
Contribution to gratuity fund	5 465	4 709
Contribution released to pension fund	(972)	(807)
Dividend paid	–	2 977
	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balances		
Others		
Balances receivable	34 648	79 089
Balances payable	100	23
Bank deposits maturity within 12 months	283 500	283 500
Bank balances	257 771	196 114
Dividend receivables	467 122	–
Dividend payables	756 329	–
Employees' funds receivable / (payable)		
EFU gratuity fund	(5 465)	(9 806)
EFU pension fund	45 289	44 260

28. Segment Information

Rupees '000

For the three months period ended 31 March 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Misce-llaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	3 714 837	771 211	1 104 330	581 157	–	6 171 535
Less: Sales tax	486 499	82 826	133 035	74 641	–	777 001
Stamp duty	109	30 994	318	208	–	31 629
Federal insurance fee	31 963	6 508	9 614	5 013	–	53 098
Gross written premium (inclusive of administrative surcharge)	3 196 266	650 883	961 363	501 295	–	5 309 807
Gross direct premium	3 188 253	638 223	904 638	497 554	–	5 228 668
Administrative surcharge	8 013	12 660	56 725	3 741	–	81 139
Insurance premium earned	3 200 230	640 806	808 641	388 379	–	5 038 056
Insurance premium ceded to reinsurers	(2 237 495)	(246 737)	(6 450)	(165 312)	–	(2 655 994)
Net insurance premium	962 735	394 069	802 191	223 067	–	2 382 062
Commission income	57 211	3 293	18	13 927	–	74 449
Net underwriting income	1 019 946	397 362	802 209	236 994	–	2 456 511
Insurance claims	(366 038)	(235 468)	(402 100)	(14 897)	–	(1 018 503)
Insurance claims recovered from reinsurers	32 471	70 699	(75)	(32 665)	–	70 430
Net claims	(333 567)	(164 769)	(402 175)	(47 562)	–	(948 073)
Commission expense	(203 603)	(66 142)	(74 372)	(26 834)	–	(370 951)
Management expenses	(261 326)	(102 545)	(219 163)	(61 244)	–	(644 278)
Net insurance claims and expenses	(798 496)	(333 456)	(695 710)	(135 640)	–	(1 963 302)
Underwriting result	221 450	63 906	106 499	101 354	–	493 209
Net investment income						868 236
Rental income						28 821
Other income						10 278
Other expenses						(26 989)
Profit from window takaful operations - Operator's Fund						32 434
Profit before tax						1 405 989
						As at 31 March 2021 (Unaudited)
Corporate segment assets	9 389 298	1 574 556	650 076	845 941	–	12 459 871
Corporate segment assets - Takaful OPF	56 323	7 980	288 903	2 076	–	355 282
Corporate unallocated assets						32 815 182
Corporate unallocated assets - Takaful OPF						631 455
Total assets						46 261 790
Corporate segment liabilities	14 447 758	2 699 538	2 599 596	3 057 444	–	22 804 336
Corporate segment liabilities - Takaful OPF	62 792	9 134	365 096	11 170	–	448 192
Corporate unallocated liabilities						2 994 049
Corporate unallocated liabilities - Takaful OPF						14 664
Total liabilities						26 261 241

External premium less reinsurance by geographical segments 2021 (Unaudited)

Location

Pakistan	2 356 310
* EPZ	25 752
Total	2 382 062

* This represents US Dollar equivalent in Pak Rupees

Rupees '000

For the three months period ended 31 March 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Misce-llaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 128 041	631 386	1 002 851	655 307	–	6 417 585
Less: Sales tax	453 822	66 852	122 102	81 644	–	724 420
Stamp duty	116	29 653	303	254	–	30 326
Federal insurance fee	36 377	5 283	8 718	5 677	–	56 055
Gross written premium (inclusive of administrative surcharge)	3 637 726	529 598	871 728	567 732	–	5 606 784
Gross direct premium	3 629 412	516 625	813 060	563 367	–	5 522 464
Facultative inward premium	–	1 238	–	–	–	1 238
Administrative surcharge	8 314	11 735	58 668	4 365	–	83 082
Insurance premium earned	3 035 042	669 581	860 643	428 856	–	4 994 122
Insurance premium ceded to reinsurers	(2 276 363)	(294 722)	(3 122)	(240 828)	–	(2 815 035)
Net insurance premium	758 679	374 859	857 521	188 028	–	2 179 087
Commission income	92 056	6 903	51	35 859	–	134 869
Net underwriting income	850 735	381 762	857 572	223 887	–	2 313 956
Insurance claims	(396 422)	(220 200)	(421 314)	(125 569)	–	(1 163 505)
Insurance claims recovered from reinsurers	66 648	127 842	480	62 047	–	257 017
Net claims	(329 774)	(92 358)	(420 834)	(63 522)	–	(906 488)
Commission expense	(180 622)	(61 650)	(75 802)	(34 971)	–	(353 045)
Management expenses	(237 825)	(110 885)	(287 728)	(58 944)	–	(695 382)
Net insurance claims and expenses	(748 221)	(264 893)	(784 364)	(157 437)	–	(1 954 915)
Underwriting result	102 514	116 869	73 208	66 450	–	359 041
Net investment income						646 002
Rental income						32 266
Other income						55 275
Other expenses						(33 403)
Profit from window takaful operations - Operator's Fund						58 827
Profit before tax						1 118 008
						As at 31 December 2020 (Audited)
Corporate segment assets	9 836 545	1 615 062	648 322	1 072 606	–	13 172 535
Corporate segment assets - Takaful OPF	54 704	7 402	217 416	2 733	–	282 255
Corporate unallocated assets						31 701 101
Corporate unallocated assets - Takaful OPF						656 445
Total assets						45 812 336
Corporate segment liabilities	14 724 695	2 592 963	2 418 687	3 147 059	–	22 883 404
Corporate segment liabilities - Takaful OPF	57 656	8 356	331 655	10 688	–	408 355
Corporate unallocated liabilities						1 894 702
Corporate unallocated liabilities - Takaful OPF						33 645
Total liabilities						25 220 106
Location	External premium less reinsurance by geographical segments 2020 (Unaudited)					
Pakistan	2 174 615					
* EPZ	4 472					
Total	2 179 087					

* This represents US Dollar equivalent in Pak Rupees

29. Movement in investments

Name of investment	Held to maturity - term deposits	Available-for-sale - Subsidiary	Available-for-sale - Debt securities	Available-for-sale - Equity securities	Rupees '000
					Total
At beginning of previous year	444 352	10 169 336	9 654 535	3 271 467	23 539 690
Additions	3 857 700	119 386	8 152 628	1 113 817	13 243 531
Disposals (sale and redemptions)	(3 619 046)	-	(7 692 541)	(586 535)	(11 898 122)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(989 874)	158 680	686 737	(144 457)
Impairment losses	-	-	-	(4 753)	(4 753)
At beginning of current year	683 006	9 298 848	10 273 302	4 480 733	24 735 889
Additions	924 004	47 423	1 772 293	742 797	3 486 517
Disposals (sale and redemptions)	(992 111)	-	(628 000)	(628 033)	(2 248 144)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(165 591)	(167 081)	(356 310)	(688 982)
Impairment losses	-	-	-	(2 743)	(2 743)
At end of current period	614 899	9 180 680	11 250 514	4 236 444	25 282 537

30. Fair Value

30.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

Rupees '000

As at 31 March 2021 (Unaudited)								
	Available-for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities	4 236 444				4 236 444	4 236 444		
Debt securities	11 250 514				11 250 514		11 250 514	
Investment in subsidiary	9 180 680				9 180 680	9 180 680		
Financial assets not measured at fair value								
Term deposits *			614 899		614 899			
Loans and other receivables *		683 213			683 213			
Insurance / reinsurance receivables *		3 391 804			3 391 804			
Reinsurance recoveries against outstanding claims *		3 463 457			3 463 457			
Cash and bank *			1 518 816		1 518 816			
Total assets of window takaful operations - Operator's fund *	454 617	230 399	138 715		823 731		454 617	
	25 122 255	7 768 873	2 272 430	-	35 163 558	13 417 124	11 705 131	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(6 757 309)	(6 757 309)			
Premium received in advance *				(54 740)	(54 740)			
Insurance / reinsurance payables *				(4 504 634)	(4 504 634)			
Other creditors and accruals *				(3 888 564)	(3 888 564)			
Total liabilities of window takaful operations - Operator's Fund *				(96 736)	(96 736)			
	25 122 255	7 768 873	2 272 430	(15 301 983)	19 861 575	13 417 124	11 705 131	-

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

Rupees '000

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

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

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

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

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

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

33. Corresponding Figures

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

34. General

Figures have been rounded off to the nearest thousand rupees.

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

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Consolidated Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2021

Directors' Review to the Members on Consolidated Condensed Interim Financial Information For the three months period ended 31 March 2021

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

Performance Review

Consolidated gross premium was Rs. 14.4 billion (2020: Rs. 12.9 billion), net premium was Rs. 11.1 billion (2020: Rs. 9.2 billion) and profit after tax was Rs. 960 million (2020: Rs. 745 million). Consolidated investment income (including rental and other income) for the three months period was Rs. 3,055 million (2020: Rs. 2,722 million). The consolidated total assets were Rs. 204 billion (31 December 2020: Rs. 201 billion) and total investments stood at Rs. 160 billion (31 December 2020: Rs. 157 billion).

Movement of Reserves

Rupees '000

	31 March 2021 (Unaudited)
Unappropriated loss brought forward	(190 774)
Profit attributable to ordinary shares	714 444
Transferred from surplus on revaluation of property and equipment	2 639
Loss on Group Life PTF	(7 324)
Acquisition of NCI without a change in control	(34 519)
	675 240
Profit available for appropriations	484 466
Earnings per share (Rupees)	3.57

Outlook

The third wave of COVID 19 outbreak is likely to have impact on Pakistan's economy due to smart lockdown. The insurance industry is also likely to be affected.

Acknowledgements

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

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

مجموعی کنڈینسڈ عبوری مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کا جائزہ ۳۱ مارچ ۲۰۲۱ء کو ختم ہونے والی پہلی سہ ماہی کیلئے

ہم بسمرت ای ایف یوجیز انٹرنیشنل لمیٹڈ اور اپنے ذیلی ادارے ای ایف یو لائف انشورنس لمیٹڈ کے مجموعی کنڈینسڈ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

کارکردگی کا جائزہ

یکجا شدہ مجموعی پربینیم ۱۴۴۴ ملین روپے (۲۰۲۰ء: ۱۴۹۹ ملین روپے)، خالص پربینیم ۱۱۱۱ ملین روپے (۲۰۲۰ء: ۹۹۳۰ ملین روپے) اور منافع بعد از ٹیکس ۹۶۰ ملین روپے رہا (۲۰۲۰ء: ۷۴۵ ملین روپے)۔ یکجا شدہ انویسٹمنٹ آمدنی (بشمول ریٹیل اور دیگر آمدنی) برائے پہلی سہ ماہی مدت ۳۰۵۵ ملین روپے رہی (۲۰۲۰ء: ۲۲۷۷ ملین روپے)۔ یکجا شدہ مجموعی اثاثہ جات ۲۰۴۲ ملین روپے (۳۱ دسمبر ۲۰۲۰: ۲۰۱۱ ملین روپے) اور مجموعی سرمایہ کاری ۱۶۰ ملین روپے رہی (۳۱ دسمبر ۲۰۲۰: ۱۵۷ ملین روپے)۔

محفوظ اثاثہ جات کی منتقلی

روپے ہزاروں میں

۳۱ مارچ ۲۰۲۱ء
(غیر آڈٹ شدہ)

(۱۹۰ ۷۷۳)

۷۱۳ ۴۴۴

۲ ۶۳۹

(۷ ۳۲۳)

(۳۳ ۵۱۹)

۶۷۵ ۴۴۰

۴۸۴ ۴۶۶

۳۶۵۷

غیر مختص کردہ خسارہ جو آئندہ شامل کیا جائے گا

عمومی شیئرز کیلئے قابل منسوب منافع

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

گروپ لائف پی ٹی ایف پر خسارہ

کنٹرول میں کسی تبدیلی کے بغیر این سی آئی کا حصول

تناسب کے تحت دستیاب منافع

آمدنی فی شیئر (روپے)

آؤٹ لک

COVID-19 (کرونا وائرس) کی تیسری لہر کے پاکستانی معیشت پر اسماٹ لاک ڈاؤن کی وجہ سے اثرات مرتب ہوں گے۔ انشورنس کی صنعت بھی اس سے متوقع طور پر متاثر ہوگی۔

اعتراف

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

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

سیف الدین این۔ زومکوالا
چیئرمین

حسن علی عبداللہ
میجنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی۔ ساچک
ڈائریکٹر

رفیق آر۔ بھیم جی
ڈائریکٹر

کراچی، ۲۸ اپریل ۲۰۲۱ء

Consolidated Condensed Interim Statement of Financial Position As at 31 March 2021 (Unaudited)

Rupees '000

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Property and equipment	6	7 923 139	8 050 240
Intangible assets		8 013 761	8 019 617
Investment property	7	2 520 752	2 517 970
Investments			
Equity securities	8	42 503 762	44 844 214
Debt securities	9	97 094 742	92 718 140
Term deposits		20 394 328	19 745 006
Loans and other receivables	10	2 863 429	2 982 790
Insurance / reinsurance receivables	11	3 618 106	3 840 408
Reinsurance recoveries against outstanding claims	20	3 463 457	3 856 142
Salvage recoveries accrued		53 262	55 059
Deferred commission expense	21	697 589	678 039
Retirement benefit		39 824	34 454
Taxation - payments less provision		520 799	762 071
Prepayments	12	4 966 301	4 945 735
Cash and bank	13	7 936 011	6 663 591
		<u>202 609 262</u>	<u>199 713 476</u>
Total assets of window takaful operations - Operator's Fund		<u>986 737</u>	<u>938 700</u>
Total assets		<u><u>203 595 999</u></u>	<u><u>200 652 176</u></u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	14	2 000 000	2 000 000
Reserves	15	18 492 862	18 617 930
Unappropriated profit		(865 534)	(190 774)
Capital and reserve attributable to Company's equity holders		<u>19 627 328</u>	<u>20 427 156</u>
Non-controlling interest		<u>3 772 137</u>	<u>4 130 931</u>
Total equity		<u>23 399 465</u>	<u>24 558 087</u>
Surplus on revaluation of property and equipment		<u>1 568 833</u>	<u>1 574 691</u>
Liabilities			
Insurance liabilities	16	145 341 749	142 846 493
Underwriting provisions			
Outstanding claims including IBNR	20	6 757 309	7 111 989
Unearned premium reserves	19	9 682 893	9 411 142
Unearned reinsurance commission	21	130 534	152 144
Deferred taxation		3 111 276	3 296 951
Premium received in advance		1 248 476	1 263 853
Insurance / reinsurance payables		4 810 396	4 742 653
Other creditors and accruals	17	7 082 212	5 252 173
		<u>32 823 096</u>	<u>31 230 905</u>
Total liabilities		<u>178 164 845</u>	<u>174 077 398</u>
		<u>203 133 143</u>	<u>200 210 176</u>
Total liabilities of window takaful operations - Operator's Fund		<u>462 856</u>	<u>442 000</u>
Total equity and liabilities		<u><u>203 595 999</u></u>	<u><u>200 652 176</u></u>
Contingencies and commitments			
	18		

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Consolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2021 (Unaudited)

		Rupees '000	
	Note	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Net insurance premium	19	11 073 022	9 175 749
Net insurance claims	20	(6 828 190)	(5 420 361)
Net commission and other acquisition costs	21	(2 155 719)	(1 760 116)
Insurance claims and acquisition expenses		(8 983 909)	(7 180 477)
Management expenses		(1 158 673)	(1 168 715)
Net change in insurance liabilities (other than outstanding claims)		(2 468 312)	(2 265 240)
Underwriting result		(1 537 872)	(1 438 683)
Investment income	22	3 181 158	3 017 055
Net realized fair value gain on financial assets	23	955 631	96 938
Net fair value loss on financial assets at fair value through profit and loss	24	(1 151 403)	(492 264)
Rental income		28 821	32 266
Other income	25	41 042	67 757
Other expenses		(33 078)	(44 200)
		3 022 171	2 677 552
Results of operating activities		1 484 299	1 238 869
Profit from window takaful operations - Operator's Fund	26	32 434	58 827
Profit before tax		1 516 733	1 297 696
Income tax expense	27	(556 539)	(552 999)
Profit after tax		960 194	744 697
Profit attributable to:			
Equity holders of the parent		714 444	462 702
Non-controlling interest		245 750	281 995
		960 194	744 697
Earnings (after tax) per share - Rupees	28	3.57	2.31

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

RAFIQUE R. BHIMJEE
Director

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Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Consolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2021 (Unaudited)

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Profit after tax	960 194	744 697
Other comprehensive income		
Unrealized loss on available-for-sale investments during the period	(571 545)	(608 287)
Reclassification adjustments relating to available-for-sale investments disposed of during the period	40 941	5 079
Total unrealized loss for the period	(530 604)	(603 208)
Deferred tax on available-for-sale investments	153 875	174 930
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(1 182)	1 494
Other comprehensive income for the period	(377 911)	(426 784)
Total comprehensive income for the period	582 283	317 913
Total comprehensive income attributable to:		
Equity holders of the parent	339 376	72 201
Non-controlling interest	242 907	245 712
	582 283	317 913

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

RAFIQUE R. BHIMJEE
Director

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Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Consolidated Condensed Interim Cash Flow Statement For the three months period ended 31 March 2021 (Unaudited)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
		Rupees '000
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	14 591 252	12 413 746
Reinsurance premium / retakaful contribution paid	(2 885 052)	(3 097 173)
Claims paid	(7 521 326)	(5 506 400)
Reinsurance and other recoveries received	745 019	536 422
Commission paid	(1 867 534)	(1 632 445)
Commission received	52 840	62 664
Management expenses paid	(1 887 277)	(1 842 820)
Net cash flow from underwriting activities	1 227 922	933 994
b) Other operating activities		
Income tax paid	(337 665)	(611 821)
Other operating payments	(465 130)	117 491
Other operating receipts	146 445	334 263
Loans advanced	(61 304)	(20 915)
Loans repayments received	30 061	33 999
Net cash flow used in other operating activities	(687 593)	(146 983)
Total cash flow from all operating activities	540 329	787 011
Investment activities		
Profit / return received	3 524 420	4 682 490
Dividend received	491 796	329 726
Rentals received	22 329	1 954
Payment for investments / investment properties	(65 046 448)	(35 982 695)
Proceeds from investments / investment properties	62 568 120	35 639 127
Fixed capital expenditures	(102 693)	(120 106)
Proceeds from sale of property and equipment	39 589	10 301
Total cash flow from investing activities	1 497 113	4 560 797
Financing activities		
Payments against lease liabilities	(47 234)	(46 451)
Dividends paid	(359)	(1 623 361)
Total cash flow used in financing activities	(47 593)	(1 669 812)
Net cash flow from all activities	1 989 849	3 677 996
Cash and cash equivalents at beginning of period	25 725 591	26 564 236
Cash and cash equivalents at end of period	27 715 440	30 242 232
Reconciliation to profit and loss account		
Operating cash flows	540 329	787 011
Depreciation / amortization expense	(238 166)	(237 956)
Finance cost	(15 207)	(13 935)
Profit on disposal of property and equipment	22 719	7 115
Profit on disposal of investments / investment properties	1 009 955	100 902
Rental income	28 821	32 266
Dividend income	505 165	351 942
Other investment income	2 567 272	3 171 227
Profit on lease termination	-	271
Profit on deposits	23 306	36 840
Other (loss) / income	(9 264)	20 578
Depreciation in market value of investments	(899 535)	(872 313)
Impairment in the value of available-for-sale equity investments	(37 151)	(22 798)
Decrease in assets other than cash	(232 152)	(358 726)
Increase in liabilities other than running finance	(2 338 332)	(2 316 554)
Profit after tax from conventional insurance operations	927 760	685 870
Profit from window takaful operations - Operator's Fund	32 434	58 827
Profit after tax	960 194	744 697

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Consolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2021 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company								
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves			Equity attributable to equity holder of parent	Non-controlling interest	Total
				Unrealized gain/(loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property	Unappropriated profit			
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	1 211 225	1 502 713	(254 638)	19 472 202	4 071 148	23 543 350
Total comprehensive income for the period ended 31 March 2020									
Profit after tax						462 702	462 702	281 995	744 697
Other comprehensive income				(390 501)		-	(390 501)	(36 283)	(426 784)
				(390 501)		462 702	72 201	245 712	317 913
Transfer from surplus on revaluation of property and equipment - net of tax						1 018	1 018	1 092	2 110
Acquisition of NCI without a change in control						(23 032)	(23 032)	(10 338)	(33 370)
Transactions with owners recorded directly in equity									
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)	-	(1 100 000)
Final dividend for the year 2019 at the rate of Rs. 10.50 (105.00%) per share						-	-	(588 738)	(588 738)
Other transfer within equity									
Transfer to general reserve			400 000			(400 000)	-	-	-
Balance as at 31 March 2020	2 000 000	12 902	15 400 000	820 724	1 502 713	(1 313 950)	18 422 389	3 718 876	22 141 265
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	1 805 449	1 399 579	(190 774)	20 427 156	4 130 931	24 558 087
Total comprehensive income for the period ended 31 March 2021									
Profit after tax						714 444	714 444	245 750	960 194
Other comprehensive income				(375 068)		-	(375 068)	(2 843)	(377 911)
				(375 068)		714 444	339 376	242 907	582 283
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation-net of tax						2 639	2 639	3 219	5 858
Loss on Group Life PTF						(7 324)	(7 324)	(9 138)	(16 462)
Acquisition of NCI without a change in control						(34 519)	(34 519)	(12 904)	(47 423)
Transactions with owners recorded directly in equity									
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)	-	(1 100 000)
Final dividend for the year 2020 at the rate of Rs. 10.50 (105.00%) per share						-	-	(582 878)	(582 878)
Other transfer within equity									
Transfer to general reserve			250 000			(250 000)	-	-	-
Balance as at 31 March 2021	2 000 000	12 902	15 650 000	1 430 381	1 399 579	(865 534)	19 627 328	3 772 137	23 399 465

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Notes to the Consolidated Condensed Interim Financial Statements For the three months period ended 31 March 2021 (Unaudited)

1. Legal status and nature of business

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

1.2 The group comprises of:

1.2.1 EFU General Insurance Limited (Holding Company)

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

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

1.2.2 EFU Life Assurance Limited (Subsidiary Company)

EFU Life Assurance Limited with 44.66 % effective holding was incorporated as public limited company on 09 August 1992 and started its operation from 18 November 1992. The Subsidiary Company is listed on Pakistan Stock Exchange Limited and is engaged in life assurance business comprising of ordinary life business, pension fund business and accident and health business and has established following funds, as required by the Insurance Ordinance, 2000.

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

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

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

2. Basis of preparation and statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Standards, interpretations and amendments effective in the current period

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

2.5 Standards, interpretations and amendments not effective at year end

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

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

The Group has determined that it is eligible for the temporary exemption option since the Group has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Group doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Group can defer the application of IFRS 9 until the application IFRS 17.

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

arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

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

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

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

Rupees '000

	31 March 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain during the period	Carrying value	Cost less Impairment	Change in unrealized gain during the period
Financial assets					
Cash and bank *	2 103 408	–	5 832 603		
Investments in equity securities					
- available-for-sale	42 503 762	(837 492)	–	–	–
Investments in debt securities					
- available-for-sale	–	–	97 094 742	–	(648 739)
Term deposits*	–	–	20 394 328	–	–
Loans to employees*	2 569 891	–	293 538	–	–
Total	47 177 061	(837 492)	123 615 211	–	(648 739)

	31 March 2021 (Unaudited)									
	Gross carrying amounts of debt instruments that pass the SPPI test									
	AAA	AA+	AA	A+	A	A-	AA-	A-1+	BBB+	Unrated
Investments in debt securities										
-available-for-sale	2 268 443	408 946	2 994 878	–	–	3 574	325 164	784 860	22 500	90 286 377
Term deposits	172 236	144 163	–	1 500 000	15 000	3 867 000	283 500	14 412 429	–	–
Total	2 440 679	553 109	2 994 878	1 500 000	15 000	3 870 574	608 664	15 197 289	22 500	90 286 377

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

3. Summary of significant accounting policies

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

4. Accounting estimates and judgements

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

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

5. Management of insurance and financial risk

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

6. Property and equipment

The details of additions and disposals during the three months period ended 31 March 2021 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Buildings	16 105	18 014	–	–
Right of use assets - building	19 552	2 735	–	–
Furniture and fixtures	13 653	23 669	–	–
Office equipment	8 411	7 050	–	–
Computer equipment	14 950	27 556	–	–
Vehicles	29 814	13 881	16 870	3 197
Tracker equipment	2 993	5 258	–	–
Leasehold improvements	16 069	4 249	–	–
	<u>121 547</u>	<u>102 412</u>	<u>16 870</u>	<u>3 197</u>

7. Investment property

	Rupees '000	
	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Opening net book value	2 517 970	2 341 470
Additions and capital improvements	2 782	6 362
Unrealized fair value gain*	–	170 138
Closing net book value	<u>2 520 752</u>	<u>2 517 970</u>

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

8. Investment in equity securities

Rupees '000

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party *						
Listed shares	702 768	(236 783)	465 985	702 768	(201 047)	501 721
Mutual funds	523	–	523	523	–	523
	703 291	(236 783)	466 508	703 291	(201 047)	502 244
Others						
Listed shares	2 231 009	(39 136)	2 191 873	2 108 003	(58 813)	2 049 190
Unlisted shares	31 508	(15 500)	508	31 508	(15 500)	508
Mutual funds	118 964	(13 392)	105 572	123 307	(10 754)	112 553
	2 381 481	(68 028)	2 297 953	2 262 818	(85 067)	2 162 251
Surplus on revaluation	–	–	1 839 251	–	–	2 223 956
	3 084 772	(304 811)	4 603 712	2 966 109	(286 114)	4 888 451
At fair value through profit and loss designated upon initial recognition						
Related Party *						
Listed shares	8 557	–	126 292	8 557	–	202 717
Mutual funds	596	–	1 161	596	–	1 174
	9 153	–	127 453	9 153	–	203 891
Others						
Listed shares	32 536 463	–	36 199 115	33 977 498	–	38 194 734
Mutual funds	1 410 482	–	1 573 482	1 410 788	–	1 557 138
	33 946 945	–	37 772 597	35 388 286	–	39 751 872
	33 956 098	–	37 900 050	35 397 439	–	39 955 763
	37 040 870	(304 811)	42 503 762	38 363 548	(286 114)	44 844 214

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

9. Investment in debt securities

Rupees '000

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government securities	7 448 110	–	7 448 110	7 447 581	–	7 447 581
Available-for-sale						
Government securities	10 756 978	–	10 756 979	9 612 685	–	9 612 685
Term Finance Certificate	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate Sukuks	180 000	–	180 000	180 000	–	180 000
Surplus on revaluation	–	–	113 535	–	–	280 617
	11 181 096	(44 118)	11 250 514	10 036 803	(44 118)	10 273 302
Fair value through profit and loss (Designated-upon initial recognition)						
Government securities	71 759 703	–	71 759 703	67 013 519	–	67 013 519
Term Finance Certificates	3 500 368	–	3 500 368	3 905 652	–	3 905 652
Corporate Sukuks	2 901 047	–	2 901 047	3 859 532	–	3 859 532
Commercial papers	25 000	–	25 000	8 554	–	8 554
Certificates of investment	210 000	–	210 000	210 000	–	210 000
	78 396 118	–	78 396 118	74 997 257	–	74 997 257
	97 025 324	(44 118)	97 094 742	92 481 641	(44 118)	92 718 140

	Rupees '000	
	31 March 2021 (Unaudited)	31 December 2020 (Audited)
10. Loans and other receivables - considered good		
Loans to employees	293 538	202 928
Accrued investment income	1 833 354	2 293 217
Security deposits	148 333	143 712
Advances to suppliers	257 307	90 467
Advances to employees	7 162	5 102
Other receivables	328 027	247 364
	<u>2 867 721</u>	<u>2 982 790</u>
11. Insurance / reinsurance receivables - unsecured and considered good		
Due from insurance contract holders	3 557 513	3 749 182
Provision for impairment of receivables from insurance contract holders	(3 143)	(7 123)
	<u>3 554 370</u>	<u>3 742 059</u>
Due from other insurer / reinsurers	63 736	98 349
	<u>3 618 106</u>	<u>3 840 408</u>
12. Prepayments		
Prepaid reinsurance premium ceded	4 727 054	4 808 670
Software support service	6 501	845
Group health insurance premium	18 681	-
Prepaid tracker expense	47 399	50 090
Annual supervision fee	23 701	-
Others	142 965	86 130
	<u>4 966 301</u>	<u>4 945 735</u>
13. Cash and Bank		
Cash and cash equivalents		
Cash in hand	2 727	25
Policy and revenue stamps, bond papers	20 971	24 862
	23 698	24 887
Cash at bank		
Current accounts	2 079 710	1 525 392
Saving accounts	5 832 603	5 113 312
	<u>7 912 313</u>	<u>6 638 704</u>
	<u>7 936 011</u>	<u>6 663 591</u>

14. Share capital

14.1 Authorized capital

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

14.2 Issued, subscribed and paid-up share capital

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

Ordinary shares of Rs. 10 each, fully paid in cash
Ordinary shares of Rs. 10 each, issued as fully paid bonus shares

		Rupees '000	
Note		31 March 2021 (Unaudited)	31 December 2020 (Audited)
15. Reserves			
Capital reserve			
Reserve for exceptional losses	15.1	12 902	12 902
Revenue reserves			
General reserve		15 650 000	15 400 000
Revaluation reserve for unrealized gain on available-for-sale investments - net		1 430 381	1 805 449
Reserve for change in fair value of investment property - net		1 399 579	1 399 579
		<u>18 492 862</u>	<u>18 617 930</u>

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

16. Insurance liabilities

Rupees '000

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Reported outstanding claims	16.1	3 619 621	3 568 512
Incurring but not reported claims	16.2	709 838	769 857
Investment component of unit-linked and account value policies	16.3	139 234 211	136 898 826
Liabilities under individual conventional insurance contracts	16.4	975 200	933 952
Liabilities under group insurance contracts (other than investment linked)	16.5	549 547	447 173
Participant's Takaful Fund Balance		253 332	228 173
		<u>145 341 749</u>	<u>142 846 493</u>
16.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		3 070 021	3 059 539
Payable over a period of time exceeding one year		992 484	905 164
		<u>4 062 505</u>	<u>3 964 703</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(442 884)	(396 191)
		<u>(442 884)</u>	<u>(396,191)</u>
Net reported outstanding claims		<u>3 619 621</u>	<u>3 568 512</u>
16.2 Incurring but not reported claims			
Gross of reinsurance		920 562	957,089
Reinsurance recoveries		(210 724)	(187,232)
Net of reinsurance		<u>709 838</u>	<u>769 857</u>
16.3 Investment component of unit-linked and account value policies			
Investment component of unit linked policies		139 234 211	136 898 826
		<u>139 234 211</u>	<u>136 898 826</u>
16.4 Liabilities under Individual Conventional Insurance Contracts			
Gross of reinsurance		1 184 712	1 122 415
Reinsurance credit		(209 512)	(188 463)
Net of reinsurance		<u>975 200</u>	<u>933 952</u>
16.5 Liabilities under Group Insurance Contracts (other than investment linked)			
Gross of reinsurance		780 040	560 405
Reinsurance credit		(230 493)	(113 232)
Net of reinsurance		<u>549 547</u>	<u>447 173</u>

17. Others creditors and accruals

Rupees '000

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Federal insurance fee payable	23 251	11 847
Federal excise duty and sales tax payable	282 470	175 492
Accrued expenses	1 003 376	1 124 297
Agent commission payable	1 115 629	1 426 827
Unearned rentals	51 113	68 097
Other deposits	1 134 760	1 098 695
Unclaimed / unpaid dividends	2 562 717	413 162
Lease liability	591 599	604 074
Others	317 297	329 682
	<u>7 082 212</u>	<u>5 252 173</u>

18. Contingencies and commitments

The income tax assessment of the Holding Company and its Subsidiary Company has been finalized up to tax year 2020.

18.1 Holding Company

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

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

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

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

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

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

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

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

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

18.2 Subsidiary Company

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

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

18.2.1 During 2019, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 08 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance was made taxable from 01 July 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB extended exemption on health insurance till 30 June 2020. With effect from 01 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Subsidiary Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a 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 Subsidiary Company the Insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The legal opinion covered question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, is a Federal subject. The opinion also mentions that vast majority of premium received from a policyholder, during the life of the policy, is in fact channeled it to the policyholder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules.

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

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax authorities. Further the committee formed met on 5 February 2020 in Lahore at PRA office to work out the way forward. Thereafter, due to the COVID 19 situation and consequential lockdown, further meetings of the Joint committee are not being held.

On 02 April 2020, due to the outbreak of COVID-19, the PRA provided a relief to Life Insurance sector through its notification no. SO(TAX) 1-1110/2020 (COVID-19). The PRA reduced the PST rate from 16% to zero percent without input tax adjustment for life insurance from 02 April 2020 till 30 June 2020.

SRB through notification no. SRB-3-4/13/2020 dated 22 June 2020 exempted the life insurance services conditionally from 01 July 2019 to 30 June 2020 subject to e-depositing SST due, on such services for the tax periods from 01 July 2020 onward.

Further in Sindh, on June 29, 2020 SRB through another notification No SRB-3-4/18/2020 has amended the responsibility of withholding agent rules requiring a Subsidiary Company also to withheld SST on Services of Life Insurance.

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

Based on the legal opinion obtained the Subsidiary 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. In view of the above the Subsidiary Company has not started billing or withholding sales tax to its customers. The amount of sales tax involved is around Rs. 1,365 million computed on the basis of risk based premium. As per the advice of legal advisor, in case the administrative efforts fail, the amount will be charged to the policyholders.

Bank guarantees amounting to Rs. 66 million has been given in respect of Group Life coverage. These bank guarantees will expire by 19 February 2021 and 30 December 2023.

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

18.4 There are no commitments as at 31 March 2021 (31 December 2020: Nil).

Rupees '000

19. Net insurance premium

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Written gross premium	14 387 986	12 885 887
Unearned premium reserve - opening	9 411 142	9 143 972
Unearned premium reserve - closing	(9 682 893)	(9 756 634)
Premium earned	14 116 235	12 273 225
Less:		
Reinsurance premium ceded	2 961 597	2 793 065
Prepaid reinsurance premium - opening	4 808 670	5 750 008
Prepaid reinsurance premium - closing	(4 727 054)	(5 445 597)
Reinsurance expense	3 043 213	3 097 476
	<u>11 073 022</u>	<u>9 175 749</u>

20. Net insurance claim expense

Claims Paid	7 506 944	5 668 076
Outstanding claims including IBNR - closing	6 757 309	6 435 284
Outstanding claims including IBNR - opening	(7 111 989)	(6 273 372)
Claims expense	7 152 264	5 829 988
Less:		
Reinsurance and other recoveries received	716 759	732 065
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 856 142)	(4 081 849)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 463 457	3 759 411
Reinsurance and other recoveries revenue	324 074	409 627
	<u>6 828 190</u>	<u>5 420 361</u>

21. Net commission expense	Rupees '000	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Commission paid or payable	2 037 625	1 704 220
Deferred commission expense - opening	678 039	598 669
Deferred commission expense - closing	(697 589)	(600 200)
Net commission	2 018 075	1 702 689
Less:		
Commission received or recoverable	52 839	62 664
Unearned reinsurance commission - opening	152 144	430 936
Unearned reinsurance commission - closing	(130 534)	(358 731)
Commission from reinsurers	74 449	134 869
Other acquisition cost	212 093	192 296
	<u>2 155 719</u>	<u>1 760 116</u>
22. Investment income		
Income from equity securities		
- Available-for-sale - Dividend income	67 220	45 525
- Fair value through profit and loss - Dividend income	441 572	309 152
Income from debt securities		
- Available-for-sale		
Return on debt securities	286 626	327 510
- Held to maturity		
On government securities	137 142	154 416
- Fair value through profit and loss		
Return on debt securities	278 689	535 649
On government securities	1 613 413	1 327 593
Income from term deposits		
Return on term deposits	305 175	505 203
	<u>3 129 837</u>	<u>3 205 048</u>
Net realized gains / (losses) on investments		
Available-for-sale financial assets		
Realized gains on:		
Equity securities	104 397	5 081
Realized losses on:		
Equity securities	(50 073)	(1 117)
Net unrealized gains on investments	54 324	3 964
Impairment in value of available-for-sale equity securities	(2 743)	(191 957)
Investment related expenses	(260)	-
Total Investment income	<u>3 181 158</u>	<u>3 017 055</u>

Rupees '000

23. Net realized fair value gains / (losses) on financial assets

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Available-for-sale financial assets		
Realized gain on:		
Equity securities	1 267 754	44 818
Government securities	–	52 120
Realized losses on:		
Equity securities	(312 123)	–
	<u>955 631</u>	<u>96 938</u>

24. Net fair value losses on financial assets at fair value through profit or loss

Net unrealized (losses) / gains on investments in financial assets - government securities and debt securities (designated upto initial recognition)	(481 658)	3 893 484
Net unrealized losses on investments at fair value through profit or loss (designated upto initial recognition) - equity securities	(625 091)	(4 370 531)
Total investment income	(1 106 749)	(477 047)
Exchange (losses) / gain	(7 503)	8 822
Impairment in value of available-for-sale securities	(37 151)	(22 797)
investment related expenses	–	(1 242)
	<u>(1 151 403)</u>	<u>(492 264)</u>

25. Other income

Gain on sale of property and equipment	22 719	7 115
Return on loans to employees	5 113	5 409
Exchange (loss) / gain	(14 378)	15 170
Return on bank balances	23 306	36 840
Fees charged to Policyholders	4 282	3 223
	<u>41 042</u>	<u>67 757</u>

		Rupees '000	
		31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
26.	Window Takaful Operations - Operation's Fund		
	Wakala fee	176 843	170 210
	Commission expense	(69 718)	(60 812)
	General, administrative and management expense	(93 067)	(74 704)
	Modarib's share of PTF investment income	7 643	8 917
	Investment income	10 316	13 495
	Direct expenses	(212)	(45)
	Other income	629	1 766
		<u>32 434</u>	<u>58 827</u>
27.	Taxation		
	For current periods		
	Current	608 352	576 257
	Deferred	(51 813)	(47 271)
		<u>556 539</u>	<u>528 986</u>
	For prior year(s)		
	Prior year tax	-	24 013
		<u>556 539</u>	<u>552 999</u>
28.	Earnings per share - basic and diluted		
	Profit (after tax) for the period (Rupees '000)	<u>714 444</u>	<u>462 702</u>
	Weighted average number of ordinary shares (Numbers '000)	<u>200 000</u>	<u>200 000</u>
	Earnings per share (Rupees)	<u>3.57</u>	<u>2.31</u>

29. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Rupees '000		
Transactions		
Associated companies		
Premium written	185 677	160 319
Premium paid	52 043	42 765
Claims paid	34 200	30 512
Commission paid	56 843	74 082
Travelling expenses	2 835	1 412
Donation paid	1 174	1 589
Dividend paid	–	809 483
Interest on bank deposits	198 284	187 499
Purchase of vehicle	83 223	72 647
Investment sold	34 196	–
Bank deposit	500 000	–
Payment to K-Electric	10 988	–
Key management personnel		
Premium written	1 323	445
Dividend paid	–	11 783
Loan to key employees	–	6 584
Loan recovered	1 299	1 107
Compensation	98 780	93 573
Others		
Premium written	18 973	27 216
Claims paid	2 913	1 959
Dividend paid	–	312 964
Brokerage paid	532	196
Employees' funds		
Contribution to provident fund	19 109	17 611
Contribution to gratuity fund	5 465	4 709
Contribution to pension fund	8 461	6 759
Dividend paid	–	2 977
	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balances		
Others		
Balances receivable	70 831	119 592
Balances payable	4 411	1 224
Bank deposits	7 504 500	7 004 500
Dividend payables	1 185 410	–
Bank balances	2 086 964	1 852 642
Employees' funds receivable / (payable)		
EFU gratuity fund	(5 465)	(9 806)
EFU pension fund	45 289	44 260

30. Segment Information

Rupees '000

For the three months period ended 31 March 2021 (Unaudited)

	General Insurance						Life Assurance		Aggregate Life Assurance	Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Funds		
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	3 699 990	771 211	1 097 542	577 657	-	6 146 400	-	9 103 314	15 249 714	
Less: Sales tax	486 499	82 826	133 035	74 641	-	777 001	-	-	777 001	
Stamp duty	109	30 994	318	208	-	31 629	-	-	31 629	
Federal insurance fee	31 963	6 508	9 614	5 013	-	53 098	-	-	53 098	
Gross Written Premium (inclusive of administrative surcharge)	3 181 419	650 883	954 575	497 795	-	5 284 672	-	9 103 314	14 387 986	
Gross direct premium	3 173 406	638 223	897 850	494 054	-	5 203 533	-	9 103 314	14 306 847	
Administrative surcharge	8 013	12 660	56 725	3 741	-	81 139	-	-	81 139	
Insurance premium earned	3 185 383	640 806	801 853	384 879	-	5 012 921	-	9 103 314	14 116 235	
Insurance premium ceded to reinsurers	(2 237 495)	(246 737)	(6 450)	(165 312)	-	(2 655 994)	-	(387 219)	(3 043 213)	
Net insurance premium	947 888	394 069	795 403	219 567	-	2 356 927	-	8 716 095	11 073 022	
Commission income	57 211	3 293	18	13 927	-	74 449	-	-	74 449	
Net underwriting income	1 005 099	397 362	795 421	233 494	-	2 431 376	-	8 716 095	11 147 471	
Insurance claims	(366 038)	(235 468)	(402 100)	(14 897)	-	(1 018 761)	-	(6 133 761)	(7 152 264)	
Insurance claims recovered from reinsurers	32 471	70 699	(75)	(32 665)	-	70 430	-	253 644	324 074	
Net claims	(333 567)	(164 769)	(402 175)	(47 562)	-	(948 073)	-	(5 880 117)	(6 828 190)	
Commission expense	(203 603)	(66 142)	(74 372)	(26 834)	-	(370 951)	-	(1 859 217)	(2 230 168)	
Management expenses	(258 871)	(100 693)	(215 425)	(60 212)	-	(633 201)	-	(525 472)	(1 158 673)	
Net insurance claims and expenses	(794 041)	(331 604)	(691 972)	(134 608)	-	(1 952 225)	-	(8 264 806)	(10 217 031)	
Net Change in Insurance liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(2 468 312)	(2 468 312)	
Underwriting result	211 058	65 758	103 449	98 886	-	479 151	-	(2 017 023)	(1 537 872)	
Net investment income	-	-	-	-	-	401 114	-	2 780 044	3 181 158	
Net realized fair value gain on financial assets	-	-	-	-	-	-	-	955 631	955 631	
Net fair value gain on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	(1 151 403)	(1 151 403)	
Rental income	-	-	-	-	-	28 821	-	-	28 821	
Other income	-	-	-	-	-	10 278	-	30 764	41 042	
Other expense	-	-	-	-	-	(26 989)	-	(6 089)	(33 078)	
Profit before tax from takaful operations - OPF	-	-	-	-	-	32 434	-	-	32 434	
Profit before tax	-	-	-	-	-	924 809	-	591 924	1 516 733	
Corporate segment assets-conventional	9 389 298	1 574 556	650 076	845 941	-	12 459 871	-	153 753 563	166 213 434	
Corporate segment assets - Takaful OPF	56 323	7 980	288 903	2 076	-	355 282	-	-	355 282	
Corporate unallocated assets-conventional	-	-	-	-	-	31 349 709	5 046 119	-	36 395 828	
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	631 455	-	-	631 455	
Consolidated total assets	14 447 758	2 699 538	2 599 596	3 057 444	-	44 796 317	5 046 119	153 753 563	203 595 999	
Corporate segment liabilities	62 792	9 134	365 096	11 170	-	22 804 336	-	149 522 511	172 326 847	
Corporate segment liabilities - Takaful OPF	-	-	-	-	-	448 192	-	-	448 192	
Corporate unallocated liabilities	-	-	-	-	-	3 879 015	1 958 983	-	5 837 998	
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	14 664	-	-	14 664	
Consolidated total liabilities	62 792	9 134	365 096	11 170	-	27 146 207	1 958 983	149 522 511	178 627 701	
External premium less reinsurance by geographical segments 2021 (Unaudited)	-	-	-	-	-	As at 31 March 2021 (Unaudited)	-	As at 31 March 2021 (Unaudited)	-	
	-	-	-	-	-	12 459 871	-	153 753 563	166 213 434	
	-	-	-	-	-	355 282	-	-	355 282	
	-	-	-	-	-	31 349 709	5 046 119	-	36 395 828	
	-	-	-	-	-	631 455	-	-	631 455	
	-	-	-	-	-	44 796 317	5 046 119	153 753 563	203 595 999	
	-	-	-	-	-	22 804 336	-	149 522 511	172 326 847	
	-	-	-	-	-	448 192	-	-	448 192	
	-	-	-	-	-	3 879 015	1 958 983	-	5 837 998	
	-	-	-	-	-	14 664	-	-	14 664	
	-	-	-	-	-	27 146 207	1 958 983	149 522 511	178 627 701	
Location										
Pakistan										
* EPZ										
Total										

* This represents US Dollar Equivalent in Pak Rupees

For the three months period ended 31 March 2020 (Unaudited) Rupees '000

	General Insurance				Life Assurance		Aggregate Life Assurance	Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Shareholders' Fund		
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 115 880	631 269	995 207	651 712	-	-	7 301 566	13 695 634
Less: Sales tax	453 822	66 852	122 102	81 644	-	-	-	724 420
Stamp duty	116	29 653	303	254	-	-	-	30 326
Federal insurance fee	36 175	5 166	8 061	5 599	-	-	-	55 001
Gross Written Premium (inclusive of administrative surcharge)	3 625 767	529 598	864 741	564 215	-	-	7 301 566	12 885 887
Gross direct premium	3 617 453	516 625	806 073	559 850	-	-	7 301 566	12 801 567
Facultative inward premium	-	1 238	-	-	-	-	-	1 238
Administrative surcharge	8 314	11 735	58 668	4 365	-	-	-	83 082
Insurance premium earned	3 023 083	669 581	853 656	425 339	-	-	7 301 566	12 273 225
Insurance premium ceded to reinsurers	(2 276 363)	(294 722)	(3 122)	(240 828)	-	-	(282 441)	(3 097 476)
Net insurance premium	746 720	374 859	850 534	184 511	-	-	7 019 125	9 175 749
Commission income	92 056	6 903	51	35 859	-	-	-	134 869
Net underwriting income	838 776	381 762	850 585	220 370	-	-	7 019 125	9 310 618
Insurance claims	(396 472)	(220 200)	(418 988)	(125 569)	-	-	(4 668 809)	(5 829 988)
Insurance claims recovered from reinsurers	66 648	127 842	480	62 047	-	-	152 610	409 627
Net claims	(329 774)	(92 358)	(418 508)	(63 522)	-	-	(4 516 199)	(5 420 361)
Commission expense	(180 622)	(61 650)	(75 802)	(34 971)	-	-	(1 541 940)	(1 894 985)
Management expenses	(231 366)	(109 454)	(285 904)	(58 035)	-	-	(483 956)	(1 168 715)
Net insurance claims and expenses	(741 762)	(263 462)	(780 214)	(156 528)	-	-	(6 542 095)	(8 484 061)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	(2 265 240)	(2 265 240)
Underwriting result	97 014	118 300	70 371	63 842	-	-	(1 788 210)	(1 438 683)
Net Investment income	-	-	-	-	-	-	2 832 315	3 017 055
Net realized fair value gains on financial assets	-	-	-	-	-	-	96 938	96 938
Net fair value gain on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	(492 264)	(492 264)
Other income	-	-	32 266	-	-	-	-	32 266
Other expenses	-	-	55 275	-	-	-	12 482	67 757
Profit before tax from takaful operations - OPF	-	-	(33 403)	-	-	-	(10 797)	(44 200)
Profit before tax	-	-	58 827	-	-	-	-	58 827
	-	-	647 232	-	-	-	650 464	1 297 696

As at 31 December 2020 (Audited)

Corporate segment assets-conventional	9 836 545	1 615 062	648 322	1 072 606	-	-	151 519 191	164 691 726
Corporate segment assets - Takaful OPF	54 704	7 402	217 416	2 733	-	-	-	282 255
Corporate unallocated assets-conventional	-	-	-	-	-	4 746 208	4 746 208	35 021 750
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	-	-	656 445
Consolidated total assets	14 724 695	2 592 963	2 418 687	3 147 059	-	-	151 519 191	200 652 176
Corporate segment liabilities	57 656	8 356	331 655	10 688	-	-	147 393 053	170 276 457
Corporate segment liabilities - Takaful OPF	-	-	-	-	-	-	-	408 355
Corporate unallocated liabilities	-	-	-	-	-	900 460	900 460	3 800 941
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	-	-	33 645
Consolidated total liabilities	-	-	26 225 885	900 460	-	-	147 393 053	174 519 398

External premium less reinsurance by geographical segments 2020 (Unaudited)

Pakistan	9 171 277
* EPZ	4 472
Total	9 175 749

* This represents US Dollar Equivalent in Pak Rupees

31. Movement in investments

Name of investment	Rupees '000			
	Held to maturity	Available for sale	Fair value through Profit & Loss	Total
At beginning of previous year	23 536 673	14 722 021	90 660 639	128 919 333
Additions	90 484 953	42 280 570	55 987 553	188 753 076
Disposals (sale and redemptions)	(89 106 980)	(39 157 501)	(39 059 755)	(167 324 236)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	825 711	6 085 209	6 910 920
Impairment gains	-	48 267	-	48 267
At beginning of current year	24 914 646	18 719 068	113 673 646	157 307 360
Additions	38 464 540	41 549 542	11 867 545	91 881 627
Disposals (sale and redemptions)	(37 074 011)	(40 263 533)	(10 394 524)	(87 732 068)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(523 060)	(901 133)	(1 424 193)
Impairment losses	-	(39 894)	-	(39 894)
At end of current period	<u>26 305 175</u>	<u>19 442 123</u>	<u>114 245 534</u>	<u>159 992 832</u>

32. Fair value

32.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

Rupees '000

As at 31 March 2021 (Unaudited)										
	Available-for-sale	Fair value through profit & loss	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	4 761 392	38 958 658					43 720 050	43 720 050		
Equity securities - unquoted	508						508			508
Government securities		67 952 169					67 952 169		67 952 169	
Mutual funds	127 059	1 558 312					1 685 371		1 685 371	
Sukuk Bonds		3 859 532					3 859 532		3 859 532	
Debt securities	10 273 302	3 914 206					14 187 508		14 187 508	
Financial assets not measured at fair value										
Term deposits *					683 006		683 006			
Government securities			6 508 931	214 382			6 723 313		5 340 466	
Loans and other receivables *				344 839			344 839			
Insurance / reinsurance receivables *				3 639 822			3 639 822			
Reinsurance recoveries against outstanding claims *				3 856 142			3 856 142			
Advances *					214 382		214 382			
Other assets *					4 442 243		4 442 243			
Certificate of investment *		210 000					210 000			
Cash and bank *		24 397 091			1 328 500		25 725 591			
Total assets of window takaful operations - Operator's fund *	378 864			179 703	252 829		811 396		378 864	
	15 541 125	140 849 968	6 508 931	8 234 888	6 920 960	-	178 055 872	43 720 050	93 403 910	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(6 757 309)	(6 757 309)			
Premium received in advance *						(1 248 476)	(1 248 476)			
Insurance / reinsurance payables *						(4 810 396)	(4 810 396)			
Other creditors and accruals *						7 082 212	7 082 212			
Total liabilities of window takaful operations - Operator's fund *						(96 998)	(96 998)			
	15 541 125	140 849 968	6 508 931	8 234 888	6 920 960	(5 830 967)	172 224 905	43 720 050	93 403 910	508

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

Rupees '000

As at 31 December 2020 (Audited)										
	Available-for-sale	Fair value through profit & loss	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	4 761 392	38 958 658					43 720 050	43 720 050		
Equity securities - unquoted	508						508			508
Government securities		67 952 169					67 952 169		67 952 169	
Mutual funds	127 059	1 558 312					1 685 371		1 685 371	
Sukuk Bonds		3 859 532					3 859 532		3 859 532	
Debt securities	10 273 302	3 914 206					14 187 508		14 187 508	
Financial assets not measured at fair value										
Term deposits *					683 006		683 006			
Government securities			6 508 931	214 382			6 723 313		5 340 466	
Loans and other receivables *				344 839			344 839			
Insurance / reinsurance receivables *				3 639 822			3 639 822			
Reinsurance recoveries against outstanding claims *				3 856 142			3 856 142			
Advances *					214 382		214 382			
Other assets *					4 442 243		4 442 243			
Certificate of investment *		210 000					210 000			
Cash and bank *		24 397 091			1 328 500		25 725 591			
Total assets of window takaful operations - Operator's fund *	378 864			179 703	252 829		811 396		378 864	
	15 541 125	140 849 968	6 508 931	8 234 888	6 920 960	-	178 055 872	43 720 050	93 403 910	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(7 111 989)	(7 111 989)			
Premium received in advance *						(1 263 853)	(1 263 853)			
Insurance / reinsurance payables *						(4 742 653)	(4 742 653)			
Other creditors and accruals *						(5 252 173)	(5 252 173)			
Total liabilities of window takaful operations - Operator's fund *						(96 998)	(96 998)			
	15 541 125	140 849 968	6 508 931	8 234 888	6 920 960	(18 467 666)	159 588 206	43 720 050	93 403 910	508

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

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

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

34. Non-adjusting event after the financial statement date

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

35. Corresponding Figures

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

36. General

Figures have been rounded off to the nearest thousand rupees.

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

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

Window Takaful Operations

Condensed Interim Financial Statements

For the three months period ended 31 March 2021 (Unaudited)

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Financial Position
As at 31 March 2021 (Unaudited)

Rupees '000

	Note	Operator's Fund		Participants' Takaful Fund	
		31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Assets					
Property and equipment	6	1 160	1 247	-	-
Investments					
Debt securities	7	454 617	378 864	1 381 370	1 270 934
Term deposits		60 000	195 000	270 000	360 000
Loans and other receivables	8	2 477	302	1 235	15 074
Takaful / retakaful receivables	9	6 253	6 160	330 768	268 071
Retakaful recoveries against outstanding claims / benefits	17	-	-	656 003	730 638
Salvage recoveries accrued		-	-	18 625	35 760
Deferred commission expense	18	157 595	125 049	-	-
Receivable from PTF	10	210 042	162 669	-	-
Accrued investment income		11 654	10 572	44 207	23 575
Deferred wakala fee		-	-	367 035	337 898
Deferred taxation		1 504	1 008	-	-
Prepayments	11	2 747	-	291 204	293 081
Cash and bank	12	78 715	57 829	255 056	97 799
Total assets		986 764	938 700	3 615 503	3 432 830
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	100 000	-	-
Revaluation reserve - available-for-sale investments		(2 994)	(1 812)	-	-
Accumulated profit		421 540	398 512	-	-
Total Operator's Fund		518 546	496 700	-	-
Participants' Takaful Fund (PTF)					
Cede money		-	-	500	500
Revaluation reserve - available-for-sale investments		-	-	(15 193)	(14 101)
Accumulated surplus		-	-	671 030	650 714
Balance of Participants' Takaful Fund		-	-	656 337	637 113
Liabilities					
PTF Underwriting provisions					
Outstanding claims / benefits including IBNR	17	-	-	1 216 304	1 252 165
Unearned contribution reserves		-	-	1 269 615	1 172 697
Reserve for unearned retakaful rebate	16	-	-	43 690	29 852
Contribution received in advance		-	-	3 946	2 448
Takaful / retakaful payables		2 676	2 649	185 173	158 920
Unearned wakala fee		367 035	337 898	-	-
Payable to OPF	10	-	-	210 042	162 669
Taxation - provision less payments		1 771	4 455	-	-
Other creditors and accruals	13	96 736	96 998	30 396	16 966
Total liabilities		468 218	442 000	2 959 166	2 795 717
Total equity and liabilities		986 764	938 700	3 615 503	3 432 830
Contingencies and commitments	14				

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Profit and Loss Account
For the three months period ended 31 March 2021 (Unaudited)

		Rupees '000	
	Note	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Participants' Takaful Fund - (PTF)			
Contributions earned		438 640	410 294
Less: Contributions ceded to retakaful		(132 251)	(95 049)
Net contribution revenue	15	306 389	315 245
Retakaful rebate earned	16	20 803	17 922
Net underwriting income		327 192	333 167
Net claims - reported / settled - IBNR	17	(287 477)	(248 805)
Other direct expenses		(42 327)	(40 247)
(Deficit) / surplus before investment income		(2 612)	44 115
Investment income	19	28 230	29 940
Other income	20	2 341	6 245
Less: Modarib's share of investment income		(7 643)	(8 917)
Surplus transferred to accumulated surplus		20 316	71 383
Operator's Fund - (OPF)			
Wakala fee		176 843	170 210
Commission expense	18	(69 718)	(60 812)
General, administrative and management expense		(93 067)	(74 704)
		14 058	34 694
Modarib's share of PTF investment income		7 643	8 917
Investment income	19	10 316	13 495
Direct expenses		(212)	(45)
Other income	20	629	1 766
Profit before taxation		32 434	58 827
Taxation		(9 406)	(17 039)
Profit after taxation		23 028	41 788

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

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Chairman

Karachi 28 April 2021

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the three months period ended 31 March 2021 (Unaudited)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Rupees '000		
Participants' Takaful Fund - (PTF)		
Surplus for the period	20 316	71 383
Other comprehensive income		
Unrealized (loss) / gain on available-for-sale investments during the period - net	(1 092)	6 407
Total items that may be reclassified subsequently to profit and loss account	(1 092)	6 407
Total comprehensive income for the period	<u>19 224</u>	<u>77 790</u>
Operator's Fund - (OPF)		
Profit after tax for the period	23 028	41 788
Other comprehensive income		
Fair value (loss) / gain on available-for-sale investments during the period	(1 664)	2 104
Deferred tax on available-for-sale investments	482	(610)
Total items that may be reclassified subsequently to profit and loss account	(1 182)	1 494
Total comprehensive income for the period	<u>21 846</u>	<u>43 282</u>

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

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Chairman

Karachi 28 April 2021

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Cash Flow Statement
For the three months period ended 31 March 2021 (Unaudited)

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	654 358	576 827
Retakaful contribution paid	–	–	(118 807)	(110 272)
Claims / benefits paid	–	–	(280 176)	(263 444)
Retakaful and other recoveries received	–	–	45 451	31 420
Commission paid	(91 538)	(45 775)	–	–
Retakaful rebate received	–	–	34 642	20 108
Wakala fee received / (paid)	165 567	143 482	(165 567)	(143 482)
Modarib received / (paid)	684	3 361	(684)	(3 361)
Net cash flow from takaful activities	74 713	101 068	169 217	107 796
b) Other operating activities				
Income tax paid	(12 104)	(25 918)	–	–
General and other expenses paid	(96 622)	(74 889)	(42 328)	(40 247)
Other operating payments	(5 015)	(2 035)	28 525	471
Other operating receipts	(7 468)	311	13 430	9 662
Net cash flow used in other operating activities	(121 209)	(102 531)	(373)	(30 114)
Total cash flow (used in) / from all operating activities	(46 496)	(1 463)	168 844	77 682
Investment activities				
Profit / return received	9 862	11 227	9 941	20 616
Payment for investments	(108 834)	(145 000)	(180 576)	(190 000)
Proceeds from investments	166 417	82 520	159 048	156 600
Fixed capital expenditure	(63)	–	–	–
Total cash flow from / (used in) investing activities	67 382	(51 253)	(11 587)	(12 784)
Net cash flow from / (used in) all activities	20 886	(52 716)	157 257	64 898
Cash and cash equivalents at the beginning of the period	57 829	110 628	97 799	343 552
Cash and cash equivalents at the end of the period	78 715	57 912	255 056	408 450
Reconciliation to profit and loss account				
Operating cash flow	(46 496)	(1 463)	168 844	77 682
Depreciation expense	(150)	(202)	–	–
Other investment income	10 316	13 495	28 230	29 940
Other income	629	1 766	2 341	6 245
Increase / (decrease) in assets other than cash	84 947	41 521	(15 651)	621 300
Increase in liabilities other than borrowings	(26 218)	(13 329)	(163 448)	(663 784)
Profit / surplus after tax for the period	23 028	41 788	20 316	71 383
Attributed to				
Operator's Fund	23 028	41 788	–	–
Participants' Takaful Fund	–	–	20 316	71 383
	23 028	41 788	20 316	71 383

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

RAFIQUE R. BHIMJEE
Director

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Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Changes in Funds
For the three months period ended 31 March 2021 (Unaudited)

Rupees '000

	Operator's Fund			Total
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	
Balance as at 01 January 2020	100 000	(1 244)	266 687	365 443
Total comprehensive income for the period ended 31 March 2020				
Profit for the period			41 788	41 788
Other comprehensive income		1 494		1 494
Balance as at 31 March 2020	<u>100 000</u>	<u>250</u>	<u>308 475</u>	<u>408 725</u>
Balance as at 01 January 2021	100 000	(1 812)	398 512	496 700
Total comprehensive income for the period ended 31 March 2021				
Profit for the period			23 028	23 028
Other Comprehensive Income		(1 182)		(1 182)
Balance as at 31 March 2021	<u>100 000</u>	<u>(2 994)</u>	<u>421 540</u>	<u>518 546</u>
	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
Balance as at 01 January 2020	500	(6 211)	377 601	371 890
Surplus for the period			71 383	71 383
Other comprehensive income		6 407		6 407
Balance as at 31 March 2020	<u>500</u>	<u>196</u>	<u>448 984</u>	<u>449 680</u>
Balance as at 01 January 2021	500	(14 101)	650 714	637 113
Surplus for the period			20 316	20 316
Other Comprehensive Income		(1 092)		(1 092)
Balance as at 31 March 2021	<u>500</u>	<u>(15 193)</u>	<u>671 030</u>	<u>656 337</u>

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

RAFIQUE R. BHIMJEE
Director

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Director

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Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

EFU General Insurance Limited – Window Takaful Operations

Notes to the Condensed Interim Financial Statements

For the three months period ended 31 March 2021 (Unaudited)

1. Legal status and nature of business

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

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

2. Basis of preparation and statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

3. Summary of significant accounting policies

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

Certain amendments and interpretations to approved accounting standards became effective during the period were not relevant to the Operator's operation and do not have any impact on accounting policies of the Operator.

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

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

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

The Operator has determined that it is eligible for the temporary exemption option since the Operator has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Operator doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Operator can defer the application of IFRS 9 until the application IFRS 17.

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

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

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

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

Operator's Fund

Rupees '000

Financial assets	31 March 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period
Cash and bank *	2 235	-	76 480	-	-
Investments in debt securities - available-for-sale	-	-	454 617	-	(1 664)
Term deposits *	-	-	60 000	-	-
Loans and other receivables *	2 477	-	-	-	-
Accrued investment income *	11 654	-	-	-	-
Total	16 366	-	591 097	-	(1 664)

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

Rupees '000

Investments in debt securities - available-for-sale	31 March 2021 (Unaudited)						
	Gross carrying amounts of debt instruments that pass the SPPI test						
	AAA	AA+	AA-	AA	A+	BBB-	Unrated
Investments in debt securities - available-for-sale	29 126	29 516	7 181	50 600	20 194	6 697	311 303
Term deposits	-	-	-	60 000	-	-	-
Total	29 126	29 516	7 181	110 600	20 194	6 697	311 303

Participants' Takaful Fund

Rupees '000

Financial assets	31 March 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period
Cash and bank *	4 473	-	250 583	-	-
Investments in debt securities - available-for-sale	-	-	1 381 370	-	(1 092)
Term Deposits *	-	-	270 000	-	-
Loans and other receivables *	1 235	-	-	-	-
Accrued investment income *	44 207	-	-	-	-
Total	49 915	-	1 901 953	-	(1 092)

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

Rupees '000

Investments in debt securities - available-for-sale	31 March 2021 (Unaudited)						
	Gross carrying amounts of debt instruments that pass the SPPI test						
	AAA	AA+	AA-	AA	A+	BBB-	Unrated
Investments in debt securities - available-for-sale	29 126	87 531	7 181	73 318	8 835	6 697	1 168 682
Term deposits	200 000	-	-	70 000	-	-	-
Total	229 126	87 531	7 181	143 318	8 835	6 697	1 168 682

4. Accounting estimates and judgements

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

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

5. Management of takaful and financial risk

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

6. Property and equipment

Rupees '000

Computer equipment	Additions (at cost)		Disposals (at net book value)	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
	63	-	-	-
63	-	-	-	

Rupees '000

7. Investment in debt securities - available-for-sale**7.1 Operator's Fund**

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed income securities						
Ijara Sukuks	289 200	–	289 200	180 563	–	180 563
Corporate Sukuks	169 634	–	169 634	200 854	–	200 854
	458 834	–	458 834	381 417	–	381 417
Deficit on revaluation	–	–	(4 217)	–	–	(2 553)
	<u>458 834</u>	<u>–</u>	<u>454 617</u>	<u>381 417</u>	<u>–</u>	<u>378 864</u>
7.2 Participants' Takaful Fund						
Fixed income securities						
Ijara Sukuks	1 158 509	–	1 158 509	978 846	–	978 846
Corporate Sukuks	238 054	–	238 054	306 189	–	306 189
	1 396 563	–	1 396 563	1 285 035	–	1 285 035
Deficit on revaluation	–	–	(15 193)	–	–	(14 101)
	<u>1 396 563</u>	<u>–</u>	<u>1 381 370</u>	<u>1 285 035</u>	<u>–</u>	<u>1 270 934</u>

8. Loans and other receivables - considered good

	OPF		PTF	
	31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Security deposits	301	302	–	–
Other receivables	2 176	–	1 235	15 074
	<u>2 477</u>	<u>302</u>	<u>1 235</u>	<u>15 074</u>
9. Takaful / retakaful receivables - unsecured and considered good				
Due from takaful participants holders	–	–	324 131	264 590
Due from other takaful / retakaful operators	6 253	6 160	6 637	3 481
	<u>6 253</u>	<u>6 160</u>	<u>330 768</u>	<u>268 071</u>

Rupees '000

10. Receivable (OPF) / Payable (PTF)

	Note	OPF		PTF	
		31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Wakala fee		191 459	151 046	191 459	151 046
Modarib fee		18 583	11 623	18 583	11 623
		<u>210 042</u>	<u>162 669</u>	<u>210 042</u>	<u>162 669</u>
11. Prepayments					
Annual supervision fees		2 747	–	–	–
Prepaid retakaful contribution ceded	15	–	–	232 885	220 077
Prepaid charges for vehicle tracking devices		–	–	58 319	73 004
		<u>2 747</u>	<u>–</u>	<u>291 204</u>	<u>293 081</u>
12. Cash and bank balances					
Cash and cash equivalents					
Policy stamps		23	–	640	671
Cash at bank					
Current accounts		2 212	6 588	3 833	5 792
Saving accounts		76 480	51 241	250 583	91 336
		<u>78 715</u>	<u>57 829</u>	<u>255 056</u>	<u>97 799</u>
13. Other creditors and accruals					
Federal insurance fee payable		–	–	2 284	1 815
Sales tax payable		1 625	902	26 495	15 072
Accrued expenses		6 731	10 225	–	–
Agent commission payable		81 157	70 457	–	–
Retirement benefit obligations		42	167	–	–
Payable to EFU General Insurance Limited *		5 335	–	–	–
Other creditors		1 846	15 247	1 617	79
		<u>96 736</u>	<u>96 998</u>	<u>30 396</u>	<u>16 966</u>

* This represents amount payable in respect of common expenses incurred by EFU General Insurance Limited on behalf of OPF.

14. Contingencies and commitments

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

15. Net contribution

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Written gross contribution	712 402	612 527
Wakala fee	(205 980)	(175 889)
Contribution net of wakala fee	506 422	436 638
Unearned contribution reserve - opening	834 798	778 955
Unearned contribution reserve - closing	(902 580)	(805 299)
Contribution earned	438 640	410 294
Less:		
Retakaful contribution ceded	145 059	114 028
Prepaid retakaful contribution - opening	220 077	177 814
Prepaid retakaful contribution - closing	(232 885)	(196 793)
Retakaful expense	132 251	95 049
	<u>306 389</u>	<u>315 245</u>
16. Retakaful Rebate		
Rebate received or recoverable	34 641	29 882
Unearned retakaful rebate - opening	29 852	20 657
Unearned retakaful rebate - closing	(43 690)	(32 617)
	<u>20 803</u>	<u>17 922</u>
17. Takaful benefits / claims expense		
Benefits / claims paid	297 311	263 339
Outstanding benefits / claims including IBNR - opening	(1 252 165)	(615 868)
Outstanding benefits / claims including IBNR - closing	1 216 304	1 194 585
Claim expense	261 450	842 056
Less:		
Retakaful and other recoveries received	48 608	28 045
Retakaful and other recoveries in respect of outstanding claims - opening	(730 638)	(127 576)
Retakaful and other recoveries in respect of outstanding claims - closing	656 003	692 782
Retakaful and other recoveries revenue	(26 027)	593 251
	<u>287 477</u>	<u>248 805</u>

18. Commission expense

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Commission expense		
Commission paid or payable	102 264	60 706
Deferred commission expense - opening	125 049	117 290
Deferred commission expense - closing	(157 595)	(117 184)
	69 718	60 812

19. Investment income

	OPF		PTF	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	7 778	7 884	22 846	16 071
Income from term deposits - Return on term deposits	2 538	5 611	5 384	13 869
	10 316	13 495	28 230	29 940
20. Other income				
Profit on bank deposits	629	1 766	2 341	6 245
	629	1 766	2 341	6 245

21. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employees' retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel, which are on employment terms. The transactions and balances with related parties are as follows:

Participants' Takaful Funds

Rupees '000

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Others		
Contributions written	1 575	1 648
Claims paid	110	126
Associate		
Contributions written	35	37
Premium paid	67	-
Claims paid	3 500	617

Rupees '000

Prior period	For the three months period ended 31 March 2020 (Unaudited)					Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	
Wakala fee	17 870	5 476	144 775	2 089	–	170 210
Commission expense	(10 877)	(3 155)	(45 569)	(1 211)	–	(60 812)
General, administrative and management expenses	(1 836)	(1 008)	(69 892)	(1 968)	–	(74 704)
Net commission and expenses	(12 713)	(4 163)	(115 461)	(3 179)	–	(135 516)
	5 157	1 313	29 314	(1 090)	–	34 694
Modarib's share of PTF investment income						8 917
Investment income						13 495
Direct expenses						(45)
Other income						1 766
Profit before taxation						58 827
Taxation						(17 039)
Profit after taxation						41 788
						As at 31 December 2020 (Audited)
Corporate segment assets	54 704	7 402	217 416	2 733	–	282 255
Corporate unallocated assets						656 445
Total assets						938 700
Corporate segment liabilities	57 656	8 356	331 655	10 688	–	408 355
Corporate unallocated liabilities						33 645
Total liabilities						442 000

22.2 Participants' Takaful Fund

Rupees '000

For the three months period ended 31 March 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	111 989	33 734	632 017	39 103	-	816 843
Less: Sales tax	13 826	3 702	73 565	4 435	-	95 528
Stamp duty	11	1 720	55	2	-	1 788
Federal insurance fee	973	280	5 529	343	-	7 125
Gross written contribution (inclusive of administrative surcharge)	97 179	28 032	552 868	34 323	-	712 402
Gross direct contribution	96 239	26 759	503 654	34 247	-	660 899
Administrative surcharge	940	1 273	49 214	76	-	51 503
Wakala fee	(21 734)	(7 709)	(171 389)	(5 148)	-	(205 980)
Contributions earned	70 096	19 148	322 746	26 650	-	438 640
Contributions ceded to retakaful	(82 524)	(20 277)	(6 326)	(23 124)	-	(132 251)
Net contribution revenue	(12 428)	(1 129)	316 420	3 526	-	306 389
Retakaful rebate earned	12 539	4 544	3	3 717	-	20 803
Net underwriting income	111	3 415	316 423	7 243	-	327 192
Takaful claims	24 050	(5 846)	(277 219)	(2 435)	-	(261 450)
Takaful claims recovered from retakaful	(23 129)	4 677	(2 479)	(5 096)	-	(26 027)
Net claims	921	(1 169)	(279 698)	(7 531)	-	(287 477)
Other direct expenses	(17)	(14)	(42 277)	(19)	-	(42 327)
(Deficit) / surplus before investment income	1 015	2 232	(5 552)	(307)	-	(2 612)
Investment income						28 230
Other income						2 341
Modarib's share of investment income						(7 643)
Surplus transferred to accumulated surplus						20 316
						As at 31 March 2021 (Unaudited)
Corporate segment assets	907 009	39 886	550 599	107 822	-	1 605 316
Corporate unallocated assets						2 010 187
Total assets						3 615 503
Corporate segment liabilities	942 407	72 621	1 383 982	144 143	-	2 543 153
Corporate unallocated liabilities						416 013
Total liabilities						2 959 166

Rupees '000

For the three months period ended 31 March 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	190 404	19 752	543 115	46 438	-	799 709
Less: Sales tax	109 235	2 019	63 414	5 309	-	179 977
Stamp duty	8	1 024	47	1	-	1 080
Federal insurance fee	804	165	4 749	407	-	6 125
Gross written contribution (inclusive of administrative surcharge)	80 357	16 544	474 905	40 721	-	612 527
Gross direct contribution	79 726	15 699	409 432	40 682	-	545 539
Administrative surcharge	631	845	65 473	39	-	66 988
Wakala fee	(17 989)	(4 550)	(147 242)	(6 108)	-	(175 889)
Contributions earned	62 767	13 467	322 224	11 836	-	410 294
Contributions ceded to retakaful	(73 297)	(14 382)	(2 509)	(4 861)	-	(95 049)
Net contribution revenue	(10 530)	(915)	319 715	6 975	-	315 245
Rebate from retakaful operator	13 822	3 236	15	849	-	17 922
Net underwriting income	3 292	2 321	319 730	7 824	-	333 167
Takaful claims	(575 307)	(27 239)	(236 493)	(3 017)	-	(842 056)
Takaful claims recovered from retakaful	571 571	21 791	-	(111)	-	593 251
Net claims	(3 736)	(5 448)	(236 493)	(3 128)	-	(248 805)
Other direct expense	(5)	(3)	(40 233)	(6)	-	(40 247)
Net insurance claims and expenses	(3 741)	(5 451)	(276 726)	(3 134)	-	(289 052)
Surplus / (deficit) before investment income	(449)	(3 130)	43 004	4 690	-	44 115
Investment income						29 940
Other income						6 245
Modarib's share of investment income						(8 917)
Surplus transferred to accumulated surplus						71 383
						As at 31 December 2020 (Audited)
Corporate segment assets	957 026	39 009	489 142	109 991		1 595 168
Corporate unallocated assets						1 837 662
Total assets						3 432 830
Corporate segment liabilities	980 498	62 492	1 248 097	138 142		2 429 229
Corporate unallocated liabilities						366 488
Total liabilities						2 795 717

23. Movement in investments

23.1 Operator's Fund

Rupees '000

Name of investment	Available-for-sale	Held to maturity	Total
At beginning of previous year	248 024	150 000	398 024
Additions	209 873	594 500	804 373
Disposals (sale and redemptions)	(78 232)	(549 500)	(627 732)
Fair value net gains / (losses) (excluding net realized gains / (losses))	(801)	-	(801)
At beginning of current year	378 864	195 000	573 864
Additions	108 834	-	108 834
Disposals (sale and redemptions)	(31 417)	(135 000)	(166 417)
Fair value net gains / (losses) (excluding net realized gains / (losses))	(1 664)	-	(1 664)
At end of current period	<u>454 617</u>	<u>60 000</u>	<u>514 617</u>

23.2 Participants' Takaful Fund

Name of investment	Available-for-sale	Held to maturity	Total
At beginning of previous year	721 066	440 000	1 161 066
Additions	1 038 893	1 015 000	2 053 893
Disposals (sale and redemptions)	(481 134)	(1 095 000)	(1 576 134)
Fair value net gains / (losses) (excluding net realized gains / (losses))	(7 891)	-	(7 891)
At beginning of current year	1 270 934	360 000	1 630 934
Additions	180 576	-	180 576
Disposals (sale and redemptions)	(69 048)	(90 000)	(159 048)
Fair value net gains / (losses) (excluding net realized gains / (losses))	(1 092)	-	(1 092)
At end of current period	<u>1 381 370</u>	<u>270 000</u>	<u>1 651 370</u>

24 Fair value

24.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

24.3 Operator's Fund

Rupees '000

As at 31 March 2021 (Unaudited)								
	Available-for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	286 303				286 303		286 303	
Corporate Sukuks	168 314				168 314		168 314	
Financial assets not measured at fair value								
Investments								
Term deposits *			60 000		60 000			
Loans and other receivables *		2 477			2 477			
Takaful / retakaful receivables *		6 253			6 253			
Receivable from PTF *		210 042			210 042			
Accrued investment income *		11 654			11 654			
Cash and bank balances *			78 715		78 715			
	454 617	230 426	138 715		823 758		454 617	
Financial liabilities not measured at fair value								
Other creditors and accruals *				(96 736)	(96 736)			
	454 617	230 426	138 715	(96 736)	727 022	-	454 617	-

As at 31 December 2020 (Audited)

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

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

24.4 Participants' Takaful Fund

Rupees '000

As at 31 March 2021 (Unaudited)								
	Available-for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	1 143 682				1 143 682		1 143 682	
Corporate Sukuk	237 688				237 688		237 688	
Financial assets not measured at fair value								
Investments								
Term deposits *			270 000		270 000			
Loans and other receivables *		1 234			1 234			
Takaful / retakaful receivables *		327 613			327 613			
Retakaful recoveries against outstanding claims *		656 003			656 003			
Accrued investment income *		44 207			44 207			
Cash and bank balances *			255 056		255 056			
	1 381 370	1 029 057	525 056		2 935 483		1 381 370	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 216 304)	(1 216 304)			
Contributions received in advance *				(3 946)	(3 946)			
Takaful / retakaful payable *				(182 017)	(182 017)			
Payable to OPF *				(210 042)	(210 042)			
Other creditors and accruals *				(30 396)	(30 396)			
	1 381 370	1 029 057	525 056	(1 642 705)	1 292 778	-	1 381 370	-

As at 31 December 2020 (Audited)

	Available-for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	963 594				963 594		963 594	
Corporate Sukuks	307 340				307 340		307 340	
Financial assets not measured at fair value								
Investments								
Term deposits *			360 000		360 000			
Loans and other receivables *		15 074			15 074			
Takaful / retakaful receivables *		268 071			268 071			
Retakaful recoveries against outstanding claims *		730 638			730 638			
Accrued investment income *		23 575			23 575			
Cash and bank balances *			97 799		97 799			
	1 270 934	1 037 358	457 799		2 766 091		1 270 934	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 252 165)	(1 252 165)			
Contributions received in advance *				(2 448)	(2 448)			
Takaful / retakaful payable *				(158 920)	(158 920)			
Payable to OPF *				(162 669)	(162 669)			
Other creditors and accruals *				(16 966)	(16 966)			
	1 270 934	1 037 358	457 799	(1 593 168)	1 172 923	-	1 270 934	-

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

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

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

26. Corresponding Figures

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

27. General

Figures have been rounded off to the nearest thousand rupees.

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

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 April 2021

