

Report (Un-Audited)
Second 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
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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 six months period ended 30 June 2021.

Performance Review

The Written Premium for the period increased by 5 % to Rs. 10,790 million (including Takaful Contribution of Rs. 1,262 million) from Rs. 10,245 million (including Takaful Contribution of Rs. 1,073 million) for corresponding period of last year. The Net Premium Revenue increased by 13 % to Rs. 4,753 million from Rs. 4,204 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was constant at 43.

Investment income (including rental income, profit on deposits and other income) for the period increased by 9 % to Rs. 1,427 million as compared to Rs. 1,313 million for the corresponding period of last year.

The after tax profit for the period increased by 9 % to Rs. 1,555 million as compared to Rs. 1,421 million in the corresponding period last year.

The earnings per share for the six months was Rs. 7.78 as against Rs. 7.11 in the corresponding period of last year.

Your Directors have pleasure in declaring second interim cash dividend of Rs.1.50 (15.00 %) per share for the year 2021.

Outlook

Although economy is anticipated to move in upward trajectory in view of the growth oriented budget, the fourth wave of Covid-19 may have some impact on the economy.

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.

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

ڈائریکٹرز ریویو

(یہ انگریزی ڈائریکٹرز ریویو کا ترجمہ ہے)

ہم بمسرت ۳۰ جون ۲۰۲۱ء کو ختم ہونے والی ششماہی مدت کے لئے غیر آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

کارکردگی کا جائزہ

اس مدت کیلئے تحریری پریبینم ۵ فیصد اضافے کے ساتھ ۹۰.۷۰ ملین روپے (بشمول نکافل کنٹری بیوشن ۲۶۲،۱ ملین روپے) ہو گیا جو گزشتہ سال کی اس مدت کے دوران ۱۰،۲۴۵ ملین روپے (بشمول نکافل کنٹری بیوشن ۷۳،۰ ملین روپے) رہا تھا۔ خالص پریبینم ریونیو ۱۳ فیصد اضافے سے بڑھ کر ۵۳،۷ ملین روپے ہو گیا جو گزشتہ سال کی اس مدت کیلئے ۲۰،۴۰۴ ملین روپے رہا تھا خالص پریبینم ریونیو کے لئے مجموعی کلیمز کا تناسب ۴۳ برقرار رہا۔

سرمایہ کاری کی آمدنی (بشمول ریٹیل آمدنی، ڈپازٹس اور دیگر آمدنی پر منافع جات) برائے زیر جائزہ مدت ۹ فیصد اضافے سے بڑھ کر ۴۲،۱ ملین روپے ہو گئی جو اس کے مقابلے میں گزشتہ سال کی اس مدت کے لئے ۳۱،۳ ملین روپے تھی۔

اس مدت کے لئے منافع بعد از ٹیکس ۹ فیصد سے بڑھ کر ۵۵،۵ ملین روپے ہو گیا جو اس کے مقابلے میں گزشتہ سال کی اس مدت میں ۴۲،۱ ملین روپے تھا۔

اس ششماہی کے لئے آمدنی فی شیئر ۷۸.۷ روپے رہی جو اس کے مقابلے میں گزشتہ سال کی اس مدت میں ۷۱.۱ روپے تھی۔

آپ کے ڈائریکٹرز بمسرت سال ۲۰۲۱ء کے لئے دوسرے عیوری نقد منافع منقسمہ بشرح ۵۰،۷ روپے (۱۵ فیصد) کا اعلان کرتے ہیں۔

مستقبل کا نقطہ نظر

اگرچہ ترقی پر مبنی بجٹ پیش کئے جانے کے باعث معیشت میں بہتری کی توقع تھی تاہم COVID-19 (کورونا وائرس) کی چوتھی لہر نے معیشت پر کچھ مضر اثرات مرتب کئے۔

اظہار تشکر

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 کردار ادا کیا ہے۔

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

رفیق آر۔ بھیم جی
ڈائریکٹر۔ چیئرمین آف دی میٹنگ

حسن علی عبداللہ
منیجنگ ڈائریکٹر و چیف ایگزیکٹو

تنویر سلطان مولے دینہ
ڈائریکٹر

طاہر جی۔ ساچک
ڈائریکٹر

کراچی: ۲۵ اگست ۲۰۲۱ء

Independent Auditor's Review Report
To the members of EFU General Insurance Limited
Report on Review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of EFU General Insurance Limited ("the Company") as at 30 June 2021 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matter

The figures for the quarter ended 30 June 2021 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Independent Auditor's Review Report To the members of EFU General Insurance Limited - Window Takaful Operations on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of EFU General Insurance Limited - Window Takaful Operations ("the Fund") as at 30 June 2021 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in fund, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "Condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matter

The figures for the quarter ended 30 June 2021 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

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

Rupees '000

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Property and equipment	6	2 726 110	2 818 853
Investment property	7	2 521 549	2 517 970
Investment in subsidiary Investments	8	9 244 153	9 298 848
Equity securities	9	4 521 022	4 480 733
Debt securities	10	10 061 125	10 273 302
Term deposits		564 195	683 006
Loans and other receivables	11	436 641	344 839
Insurance / reinsurance receivables	12	3 697 424	3 639 822
Reinsurance recoveries against outstanding claims	19	4 267 453	3 856 142
Salvage recoveries accrued		63 736	55 059
Deferred commission expense	20	541 078	678 039
Retirement benefit		35 384	34 454
Prepayments	13	4 704 024	4 864 069
Cash and bank	14	1 064 074	1 328 500
		<u>44 447 968</u>	<u>44 873 636</u>
Total assets of window takaful operations - Operator's Fund		997 460	938 700
Total assets		<u>45 445 428</u>	<u>45 812 336</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	15	16 030 321	16 183 550
Unappropriated profit		1 300 623	1 395 315
Total equity		19 330 944	19 578 865
Surplus on revaluation of property and equipment		1 013 244	1 013 365
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	19	7 532 603	7 111 989
Unearned premium reserve	18	8 805 984	9 411 142
Unearned reinsurance commission	20	102 893	152 144
Deferred taxation		539 188	724 126
Premium received in advance		95 257	43 747
Insurance / reinsurance payables		4 835 155	4 559 213
Other creditors and accruals	16	2 516 879	2 683 162
Taxation - provision less payments		217 521	92 583
Total liabilities		<u>24 645 480</u>	<u>24 778 106</u>
		44 989 668	45 370 336
Total liabilities of window takaful operations - Operator's Fund		455 760	442 000
Total equity and liabilities		<u>45 445 428</u>	<u>45 812 336</u>
Contingencies and commitments	17		

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

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

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

Rupees '000

	Note	Three months period ended		Six months period ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net insurance premium	18	2 371 276	2 024 541	4 753 338	4 203 628
Net insurance claims	19	(1 093 750)	(900 950)	(2 041 823)	(1 807 438)
Net commission and other acquisition cost	20	(302 336)	(154 172)	(598 838)	(372 348)
Insurance claims and acquisition expenses		(1 396 086)	(1 055 122)	(2 640 661)	(2 179 786)
Management expenses		(720 462)	(636 818)	(1 364 740)	(1 332 200)
Underwriting results		254 728	332 601	747 937	691 642
Investment income	21	448 402	508 460	1 316 638	1 154 462
Rental income		30 595	30 546	59 416	62 812
Other income	22	40 613	40 027	50 891	95 302
Other expenses		(18 830)	(17 791)	(45 819)	(51 194)
		500 780	561 242	1 381 126	1 261 382
Results of operating activities		755 508	893 843	2 129 063	1 953 024
Profit from window takaful operations - Operator's Fund	23	28 626	49 358	61 060	108 185
Profit before tax		784 134	943 201	2 190 123	2 061 209
Income tax expense	24	(227 625)	(235 856)	(634 936)	(640 110)
Profit after tax		556 509	707 345	1 555 187	1 421 099
Earnings (after tax) per share - Rupees	25	2.78	3.54	7.78	7.11

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

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

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

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit after tax	556 509	707 345	1 555 187	1 421 099
Other comprehensive income				
Total items that may be reclassified subsequently to profit and loss account				
Unrealized (loss) / gain on available-for-sale investments during the period	63 741	598 724	(500 591)	81 552
Reclassification adjustments relating to available-for-sale investments disposed off during the period	–	5 278	40 941	10 357
Unrealized (loss) / gain on available-for-sale investments during the period of subsidiary company	55 016	(137 062)	(110 575)	(928 625)
Total unrealized (loss) / gain on available-for-sale investments	118 757	466 940	(570 225)	(836 716)
Deferred tax on available-for-sale investments	(18 484)	(175 162)	133 299	(26 655)
Deferred tax on available-for-sale investments of subsidiary company	(15 955)	39 749	32 067	269 302
Net unrealized gain / (loss) from window takaful operations - Operator's Fund (net of deferred tax)	2 812	(96)	1 630	1 398
Other comprehensive income	87 130	331 431	(403 229)	(592 671)
Total comprehensive income for the period	643 639	1 038 776	1 151 958	828 428

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

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

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

	2021	2020
		Rupees '000
Operating cash flows		
a) Underwriting activities		
Insurance premium received	9 579 602	9 950 895
Reinsurance premium paid	(4 911 380)	(6 301 493)
Claims paid	(3 114 235)	(2 397 624)
Reinsurance and other recoveries received	1 015 243	1 177 760
Commission paid	(702 901)	(591 868)
Commission received	95 714	125 035
Management expenses paid	(1 229 059)	(1 188 891)
Net cash flow from underwriting activities	732 984	773 814
b) Other operating activities		
Income tax paid	(511 880)	(461 351)
Other operating payments	(182 500)	(18 658)
Other operating receipts	(12 446)	51 617
Loans advanced	(366)	(100)
Loan repayments received	327	1 088
Net cash flow used in other operating activities	(706 865)	(427 404)
Total cash flow from all operating activities	26 119	346 410
Investment activities		
Profit / return received	620 069	607 860
Dividends received	641 256	594 531
Rentals received	48 980	29 844
Payment for investments / investment properties	(6 288 017)	(7 095 385)
Proceeds from investments / investment properties	6 162 102	6 989 260
Fixed capital expenditures	(104 196)	(97 660)
Proceeds from sale of property and equipment	15 306	3 307
Total cash flow from investing activities	1 095 500	1 031 757
Financing activities		
Payments against lease liabilities	(22 058)	(20 840)
Dividends paid	(1 363 987)	(1 375 373)
Total cash flow used in financing activities	(1 386 045)	(1 396 213)
Net cash flow used in all activities	(264 426)	(18 046)
Cash and cash equivalents at the beginning of period	1 328 500	1 191 688
Cash and cash equivalents at the end of period	1 064 074	1 173 642
Reconciliation to profit and loss account		
Operating cash flows	26 119	346 410
Depreciation / amortization expense	(193 324)	(175 406)
Finance cost	(4 735)	(6 330)
Profit on disposal of property and equipment	11 691	3 235
Profit on disposal of investments / investment properties	102 748	11 389
Rental income	59 416	62 812
Dividends Income	635 576	590 526
Other investment income	578 314	552 547
Profit on deposits	44 006	66 854
Other (loss) / income	(4 806)	25 213
Increase / (decrease) in assets other than cash	281 296	(1 981 673)
(Increase) / decrease in liabilities other than borrowings	(42 174)	1 817 337
Profit after tax from conventional insurance operations	1 494 127	1 312 914
Profit from window takaful operations - Operator's Fund	61 060	108 185
Profit after tax	1 555 187	1 421 099

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

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

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

Rupees '000

	Attributable to equity holders of the Company						Total
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves		Unappropriated profit	
				Unrealized gain / (loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property		
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	(749 729)	1 502 713	1 530 185	19 296 071
Total comprehensive income for the period ended 30 June 2020							
Profit after tax				(592 671)		1 421 099	1 421 099
Other comprehensive income				(592 671)		-	(592 671)
						1 421 099	828 428
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax						13	13
Transactions with owners recorded directly in equity							
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Other transfer within equity							
Transfer to general reserve			400 000			(400 000)	-
Balance as at 30 June 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>(1 342 400)</u>	<u>1 502 713</u>	<u>1 151 297</u>	<u>18 724 512</u>
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	(852 863)	1 623 511	1 395 315	19 578 865
Total comprehensive income for the period ended 30 June 2021							
Profit after tax				(403 229)		1 555 187	1 555 187
Other comprehensive income				(403 229)		-	(403 229)
						1 555 187	1 151 958
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax						121	121
Transactions with owners recorded directly in equity							
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Other transfer within equity							
Transfer to general reserve			250 000			(250 000)	-
Balance as at 30 June 2021	<u>2 000 000</u>	<u>12 902</u>	<u>15 650 000</u>	<u>(1 256 092)</u>	<u>1 623 511</u>	<u>1 300 623</u>	<u>19 330 944</u>

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

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

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

1. Legal status and nature of business

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

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

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

2. Basis of preparation and statement of compliance

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

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

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

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

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

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments effective during the current period

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 01 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

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

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

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

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

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

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

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

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

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

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

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

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

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

Rupees '000

Financial assets	30 June 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Investment in subsidiary - available for sale	9 244 153	(110 575)	–	–	–
Investments in equity securities - available for sale	4 521 022	(278 262)	–	–	–
Investments in debt securities - available for sale	–	–	10 061 125	–	(181 388)
Term Deposits *	–	–	564 195	–	–
Loans and other receivables *	–	–	1 893	–	–
Total	13 765 175	(388 837)	10 627 213	–	(181 388)

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

	30 June 2021 (Unaudited)				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	AA-	Unrated
Investments in debt securities – available-for-sale	100 000	51 118	50 831	180 000	9 679 176
Term deposits	330 695	–	–	233 500	–
Total	430 695	51 118	50 831	413 500	9 679 176

* 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 unconsolidated condensed interim financial statements are consistent with those followed in preparation of annual audited unconsolidated financial statements of the Company for the year ended 31 December 2020.

4. Accounting estimates and judgements

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

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

4.1 Change in accounting estimates

The Company, during the period has reviewed the useful life of tracker equipment. This has resulted into revision of useful life of tracker equipment from five years to three years. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting Policies, Changes in Estimates and Errors" whereby the effect of the change has been recognized prospectively by including the same in the profit and loss account in the period of the change. Had the Company's accounting estimate not been changed, property and equipment of the Company and profit after tax for the period would have been higher by Rs. 41,489 thousand and Rs. 29,457 thousand respectively.

5. Management of insurance and financial risk

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

6. Property and equipment

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

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Buildings	40 205	41 135	–	–
Right of use assets - buildings	1 279	15 897	–	–
Furniture and fixtures	11 906	8 233	–	–
Office equipment	8 513	7 237	–	–
Computer equipment	14 095	8 084	–	–
Vehicles	20 761	9 579	3 615	72
Tracker equipment	7 437	7 495	–	–
	<u>104 196</u>	<u>97 660</u>	<u>3 615</u>	<u>72</u>

7. Investment property

Rupees '000

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

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

8. Investment in subsidiary

Rupees '000

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 146 823	–	13 146 823	13 090 943	–	13 090 943
Deficit on revaluation	–	–	(3 902 670)	–	–	(3 792 095)
	<u>13 146 823</u>	<u>–</u>	<u>9 244 153</u>	<u>13 090 943</u>	<u>–</u>	<u>9 298 848</u>

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

	30 June 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	2 288 696	(19 027)	2 269 669	1 969 892	(39 956)	1 929 936
Unlisted shares	15 500	(15 500)	–	15 500	(15 500)	–
	2 304 196	(34 527)	2 269 669	1 985 392	(55 456)	1 929 936
Surplus on revaluation	–	–	1 855 055	–	–	2 154 499
	<u>2 700 494</u>	<u>(34 527)</u>	<u>4 521 022</u>	<u>2 381 690</u>	<u>(55 456)</u>	<u>4 480 733</u>

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

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

Rupees '000

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government securities	9 581 896	–	9 581 896	9 612 685	–	9 612 685
Term finance certificates	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukus	180 000	–	180 000	180 000	–	180 000
	10 006 014	(44 118)	9 961 896	10 036 803	(44 118)	9 992 685
Surplus on revaluation	–	–	99 229	–	–	280 617
	<u>10 006 014</u>	<u>(44 118)</u>	<u>10 061 125</u>	<u>10 036 803</u>	<u>(44 118)</u>	<u>10 273 302</u>

11. Loans and other receivables – considered good

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Loans to employees		1 893	1 854
Accrued investment income		281 606	289 588
Security deposits		17 131	17 431
Advances to suppliers		35 369	4 098
Advances to employees		4 761	5 102
Other receivables		95 881	26 766
		<u>436 641</u>	<u>344 839</u>
12. Insurance / reinsurance receivables – unsecured and considered good			
Due from insurance contract holders		3 567 145	3 573 077
Provision for impairment of receivables from insurance contract holders		(1 384)	(7 123)
		<u>3 565 761</u>	<u>3 565 954</u>
Due from other insurer / reinsurers		131 663	73 868
		<u>3 697 424</u>	<u>3 639 822</u>
13. Prepayments			
Prepaid reinsurance premium ceded	18	4 616 270	4 808 670
Software and hardware support services		5 813	845
Group health insurance premium		11 028	–
Group life insurance premium		5 348	–
Prepaid charges for vehicle tracking devices		45 347	50 090
Annual supervision fee		15 801	–
Others		4 417	4 464
		<u>4 704 024</u>	<u>4 864 069</u>

		Rupees '000
	Note	31 December 2020 (Audited)
		30 June 2021 (Unaudited)
14. Cash and bank		
Cash and cash equivalents		
Cash in hand		23
Policy and revenue stamps, bond papers		13 106
		13 129
Cash at bank		
Current accounts		131 742
Saving accounts		919 203
		1 050 945
		1 064 074
		19 962
		1 328 500
		1 308 538
15. Reserves		
Capital reserve		
Reserve for exceptional losses	15.1	12 902
Revenue reserves		
General reserve		15 650 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(1 256 092)
Reserve for change in fair value of investment property - net		1 623 511
		16 030 321
		16 183 550

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

		Rupees '000
		31 December 2020 (Audited)
		30 June 2021 (Unaudited)
16. Others creditors and accruals		
Federal insurance fee payable		15 067
Sales tax payable		57 991
Accrued expenses		237 807
Agent commission payable		410 414
Unearned rentals		51 084
Other deposits		1 174 309
Unclaimed dividends		395 193
Lease liability		84 519
Others		90 495
		2 516 879
		2 683 162

17. Contingencies and commitments

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

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

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

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

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

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

18. Net insurance premium

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Written gross premium	4 218 094	3 564 766	9 527 901	9 171 550
Unearned premium reserve - opening	9 682 893	9 756 634	9 411 142	9 143 972
Unearned premium reserve - closing	(8 805 984)	(8 376 182)	(8 805 984)	(8 376 182)
Premium earned	5 095 003	4 945 218	10 133 059	9 939 340
Less:				
Reinsurance premium ceded	2 612 943	2 096 081	5 187 321	4 606 705
Prepaid reinsurance premium - opening	4 727 054	5 445 597	4 808 670	5 750 008
Prepaid reinsurance premium - closing	(4 616 270)	(4 621 001)	(4 616 270)	(4 621 001)
Reinsurance expense	2 723 727	2 920 677	5 379 721	5 735 712
	<u>2 371 276</u>	<u>2 024 541</u>	<u>4 753 338</u>	<u>4 203 628</u>
19. Net insurance claim expense				
Claims Paid	1 732 376	1 383 052	3 105 559	2 384 645
Outstanding claims including IBNR - closing	7 532 603	6 966 017	7 532 603	6 966 017
Outstanding claims including IBNR - opening	(6 757 309)	(6 435 284)	(7 111 989)	(6 273 372)
Claim expense	2 507 670	1 913 785	3 526 173	3 077 290
Less:				
Reinsurance and other recoveries received	609 924	631 153	1 073 039	1 210 608
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 463 457)	(3 759 411)	(3 856 142)	(4 081 849)
Reinsurance and other recoveries in respect of outstanding claims - closing	4 267 453	4 141 093	4 267 453	4 141 093
Reinsurance and other recoveries revenue	1 413 920	1 012 835	1 484 350	1 269 852
	<u>1 093 750</u>	<u>900 950</u>	<u>2 041 823</u>	<u>1 807 438</u>

20. Net commission expense

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Commission paid or payable	216 339	218 226	606 840	572 802
Deferred commission expense - opening	697 589	600 200	678 039	598 669
Deferred commission expense - closing	(541 078)	(486 923)	(541 078)	(486 923)
Net commission	372 850	331 503	743 801	684 548
Less:				
Commission received or recoverable	42 873	62 372	95 712	125 036
Unearned reinsurance commission - opening	130 534	358 731	152 144	430 936
Unearned reinsurance commission - closing	(102 893)	(243 772)	(102 893)	(243 772)
Commission from reinsurers	70 514	177 331	144 963	312 200
	<u>302 336</u>	<u>154 172</u>	<u>598 838</u>	<u>372 348</u>
21. Investment income				
Income from subsidiary - available-for-sale				
Dividend income	67 081	66 108	534 203	527 370
Income from equity securities - available-for-sale				
Dividend income	41 453	23 236	101 373	63 156
Income from debt securities - available-for-sale				
Return on debt securities	287 576	294 461	574 202	621 971
Income from term deposits Return on term deposits	1 898	4 756	5 145	10 059
	<u>398 008</u>	<u>388 561</u>	<u>1 214 923</u>	<u>1 222 556</u>
Net realized gains / (losses) on investments Available-for-sale financial assets				
Realized gains on:				
Equity securities	55 633	7 425	160 030	12 506
Realized losses on:				
Equity securities	(7 209)	—	(57 282)	(1 117)
	<u>48 424</u>	<u>7 425</u>	<u>102 748</u>	<u>11 389</u>
	<u>446 432</u>	<u>395 986</u>	<u>1 317 671</u>	<u>1 233 945</u>
(Impairment) / reversal in value of available-for-sale equity securities	2 490	112 674	(253)	(79 283)
Investment related expenses	(520)	(200)	(780)	(200)
	<u>448 402</u>	<u>508 460</u>	<u>1 316 638</u>	<u>1 154 462</u>

22. Other income

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Gain on sale of property and equipment	10 371	14	11 691	3 235
Return on loans to employees	31	33	61	77
Exchange (loss) / gains	9 512	9 966	(4 866)	25 136
Return on bank balances	20 699	30 014	44 005	66 854
	<u>40 613</u>	<u>40 027</u>	<u>50 891</u>	<u>95 302</u>
23. Profit from window takaful operations – Operator's Fund				
Wakala fee	189 974	164 641	366 817	334 851
Commission expense	(76 321)	(60 026)	(146 039)	(120 838)
General, administrative and management expenses	(91 349)	(74 339)	(184 416)	(149 043)
Modarib's share of PTF investment income	7 197	7 644	14 840	16 561
Investment income	(1 632)	10 026	8 684	23 521
Direct expenses	(248)	(389)	(460)	(434)
Other income	1 005	1 801	1 634	3 567
	<u>28 626</u>	<u>49 358</u>	<u>61 060</u>	<u>108 185</u>
24. Income tax expense				
For current period				
Current	243 907	247 670	657 259	637 027
Deferred	(16 282)	(5 593)	(22 323)	(14 709)
	<u>227 625</u>	<u>242 077</u>	<u>634 936</u>	<u>622 318</u>
For prior year(s)				
Prior years tax	–	(6 221)	–	17 792
	<u>227 625</u>	<u>235 856</u>	<u>634 936</u>	<u>640 110</u>
25. Earnings per share - basic and diluted				
Profit (after tax) for the period (Rupees '000)	<u>556 509</u>	<u>707 345</u>	<u>1 555 187</u>	<u>1 421 099</u>
Weighted average number of ordinary shares (Numbers '000)	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>
Earnings per share (Rupees)	<u>2.78</u>	<u>3.54</u>	<u>7.78</u>	<u>7.11</u>

26. Related party transactions

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

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Transactions				
Subsidiary company				
Premium written	401	1 607	25 536	24 070
Premium paid	–	26	10 753	9 355
Claims paid including salvage recovered	1 322	980	1 204	3 306
Dividends received	534 203	66 108	534 203	527 370
Dividends paid	32 767	7 022	32 767	32 767
Profit commission	–	–	–	10 020
Associated companies				
Premium written	120 813	167 896	210 274	267 161
Premium paid / refund	(104)	162	21 566	20 198
Claims paid including salvage recovered	26 755	14 936	43 885	40 849
Dividends paid	460 478	98 665	460 478	460 436
Bank deposits withdrawn	50 000	–	50 000	–
Key management personnel				
Premium written	–	66	99	97
Dividends paid	6 052	1 609	6 052	6 300
Compensation	51 162	51 588	94 116	95 804
Others				
Premium written	224 966	193 545	243 939	220 761
Claims paid including salvage recovered	3 394	31 576	6 307	33 535
Dividends paid	464 471	87 875	464 471	400 839
Brokerage paid	528	37	1 060	233
Employees' funds				
Contribution to provident fund	7 276	6 806	14 634	13 693
Contribution to gratuity fund	5 465	4 709	10 930	9 418
Contribution released to pension fund	(973)	(808)	(1 945)	(1 615)
Dividends paid	3 789	812	3 789	3 789
			30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balances				
Others				
Balances receivable			143 220	79 089
Balances payable			–	23
Deposits maturing within 12 months			233 500	283 500
Bank balances			211 456	196 114
Employees' funds receivable / (payable)				
EFU gratuity fund			(10 932)	(9 806)
EFU pension fund			46 316	44 260

27. Segment Information

Rupees '000

For six months period ended 30 June 2021 (Unaudited)

	Fire and property damage	Marine, aviation and transport	Motor	Misce-llaneous	Treaty	Total
Current period						
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	6 557 681	1 678 465	1 833 635	1 004 018	-	11 073 799
Less: Sales tax	849 722	181 378	223 069	125 532	-	1 379 701
Stamp duty	182	69 759	556	428	-	70 925
Federal insurance fee	56 513	14 123	15 942	8 694	-	95 272
Gross written premium (inclusive of administrative surcharge)	5 651 264	1 413 205	1 594 068	869 364	-	9 527 901
Gross direct premium	5 638 145	1 386 170	1 492 265	862 987	-	9 379 567
Facultative inward premium	-	827	-	-	-	827
Administrative surcharge	13 119	26 208	101 803	6 377	-	147 507
Insurance premium earned	6 424 116	1 294 156	1 639 905	774 882	-	10 133 059
Insurance premium ceded to reinsurers	(4 568 784)	(515 455)	(9 885)	(285 597)	-	(5 379 721)
Net insurance premium	1 855 332	778 701	1 630 020	489 285	-	4 753 338
Commission income	113 538	6 821	27	24 577	-	144 963
Net underwriting income	1 968 870	785 522	1 630 047	513 862	-	4 898 301
Insurance claims	(2 103 248)	(444 531)	(769 047)	(209 347)	-	(3 526 173)
Insurance claims recovered from reinsurers	1 355 858	138 845	(90)	(10 263)	-	1 484 350
Net insurance claims	(747 390)	(305 686)	(769 137)	(219 610)	-	(2 041 823)
Commission expense	(407 682)	(132 068)	(150 027)	(54 024)	-	(743 801)
Management expenses	(518 901)	(208 797)	(500 666)	(136 376)	-	(1 364 740)
Net insurance claims and expenses	(1 673 973)	(646 551)	(1 419 830)	(410 010)	-	(4 150 364)
Underwriting results	294 897	138 971	210 217	103 852	-	747 937
Investment income						1 316 638
Rental income						59 416
Other income						50 891
Other expenses						(45 819)
Profit from window takaful operations - Operator's Fund						61 060
Profit before tax						2 190 123
						As at 30 June 2021 (Unaudited)
Corporate segment assets	10 277 400	1 781 538	576 342	629 821	-	13 265 101
Corporate segment assets - Takaful OPF	49 538	9 574	262 023	6 305	-	327 440
Corporate unallocated assets						31 182 867
Corporate unallocated assets - Takaful OPF						670 020
Total assets						45 445 428
Corporate segment liabilities	14 736 514	2 838 464	2 391 585	2 990 052	-	22 956 615
Corporate segment liabilities - Takaful OPF	52 629	11 509	367 375	12 678	-	444 191
Corporate unallocated liabilities						1 688 865
Corporate unallocated liabilities - Takaful OPF						11 569
Total liabilities						25 101 240
						External premium less reinsurance by geographical segments 2021 (Unaudited)
Location						
Pakistan	4 738 275					
* EPZ	15 063					
Total	4 753 338					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For six months period ended 30 June 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	6 644 481	1 285 611	1 658 981	1 069 299	-	10 658 372
Less: Sales tax	867 843	137 316	201 918	132 998	-	1 340 075
Stamp duty	179	53 984	639	241	-	55 043
Federal insurance fee	57 193	10 822	14 421	9 268	-	91 704
Gross written premium (inclusive of administrative surcharge)	5 719 266	1 083 489	1 442 003	926 792	-	9 171 550
Gross direct premium	5 705 498	1 061 268	1 333 862	920 586	-	9 021 214
Facultative inward premium	-	1 238	-	-	-	1 238
Administrative surcharge	13 768	20 983	108 141	6 206	-	149 098
Insurance premium earned	6 183 533	1 225 087	1 683 911	846 809	-	9 939 340
Insurance premium ceded to reinsurers	(4 724 738)	(536 332)	(5 684)	(468 958)	-	(5 735 712)
Net insurance premium	1 458 795	688 755	1 678 227	377 851	-	4 203 628
Commission income	225 147	10 730	72	76 251	-	312 200
Net underwriting income	1 683 942	699 485	1 678 299	454 102	-	4 515 828
Insurance claims	(1 096 897)	(766 575)	(740 578)	(473 240)	-	(3 077 290)
Insurance claims recovered from reinsurers	500 245	455 562	480	313 565	-	1 269 852
Net insurance claims	(596 652)	(311 013)	(740 098)	(159 675)	-	(1 807 438)
Commission expense	(354 992)	(112 403)	(148 243)	(68 910)	-	(684 548)
Management expenses	(463 541)	(200 835)	(551 979)	(115 845)	-	(1 332 200)
Net insurance claims and expenses	(1 415 185)	(624 251)	(1 440 320)	(344 430)	-	(3 824 186)
Underwriting results	268 757	75 234	237 979	109 672	-	691 642
Investment income						1 154 462
Rental income						62 812
Other income						95 302
Other expenses						(51 194)
Profit from window takaful operations - Operator's Fund						108 185
Profit before tax						2 061 209
						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
						External premium less reinsurance by geographical segments 2020 (Unaudited)
Location						
Pakistan	4 192 663					
* EPZ	10 965					
Total	4 203 628					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For three months period ended 30 June 2021 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	2 842 844	907 254	729 305	422 861	–	4 902 264
Less: Sales tax	363 223	98 552	90 034	50 891	–	602 700
Stamp duty	73	38 765	238	220	–	39 296
Federal insurance fee	24 550	7 615	6 328	3 681	–	42 174
Gross written premium (inclusive of administrative surcharge)	2 454 998	762 322	632 705	368 069	–	4 218 094
Gross direct premium	2 449 892	747 947	587 627	365 433	–	4 150 899
Facultative inward premium	–	827	–	–	–	827
Administrative surcharge	5 106	13 548	45 078	2 636	–	66 368
Insurance premium earned	3 223 886	653 350	831 264	386 503	–	5 095 003
Insurance premium ceded to reinsurers	(2 331 289)	(268 718)	(3 435)	(120 285)	–	(2 723 727)
Net insurance premium	892 597	384 632	827 829	266 218	–	2 371 276
Commission income	56 327	3 528	9	10 650	–	70 514
Net underwriting income	948 924	388 160	827 838	276 868	–	2 441 790
Insurance claims	(1 737 210)	(209 063)	(366 947)	(194 450)	–	(2 507 670)
Insurance claims recovered from reinsurers	1 323 387	68 146	(15)	22 402	–	1 413 920
Net insurance claims	(413 823)	(140 917)	(366 962)	(172 048)	–	(1 093 750)
Commission expense	(204 079)	(65 926)	(75 655)	(27 190)	–	(372 850)
Management expenses	(257 575)	(106 252)	(281 503)	(75 132)	–	(720 462)
Net insurance claims and expenses	(875 477)	(313 095)	(724 120)	(274 370)	–	(2 187 062)
Underwriting results	73 447	75 065	103 718	2 498	–	254 728
Investment income						448 402
Rental income						30 595
Other income						40 613
Other expenses						(18 830)
Profit from window takaful operations - Operator's Fund						28 626
Profit before tax						784 134

Rupees '000

For three months period ended 30 June 2020 (Unaudited)

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and Administrative surcharge)	2 516 440	654 225	656 130	413 992	-	4 240 787
Less: Sales tax	414 021	70 464	79 816	51 354	-	615 655
Stamp duty	63	24 331	336	(13)	-	24 717
Federal insurance fee	20 816	5 539	5 703	3 591	-	35 649
Gross written premium (inclusive of administrative surcharge)	2 081 540	553 891	570 275	359 060	-	3 564 766
Gross direct premium	2 076 086	544 643	520 802	357 219	-	3 498 750
Administrative surcharge	5 454	9 248	49 473	1 841	-	66 016
Insurance premium earned	3 148 491	555 506	823 268	417 953	-	4 945 218
Insurance premium ceded to reinsurers	(2 448 375)	(241 610)	(2 562)	(228 130)	-	(2 920 677)
Net insurance premium	700 116	313 896	820 706	189 823	-	2 024 541
Commission income	133 091	3 827	21	40 392	-	177 331
Net underwriting income	833 207	317 723	820 727	230 215	-	2 201 872
Insurance claims	(700 475)	(546 375)	(319 264)	(347 671)	-	(1 913 785)
Insurance claims recovered from reinsurers	433 597	327 720	-	251 518	-	1 012 835
Net insurance claims	(266 878)	(218 655)	(319 264)	(96 153)	-	(900 950)
Commission expense	(174 370)	(50 753)	(72 441)	(33 939)	-	(331 503)
Management expenses	(225 716)	(89 950)	(264 251)	(56 901)	-	(636 818)
Net insurance claims and expenses	(666 964)	(359 358)	(655 956)	(186 993)	-	(1 869 271)
Underwriting results	166 243	(41 635)	164 771	43 222	-	332 601
Investment income						508 460
Rental income						30 546
Other income						40 027
Other expenses						(17 791)
Profit from window takaful operations - Operator's Fund						49 358
Profit before tax						943 201

28. Movement in investment

Name of investment	Rupees '000				Total
	Held to maturity - Term deposits	Available-for-sale - Subsidiary	Available-for-sale - Debt securities	Available-for-sale - Equity securities	
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	2 380 358	55 880	2 353 229	1 494 971	6 284 438
Disposals (sale and redemptions)	(2 499 169)	-	(2 384 018)	(1 176 167)	(6 059 354)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(110 575)	(181 388)	(278 262)	(570 225)
Impairment losses	-	-	-	(253)	(253)
At end of current period	564 195	9 244 153	10 061 125	4 521 022	24 390 495

29 Fair value

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

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

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

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

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

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

Rupees '000

As at 30 June 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								
Investment in subsidiary	4 521 022				4 521 022	4 521 022		
Investments								
Equity securities - quoted	10 061 125				10 061 125		10 061 125	
Debt securities	9 244 153				9 244 153	9 244 153		
Financial assets not measured at fair value								
Term deposits *			564 195		564 195			
Loans and other receivables *		436 641			436 641			
Insurance / reinsurance receivables *		3 697 424			3 697 424			
Reinsurance recoveries against outstanding claims *		4 267 453			4 267 453			
Cash and bank *			1 064 074		1 064 074			
Total assets of window takaful operations - Operator's fund *	535 823	221 774	95 918		853 515		535 823	
	24 362 123	8 623 292	1 724 187		34 709 602	13 765 175	10 596 948	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(7 532 603)	(7 532 603)			
Premium received in advance *				(95 257)	(95 257)			
Insurance / reinsurance payables *				(4 835 155)	(4 835 155)			
Other creditors and accruals *				(2 516 879)	(2 516 879)			
Total liabilities of window takaful operations - Operator's Fund *				(86 006)	(86 006)			
	24 362 123	8 623 292	1 724 187	(15 065 900)	19 643 702	13 765 175	10 596 948	-

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

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

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

The Board of Directors in their meeting held on 25 August 2021 have announced a second 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 six months period ended 30 June 2021 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

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

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

32. Corresponding Figures

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

33. General

Figures have been rounded off to the nearest thousand rupees.

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

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 25 August 2021.

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

Consolidated Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2021

Directors' Review to the Members on Consolidated Condensed Interim Financial Information for the six months period ended 30 June 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. 26.9 billion (2020: Rs. 22.9 billion), net premium was Rs. 21.4 billion (2020: Rs. 17.5 billion) and profit after tax was Rs. 1,748 million (2020: Rs. 1,532 million). Consolidated investment income (including rental and other income) for the six months period was Rs. 7,531 million (2020: Rs. 10,278 million). The consolidated total assets were Rs. 206 billion (31 December 2020: Rs. 201 billion) and total investments rose to Rs. 162 billion (31 December 2020: Rs. 157 billion).

Movement of Reserves

Rupees '000

	30 June 2021 (Unaudited)
Unappropriated loss brought forward	(190 774)
Profit attributable to ordinary shares	1 337 271
Transferred from surplus on revaluation of property and equipment	5 293
Loss on Group Life PTF	(12 215)
Acquisition of Non-Controlling Interest without a change in control	(35 877)
	1 294 472
Profit available for appropriations	1 103 698
Earnings per share (Rupees)	6.69

Outlook

Although economy is anticipated to move in upward trajectory in view of the growth oriented budget, the fourth wave of Covid-19 may have some impact on the economy.

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.

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

مجموعی کنڈینسڈ عبوری مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کا جائزہ ۳۰ جون ۲۰۲۱ء کو ختم ہونے والی ششماہی کیلئے

ہم بسمت ای ایف یو جنرل انشورنس 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 پریمیم ۲۶۹.۹ بلین روپے (۲۰۲۰ء: ۲۲۹.۹ بلین روپے)، خالص پریمیم ۲۱۷.۳ بلین روپے (۲۰۲۰ء: ۱۷۵.۵ بلین روپے) اور منافع بعد از ٹیکس ۷۳۸.۷ بلین روپے رہا (۲۰۲۰ء: ۵۳۳.۱ بلین روپے)۔ یکجا شدہ انویسٹمنٹ آمدنی (بشمول ریٹیل اور دیگر آمدنی) برائے ششماہی مدت ۵۳۱.۷ بلین روپے رہی (۲۰۲۰ء: ۴۷۸.۱۰ بلین روپے)۔ یکجا شدہ مجموعی اثاثہ جات ۲۰۶ بلین روپے (۳۱ دسمبر ۲۰۲۰: ۲۰۱ بلین روپے) اور مجموعی سرمایہ کاری ۱۶۲ بلین روپے رہی (۳۱ دسمبر ۲۰۲۰: ۱۵۷ بلین روپے)۔

محفوظ اثاثہ جات کی منتقلی

روپے ہزاروں میں

۳۰ جون ۲۰۲۱ء
(غیر آڈٹ شدہ)

(۱۹۰ ۷۷۳)

۱ ۳۳۷ ۲۷۱

۵ ۲۹۳

(۱۲ ۲۱۵)

(۳۵ ۸۷۷)

۱ ۲۹۳ ۲۷۲

۱ ۱۰۳ ۶۹۸

۶۷۶۹

غیر مختص کردہ خسارہ جو آئندہ شامل کیا جائے گا

عمومی شیئرز کیلئے قابل منسوب منافع

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

گروپ لائف پی ٹی ایف پر خسارہ

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

تناسب کے تحت دستیاب منافع

آمدنی فی شیئر (روپے)

مستقبل کا نقطہ نظر

اگرچہ ترقی پزیر بیٹ پیش کئے جانے کے باعث معیشت میں بہتری کی توقع تھی تاہم COVID-19 (کورونا وائرس) کی چوتھی لہر نے معیشت پر کچھ مضر اثرات مرتب کئے۔

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 کیلئے محنت کی ہے اور کاروبار کے اضافے اور کامیابیوں کے تسلسل کو برقرار رکھنے میں مثالی کردار ادا کیا ہے۔

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

رفیق آر۔ بھیم جی

ڈائریکٹر۔ چیئرمین آف دی میٹنگ

حسن علی عبداللہ

منیجنگ ڈائریکٹر و چیف ایگزیکٹو

تنویر سلطان مولے دینہ

ڈائریکٹر

طاہر جی۔ ساچک

ڈائریکٹر

کراچی: ۲۵ اگست ۲۰۲۱ء

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

		Rupees '000	
	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Property and equipment	6	8 017 188	8 050 240
Intangible assets		8 008 970	8 019 617
Investment property	7	2 521 549	2 517 970
Investments			
Equity securities	8	42 056 558	44 844 214
Debt securities	9	97 932 388	92 718 140
Term deposits		22 493 624	19 745 006
Loans and other receivables	10	3 248 884	2 982 790
Insurance / reinsurance receivables	11	4 010 747	3 840 408
Reinsurance recoveries against outstanding claims	20	4 267 453	3 856 142
Salvage recoveries accrued		63 736	55 059
Deferred commission expense	21	541 078	678 039
Retirement benefit		35 384	34 454
Taxation - payments less provision		485 584	762 071
Prepayments	12	4 840 163	4 945 735
Cash and bank	13	6 016 442	6 663 591
		<u>204 539 748</u>	<u>199 713 476</u>
Total assets of window takaful operations - Operator's Fund		997 460	938 700
Total assets		<u>205 537 208</u>	<u>200 652 176</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	14	2 000 000	2 000 000
Reserves	15	18 545 223	18 617 930
Unappropriated profit		(546 302)	(190 774)
Capital and reserve attributable to Company's equity holders		19 998 921	20 427 156
Non-controlling interest		3 849 255	4 130 931
Total equity		<u>23 848 176</u>	<u>24 558 087</u>
Surplus on revaluation of property and equipment		1 562 975	1 574 691
Liabilities			
Insurance liabilities	16	148 906 773	142 846 493
Underwriting provisions			
Outstanding claims including IBNR	20	7 532 603	7 111 989
Unearned premium reserves	19	8 805 984	9 411 142
Unearned reinsurance commission	21	102 893	152 144
Deferred taxation		3 162 668	3 296 951
Premium received in advance		1 434 229	1 263 853
Insurance / reinsurance payables		4 991 357	4 742 653
Other creditors and accruals	17	4 733 790	5 252 173
		<u>30 763 524</u>	<u>31 230 905</u>
Total liabilities		<u>179 670 297</u>	<u>174 077 398</u>
		<u>205 081 448</u>	<u>200 210 176</u>
Total liabilities of window takaful operations - Operator's Fund		455 760	442 000
Total equity and liabilities		<u>205 537 208</u>	<u>200 652 176</u>
Contingencies and commitments			
	18		

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

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

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

Rupees '000

	Note	Three months period ended		Six months period ended	
		30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Net insurance premium	19	10 339 419	8 312 085	21 412 441	17 487 834
Net insurance claims	20	(6 725 794)	(3 494 033)	(13 553 984)	(8 914 394)
Net commission and other acquisition costs	21	(2 135 758)	(1 419 143)	(4 291 477)	(3 179 259)
Insurance claims and acquisition expenses		(8 861 552)	(4 913 176)	(17 845 461)	(12 093 653)
Management expenses		(1 268 556)	(1 088 221)	(2 427 229)	(2 256 936)
Net change in insurance liabilities (other than outstanding claims)		(3 535 043)	(8 753 647)	(6 003 355)	(11 018 887)
Underwriting result		(3 325 732)	(6 442 959)	(4 863 604)	(7 881 642)
Investment income	22	3 260 295	3 806 535	6 441 453	6 823 590
Net realized fair value gain on financial assets	23	1 215 082	1 125 882	2 170 713	1 222 820
Net fair value (loss) / gain on financial assets at fair value through profit and loss	24	(97 824)	2 539 738	(1 249 227)	2 047 474
Rental income		30 595	30 546	59 416	62 812
Other income	25	67 921	53 073	108 963	120 830
Other expenses		(35 208)	(27 081)	(68 286)	(71 281)
		4 440 861	7 528 693	7 463 032	10 206 245
Results of operating activities		1 115 129	1 085 734	2 599 428	2 324 603
Profit from window takaful operations - Operator's Fund	26	28 626	49 358	61 060	108 185
Profit before tax		1 143 755	1 135 092	2 660 488	2 432 788
Income tax expense	27	(356 257)	(347 410)	(912 796)	(900 409)
Profit after tax		787 498	787 682	1 747 692	1 532 379
Profit attributable to:					
Equity holders of the parent		622 827	705 388	1 337 271	1 168 090
Non-controlling interest		164 671	82 294	410 421	364 289
		787 498	787 682	1 747 692	1 532 379
Earnings (after tax) per share - Rupees	28	3.11	3.53	6.69	5.84

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

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Director

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Chief Executive

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Director
Chairman of the Meeting

Karachi 25 August 2021

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

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Profit after tax	787 498	787 682	1 747 692	1 532 379
Other comprehensive income				
Unrealized (loss) / gain on available-for-sale investments during the period	77 259	622 541	(494 286)	14 254
Reclassification adjustments relating to available-for-sale investments disposed of during the period	–	5 278	40 941	10 357
Total unrealized (loss) / gain for the period	77 259	627 819	(453 345)	24 611
Deferred tax on available-for-sale investments	(22 404)	(180 752)	131 471	(5 822)
Net unrealized gain / (loss) from window takaful operations - Operator's Fund (net of deferred tax)	2 812	(96)	1 630	1 398
Other comprehensive income for the period	57 667	446 971	(320 244)	20 187
Total comprehensive income for the period	845 165	1 234 653	1 427 448	1 552 566
Total comprehensive income attributable to:				
Equity holders of the parent	675 188	1 142 165	1 014 564	1 214 366
Non-controlling interest	169 977	92 488	412 884	338 200
	845 165	1 234 653	1 427 448	1 552 566

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

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Director
Chairman of the Meeting

Karachi 25 August 2021

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

	2021	2020
		Rupees '000
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	26 994 346	23 741 469
Reinsurance premium / retakaful contribution paid	(5 649 726)	(6 869 469)
Claims paid	(15 124 699)	(9 511 240)
Reinsurance and other recoveries received	1 517 514	1 523 545
Commission paid	(3 327 715)	(2 592 830)
Commission received	95 714	125 035
Management expenses paid	(3 764 615)	(3 272 589)
Net cash flow from underwriting activities	740 819	3 143 921
b) Other operating activities		
Income tax paid	(621 432)	(916 376)
Other operating payments	(182 500)	(519 793)
Other operating receipts	10 522	51 617
Loans advanced	(61 541)	(33 578)
Loan repayments received	40 956	26 950
Net cash flow used in other operating activities	(813 995)	(1 391 180)
Total cash flow (used in) / from all operating activities	(73 176)	1 752 741
Investment activities		
Profit / return received	5 057 275	6 269 456
Dividends received	1 045 016	503 072
Rentals received	48 980	29 844
Payment for investments / investment properties	(116 621 454)	(95 279 790)
Proceeds from investments / investment properties	115 224 729	85 288 610
Fixed capital expenditures	(404 254)	(279 245)
Proceeds from sale of property and equipment	69 182	20 582
Total cash flow from / (used in) investing activities	4 419 474	(3 447 471)
Financing activities		
Payments against lease liabilities	(96 234)	(96 234)
Dividends paid	(2 029 784)	(2 048 003)
Total cash flow used in financing activities	(2 126 018)	(2 144 237)
Net cash flow from / (used in) all activities	2 220 280	(3 838 967)
Cash and cash equivalents at beginning of period	25 725 591	26 564 236
Cash and cash equivalents at end of period	27 945 871	22 725 269
Reconciliation to profit and loss account		
Operating cash flows	(73 176)	1 752 741
Depreciation / amortization expense	(526 108)	(503 578)
Finance cost	(29 891)	(33 252)
Profit on disposal of property and equipment	48 660	16 976
Profit on disposal of investments / investment properties	2 273 461	1 234 209
Rental income	59 416	62 812
Dividends income	1 031 739	491 668
Other investment income	5 237 557	6 280 676
Profit on lease termination	2 444	-
Profit on deposits	44 006	66 854
Other income	5 673	32 499
(Depreciation) / appreciation in market value of investments	(856 395)	2 304 094
Reversal / (impairment) in the value of available-for-sale equity investments	7 048	(8 286)
Increase / (decrease) in assets other than cash	213 554	(2 108 490)
Increase in liabilities other than running finance	(5 751 356)	(8 164 729)
Profit after tax from conventional insurance operations	1 686 632	1 424 194
Profit from window takaful operations - Operator's Fund	61 060	108 185
Profit after tax	1 747 692	1 532 379

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

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Director

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Director
Chairman of the Meeting

Karachi 25 August 2021

Consolidated Condensed Interim Statement of Changes in Equity For the six months period ended 30 June 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	Equity attributable to equity holder of parent		Non-controlling interest
				Unrealized gain/(loss) on revaluation of available-for-sale investment - net	Unrealized gain on fair value of investment property				
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	1 211 225	1 502 713	(254 638)	19 472 202	4 071 148	23 543 350
Total comprehensive income for the period ended 30 June 2020									
Profit after tax				46 276		1 168 090	1 168 090	364 289	1 532 379
Other comprehensive income				46 276		-	46 276	(26 089)	20 187
Transfer from surplus on revaluation of property and equipment - net of tax						1 168 090	1 214 366	338 200	1 552 566
Acquisition of NCI without a change in control						2 038	2 038	2 580	4 618
Transactions with owners recorded directly in equity						(25 204)	(25 204)	(11 342)	(36 546)
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)		(1 100 000)
Final dividend for the year 2019 at the rate of Rs. 10.50 (105.00%) per share								(588 738)	(588 738)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share								(83 892)	(83 892)
Other transfer within equity									
Transfer to general reserve			400 000			(400 000)			
Balance as at 30 June 2020	2 000 000	12 902	15 400 000	1 257 501	1 502 713	(909 714)	19 263 402	3 727 956	22 991 358
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	1 805 449	1 399 579	(190 774)	20 427 156	4 130 931	24 558 087
Total comprehensive income for the period ended 30 June 2021									
Profit after tax				(322 707)		1 337 271	1 337 271	410 421	1 747 692
Other comprehensive income				(322 707)		-	(322 707)	2 463	(320 244)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax						1 337 271	1 014 564	412 884	1 427 448
Loss on Group Life PTF						5 293	5 293	6 423	11 716
Acquisition of NCI without a change in control						(12 215)	(12 215)	(15 183)	(27 398)
Transactions with owners recorded directly in equity						(35 877)	(35 877)	(20 003)	(55 880)
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)		(1 100 000)
Final dividend for the year 2020 at the rate of Rs. 10.50 (105.00%) per share								(582 878)	(582 878)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share								(82 919)	(82 919)
Other transfer within equity									
Transfer to general reserve			250 000			(250 000)			
Balance as at 30 June 2021	2 000 000	12 902	15 650 000	1 482 742	1 399 579	(546 302)	19 998 921	3 849 255	23 848 176

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

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Director

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Director
Chairman of the Meeting

Karachi 25 August 2021

Notes to the Consolidated Condensed Interim Financial Statements For the six months period ended 30 June 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 44.76 % 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 year

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

2.5 Standards, interpretations and amendments not effective at year end

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 01 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

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

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

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

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

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

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

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

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

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

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

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

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

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

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

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

Rupees '000

Financial assets	30 June 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
Cash and bank *	960 456	–	5 039 174	–	–
Investments in equity securities - available-for-sale	42 056 558	(963 851)	–	–	–
Investments in debt securities - available-for-sale	–	–	97 932 388	–	(767 211)
Term deposits *	–	–	22 493 624	–	–
Loans to employees *	3 114 667	–	134 217	–	–
Total	46 131 681	(963 851)	125 599 403	–	(767 211)

Investments in debt securities - available-for-sale	30 June 2021 (Unaudited)							
	Gross carrying amounts of debt instruments that pass the SPPI test							
	AAA	AA+	AA	A+	A-	AA-	A-1+	Unrated
Investments in debt securities - available-for-sale	2 179 698	408 099	2 886 009	480 511	3 573	325 158	–	91 649 340
Term deposits	330 695	–	–	3 550 000	3 967 000	233 500	14 412 429	–
Total	2 510 393	408 099	2 886 009	4 030 511	3 970 573	558 658	14 412 429	91 649 340

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

3. Summary of significant accounting policies

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

4. Accounting estimates and judgements

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

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

4.1 Change in accounting estimates

The Holding Company, during the period has reviewed the useful life of tracker equipment. This has resulted into revision of useful life of tracker equipment from five years to three years. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting Policies, Changes in Estimates and Errors" whereby the effect of the change has been recognized prospectively by including the same in the profit and loss account in the period of the change. Had the Holding Company's accounting estimate not been changed, property and equipment of the Group and profit after tax for the period would have been higher by Rs. 41,489 thousand and Rs. 29,457 thousand respectively.

5. Management of insurance and financial risk

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

6. Property and equipment

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

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Tangible				
Buildings	40 205	53 836	–	–
Right of use assets - building	1 279	15 897	–	–
Furniture and fixtures	17 863	37 696	–	–
Office equipment	16 842	14 622	181	16
Computer equipment	158 524	49 899	–	–
Vehicles	138 767	60 966	20 341	3 590
Tracker equipment	7 437	7 495	–	–
Leasehold improvements	22 793	15 224	–	–
Intangibles assets	544	23 610	–	–
	<u>404 254</u>	<u>279 245</u>	<u>20 522</u>	<u>3 606</u>

7. Investment property

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

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

8. Investment in equity securities

Rupees '000

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party *						
Listed shares	600 520	(150 920)	449 600	702 768	(201 047)	501 721
Mutual funds	523	–	523	523	–	523
	601 043	(150 920)	450 123	703 291	(201 047)	502 244
Others						
Listed shares	2 435 047	(39 030)	2 396 017	2 108 003	(58 813)	2 049 190
Unlisted shares	31 508	(15 500)	508	31 508	(15 500)	508
Mutual funds	137 501	(13 221)	124 280	123 307	(10 754)	112 553
	2 604 056	(67 751)	2 520 805	2 262 818	(85 067)	2 162 251
Surplus on revaluation	–	–	1 912 439	–	–	2 223 956
	3 205 099	(218 671)	4 883 367	2 966 109	(286 114)	4 888 451
At fair value through profit and loss designated upon initial recognition						
Related Party *						
Listed shares	8 460	–	139 906	8 557	–	202 717
Mutual funds	596	–	1 238	596	–	1 174
	9 056	–	141 144	9 153	–	203 891
Others						
Listed shares	31 836 648	–	35 379 444	33 977 498	–	38 194 734
Mutual funds	1 416 208	–	1 652 603	1 410 788	–	1 557 138
	33 252 856	–	37 032 047	35 388 286	–	39 751 872
	33 261 912	–	37 173 191	35 397 439	–	39 955 763
	36 467 011	(218 671)	42 056 558	38 363 548	(286 114)	44 844 214

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

9. Investment in debt securities

Rupees '000

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government securities	7 599 969	–	7 599 969	7 447 581	–	7 447 581
Available-for-sale						
Government securities	9 581 896	–	9 581 896	9 612 685	–	9 612 685
Term finance certificate	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukus	180 000	–	180 000	180 000	–	180 000
Surplus on revaluation	–	–	99 229	–	–	280 617
	10 006 014	(44 118)	10 061 125	10 036 803	(44 118)	10 273 302
Fair value through profit and loss (Designated-upon initial recognition)						
Government securities	73 091 848	–	74 010 195	67 013 519	–	67 013 519
Term finance certificates	3 217 103	–	3 217 103	3 905 652	–	3 905 652
Corporate sukus	2 683 996	–	2 683 996	3 859 532	–	3 859 532
Commercial papers	–	–	–	8 554	–	8 554
Certificates of investment	360 000	–	360 000	210 000	–	210 000
	79 352 947	–	80 271 294	74 997 257	–	74 997 257
	96 958 930	(44 118)	97 932 388	92 481 641	(44 118)	92 718 140

10. Loans and other receivables - considered good

Rupees '000

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Loans to employees		134 217	202 928
Accrued investment income		2 512 369	2 293 217
Security deposits		76 080	143 712
Advances to suppliers		118 110	90 467
Advances to employees		104 887	5 102
Other receivables		303 221	247 364
		<u>3 248 884</u>	<u>2 982 790</u>
11. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		3 829 840	3 749 182
Provision for impairment of receivables from insurance contract holders		(1 384)	(7 123)
		<u>3 828 456</u>	<u>3 742 059</u>
Due from other insurer / reinsurers		182 291	98 349
		<u>4 010 747</u>	<u>3 840 408</u>
12. Prepayments			
Prepaid reinsurance premium ceded	19	4 616 270	4 808 670
Software and hardware support services		5 813	845
Group health insurance premium		11 028	-
Prepaid tracker expense		45 347	50 090
Annual supervision fee		15 801	-
Others		145 904	86 130
		<u>4 840 163</u>	<u>4 945 735</u>
13. Cash and Bank			
Cash and cash equivalents			
Cash in hand		1 569	25
Policy and revenue stamps, bond papers		15 243	24 862
		16 812	24 887
Cash at bank			
Current accounts		960 456	1 525 392
Saving accounts		5 039 174	5 113 312
		<u>5 999 630</u>	<u>6 638 704</u>
		<u>6 016 442</u>	<u>6 663 591</u>

14. Share capital

14.1 Authorized capital

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

14.2 Issued, subscribed and paid-up share capital

Number of shares '000		Rupees '000	
30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 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		30 June 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		1 482 742	1 805 449
Reserve for change in fair value of investment property - net		1 399 579	1 399 579
		<u>18 545 223</u>	<u>18 617 930</u>

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

16. Insurance liabilities

Rupees '000

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Reported outstanding claims	16.1	3 659 178	3 568 512
Incurring but not reported claims	16.2	701 184	769 857
Investment component of unit-linked and account value policies	16.3	142 816 887	136 898 826
Liabilities under individual conventional insurance contracts	16.4	868 202	933 952
Liabilities under group insurance contracts (other than investment linked)	16.5	557 133	447 173
Participant's Takaful Fund Balance		304 189	228 173
		<u>148 906 773</u>	<u>142 846 493</u>
16.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		3 089 068	3 059 539
Payable over a period of time exceeding one year		1 030 214	905 164
		<u>4 119 282</u>	<u>3 964 703</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(460 104)	(396 191)
Net reported outstanding claims		<u>3 659 178</u>	<u>3 568 512</u>
16.2 Incurring but not reported claims			
Gross of reinsurance		879 690	957 089
Reinsurance recoveries		(178 506)	(187 232)
Net of reinsurance		<u>701 184</u>	<u>769 857</u>
16.3 Investment component of unit-linked and account value policies			
Investment component of unit-linked policies		142 816 887	136 898 826
		<u>142 816 887</u>	<u>136 898 826</u>
16.4 Liabilities under Individual Conventional Insurance Contracts			
Gross of reinsurance		1 065 836	1 122 415
Reinsurance credit		(197 634)	(188 463)
Net of reinsurance		<u>868 202</u>	<u>933 952</u>
16.5 Liabilities under Group Insurance Contracts (other than investment linked)			
Gross of reinsurance		766 671	560 405
Reinsurance credit		(209 538)	(113 232)
Net of reinsurance		<u>557 133</u>	<u>447 173</u>

17. Others creditors and accruals

Rupees '000

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Federal insurance fee payable	15 067	11 847
Sales tax payable	57 991	175 492
Accrued expenses	903 471	1 124 297
Agent commission payable	1 081 210	1 426 827
Unearned rentals	51 084	68 097
Other deposits	1 174 309	1 098 695
Unclaimed / unpaid dividends	461 397	413 162
Lease liability	635 244	604 074
Others	354 017	329 682
	<u>4 733 790</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 had now decided the case in Subsidiary Company's favour. Subsequent to the period, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Subsidiary Company expects a favourable decision.

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

18.2.1 During 2019, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 08 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance was made taxable from 01 July 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB extended exemption on health insurance till 30 June 2020. With effect from 01 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Subsidiary Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutional petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively.

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

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

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

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

SRB through notification no. SRB-3-4/13/2020 dated 22 June 2020 exempted the life insurance services conditionally from 1 July 2019 to 30 June 2020 subject to e-depositing SST due, on such services for the tax periods from 1 July 2020 onward.

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

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

Based on the legal opinion, obtained the Subsidiary Company considers that it has a reasonably strong case on the merits in the constitutional petition and the writ petition filed in the High Courts. In view of the above the Subsidiary Company has not started billing or withholding sales tax from its customers. The amount of sales tax involved is around Rs. 1,509 million computed on the basis of risk based premium. As per the advice of legal advisor, in case the administrative efforts fail, the amount will be charged to the policyholders.

Bank guarantees amounting to Rs. 56 million have been given in respect of Group Life coverage. These bank guarantees will expire on 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 30 June 2021 (31 December 2020: Nil).

19. Net insurance premium

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Written gross premium	12 483 977	10 062 962	26 871 963	22 948 849
Unearned premium reserve - opening	9 682 893	9 756 634	9 411 142	9 143 972
Unearned premium reserve - closing	(8 805 984)	(8 376 182)	(8 805 984)	(8 376 182)
Premium earned	13 360 886	11 443 414	27 477 121	23 716 639
Less:				
Reinsurance premium ceded	2 910 683	2 306 733	5 872 280	5 099 798
Prepaid reinsurance premium - opening	4 727 054	5 445 597	4 808 670	5 750 008
Prepaid reinsurance premium - closing	(4 616 270)	(4 621 001)	(4 616 270)	(4 621 001)
Reinsurance expense	3 021 467	3 131 329	6 064 680	6 228 805
	<u>10 339 419</u>	<u>8 312 085</u>	<u>21 412 441</u>	<u>17 487 834</u>
20. Net insurance claims expense				
Claims Paid	7 605 549	4 163 808	15 112 493	9 831 884
Outstanding claims including IBNR - closing	7 532 603	6 966 017	7 532 603	6 966 017
Outstanding claims including IBNR - opening	(6 757 309)	(6 435 284)	(7 111 989)	(6 273 372)
Claims expense	8 380 843	4 694 541	15 533 107	10 524 529
Less:				
Reinsurance and other recoveries received	851 053	818 826	1 567 812	1 550 891
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 463 457)	(3 759 411)	(3 856 142)	(4 081 849)
Reinsurance and other recoveries in respect of outstanding claims - closing	4 267 453	4 141 093	4 267 453	4 141 093
Reinsurance and other recoveries revenue	1 655 049	1 200 508	1 979 123	1 610 135
	<u>6 725 794</u>	<u>3 494 033</u>	<u>13 553 984</u>	<u>8 914 394</u>
21. Net commission expense				
Commission paid or payable	1 823 680	1 296 921	3 861 305	3 001 141
Deferred commission expense - opening	697 589	600 200	678 039	598 669
Deferred commission expense - closing	(541 078)	(486 923)	(541 078)	(486 923)
Net commission	1 980 191	1 410 198	3 998 266	3 112 887
Less:				
Commission received or recoverable	42 873	62 372	95 712	125 036
Unearned reinsurance commission - opening	130 534	358 731	152 144	430 936
Unearned reinsurance commission - closing	(102 893)	(243 772)	(102 893)	(243 772)
Commission from reinsurers	70 514	177 331	144 963	312 200
Other acquisition cost	226 081	186 276	438 174	378 572
	<u>2 135 758</u>	<u>1 419 143</u>	<u>4 291 477</u>	<u>3 179 259</u>

22. Investment income

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Income from equity securities				
- Available-for-sale				
Dividend income	46 275	28 436	113 495	73 961
- Fair value through profit and loss				
Dividend income	484 269	115 954	925 841	425 106
Income from debt securities				
- Available-for-sale				
Return on debt securities	287 576	294 461	574 202	621 971
- Held to maturity				
On government securities	138 013	129 737	275 155	284 153
- Fair value through profit and loss				
Return on debt securities	323 870	551 958	602 559	1 087 607
On government securities	1 661 551	2 196 995	3 274 964	3 524 588
Income from term deposits				
Return on term deposits	268 347	369 095	573 522	874 298
	<u>3 209 901</u>	<u>3 686 636</u>	<u>6 339 738</u>	<u>6 891 684</u>
Net realized gains / (losses) on investments				
Available-for-sale financial assets				
Realized gains on:				
Equity securities	55 633	7 425	160 030	12 506
Realized losses on:				
Equity securities	(7 209)	-	(57 282)	(1 117)
Net unrealized gains on investments	48 424	7 425	102 748	11 389
(Impairment) / reversal in value of				
available-for-sale equity securities	2 490	112 674	(253)	(79 283)
Investment related expenses	(520)	(200)	(780)	(200)
Total Investment income	<u>3 260 295</u>	<u>3 806 535</u>	<u>6 441 453</u>	<u>6 823 590</u>
23. Net realized fair value gains / (losses) on financial assets				
Available-for-sale financial assets				
Realized gain on:				
Equity securities	1 458 732	108 448	2 726 486	153 266
Government securities	-	1 017 434	-	1 069 554
Realized losses on:				
Equity securities	(243 650)	-	(555 773)	-
	<u>1 215 082</u>	<u>1 125 882</u>	<u>2 170 713</u>	<u>1 222 820</u>

24. Net fair value gains / (losses) on financial assets at fair value through profit or loss	Rupees '000			
	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Net unrealized (losses) / gains on investments in financial assets - government securities and debt securities (designated upon initial recognition)	(104 165)	805 749	(585 823)	4 699 232
Net unrealized gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)- equity securities	(41 727)	1 716 134	(666 818)	(2 654 396)
Total investment income	(145 892)	2 521 883	(1 252 641)	2 044 836
Exchange (loss) / gain	4 631	4 111	(2 872)	12 933
Reversal / (impairment) in value of available-for-sale securities	44 199	14 511	7 048	(8 286)
Investment related expenses	(762)	(767)	(762)	(2 009)
	<u>(97 824)</u>	<u>2 539 738</u>	<u>(1 249 227)</u>	<u>2 047 474</u>
25. Other income				
Gain on sale of property and equipment	25 941	9 861	48 660	16 976
Return on loans to employees	5 427	1 954	10 540	7 363
Exchange difference	9 512	9 966	(4 866)	25 136
Return on bank balances	20 699	30 014	44 005	66 854
Fee charged to policyholder	3 898	1 278	8 180	4 501
Gain on early termination of lease contracts	2 444	-	2 444	-
	<u>67 921</u>	<u>53 073</u>	<u>108 963</u>	<u>120 830</u>
26. Window takaful operations - Operator's fund				
Wakala fee	189 974	164 641	366 817	334 851
Commission expense	(76 321)	(60 026)	(146 039)	(120 838)
General, administrative and management expense	(91 349)	(74 339)	(184 416)	(149 043)
Modarib's share of PTF investment income	7 197	7 644	14 840	16 561
Investment income	(1 632)	10 026	8 684	23 521
Direct expenses	(248)	(389)	(460)	(434)
Other income	1 005	1 801	1 634	3 567
	<u>28 626</u>	<u>49 358</u>	<u>61 060</u>	<u>108 185</u>
27. Taxation				
For current period				
Current	328 907	355 270	937 259	931 527
Deferred	27 350	(1 639)	(24 463)	(48 910)
	<u>356 257</u>	<u>353 631</u>	<u>912 796</u>	<u>882 617</u>
For prior period(s)				
Prior year tax	-	(6 221)	-	17 792
	<u>356 257</u>	<u>347 410</u>	<u>912 796</u>	<u>900 409</u>
28. Earnings per share - basic and diluted				
Profit (after tax) for the period (Rupees '000)	<u>622 827</u>	<u>705 388</u>	<u>1 337 271</u>	<u>1 168 090</u>
Weighted average number of ordinary shares (Numbers '000)	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>
Earnings per share (Rupees)	<u>3.11</u>	<u>3.53</u>	<u>6.69</u>	<u>5.84</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:

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Rupees '000				
Transactions				
Associated companies				
Premium written	131 584	177 352	317 261	337 671
Premium paid	2 897	1 767	54 940	44 532
Claims paid	49 518	21 734	83 718	52 246
Commission paid	47 637	27 663	104 480	101 745
Travelling expenses	108	–	2 943	1 412
Donation paid	9 136	627	10 310	2 216
Dividend paid	978 478	162 624	978 478	972 107
Interest on bank deposits	339 933	269 722	538 217	457 221
Purchase of vehicle	1 640	10 193	84 863	82 840
Investment made	335 915	–	335 915	25 558
Investment sold	369 000	–	403 196	–
Bank deposit / (withdrawn)	2 000 000	–	2 500 000	–
Payment to K-Electric	20 446	–	31 434	–
Key management personnel				
Premium written	2 330	391	3 653	836
Dividend paid	7 852	2 623	7 852	14 406
Loan to key employees	2 503	–	2 503	6 584
Loan recovered	2 195	1 257	3 494	2 364
Compensation	91 835	88 887	190 615	182 460
Others				
Premium written	224 966	193 576	243 939	220 792
Claims paid	3 394	31 576	6 307	33 535
Dividend paid	464 471	87 875	464 471	400 839
Brokerage paid	528	37	1 060	233
Employees' funds				
Contribution to provident fund	18 257	16 628	37 366	34 239
Contribution to gratuity fund	5 465	4 709	10 930	9 418
Contribution to pension fund	8 645	10 246	17 106	147 005
Dividend paid	3 789	812	3 789	3 789
			30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balances				
Others				
Balances receivable			185 979	119 592
Balances payable			4 293	1 224
Bank deposits			9 521 929	7 004 500
Bank balances			840 426	1 852 642
Employees' funds receivable / (payable)				
EFU gratuity fund			(10 932)	(9 806)
EFU pension fund			46 316	44 260

30. Segment Information

For the six months period ended 30 June 2021 (Unaudited)

Rupees '000

Current period	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)	6 542 834	1 678 465	1 826 446	1 004 081	-	-	17 369 598	28 421 424
Less: Sales tax	849 722	181 378	223 069	125 532	-	-	-	1 379 701
Stamp duty	182	69 759	556	428	-	-	-	70 925
Federal insurance fee	56 513	14 123	15 942	8 694	-	-	-	95 272
Gross Written Premium (inclusive of administrative surcharge)	5 636 417	1 413 205	1 586 879	865 864	-	-	17 369 598	26 871 963
Gross direct premium	5 623 298	1 386 170	1 485 076	859 487	-	-	17 369 598	26 723 629
Facultative inward premium	-	827	-	-	-	-	-	827
Administrative surcharge	13 119	26 208	101 803	6 377	-	-	-	147 507
Insurance premium earned	6 409 269	1 294 156	1 632 716	771 382	-	-	17 369 598	27 477 121
Insurance premium ceded to reinsurers	(4 568 784)	(515 455)	(9 885)	(285 597)	-	-	(684 959)	(6 064 680)
Net insurance premium	1 840 485	778 701	1 622 831	485 785	-	-	16 684 639	21 412 441
Commission income	113 538	6 821	27	24 577	-	-	-	144 963
Net underwriting income	1 954 023	785 522	1 622 858	510 362	-	-	16 684 639	21 557 404
Insurance claims	(2 103 248)	(444 531)	(769 047)	(209 347)	-	-	(12 006 934)	(15 533 107)
Insurance claims recovered from reinsurers	1 355 858	138 845	(90)	(10 263)	-	-	494 773	1 979 123
Net claims	(747 390)	(305 686)	(769 137)	(219 610)	-	-	(11 512 161)	(13 553 984)
Commission expense	(407 682)	(132 068)	(150 027)	(54 024)	-	-	(3 692 639)	(4 436 440)
Management expenses	(514 362)	(206 877)	(496 664)	(135 177)	-	-	(1 074 149)	(2 427 229)
Net insurance claims and expenses	(1 669 434)	(644 631)	(1 415 828)	(408 811)	-	-	(16 278 949)	(20 417 653)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	(6 003 355)	(6 003 355)
Underwriting result	284 589	140 891	207 030	101 551	-	-	(5 597 665)	(4 863 604)
Net investment income	-	-	-	782 435	-	-	5 659 018	6 441 453
Net realized fair value gain on financial assets	-	-	-	-	-	-	2 170 713	2 170 713
Net fair value loss on financial assets at fair value through profit and loss	-	-	-	-	-	-	(1 249 227)	(1 249 227)
Rental income	-	-	-	-	-	-	-	59 416
Other income	-	-	-	-	-	-	58 072	108 963
Other expense	-	-	-	(45 819)	-	-	(22 467)	(88 286)
Profit before tax from takaful operations – OPF	-	-	-	-	-	-	-	61 060
Profit before tax	1 642 044	-	-	1 018 444	-	-	1 018 444	2 660 488
Corporate segment assets-conventional	10 277 400	1 781 538	576 342	629 821	-	-	157 147 706	170 412 807
Corporate segment assets - Takaful OPF	49 538	9 574	262 023	6 305	-	-	-	327 440
Corporate unallocated assets-conventional	-	-	-	-	-	4 430 179	-	34 126 941
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	-	-	670 020
Consolidated total assets	-	-	-	-	-	-	-	205 537 208
Corporate segment liabilities	14 736 514	2 838 464	2 391 585	2 990 052	-	-	153 127 930	176 084 545
Corporate segment liabilities - Takaful OPF	52 629	11 509	367 375	12 678	-	-	-	444 191
Corporate unallocated liabilities	-	-	-	-	-	983 977	-	3 585 752
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	-	-	11 569
Consolidated total liabilities	-	-	-	-	-	-	-	180 126 057
External premium less reinsurance by geographical segments 2021	10 277 400	1 781 538	576 342	629 821	-	-	157 147 706	170 412 807
	49 538	9 574	262 023	6 305	-	-	-	327 440
	-	-	-	-	-	4 430 179	-	34 126 941
	-	-	-	-	-	-	-	670 020
	-	-	-	-	-	-	-	205 537 208
	14 736 514	2 838 464	2 391 585	2 990 052	-	-	153 127 930	176 084 545
	52 629	11 509	367 375	12 678	-	-	-	444 191
	-	-	-	-	-	983 977	-	3 585 752
	-	-	-	-	-	-	-	11 569
	-	-	-	-	-	-	-	180 126 057
Location	As at 30 June 2021 (Unaudited)	As at 30 June 2021 (Unaudited)	As at 30 June 2021 (Unaudited)	As at 30 June 2021 (Unaudited)	As at 30 June 2021 (Unaudited)	As at 30 June 2021 (Unaudited)	As at 30 June 2021 (Unaudited)	As at 30 June 2021 (Unaudited)
Pakistan	10 277 400	1 781 538	576 342	629 821	-	-	157 147 706	170 412 807
* EPZ	49 538	9 574	262 023	6 305	-	-	-	327 440
Total	-	-	-	-	-	-	-	-
	10 277 400	1 781 538	576 342	629 821	-	-	157 147 706	170 412 807
	49 538	9 574	262 023	6 305	-	-	-	327 440
	-	-	-	-	-	4 430 179	-	34 126 941
	-	-	-	-	-	-	-	670 020
	-	-	-	-	-	-	-	205 537 208
	14 736 514	2 838 464	2 391 585	2 990 052	-	-	153 127 930	176 084 545
	52 629	11 509	367 375	12 678	-	-	-	444 191
	-	-	-	-	-	983 977	-	3 585 752
	-	-	-	-	-	-	-	11 569
	-	-	-	-	-	-	-	180 126 057

* This represents US Dollar Equivalent in Pak Rupees

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

Rupees '000

	General Insurance				Treaty	Aggregate General Insurance	Life Assurance		Aggregate Life Assurance	Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous			Shareholders' Fund	Statutory Funds		
Premium Receivable (inclusive of sales tax federal insurance fee and administrative surcharge)	2 842 844	907 254	728 904	422 861	-	4 901 863	-	8 266 284	8 266 284	13 168 147
Less: Sales tax	363 223	98 552	90 034	50 891	-	602 700	-	-	-	602 700
Stamp duty	73	38 765	238	220	-	39 296	-	-	-	39 296
Federal insurance fee	24 550	7 615	6 328	3 681	-	42 174	-	-	-	42 174
Gross Written Premium (inclusive of administrative surcharge)	2 454 998	762 322	632 304	368 069	-	4 217 693	-	8 266 284	8 266 284	12 483 977
Gross direct premium	2 449 892	747 947	587 226	365 433	-	4 150 498	-	8 266 284	8 266 284	12 416 782
Facultative inward premium	-	827	-	-	-	827	-	-	-	827
Administrative surcharge	5 106	13 548	45 078	2 636	-	66 368	-	-	-	66 368
Insurance premium earned	3 223 886	653 350	830 863	386 503	-	5 094 602	-	8 266 284	8 266 284	13 360 886
Insurance premium ceded to reinsurers	(2 331 289)	(268 718)	(3 435)	(120 285)	-	(2 723 727)	-	(297 740)	(297 740)	(3 021 467)
Net insurance premium	892 597	384 632	827 428	266 218	-	2 370 875	-	7 968 544	7 968 544	10 339 419
Commission income	56 327	3 528	9	10 650	-	70 514	-	-	-	70 514
Net underwriting income	948 924	388 160	827 437	276 868	-	2 441 389	-	7 968 544	7 968 544	10 409 933
Insurance claims	(1 737 210)	(209 063)	(366 947)	(194 450)	-	(2 507 670)	-	(5 873 173)	(5 873 173)	(8 380 843)
Insurance claims recovered from reinsurers	1 323 387	68 146	(15)	22 402	-	1 413 920	-	241 129	241 129	1 655 049
Net claims	(413 823)	(140 917)	(366 962)	(172 048)	-	(1 093 750)	-	(5 632 044)	(5 632 044)	(6 725 794)
Commission expense	(204 079)	(65 926)	(75 655)	(27 190)	-	(372 850)	-	(1 833 422)	(1 833 422)	(2 206 272)
Management expenses	(257 491)	(106 184)	(281 239)	(74 965)	-	(719 879)	-	(548 677)	(548 677)	(1 268 556)
Net insurance claims and expenses	(875 393)	(313 027)	(723 856)	(274 203)	-	(2 186 479)	-	(8 014 143)	(8 014 143)	(10 200 622)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(3 535 043)	(3 535 043)	(3 535 043)
Underwriting result	73 531	75 133	103 581	2 665	-	254 910	-	(3 580 642)	(3 580 642)	(3 325 732)
Net investment income	-	-	-	-	-	381 321	-	2 878 974	2 878 974	3 260 295
Net realized fair value gains on financial assets	-	-	-	-	-	-	-	1 215 082	1 215 082	1 215 082
Net fair value gain on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	(97 824)	(97 824)	(97 824)
Rental income	-	-	-	-	-	30 595	-	-	-	30 595
Other income	-	-	-	-	-	40 613	-	27 308	27 308	67 921
Other expense	-	-	-	-	-	(18 830)	-	(16 378)	(16 378)	(35 208)
Profit before tax from takaful operations - OPF	-	-	-	-	-	28 626	-	-	-	28 626
Profit before tax	-	-	-	-	-	717 235	-	426 520	426 520	1 143 755

Premium Receivable (inclusive of sales tax federal insurance fee and administrative surcharge)
Less: Sales tax
Stamp duty
Federal insurance fee
Gross Written Premium (inclusive of administrative surcharge)
Gross direct premium
Facultative inward premium
Administrative surcharge
Insurance premium earned
Insurance premium ceded to reinsurers
Net insurance premium
Commission income
Net underwriting income
Insurance claims
Insurance claims recovered from reinsurers
Net claims
Commission expense
Management expenses
Net insurance claims and expenses
Net Change in Insurance Liabilities (Other than outstanding Claims)
Underwriting result
Net investment income
Net realized fair value gains on financial assets
Net fair value gain on financial assets at fair value through profit and loss
Rental income
Other income
Other expense
Profit before tax from takaful operations - OPF
Profit before tax

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

	General Insurance				Treaty	Life Assurance		Aggregate Life Insurance	Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous		Shareholders' Fund	Statutory Funds		
Prior period									
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	2 515 309	654 342	656 569	414 014	-	-	6 499 803	6 499 803	10 740 037
Less: Sales tax	414 021	70 464	79 816	51 354	-	-	-	-	615 655
Stamp duty	63	24 331	336	(13)	-	-	-	-	24 717
Federal insurance fee	21 018	5 656	6 360	3 669	-	-	-	-	36 703
Gross Written Premium (inclusive of administrative surcharge)	2 080 207	553 891	570 057	359 004	-	-	6 499 803	6 499 803	10 062 962
Gross direct premium	2 074 753	544 643	520 584	357 163	-	-	6 499 803	6 499 803	9 996 946
Administrative surcharge	5 454	9 248	49 473	1 841	-	-	-	-	66 016
Insurance premium earned	3 147 158	555 506	823 050	417 897	-	-	6 499 803	6 499 803	11 443 414
Insurance premium ceded to reinsurers	(2 448 375)	(241 610)	(2 562)	(228 130)	-	-	(210 652)	(210 652)	(3 131 329)
Net insurance premium	698 783	313 896	820 488	189 767	-	-	6 289 151	6 289 151	8 312 085
Commission income	133 091	3 827	21	40 392	-	-	-	-	177 331
Net underwriting income	831 874	317 723	820 509	230 159	-	-	6 289 151	6 289 151	8 489 416
Insurance claims	(700 475)	(546 375)	(318 284)	(347 671)	-	-	(2 781 736)	(2 781 736)	(4 694 541)
Insurance claims recovered from reinsurers	433 597	327 720	-	251 518	-	-	187 673	187 673	1 200 508
Net claims	(266 878)	(218 655)	(318 284)	(96 153)	-	-	(2 594 063)	(2 594 063)	(3 494 033)
Commission expense	(174 370)	(50 753)	(72 441)	(33 939)	-	-	(1 264 971)	(1 264 971)	(1 596 474)
Management expenses	(225 608)	(90 077)	(264 290)	(56 912)	-	-	(451 334)	(451 334)	(1 088 221)
Net insurance claims and expenses	(666 856)	(359 485)	(655 015)	(187 004)	-	-	(4 310 368)	(4 310 368)	(6 178 728)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	(8 753 647)	(8 753 647)	(8 753 647)
Underwriting result	165 018	(41 762)	165 494	43 155	-	-	(6 774 864)	(6 774 864)	(6 442 959)
Net investment income	-	-	-	-	-	-	3 364 183	3 364 183	3 806 535
Net realized fair value gains on financial assets	-	-	-	-	-	-	1 125 882	1 125 882	1 125 882
Net fair value gain on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	2 539 738	2 539 738	2 539 738
Other income	-	-	30 546	-	-	-	-	-	30 546
Other expense	-	-	40 027	-	-	-	13 046	13 046	53 073
Profit before tax from takaful operations - OPF	-	-	(17 791)	-	-	-	(9 290)	(9 290)	(27 081)
Profit before tax	-	-	49 358	-	-	-	-	-	49 358
	-	-	876 397	-	-	-	258 695	258 695	1 135 092

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 losses	-	48 267	-	48 267
At beginning of current year	24 914 646	18 719 068	113 673 646	157 307 360
Additions	68 955 584	30 729 709	22 936 678	122 621 971
Disposals (sale and redemptions)	(65 923 369)	(30 667 685)	(19 587 570)	(116 178 624)
Fair value net gains (excluding net realized gains / (losses))	-	(449 800)	(864 584)	(1 314 384)
Impairment losses	-	46 247	-	46 247
At end of current year	<u>27 946 861</u>	<u>18 377 539</u>	<u>116 158 170</u>	<u>162 482 570</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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

Rupees '000

As at 30 June 2021 (Unaudited)										
	Available-for-sale	Fair value through profit & loss	HTM	Loans & 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	4 752 157	36 061 787					40 813 944	40 813 944		
Equity securities - unquoted	508						508			508
Government securities		74 010 195					74 010 195		74 010 195	
Mutual funds	131 210	1 653 840					1 785 050		1 785 050	
Sukuk Bonds		2 683 996					2 683 996		2 683 996	
Debt securities	10 061 125	3 367 103					13 428 228		13 428 228	
Financial assets not measured at fair value										
Term deposits *					564 195		564 195			
Government securities			7 599 969				7 599 969		7 641 911	
Loans and other receivables *				436 641	2 582 663		3 019 304			
Insurance / reinsurance receivables *				3 697 424			3 697 424			
Reinsurance recoveries against outstanding claims *				4 267 453			4 267 453			
Advances *				234 928			234 928			
Other assets *					2 228 548		2 228 548			
Certificate of investment *		210 000					210 000			
Cash and bank *		26 881 797			1 064 074		27 945 871			
Total assets of window takaful operations - Operator's fund *	535 823			221 774	95 918		853 515		535 823	
	15 480 823	144 868 718	7 599 969	8 858 220	6 535 398		183 343 128	40 813 944	100 085 203	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(7 532 603)	(7 532 603)			
Premium received in advance *						(1 434 229)	(1 434 229)			
Insurance / reinsurance payables *						(4 991 357)	(4 991 357)			
Other creditors and accruals *						(4 733 790)	(4 733 790)			
Total liabilities of window takaful operations - Operator's fund *						(86 006)	(86 006)			
	15 480 823	144 868 718	7 599 969	8 858 220	6 535 398	(18 777 985)	164 565 143	40 813 944	100 085 203	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 25 August 2021 have announced a second 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 six months period ended 30 June 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 25 August 2021.

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

Window Takaful Operations

Condensed Interim Financial Statements

For the six months period ended 30 June 2021 (Unaudited)

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

Rupees '000

	Note	Operator's Fund		Participants' Takaful Fund	
		30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Assets					
Property and equipment	6	1 051	1 247	-	-
Investments					
Debt securities	7	529 126	378 864	1 522 871	1 270 934
Term deposits		60 000	195 000	295 000	360 000
Loans and other receivables	8	4 944	302	6 099	15 074
Takaful / retakaful receivables	9	6 682	6 160	291 304	268 071
Retakaful recoveries against outstanding claims / benefits	17	-	-	769 938	730 638
Salvage recoveries accrued		-	-	19 580	35 760
Deferred commission expense	18	143 424	125 049	-	-
Receivable from PTF	10	202 130	162 669	-	-
Accrued investment income		8 670	10 572	18 813	23 575
Deferred wakala fee		-	-	369 911	337 898
Deferred taxation		3 092	1 008	-	-
Taxation - payments less provision		591	-	-	-
Prepayments	11	1 832	-	231 692	293 081
Cash and bank	12	35 918	57 829	177 278	97 799
Total assets		997 460	938 700	3 702 486	3 432 830
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	100 000	-	-
Revaluation reserve - available-for-sale investments		(182)	(1 812)	-	-
Accumulated profit		441 882	398 512	-	-
Total Operator's Fund		541 700	496 700	-	-
Participants' Takaful Fund (PTF)					
Cede money		-	-	500	500
Revaluation reserve - available-for-sale investments		-	-	(8 023)	(14 101)
Accumulated surplus		-	-	721 289	650 714
Balance of Participants' Takaful Fund		-	-	713 766	637 113
Liabilities					
PTF Underwriting provisions					
Outstanding claims / benefits including IBNR	17	-	-	1 337 096	1 252 165
Unearned contribution reserves		-	-	1 180 330	1 172 697
Reserve for unearned retakaful rebate	16	-	-	25 027	29 852
Contribution received in advance		-	-	10 235	2 448
Takaful / retakaful payables		2 702	2 649	214 645	158 920
Unearned wakala fee		369 911	337 898	-	-
Payable to OPF	10	-	-	202 130	162 669
Taxation - provision less payments		-	4 455	-	-
Other creditors and accruals	13	83 147	96 998	19 257	16 966
Total liabilities		455 760	442 000	2 988 720	2 795 717
Total equity and liabilities		997 460	938 700	3 702 486	3 432 830
Contingencies and commitments	14				

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

TAHER G. SACHAK
Director

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Director

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Chief Financial Officer

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Managing Director &
Chief Executive

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Director
Chairman of the Meeting

Karachi 25 August 2021

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

		Three months period ended		Six months period ended	
		30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
		Note			
Rupees '000					
Participants' Takaful Fund - (PTF)					
			449 396	403 162	888 036
			(140 091)	(104 765)	(272 342)
			<u>309 305</u>	<u>298 397</u>	<u>615 694</u>
	15				613 642
			22 517	15 828	43 320
		16			<u>33 750</u>
			331 822	314 225	659 014
			(253 782)	(209 597)	(541 259)
		17			<u>(458 402)</u>
			(40 388)	(34 962)	(82 715)
			<u>37 652</u>	<u>69 666</u>	<u>35 040</u>
					113 781
			17 031	23 970	45 261
		19			53 910
			2 773	6 308	5 114
		20			12 553
			(7 197)	(7 644)	(14 840)
			<u>50 259</u>	<u>92 300</u>	<u>70 575</u>
					<u>163 683</u>
Operator's Fund - (OPF)					
			189 974	164 641	366 817
			(76 321)	(60 026)	(146 039)
		18			<u>(120 838)</u>
			(91 349)	(74 290)	(184 416)
			<u>22 304</u>	<u>30 325</u>	<u>36 362</u>
			7 197	7 644	14 840
			(1 632)	10 026	8 684
		19			23 521
			(248)	(438)	(460)
			1 005	1 801	1 634
		20			<u>3 567</u>
			<u>28 626</u>	<u>49 358</u>	<u>61 060</u>
					108 185
			(8 284)	(14 335)	(17 690)
		21			<u>(31 374)</u>
			<u>20 342</u>	<u>35 023</u>	<u>43 370</u>
					<u>76 811</u>

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

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Chairman of the Meeting

Karachi 25 August 2021

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

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Participants' Takaful Fund - (PTF)				
Surplus for the period	50 259	92 300	70 575	163 683
Other comprehensive income				
Unrealized gain on available-for-sale investments during the period - net	7 170	1 776	6 078	8 183
Total items that may be reclassified subsequently to profit and loss account	7 170	1 776	6 078	8 183
Total comprehensive income for the period	<u>57 429</u>	<u>94 076</u>	<u>76 653</u>	<u>171 866</u>
Operator's Fund - (OPF)				
Profit after tax for the period	20 342	35 023	43 370	76 811
Other comprehensive income				
Fair value gain / (loss) on available for sale investments during the period	3 960	(136)	2 296	1 968
Deferred tax on available-for-sale investments	(1 148)	40	(666)	(570)
Total items that may be reclassified subsequently to profit and loss account	2 812	(96)	1 630	1 398
Total comprehensive income for the period	<u>23 154</u>	<u>34 927</u>	<u>45 000</u>	<u>78 209</u>

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

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Karachi 25 August 2021

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

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	1 246 144	1 055 391
Retakaful contribution paid	–	–	(182 759)	(208 718)
Claims / benefits paid	–	–	(532 892)	(523 076)
Retakaful and other recoveries received	–	–	54 340	111 713
Commission paid	(163 240)	(108 494)	–	–
Retakaful rebate received	–	–	38 497	28 235
Wakala fee received / (paid)	372 542	314 871	(372 542)	(314 871)
Modarib received / (paid)	1 668	5 914	(1 668)	(5 914)
Net cash flow from takaful activities	210 970	212 291	249 120	142 760
b) Other operating activities				
Income tax paid	(25 488)	(35 540)	–	–
General and other expenses paid	(188 144)	(149 571)	(82 714)	(75 209)
Other operating payments	(6 996)	(3 464)	36 505	6 801
Other operating receipts	(11 397)	1 445	2 261	(12 923)
Net cash flow used in other operating activities	(232 025)	(187 130)	(43 948)	(81 331)
Total cash flow from / (used in) all operating activities	(21 055)	25 161	205 172	61 429
Investment activities				
Profit / return received	21 151	27 473	64 125	69 277
Payment for investments	(258 294)	(534 165)	(631 337)	(931 735)
Proceeds from investments	236 396	468 483	441 519	1 231 764
Fixed capital expenditure	(109)	(16)	–	–
Total cash flow (used in) / from investing activities	(856)	(38 225)	(125 693)	369 306
Net cash flow from / (used in) all activities	(21 911)	(13 064)	79 479	430 735
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	35 918	97 564	177 278	774 287
Reconciliation to profit and loss account				
Operating cash flow	(21 055)	25 161	205 172	61 429
Depreciation expense	(305)	(306)	–	–
Other investment income	8 684	23 521	45 261	53 910
Other income	1 634	3 567	5 143	12 335
Increase / (decrease) in assets other than cash	68 172	5 828	8 003	509 705
(Increase) / decrease in liabilities other than borrowings	(13 760)	19 040	(193 004)	(473 696)
Deficit / surplus after tax for the period	43 370	76 811	70 575	163 683
Attributed to				
Operator's Fund	43 370	76 811	–	–
Participants' Takaful Fund	–	–	70 575	163 683
	43 370	76 811	70 575	163 683

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

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Chairman of the Meeting

Karachi 25 August 2021

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

Rupees '000

	Operator's Fund			
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total
Balance as at 01 January 2020	100 000	(1 244)	266 687	365 443
Total comprehensive income for the period ended 30 June 2020				
Profit for the period			76 811	76 811
Other comprehensive income		1 398		1 398
Balance as at 30 June 2020	<u>100 000</u>	<u>154</u>	<u>343 498</u>	<u>443 652</u>
Balance as at 01 January 2021	100 000	(1 812)	398 512	496 700
Total comprehensive income for the period ended 30 June 2021				
Profit for the period			43 370	43 370
Other Comprehensive Income		1 630		1 630
Balance as at 30 June 2021	<u>100 000</u>	<u>(182)</u>	<u>441 882</u>	<u>541 700</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			163 683	163 683
Other comprehensive income		8 183		8 183
Balance as at 30 June 2020	<u>500</u>	<u>1 972</u>	<u>541 284</u>	<u>543 756</u>
Balance as at 01 January 2021	500	(14 101)	650 714	637 113
Surplus for the period			70 575	70 575
Other Comprehensive Income		6 078		6 078
Balance as at 30 June 2021	<u>500</u>	<u>(8 023)</u>	<u>721 289</u>	<u>713 766</u>

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

TAHER G. SACHAK
Director

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RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

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

1. Legal status and nature of business

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

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

2. Basis of preparation and statement of compliance

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

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

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

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

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

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

3. Summary of significant accounting policies

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

3.1 Standards, interpretations and amendments effective during the current period

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

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

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

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

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

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

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

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

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

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

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

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

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

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

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

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

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

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

b) all other financial assets.

Operator's Fund

Rupees '000

Financial assets	30 June 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 *	3 058	–	32 860	–	–
Investments in debt securities - available-for-sale	–	–	529 126	–	1 630
Term Deposits *	–	–	60 000	–	–
Loans and other receivables	4 944	–	–	–	–
Total	8 002	–	621 986	–	1 630

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

	30 June 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	29 180	27 489	3 583	50 656	16 113	402 105
Term deposits	–	–	–	60 000	–	–
Total	29 180	27 489	3 583	110 656	16 113	402 105

Participants' Takaful Fund

Financial assets	30 June 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 *	6 188	–	171 090	–	–
Investments in debt securities - available-for-sale	–	–	1 522 871	–	6 078
Term Deposits *	–	–	295 000	–	–
Loans and other receivables	4 944	–	–	–	–
Total	11 132	–	1 988 961	–	6 078

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

	30 June 2021 (Unaudited)						
	Gross carrying amounts of debt instruments that pass the SPPI test						
	AAA	AA+	AA-	AA	A+	A	Unrated
Investments in debt securities - available-for-sale	29 180	81 401	3 583	73 467	7 049	–	1 328 191
Term deposits	–	–	–	95 000	–	200 000	–
Total	29 180	81 401	3 583	168 467	7 049	200 000	1 328 191

4. Accounting estimates and judgements

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

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

5. Management of takaful and financial risk

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

6. Property and equipment

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

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Computers	109	16	-	-
	<u>109</u>	<u>16</u>	<u>-</u>	<u>-</u>

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

7.1 Operator's Fund

Rupees '000

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	378 464	-	378 464	180 563	-	180 563
Corporate Sukuks	159 851	(8 932)	150 919	200 854	-	200 854
	538 315	(8 932)	529 383	381 417	-	381 417
Deficit on revaluation	-	-	(257)	-	-	(2 553)
	<u>538 315</u>	<u>(8 932)</u>	<u>529 126</u>	<u>381 417</u>	<u>-</u>	<u>378 864</u>

7.2 Participants' Takaful Fund

Rupees '000

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	1 313 323	–	1 313 323	978 846	–	978 846
Corporate Sukuks	226 529	(8 959)	217 570	306 188	–	306 188
	1 539 852	(8 959)	1 530 893	1 285 034	–	1 285 034
Deficit on revaluation	–	–	(8 022)	–	–	(14 100)
	<u>1 539 852</u>	<u>(8 959)</u>	<u>1 522 871</u>	<u>1 285 034</u>	<u>–</u>	<u>1 270 934</u>

8. Loans and other receivables
- considered good

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Security deposits	301	302	–	–
Other receivables	4 643	–	6 099	15 074
	<u>4 944</u>	<u>302</u>	<u>6 099</u>	<u>15 074</u>

9. Takaful / retakaful receivables
- unsecured and considered good

Due from takaful participants holders	–	–	288 720	264 590
Due from other takaful / retakaful operators	6 682	6 160	2 584	3 481
	<u>6 682</u>	<u>6 160</u>	<u>291 304</u>	<u>268 071</u>

10. Receivable (OPF) / Payable (PTF)

Wakala fee	177 334	151 046	177 334	151 046
Modarib fee	24 796	11 623	24 796	11 623
	<u>202 130</u>	<u>162 669</u>	<u>202 130</u>	<u>162 669</u>

11. Prepayments

Annual supervision fees	1 832	–	–	–
Prepaid retakaful contribution ceded	–	–	186 219	220 077
Prepaid charges for vehicle tracking devices	–	–	45 473	73 004
	<u>1 832</u>	<u>–</u>	<u>231 692</u>	<u>293 081</u>

12. Cash and bank balances

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash and cash equivalents				
Cash in hand	–	–	3	–
Policy stamps	–	–	1 060	671
	–	–	1 063	671
Cash at bank				
Current accounts	3 058	6 588	5 125	5 792
Saving accounts	32 860	51 241	171 090	91 336
	<u>35 918</u>	<u>57 829</u>	<u>177 278</u>	<u>97 799</u>

13. Other creditors and accruals

Federal insurance fee payable	–	–	1 961	1 815
Sales tax payable	1 539	902	17 218	15 072
Accrued expenses	6 651	10 225	–	–
Agent commission payable	71 578	70 457	–	–
Retirement benefit obligations	84	167	–	–
Other creditors	3 295	15 247	78	79
	<u>83 147</u>	<u>96 998</u>	<u>19 257</u>	<u>16 966</u>

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

14. Contingencies and commitments

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

15. Net contribution

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Written gross contribution	550 085	460 471	1 262 487	1 072 998
Wakala fee	(192 850)	(138 212)	(398 830)	(314 101)
Contribution net of wakala fee	357 235	322 259	863 657	758 897
Unearned contribution reserve - opening	902 580	805 299	834 798	778 955
Unearned contribution reserve - closing	(810 419)	(724 396)	(810 419)	(724 396)
Contribution earned	449 396	403 162	888 036	813 456
Less:				
Retakaful contribution ceded	93 427	50 166	238 486	164 194
Prepaid retakaful contribution - opening	232 885	196 793	220 077	177 814
Prepaid retakaful contribution - closing	(186 221)	(142 194)	(186 221)	(142 194)
Retakaful expense	140 091	104 765	272 342	199 814
	<u>309 305</u>	<u>298 397</u>	<u>615 694</u>	<u>613 642</u>

16. Retakaful rebate

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Rebate received or recoverable	3 854	10 314	38 495	28 236
Unearned retakaful rebate-opening	43 690	32 617	29 852	32 617
Unearned retakaful rebate-closing	(25 027)	(27 103)	(25 027)	(27 103)
	<u>22 517</u>	<u>15 828</u>	<u>43 320</u>	<u>33 750</u>

17. Takaful benefits / claims expense

Benefits / claims paid	251 760	241 298	549 071	504 637
Outstanding benefits / claims including IBNR - opening	(1 216 304)	(1 194 585)	(1 252 165)	(615 868)
Outstanding benefits / claims including IBNR - closing	1 337 096	1 218 098	1 337 096	1 218 098
Claim expense	372 552	264 811	634 002	1 106 867
Less:				
Retakaful and other recoveries received	4 835	80 028	53 443	108 073
Retakaful and other recoveries in respect of outstanding claims - opening	(656 003)	(692 782)	(730 638)	(127 576)
Retakaful and other recoveries in respect of outstanding claims - closing	769 938	667 968	769 938	667 968
Retakaful and other recoveries revenue	118 770	55 214	92 743	648 465
	<u>253 782</u>	<u>209 597</u>	<u>541 259</u>	<u>458 402</u>

18. Commission expense

Commission paid or payable	62 150	52 578	164 414	113 284
Deferred commission expense - opening	157 595	117 184	125 049	117 290
Deferred commission expense - closing	(143 424)	(109 736)	(143 424)	(109 736)
	<u>76 321</u>	<u>60 026</u>	<u>146 039</u>	<u>120 838</u>

19. Investment income

19.1 Operator's Fund				
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	8 983	6 636	16 761	14 520
Income from term deposits - Return on term deposits	(1 225)	3 390	1 313	9 001
	<u>7 758</u>	<u>10 026</u>	<u>18 074</u>	<u>23 521</u>
Impairment in value of available-for-sale debt securities	(9 390)	-	(9 390)	-
	<u>(1 632)</u>	<u>10 026</u>	<u>8 684</u>	<u>23 521</u>
19.2 Participants' Takaful Fund				
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	25 406	14 242	48 252	30 313
Income from term deposits - Return on term deposits	956	9 728	6 340	23 597
	<u>26 362</u>	<u>23 970</u>	<u>54 592</u>	<u>53 910</u>
Impairment in value of available-for-sale debt securities	(9 331)	-	(9 331)	-
	<u>17 031</u>	<u>23 970</u>	<u>45 261</u>	<u>53 910</u>

20. Other income

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
20.1 Operator's Fund				
Profit on bank deposits	1 005	1 801	1 634	3 567
	<u>1 005</u>	<u>1 801</u>	<u>1 634</u>	<u>3 567</u>
20.2 Participants' Takaful Fund				
Profit on bank deposits	2 802	6 090	5 143	12 335
Exchange (loss) / gain	(29)	218	(29)	218
	<u>2 773</u>	<u>6 308</u>	<u>5 114</u>	<u>12 553</u>

21. Taxation

For current period				
Current	11 022	14 346	20 441	31 415
Deferred	(2 738)	(11)	(2 751)	(41)
	<u>8 284</u>	<u>14 335</u>	<u>17 690</u>	<u>31 374</u>

22. Related party transactions

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

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Participants' Takaful Fund Associate				
Contributions written	1 906	3 247	1 941	3 284
Claims paid	353	452	3 853	1 069
Others				
Contributions written	82	(41)	1 657	1 607
Claims paid	125	97	235	223
			<u>30 June 2021 (Unaudited)</u>	<u>31 December 2020 (Audited)</u>
Balances receivable			420	478

Rupees '000

Current period	For the three months period ended 30 June 2021 (Unaudited)					Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	
Wakala fee	20 890	9 726	154 368	4 990	–	189 974
Commission expense	(12 846)	(5 348)	(57 464)	(663)	–	(76 321)
General, administrative and management expenses	(2 132)	(1 721)	(85 695)	(1 801)	–	(91 349)
Net commission and expenses	(14 978)	(7 069)	(143 159)	(2 464)	–	(167 670)
	<u>5 912</u>	<u>2 657</u>	<u>11 209</u>	<u>2 526</u>	<u>–</u>	<u>22 304</u>
Modarib's share of PTF investment income						7 197
Investment income						(1 632)
Direct expenses						(248)
Other income						1 005
Profit before taxation						28 626
Taxation						(8 284)
Profit after taxation						<u>20 342</u>

Prior period	For the three months period ended 30 June 2020 (Unaudited)					Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	
Wakala fee	18 208	3 906	139 131	3 396	–	164 641
Commission expense	(11 100)	(2 216)	(45 284)	(1 426)	–	(60 026)
General, administrative and management expenses	(1 498)	(733)	(70 835)	(1 224)	–	(74 290)
Net commission and expenses	(12 598)	(2 949)	(116 119)	(2 650)	–	(134 316)
	<u>5 610</u>	<u>957</u>	<u>23 012</u>	<u>746</u>	<u>–</u>	<u>30 325</u>
Modarib's share of PTF investment income						7 644
Investment income						10 026
Direct expenses						(438)
Other income						1 801
Profit before taxation						49 358
Taxation						(14 335)
Profit after taxation						<u>35 023</u>

23.2 Participants' Takaful Fund

Rupees '000

For the six months period ended 30 June 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)	169 455	72 226	1 139 058	65 831	-	1 446 570
Less: Sales tax	19 486	7 792	132 503	7 564	-	167 345
Stamp duty	19	3 989	99	4	-	4 111
Federal insurance fee	1 486	598	9 966	577	-	12 627
Gross written contribution (inclusive of administrative surcharge)	148 464	59 847	996 490	57 686	-	1 262 487
Gross direct contribution	146 946	57 136	909 707	57 580	-	1 171 369
Administrative surcharge	1 518	2 711	86 783	106	-	91 118
Wakala fee	(35 444)	(18 844)	(333 553)	(10 989)	-	(398 830)
Contributions earned	142 487	40 620	651 571	53 358	-	888 036
Contributions ceded to retakaful	(168 395)	(44 257)	(11 687)	(48 003)	-	(272 342)
Net contribution revenue	(25 908)	(3 637)	639 884	5 355	-	615 694
Retakaful rebate earned	25 493	9 921	7	7 899	-	43 320
Net underwriting income	(415)	6 284	639 891	13 254	-	659 014
Takaful claims	127 017	676	(512 815)	5 154	-	(634 002)
Takaful claims recovered from retakaful	108 930	(540)	(3 886)	(11 761)	-	92 743
Net claims	(18 087)	136	(516 701)	(6 607)	-	(541 259)
Other direct expenses	(40)	(36)	(82 599)	(40)	-	(82 715)
Surplus / (deficit) before investment income	(18 542)	6 384	40 591	6 607	-	35 040
Investment income						45 261
Other income						5 114
Modarib share of investment income						(14 840)
Surplus transferred to accumulated surplus						70 575
						As at 30 June 2021 (Unaudited)
Corporate segment assets	967 630	38 655	518 911	114 307	-	1 639 503
Corporate unallocated assets						2 062 983
Total assets						3 702 486
Corporate segment liabilities	1 032 667	84 631	1 324 410	133 048	-	2 574 756
Corporate unallocated liabilities						413 964
Total liabilities						2 988 720

Rupees '000

For the six months period ended 30 June 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)	134 739	33 698	1 008 583	51 612	-	1 228 632
Less: Sales tax	16 320	3 388	117 407	5 916	-	143 031
Stamp duty	12	1 775	85	2	-	1 874
Federal insurance fee	1 172	282	8 823	452	-	10 729
Gross written contribution (inclusive of Administrative surcharge)	117 235	28 253	882 268	45 242	-	1 072 998
Gross direct contribution	116 205	26 797	766 694	45 194	-	954 890
Administrative surcharge	1 030	1 456	115 574	48	-	118 108
Wakala fee	(26 019)	(7 770)	(273 525)	(6 787)	-	(314 101)
Contributions earned	126 741	23 707	631 882	31 126	-	813 456
Contributions ceded to retakaful	(149 429)	(25 162)	(4 435)	(20 788)	-	(199 814)
Net contribution revenue	(22 688)	(1 455)	627 447	10 338	-	613 642
Rebate from retakaful operator	24 979	5 662	15	3 094	-	33 750
Net underwriting income	2 291	4 207	627 462	13 432	-	647 392
Takaful claims	(630 510)	(32 185)	(436 397)	(7 775)	-	(1 106 867)
Takaful claims recovered from retakaful	620 613	25 748	-	2 104	-	648 465
Net claims	(9 897)	(6 437)	(436 397)	(5 671)	-	(458 402)
Other direct expense	(6)	(3)	(75 193)	(7)	-	(75 209)
Surplus / (deficit) before investment income	(7 612)	(2 233)	115 872	7 754	-	113 781
Investment income						53 910
Other income						12 553
Modarib share of investment income						(16 561)
Surplus transferred to accumulated surplus						163 683
						As at 31 December 2020 (Audited)
Corporate segment assets	957 026	39 009	489 142	109 991	-	1 595 168
Corporate unallocated assets						1 837 662
Total assets						3 432 830
Corporate segment liabilities	980 498	62 492	1 248 097	138 142	-	2 429 229
Corporate unallocated liabilities						366 488
Total liabilities						2 795 717

Rupees '000

For the three months period ended 30 June 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)	57 466	38 492	507 041	26 728	-	629 727
Less: Sales tax	5 660	4 090	58 938	3 129	-	71 817
Stamp duty	8	2 269	44	2	-	2 323
Federal insurance fee	513	318	4 437	234	-	5 502
Gross written contribution (inclusive of administrative surcharge)	51 285	31 815	443 622	23 363	-	550 085
Gross direct contribution	50 707	30 377	406 053	23 333	-	510 470
Administrative surcharge	578	1 438	37 569	30	-	39 615
Wakala fee	(13 710)	(11 135)	(162 164)	(5 841)	-	(192 850)
Contributions earned	72 391	21 472	328 825	26 708	-	449 396
Contributions ceded to retakaful	(85 871)	(23 980)	(5 361)	(24 879)	-	(140 091)
Net contribution revenue	(13 480)	(2 508)	323 464	1 829	-	309 305
Rebate from retakaful operator	12 954	5 377	4	4 182	-	22 517
Net underwriting income	(526)	2 869	323 468	6 011	-	331 822
Takaful claims	(151 067)	6 522	(235 596)	7 589	-	(372 552)
Takaful claims recovered from retakaful	132 059	(5 217)	(1 407)	(6 665)	-	118 770
Net claims	(19 008)	1 305	(237 003)	924	-	(253 782)
Other direct expense	(23)	(22)	(40 322)	(21)	-	(40 388)
Surplus / (deficit) before investment income	(19 557)	4 152	46 143	6 914	-	37 652
Investment income						17 031
Other income						2 773
Modarib share of investment income						(7 197)
Surplus transferred to accumulated surplus						50 259

Rupees '000

For the three months period ended 30 June 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)	(55 665)	13 946	465 468	5 174	-	428 923
Less: Sales tax	(92 915)	1 369	53 993	607	-	(36 946)
Stamp duty	4	751	38	1	-	794
Federal insurance fee	368	117	4 074	45	-	4 604
Gross written contribution (inclusive of administrative surcharge)	36 878	11 709	407 363	4 521	-	460 471
Gross direct contribution	36 479	11 098	357 262	4 512	-	409 351
Administrative surcharge	399	611	50 101	9	-	51 120
Wakala fee	(8 030)	(3 220)	(126 283)	(679)	-	(138 212)
Contributions earned	63 974	10 240	309 658	19 290	-	403 162
Contributions ceded to retakaful	(76 132)	(10 780)	(1 926)	(15 927)	-	(104 765)
Net contribution revenue	(12 158)	(540)	307 732	3 363	-	298 397
Rebate from retakaful operator	11 157	2 426	-	2 245	-	15 828
Net underwriting income	(1 001)	1 886	307 732	5 608	-	314 225
Takaful claims	(55 203)	(4 946)	(199 904)	(4 758)	-	(264 811)
Takaful claims recovered from retakaful	49 042	3 957	-	2 215	-	55 214
Net claims	(6 161)	(989)	(199 904)	(2 543)	-	(209 597)
Other direct expense	(1)	-	(34 960)	(1)	-	(34 962)
Surplus / (deficit) before investment income	(7 163)	897	72 868	3 064	-	69 666
Investment income						23 970
Other income						6 308
Modarib share of investment income						(7 644)
Deficit transferred to accumulated surplus						92 300

24. Movement in investments

24.1 Operator's Fund

Rupees '000

Name of investment	Available-for-sale debt securities	Held to maturity - term deposit	Total
At beginning of previous year	248 024	150 000	398 024
Additions	209 873	594 500	804 373
Disposals (sale and redemptions)	(78 231)	(549 500)	(627 731)
Fair value net losses (excluding net realized gains / (losses))	(802)	-	(802)
At beginning of current year	378 864	195 000	573 864
Additions	198 294	60 000	258 294
Disposals (sale and redemptions)	(41 396)	(195 000)	(236 396)
Fair value net losses (excluding net realized gains / (losses))	2 296	-	2 296
Impairment losses	(8 932)	-	(8 932)
At end of current period	<u>529 126</u>	<u>60 000</u>	<u>589 126</u>

24.2 Participants' Takaful Fund

Name of investment	Available-for-sale debt securities	Held to maturity - term deposit	Total
At beginning of previous year	721 066	440 000	1 161 066
Additions	1 038 893	1 015 000	2 053 893
Disposals (sale and redemptions)	(481 134)	(1 095 000)	(1 576 134)
Fair value net losses (excluding net realized gains / (losses))	(7 891)	-	(7 891)
At beginning of current year	1 270 934	360 000	1 630 934
Additions	336 337	295 000	631 337
Disposals (sale and redemptions)	(81 519)	(360 000)	(441 519)
Fair value net losses (excluding net realized gains / (losses))	6 078	-	6 078
Impairment losses	(8 959)	-	(8 959)
At end of current period	<u>1 522 871</u>	<u>295 000</u>	<u>1 817 871</u>

25. Fair value

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

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

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

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

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

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

25.3 Operator's Fund

Rupees '000

As at 30 June 2021 (Unaudited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	377 106				377 106		377 106	
Corporate Sukuks	152 020				152 020		152 020	
Financial assets not measured at fair value								
Investments								
Term deposits *			60 000		60 000			
Loans and other receivables *		4 944			4 944			
Takaful / retakaful receivables *		6 682			6 682			
Receivable from PTF *		202 130			202 130			
Accrued investment income *		8 670			8 670			
Cash and bank balances *			35 918		35 918			
	529 126	222 426	95 918		847 470		529 126	
Financial liabilities not measured at fair value								
Other creditors and accruals *				(83 147)	(83 147)			
	529 126	222 426	95 918	(83 147)	764 323	-	529 126	-

As at 31 December 2020 (Audited)

	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara 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.

25.4 Participants' Takaful Fund

Rupees '000

As at 30 June 2021 (Unaudited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	1 303 191				1 303 191		1 303 191	
Corporate Sukuk	219 680				219 680		219 680	
Financial assets not measured at fair value								
Investments								
Term deposits *			295 000		295 000			
Loans and other receivables *		6 099			6 099			
Takaful / retakaful receivables *		291 304			291 304			
Retakaful recoveries against outstanding claims *		769 938			769 938			
Accrued investment income *		18 813			18 813			
Cash and bank balances *			177 278		177 278			
	<u>1 522 871</u>	<u>1 086 154</u>	<u>472 278</u>		<u>3 081 303</u>		<u>1 522 871</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 337 096)	(1 337 096)			
Contributions received in advance *				(10 235)	(10 235)			
Takaful / retakaful payable *				(214 645)	(214 645)			
Payable to OPF *				(202 130)	(202 130)			
Other creditors and accruals *				(19 257)	(19 257)			
	<u>1 522 871</u>	<u>1 086 154</u>	<u>472 278</u>	<u>(1 783 363)</u>	<u>1 297 940</u>	<u>-</u>	<u>1 522 871</u>	<u>-</u>
As at 31 December 2020 (Audited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	963 594				963 594		963 594	
Corporate Sukuks	307 340				307 340		307 340	
Financial assets not measured at fair value								
Investments								
Term deposits *			360 000		360 000			
Loans and other receivables *		15 074			15 074			
Takaful / retakaful receivables *		268 071			268 071			
Retakaful recoveries against outstanding claims *		730 638			730 638			
Accrued investment income *		23 575			23 575			
Cash and bank balances *			97 799		97 799			
	<u>1 270 934</u>	<u>1 037 358</u>	<u>457 799</u>		<u>2 766 091</u>		<u>1 270 934</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 252 165)	(1 252 165)			
Contributions received in advance *				(2 448)	(2 448)			
Takaful / retakaful payable *				(158 920)	(158 920)			
Payable to OPF *				(162 669)	(162 669)			
Other creditors and accruals *				(16 966)	(16 966)			
	<u>1 270 934</u>	<u>1 037 358</u>	<u>457 799</u>	<u>(1 593 168)</u>	<u>1 172 923</u>	<u>-</u>	<u>1 270 934</u>	<u>-</u>

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

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

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

27. General

Figures have been rounded off to the nearest thousand rupees.

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

These condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 25 August 2021.

TAHER G. SACHAK
Director

TANVEER SULTAN MOLEDINA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Director
Chairman of the Meeting

Karachi 25 August 2021

