

Report (Un-Audited)
Third Quarter 2020

Shaping The Future



EFU GENERAL INSURANCE LTD.



EFU GENERAL INSURANCE LTD
ISO 9001: 2015 Certified

 efuinsurance.com

Insurer Financial Strength

AA+
Outlook Stable
VIS

AA+
Outlook Stable
PACRA

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

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Saifuddin N. Zoomkawala
Hasanali Abdullah
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., Shahra-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, Shahr-e-Quaid-e-Azam
Lahore

Window Takaful Operations

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

Directors' Review

We are pleased to present the unaudited financial statements for the nine months period ended 30 September 2020.

Performance Review

The Written Premium (including Takaful) for the nine months period grew by 2 % to Rs. 17,307 million (Takaful Contribution Rs. 1,830 million) as against Rs. 17,048 million (Takaful Contribution Rs. 1,773 million) for corresponding period of last year. The Net Premium Revenue for the nine months period (including Takaful Net Contribution Revenue) was Rs. 7,339 million as against Rs. 6,651 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was 50 % as compared to 47 % for the corresponding period of last year.

Heavy rains and floods in Karachi and other parts of Pakistan impacted overall underwriting results of the Company. Karachi experienced 484 mm of rain in August, highest in last 90 years.

Investment income (including rental income, profit on deposits and other income) for the nine months period increased by 17 % to Rs. 1,765 million compared to Rs. 1,506 million for the corresponding period of last year.

The after tax profit for the nine months period was Rs. 1,775 million compared to Rs. 1,293 million for the corresponding period of last year.

The earnings per share for the period was Rs. 8.88 against Rs. 6.46 for the corresponding period of last year.

Your Directors have pleasure in declaring third interim cash dividend of Rs. 1.50 (15 %) per share for the year 2020.

Outlook

Despite the encouraging signs of economic revival (stable external account), the risk of second wave of Covid-19 is likely to impact the economic activities in the country. However, the latest economic numbers are showing signs of improvement and therefore we anticipate improvement in insurance business in the last quarter and beyond. The latest World Bank report forecasts that the GDP growth for fiscal year 2021 is likely to be around 0.5%.

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 have contributed to the growth of the Company and the continued success of its operations.

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

ڈائریکٹرز رپورٹ

(یہ انگریزی ڈائریکٹرز رپورٹ کا ترجمہ ہے)

ہم، ہمسرت آپ کی خدمت میں ۳۰ ستمبر ۲۰۲۰ء کو ختم ہونے والی ۹ ماہ کی مدت کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

کارکردگی کا جائزہ

اس ۹ ماہ کی مدت کے دوران تحریری پریمیم ۲ فیصد بڑھ کر ۳۰،۳۰۷ ملین روپے رہا (بشمول تکافل کٹری بیوشن ۱،۸۳۰ ملین روپے) جبکہ گزشتہ سال کی اسی مدت کے دوران یہ حجم ۲۸،۰۴۸ ملین روپے (بشمول تکافل کٹری بیوشن ۱،۷۷۳ ملین روپے) تھا۔ اس ۹ ماہ کی مدت کے لئے خالص پریمیم آمدن (بشمول خالص تکافل کٹری بیوشن آمدن) ۳۳۹،۷۰۰ ملین روپے رہے جو گزشتہ سال کی اسی مدت کے لئے ۶،۶۵۱ ملین روپے رہا تھا۔ خالص پریمیم ریونیو کیلئے مجموعی کلیئر کا تناسب ۵۰ فیصد رہا جو گزشتہ سال کی اسی مدت کے لئے ۴۷ فیصد تھا۔

کراچی اور ملک کے دیگر حصوں میں طوفانی بارشوں اور سیلابی صورتحال نے بھی کمپنی کے مجموعی زیر تخریر نتائج پر اثرات مرتب کئے۔ ماہ اگست میں کراچی میں ۲۸۴ ملی میٹر بارش ریکارڈ کی گئی جو گزشتہ ۹۰ سال کی بلند ترین سطح ہے۔

سرمایہ کاری کی آمدنی (بشمول ریٹیل آمدنی، ڈپازٹس پر منافع اور دیگر آمدنی) برائے ۹ ماہ کی مدت کیلئے ۱۷ فیصد بڑھ کر ۱،۷۶۵ ملین روپے ہو گئی جبکہ گزشتہ سال کی اسی مدت کے دوران ۱،۵۰۶ ملین روپے تھی۔

اس ۹ ماہ کی مدت کیلئے بعد از ٹیکس منافع ۷۷۵،۷۷۵ ملین روپے رہا، جبکہ گزشتہ سال اسی مدت میں ۲۹۳،۲۹۳ ملین روپے تھا۔

اس مدت میں آمدنی فی شیئر ۸۸۸ روپے رہی جو گزشتہ سال اسی مدت میں ۶۲۶ روپے تھی۔

آپ کے ڈائریکٹرز ہمسرت سال ۲۰۲۰ء کے لئے تیسرے عبوری نقد منافع منقسمہ بشرح ۵۰ روپے (۱۵ فیصد) فی شیئر کا اعلان کر رہے ہیں۔

آؤٹ لک

معاشی بحالی کے اثرات (مستحکم بیرونی اکاؤنٹس) کے حوصلہ افزاء اشارے ملنے کے باوجود COVID-19 (کورونا وائرس) کی دوسری لہر کے خطرے کے باعث ممکنہ طور پر ملک میں معاشی سرگرمیوں پر اس کے اثرات پڑ سکتے ہیں۔ تاہم معیشت کے تازہ ترین اعداد و شمار بہتری کے آثار ظاہر کر رہے ہیں لہذا ہم آخری سہ ماہی اور اس کے بعد انشورنس کے کاروبار میں بہتری آنے کے لئے پُر امید ہیں۔ عالمی بینک کی تازہ ترین رپورٹ میں پیش گوئی کی گئی ہے کہ مالی سال ۲۰۲۱ء میں جی ڈی پی گروتھ کی شرح لگ بھگ ۵.۵ فیصد رہے گی۔

اظہار تشکر

آپ کے ڈائریکٹرز کیلئے یہ امر نہایت اطمینان و خوشی کا باعث ہے کہ وہ اپنے افسران، فیلڈ فورس اور اسٹاف کی جانب سے کی جانے والی ان کاوشوں اور جدوجہد کو خراج تحسین پیش کرتے ہیں جو انہوں نے کمپنی کی کامیابی کے لئے اور اس کے امور کو مستقل بنیادوں پر کامیابی کے ساتھ چلانے کے ضمن میں کی ہیں۔

آپ کے ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور اپنے تمام ری انشوررز کا بھی ان کی مستقل رہنمائی اور معاونت کے لئے شکر گزار ہیں۔

سیف الدین این۔ زومکا والا
چیئرمین

حسن علی عبداللہ
ٹیچنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی۔ ساچک
ڈائریکٹر

رفیق آر۔ بھیم جی
ڈائریکٹر

کراچی: ۲۲ اکتوبر ۲۰۲۰ء

Unconsolidated Condensed Interim Statement of Financial Position As at 30 September 2020 (Unaudited)

Rupees '000

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Property and equipment	6	2 757 758	2 850 206
Right-of-use assets		105 821	117 225
Investment property	7	2 343 823	2 341 470
Investment in subsidiary	8	9 082 454	10 169 336
Investments			
Equity securities	9	3 872 283	3 271 467
Debt securities	10	11 388 747	9 654 535
Term deposits		434 376	444 352
Loans and other receivables	11	156 384	258 679
Insurance / reinsurance receivables	12	3 350 222	4 012 732
Reinsurance recoveries against outstanding claims	19	4 396 424	4 081 849
Salvage recoveries accrued		90 081	44 550
Deferred commission expense	20	677 643	598 669
Retirement benefits		18 165	29 689
Taxation - payments less provision		54 450	22 371
Prepayments	13	5 001 766	5 850 686
Cash and bank	14	1 069 480	1 191 688
		<u>44 799 877</u>	<u>44 939 504</u>
Total assets of window takaful operations - Operator's Fund		915 627	759 742
Total assets		<u>45 715 504</u>	<u>45 699 246</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	15	15 875 401	15 765 886
Unappropriated profit		1 205 212	1 530 185
Total equity		19 080 613	19 296 071
Surplus on revaluation of property and equipment		1 000 394	1 000 414
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	19	7 693 770	6 273 372
Unearned premium reserve	18	9 719 463	9 143 972
Unearned reinsurance commission	20	163 238	430 936
Lease liabilities		104 916	113 706
Deferred taxation		538 831	667 971
Premium received in advance		29 432	68 262
Insurance / reinsurance payables		4 486 195	6 067 883
Other creditors and accruals	16	2 462 097	2 242 499
Total liabilities		<u>25 197 942</u>	<u>25 008 601</u>
		45 278 949	45 305 086
Total liabilities of window takaful operations - Operator's Fund		436 555	394 160
Total equity and liabilities		<u>45 715 504</u>	<u>45 699 246</u>
Contingencies and commitments	17		

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Unconsolidated Condensed Interim Profit and Loss Account For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Note	Three months period ended		Nine months period ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
Net insurance premium	18	2 227 133	2 085 800	6 430 761	5 707 371
Net insurance claims	19	(1 401 243)	(1 016 907)	(3 208 681)	(2 691 357)
Net commission and other acquisition cost	20	(138 597)	(101 525)	(510 945)	(470 942)
Insurance claims and acquisition expenses		(1 539 840)	(1 118 432)	(3 719 626)	(3 162 299)
Management expenses		(677 268)	(706 264)	(2 009 468)	(2 129 410)
Underwriting results		10 025	261 104	701 667	415 662
Investment income	21	400 349	351 366	1 554 811	1 253 919
Rental income		26 903	28 428	89 715	81 779
Other income	22	25 119	47 748	120 421	170 687
Other expenses		(13 986)	(12 225)	(65 180)	(56 832)
		438 385	415 317	1 699 767	1 449 553
Results of operating activities		448 410	676 421	2 401 434	1 865 215
Profit from window takaful operations - Operator's Fund	23	45 891	65 534	154 076	153 750
Profit before tax		494 301	741 955	2 555 510	2 018 965
Income tax expense	24	(140 393)	(233 367)	(780 503)	(726 156)
Profit after tax		353 908	508 588	1 775 007	1 292 809
Earnings (after tax) per share - Rupees	25	1.77	2.54	8.88	6.46

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Unconsolidated Condensed Interim Statement of Comprehensive Income For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Profit after tax	353 908	508 588	1 775 007	1 292 809
Other comprehensive income				
Total items that may be reclassified subsequently to profit and loss account				
Unrealized gain / (loss) on available-for-sale investments during the period	668 652	(178 905)	750 204	(1 364 439)
Reclassification adjustments relating to available-for-sale investments disposed off during the period	3 335	42 248	13 692	44 791
Unrealized loss on available-for-sale investments during the period of subsidiary company	(244 296)	(257 832)	(1 172 921)	(167 085)
Total unrealized (loss) / gain on available-for-sale investments	427 691	(394 489)	(409 025)	(1 486 733)
Deferred tax on available-for-sale investments	(194 876)	39 630	(221 531)	382 697
Deferred tax on available-for-sale investments of subsidiary company	70 845	74 772	340 147	166 960
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(1 474)	246	(76)	(558)
	302 186	(279 841)	(290 485)	(937 634)
Total comprehensive income for the period	656 094	228 747	1 484 522	355 175

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Unconsolidated Condensed Interim Cash Flow Statement For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	2020	2019
Operating cash flows		
a) Underwriting activities		
Insurance premium received	16 141 794	14 970 283
Reinsurance premium paid	(9 222 586)	(8 603 721)
Claims paid	(3 674 084)	(3 346 247)
Reinsurance and other recoveries received	1 483 991	1 179 419
Commission paid	(991 328)	(1 106 047)
Commission received	236 081	810 104
Management expenses paid	(1 754 273)	(1 890 141)
Net cash flow from underwriting activities	2 219 595	2 013 650
b) Other operating activities		
Income tax paid	(778 386)	(725 305)
Other operating payments	21 748	(64 727)
Other operating receipts	110 339	22 453
Loans advanced	(291)	(447)
Loans repayments received	1 254	1 961
Net cash flow used in other operating activities	(645 336)	(766 065)
Total cash flow from all operating activities	1 574 259	1 247 585
Investment activities		
Profit / return received	1 088 131	771 759
Dividends received	664 490	733 744
Rentals received	53 463	69 074
Payment for investments / investment properties	(10 093 017)	(32 616 563)
Proceeds from investments / investment properties	8 414 525	32 033 577
Fixed capital expenditures	(137 560)	(295 475)
Proceeds from sale of property and equipment	6 934	35 065
Total cash flow (used in) / from investing activities	(3 034)	731 181
Financing activities		
Payments against lease liabilities	(40 050)	(40 841)
Dividends paid	(1 653 383)	(1 789 741)
Total cash flow used in financing activities	(1 693 433)	(1 830 582)
Net cash flow (used in) / from all activities	(122 208)	148 184
Cash and cash equivalents at the beginning of period	1 191 688	1 266 562
Cash and cash equivalents at the end of period	1 069 480	1 414 746
Reconciliation to profit and loss account		
Operating cash flows	1 574 259	1 247 585
Depreciation / amortization expense	(262 972)	(270 241)
Finance cost	(9 334)	(12 322)
Profit on disposal of property and equipment	6 567	28 130
Profit on disposal of investments / investment properties	14 723	46 509
Rental income	89 715	81 779
Dividend Income	661 381	752 646
Other investment income	878 706	454 764
Profit on deposits	90 090	114 190
Other income	23 764	28 367
(Decrease) / increase in assets other than cash	(1 094 869)	2 321 270
Increase in liabilities other than borrowings	(351 099)	(3 653 618)
Profit after tax from conventional insurance operations	1 620 931	1 139 059
Profit from window takaful operations - Operator's Fund	154 076	153 750
Profit after tax	1 775 007	1 292 809

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Unconsolidated Condensed Interim Statement of Changes in Equity For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company						Total
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves		Unappropriated profit	
				Unrealized gain / (loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property		
Balance as at 01 January 2019	2 000 000	12 902	13 500 000	(269 657)	1 279 740	2 775 470	19 298 455
Total comprehensive income for the period ended 30 September 2019							
Profit after tax				(937 634)	(67 303)	1 360 112	1 292 809
Other comprehensive income				(937 634)	(67 303)	-	(937 634)
						1 360 112	355 175
Transactions with owners recorded directly in equity							
Final dividend for the year 2018 at the rate of Rs. 6.25 (62.50%) per share						(1 250 000)	(1 250 000)
1st Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
2nd Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Transferred from surplus on revaluation of property, and equipment on account of incremental depreciation- net of tax						19	19
Other transfer within equity							
Transfer to general reserve			1 500 000			(1 500 000)	-
Balance as at 30 September 2019	<u>2 000 000</u>	<u>12 902</u>	<u>15 000 000</u>	<u>(1 207 291)</u>	<u>1 212 437</u>	<u>785 601</u>	<u>17 803 649</u>
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	(749 729)	1 502 713	1 530 185	19 296 071
Total comprehensive income for the period ended 30 September 2020							
Profit after tax				(290 485)	-	1 775 007	1 775 007
Other comprehensive income				(290 485)	-	-	(290 485)
						1 775 007	1 484 522
Transactions with owners recorded directly in equity							
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
2nd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Transferred from surplus on revaluation of property, and equipment on account of incremental depreciation- net of tax						20	20
Other transfer within equity							
Transfer to general reserve			400 000			(400 000)	-
Balance as at 30 September 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>(1 040 214)</u>	<u>1 502 713</u>	<u>1 205 212</u>	<u>19 080 613</u>

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
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Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Notes to the Unconsolidated Condensed Interim Financial Statements For the nine months period ended 30 September 2020 (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 53 (2019: 53) 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 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

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 2020 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 2020.

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general-purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

1. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
2. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
3. there is no substantive change to the other terms and conditions of the lease.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise 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.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall 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 beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020:

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.

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

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

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

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

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

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

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

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

Rupees ‘000

Financial assets	30 September 2020 (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 *	215 274	–	854 206	–	–
Investment in subsidiary - available-for-sale	9 082 454	(1 172 921)	–	–	–
Investments in equity securities - available-for-sale	3 872 283	589 539	–	–	–
Investments in debt securities - available-for-sale	–	–	11 388 747	–	174 357
Term deposits *	–	–	434 376	–	–
Loans to employees *	–	–	1 826	–	–
Total	13 170 011	(583 382)	12 679 155	–	174 357

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

Rupees ‘000

Investments in debt securities - available-for-sale	30 September 2020 (Unaudited)					
	Gross carrying amounts of debt instruments that pass the SPPI test					
	AAA	AA+	AA	AA-	A	Unrated
	–	151 213	50 888	80 000	100 000	11 006 646
Term deposits	185 744	135 132	–	98 500	15 000	–
Total	185 744	286 345	50 888	178 500	115 000	11 006 646

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 2019.

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 2019.

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 2019.

6. Property and equipment

The details of additions and disposals during the nine months period ended 30 September 2020 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Tangible				
Buildings	71 279	94 505	–	–
Furniture and fixtures	13 023	49 550	–	–
Office equipment	8 511	14 761	–	–
Computer equipment	12 132	12 085	–	–
Vehicles	23 057	94 359	367	6 935
Tracker equipment	9 558	32 785	–	–
	<u>137 560</u>	<u>298 045</u>	<u>367</u>	<u>6 935</u>

7. Investment property

Rupees '000

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Opening net book value	2 341 470	1 879 093
Additions and capital improvements	2 353	28 478
Unrealized fair value gain *	–	433 899
Closing net book value	<u>2 343 823</u>	<u>2 341 470</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 subsidiary

Rupees '000

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 057 596	–	13 057 596	12 971 557	–	12 971 557
Deficit on revaluation	–	–	(3 975 142)	–	–	(2 802 221)
	<u>13 057 596</u>	<u>–</u>	<u>9 082 454</u>	<u>12 971 557</u>	<u>–</u>	<u>10 169 336</u>

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

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party *						
Listed shares	446 575	(15 686)	430 889	396 298	(93 998)	302 300
Others						
Listed shares	1 447 277	(99 779)	1 347 498	1 442 611	(96 385)	1 346 226
Unlisted shares	15 500	(15 500)	–	15 500	(15 500)	–
	1 462 777	(115 279)	1 347 498	1 458 111	(111 885)	1 346 226
Surplus on revaluation	–	–	2 093 896	–	–	1 622 941
	<u>1 909 352</u>	<u>(130 965)</u>	<u>3 872 283</u>	<u>1 854 409</u>	<u>(205 883)</u>	<u>3 271 467</u>

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

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

Rupees '000

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government securities	10 712 453	–	10 712 453	9 152 598	–	9 152 598
Term finance certificates	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukus	180 000	–	180 000	180 000	–	180 000
	11 136 571	(44 118)	11 092 453	9 576 716	(44 118)	9 532 598
Surplus on revaluation	–	–	296 294	–	–	121 937
	<u>11 136 571</u>	<u>(44 118)</u>	<u>11 388 747</u>	<u>9 576 716</u>	<u>(44 118)</u>	<u>9 654 535</u>

11. Loans and other receivables – considered good

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Loans to employees		1 826	2 789
Accrued investment income		101 622	156 635
Security deposits		17 660	16 949
Advances to suppliers		13 200	3 265
Advances to employees		5 076	4 772
Other receivables		17 000	74 269
		<u>156 384</u>	<u>258 679</u>
12. Insurance / reinsurance receivables – unsecured and considered good			
Due from insurance contract holders		3 303 979	4 206 359
Provision for impairment of receivables from insurance contract holders		(11 619)	(209 784)
		<u>3 292 360</u>	<u>3 996 575</u>
Due from other insurer / reinsurers		57 862	16 157
		<u>3 350 222</u>	<u>4 012 732</u>
13. Prepayments			
Prepaid reinsurance premium ceded	18	4 920 749	5 750 008
Software and hardware support services		3 487	801
Group health insurance premium		5 340	–
Group life insurance premium		2 377	–
Prepaid charges for vehicle tracking devices		53 668	92 983
Annual supervision fee		9 360	–
Others		6 785	6 894
		<u>5 001 766</u>	<u>5 850 686</u>

		Rupees '000
	Note	
		30 September 2020 (Unaudited)
		31 December 2019 (Audited)
14. Cash and bank		
Cash and cash equivalents		
Cash in hand		831
Policy and revenue stamps, bond papers		20 947
		21 778
Cash at bank		
Current accounts		193 496
Saving accounts		854 206
		1 047 702
		1 069 480
		11 242
		11 242
		275 325
		905 121
		1 180 446
		1 191 688

15. Reserves

Capital reserve			
Reserve for exceptional losses	15.1	12 902	12 902
Revenue reserves			
General reserve		15 400 000	15 000 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(1 040 214)	(749 729)
Reserve for change in fair value of investment property - net		1 502 713	1 502 713
		15 875 401	15 765 886

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. Others creditors and accruals

		Rupees '000
		30 September 2020 (Unaudited)
		31 December 2019 (Audited)
Federal insurance fee payable		8 428
Sales tax payable		94 890
Accrued expenses		251 529
Agent commission payable		587 325
Unearned rentals		56 399
Other deposits		1 010 368
Unclaimed dividends		367 785
Others		85 373
		2 462 097
		10 563
		113 617
		258 942
		484 953
		89 169
		958 402
		321 168
		5 685
		2 242 499

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 Department has filed an appeal for tax year 2008 before the Honourable High Court of Sindh against the order of Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium. If the appeal is decided against the Company, a tax liability of Rs. 5 million would arise.

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.

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

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

17.3 There are no commitments as at 30 September 2020 (31 December 2019: Nil).

18. Net insurance premium

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Written gross premium	6 304 859	6 293 484	15 476 409	15 274 657
Unearned premium reserve - opening	8 376 182	8 065 880	9 143 972	8 354 109
Unearned premium reserve - closing	(9 719 463)	(9 557 508)	(9 719 463)	(9 557 508)
Premium earned	4 961 578	4 801 856	14 900 918	14 071 258
Less:				
Reinsurance premium ceded	3 034 193	3 574 246	7 640 898	9 227 992
Prepaid reinsurance premium - opening	4 621 001	5 079 196	5 750 008	5 073 281
Prepaid reinsurance premium - closing	(4 920 749)	(5 937 386)	(4 920 749)	(5 937 386)
Reinsurance expense	2 734 445	2 716 056	8 470 157	8 363 887
	<u>2 227 133</u>	<u>2 085 800</u>	<u>6 430 761</u>	<u>5 707 371</u>
19. Net insurance claim expense				
Claims Paid	1 243 908	951 515	3 628 553	3 323 291
Outstanding claims including IBNR - closing	7 693 770	6 350 369	7 693 770	6 350 369
Outstanding claims including IBNR - opening	(6 966 017)	(5 732 258)	(6 273 372)	(5 176 757)
Claim expense	1 971 661	1 569 626	5 048 951	4 496 903
Less:				
Reinsurance and other recoveries received	315 087	218 578	1 525 695	1 186 990
Reinsurance and other recoveries in respect of outstanding claims - opening	(4 141 093)	(3 647 854)	(4 081 849)	(3 363 439)
Reinsurance and other recoveries in respect of outstanding claims - closing	4 396 424	3 981 995	4 396 424	3 981 995
Reinsurance and other recoveries revenue	570 418	552 719	1 840 270	1 805 546
	<u>1 401 243</u>	<u>1 016 907</u>	<u>3 208 681</u>	<u>2 691 357</u>

20. Net commission expense

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Commission paid or payable	520 897	470 642	1 093 699	1 380 255
Deferred commission expense - opening	486 923	739 174	598 669	600 740
Deferred commission expense - closing	(677 643)	(796 428)	(677 643)	(796 428)
Net commission	330 177	413 388	1 014 725	1 184 567
Less:				
Commission received or recoverable	111 046	411 347	236 082	810 105
Unearned reinsurance commission - opening	243 772	391 844	430 936	394 848
Unearned reinsurance commission - closing	(163 238)	(491 328)	(163 238)	(491 328)
Commission from reinsurers	191 580	311 863	503 780	713 625
	<u>138 597</u>	<u>101 525</u>	<u>510 945</u>	<u>470 942</u>
21. Investment income				
Income from subsidiary				
- available-for-sale				
Dividend income	66 131	65 220	593 501	619 491
Income from equity securities				
- available-for-sale				
Dividend income	4 724	32 554	67 880	133 155
Income from debt securities				
- available-for-sale				
Return on debt securities	286 616	250 091	908 587	663 106
Income from term deposits				
Return on term deposits	4 159	4 938	14 218	13 028
	<u>361 630</u>	<u>352 803</u>	<u>1 584 186</u>	<u>1 428 780</u>
Net realized gains / (losses) on investments				
Available-for-sale financial assets				
Realized gains on:				
Equity securities	3 334	57 858	15 840	65 778
Realized losses on:				
Equity securities	-	(15 610)	(1 117)	(19 269)
	<u>3 334</u>	<u>42 248</u>	<u>14 723</u>	<u>46 509</u>
	<u>364 964</u>	<u>395 051</u>	<u>1 598 909</u>	<u>1 475 289</u>
(Impairment) / reversal in value of available-for-sale equity securities	35 616	(43 485)	(43 667)	(220 970)
Investment related expenses	(231)	(200)	(431)	(400)
	<u>400 349</u>	<u>351 366</u>	<u>1 554 811</u>	<u>1 253 919</u>

22. Other income

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Gain on sale of property and equipment	3 332	5 874	6 567	28 130
Return on loans to employees	25	70	102	231
Exchange gains / (losses)	(735)	(9 331)	24 401	28 136
Return on bank balances	22 497	51 135	89 351	114 190
	<u>25 119</u>	<u>47 748</u>	<u>120 421</u>	<u>170 687</u>
23. Profit from window takaful operations – Operator's Fund				
Wakala fee	166 396	168 066	501 247	489 951
Commission expense	(61 916)	(57 741)	(182 754)	(169 683)
General, administrative and management expenses	(78 279)	(65 667)	(227 322)	(215 820)
Modarib's share of PTF investment income	8 315	7 253	24 876	19 325
Investment income	10 205	11 765	33 726	25 022
Direct expenses	(122)	353	(556)	(509)
Other income	1 292	1 505	4 859	5 464
	<u>45 891</u>	<u>65 534</u>	<u>154 076</u>	<u>153 750</u>
24. Income tax expense				
For current period				
Current	136 215	236 557	773 242	698 535
Deferred	4 178	(3 190)	(10 531)	27 621
	<u>140 393</u>	<u>233 367</u>	<u>762 711</u>	<u>726 156</u>
For prior year(s)				
Prior years tax	–	–	17 792	–
	<u>140 393</u>	<u>233 367</u>	<u>780 503</u>	<u>726 156</u>
25. Earnings per share - basic and diluted				
Profit (after tax) for the period (Rupees '000)	<u>353 908</u>	<u>508 588</u>	<u>1 775 007</u>	<u>1 292 809</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>1.77</u>	<u>2.54</u>	<u>8.88</u>	<u>6.46</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:

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Rupees '000				
Transactions				
Subsidiary company				
Premium written	529	912	24 599	40 455
Premium paid	–	8 908	9 355	17 967
Claims paid	547	3 888	3 853	11 286
Dividends received	66 131	65 220	593 501	619 491
Dividends paid	7 021	7 022	39 788	43 299
Profit commission	–	–	10 020	–
Associated companies				
Premium written	48 453	66 034	315 614	286 570
Premium paid	8	–	20 206	18 138
Claims paid	25 549	24 155	66 398	87 778
Dividends paid	98 664	98 632	559 100	559 013
Bank deposit withdrawn	–	(50 000)	–	(100 000)
Investment made	1 910	–	1 910	–
Key management personnel				
Premium written	876	457	973	646
Claims paid	170	–	170	–
Dividends paid	1 351	1 311	7 651	7 888
Compensation	65 941	55 724	161 745	158 142
Others				
Premium written	8 661	12 209	229 422	184 111
Claims paid	1 889	10 682	35 424	23 725
Dividends paid	89 552	85 110	490 391	565 368
Brokerage paid	97	140	330	182
Employees' funds				
Contribution to provident fund	8 760	6 909	22 453	20 761
Contribution to gratuity fund	4 711	6 823	14 129	21 281
Contribution released to pension fund	(806)	(694)	(2 421)	(2 082)
Dividends paid	812	849	4 601	8 838
			30 September 2020 (Unaudited)	31 December 2019 (Audited)
Balances				
Others				
Balances receivable			108 754	69 979
Balances payable			–	(316)
Deposits maturing within 12 months			83 500	83 500
Bank balances			164 869	119 518
Employees' funds receivable / (payable)				
EFU gratuity fund			(12 045)	2 084
EFU pension fund			30 210	27 605

27. Segment Information

Rupees '000

For Nine months period ended 30 September 2020 (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)	11 457 640	2 100 076	2 902 425	1 499 406	-	17 959 547
Less: Sales tax	1 479 251	226 209	348 840	186 084	-	2 240 384
Stamp duty	391	86 195	850	566	-	88 002
Federal insurance fee	98 792	17 686	25 276	12 998	-	154 752
Gross written premium (inclusive of administrative surcharge)	9 879 206	1 769 986	2 527 459	1 299 758	-	15 476 409
Gross direct premium	9 850 848	1 735 371	2 355 187	1 288 463	-	15 229 869
Facultative inward premium	-	1 238	-	-	-	1 238
Administrative surcharge	28 358	33 377	172 272	11 295	-	245 302
Insurance premium earned	9 429 671	1 725 086	2 484 985	1 261 176	-	14 900 918
Insurance premium ceded to reinsurers	(7 066 941)	(699 817)	(12 062)	(691 337)	-	(8 470 157)
Net insurance premium	2 362 730	1 025 269	2 472 923	569 839	-	6 430 761
Commission income	379 197	10 622	131	113 830	-	503 780
Net underwriting income	2 741 927	1 035 891	2 473 054	683 669	-	6 934 541
Insurance claims	(2 339 640)	(969 616)	(1 182 506)	(557 189)	-	(5 048 951)
Insurance claims recovered from reinsurers	1 062 505	462 459	7 448	307 858	-	1 840 270
Net insurance claims	(1 277 135)	(507 157)	(1 175 058)	(249 331)	-	(3 208 681)
Commission expense	(532 345)	(163 562)	(218 600)	(100 218)	-	(1 014 725)
Management expenses	(725 680)	(297 399)	(812 427)	(173 962)	-	(2 009 468)
Net insurance claims and expenses	(2 535 160)	(968 118)	(2 206 085)	(523 511)	-	(6 232 874)
Underwriting results	206 767	67 773	266 969	160 158	-	701 667
Investment income						1 554 811
Rental income						89 715
Other income						120 421
Other expenses						(65 180)
Profit from window takaful operations - Operator's Fund						154 076
Profit before tax						2 555 510
						As at 30 September 2020 (Unaudited)
Corporate segment assets	9 857 405	1 727 371	922 585	1 113 263	-	13 620 624
Corporate segment assets - Takaful OPF	64 435	6 963	242 766	3 477	-	317 641
Corporate unallocated assets						31 179 253
Corporate unallocated assets - Takaful OPF						597 986
Total assets						45 715 504
Corporate segment liabilities	15 079 261	2 859 073	2 643 901	3 107 555	-	23 689 790
Corporate segment liabilities - Takaful OPF	74 608	8 190	326 346	14 362	-	423 506
Corporate unallocated liabilities						1 508 152
Corporate unallocated liabilities - Takaful OPF						13 049
Total liabilities						25 634 497
						External premium less reinsurance by geographical segments 2020 (Unaudited)
<u>Location</u>						
Pakistan	6 412 434					
* EPZ	18 327					
Total	6 430 761					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For nine months period ended 30 September 2019 (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)	10 505 777	2 434 448	3 220 192	1 494 153	-	17 654 570
Less: Sales tax	1 305 265	262 600	383 839	174 991	-	2 126 695
Stamp duty	442	98 071	988	981	-	100 482
Federal insurance fee	91 090	20 519	28 076	13 051	-	152 736
Gross written premium (inclusive of administrative surcharge)	9 108 980	2 053 258	2 807 289	1 305 130	-	15 274 657
Gross direct premium	9 078 645	2 016 003	2 578 117	1 286 696	-	14 959 461
Facultative inward premium	-	1 238	-	-	-	1 238
Administrative surcharge	30 335	36 017	229 172	18 434	-	313 958
Insurance premium earned	8 479 850	1 772 805	2 635 967	1 182 636	-	14 071 258
Insurance premium ceded to reinsurers	(6 938 973)	(665 692)	(9 146)	(750 076)	-	(8 363 887)
Net insurance premium	1 540 877	1 107 113	2 626 821	432 560	-	5 707 371
Commission income	538 987	11 250	177	163 211	-	713 625
Net underwriting income	2 079 864	1 118 363	2 626 998	595 771	-	6 420 996
Insurance claims	(1 745 060)	(843 063)	(1 423 181)	(485 599)	-	(4 496 903)
Insurance claims recovered from reinsurers	1 247 066	272 728	(14)	285 766	-	1 805 546
Net insurance claims	(497 994)	(570 335)	(1 423 195)	(199 833)	-	(2 691 357)
Commission expense	(665 494)	(190 857)	(228 716)	(99 500)	-	(1 184 567)
Management expenses	(607 375)	(376 405)	(982 537)	(163 093)	-	(2 129 410)
Net insurance claims and expenses	(1 770 863)	(1 137 597)	(2 634 448)	(462 426)	-	(6 005 334)
Underwriting results	309 001	(19 234)	(7 450)	133 345	-	415 662
Investment income						1 253 919
Rental income						81 779
Other income						170 687
Other expenses						(56 832)
Profit from window takaful operations - Operator's Fund						153 750
Profit before tax						2 018 965
						As at 31 December 2019 (Audited)
Corporate segment assets	11 117 939	1 417 980	757 556	1 470 076	-	14 763 551
Corporate segment assets - Takaful OPF	50 093	5 656	170 040	8 374	-	234 163
Corporate unallocated assets						30 175 953
Corporate unallocated assets - Takaful OPF						525 579
Total assets						45 699 246
Corporate segment liabilities	15 298 581	2 366 260	2 430 554	3 332 385	-	23 427 780
Corporate segment liabilities - Takaful OPF	57 216	6 641	321 788	6 913	-	392 558
Corporate unallocated liabilities						1 580 821
Corporate unallocated liabilities - Takaful OPF						1 602
Total liabilities						25 402 761
		External premium less reinsurance by geographical segments 2019				
Location						
Pakistan		5 701 330				
* EPZ		6 041				
Total		5 707 371				

* This represents US Dollar Equivalent in Pak Rupees

For three months period ended 30 September 2020 (Unaudited)

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

Rupees '000

For three months period ended 30 September 2019 (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)	4 824 207	644 978	1 319 781	486 924	-	7 275 890
Less: Sales tax	609 494	70 716	155 361	55 521	-	891 092
Stamp duty	223	27 480	350	326	-	28 379
Federal insurance fee	41 728	5 414	11 526	4 267	-	62 935
Gross written premium (inclusive of administrative surcharge)	4 172 762	541 368	1 152 544	426 810	-	6 293 484
Gross direct premium	4 157 825	530 028	1 071 663	419 853	-	6 179 369
Administrative surcharge	14 937	11 340	80 881	6 957	-	114 115
Insurance premium earned	2 920 307	596 969	877 992	406 588	-	4 801 856
Insurance premium ceded to reinsurers	(2 236 574)	(227 325)	(4 178)	(247 979)	-	(2 716 056)
Net insurance premium	683 733	369 644	873 814	158 609	-	2 085 800
Commission income	248 870	4 438	177	58 378	-	311 863
Net underwriting income	932 603	374 082	873 991	216 987	-	2 397 663
Insurance claims	(681 533)	(221 749)	(460 562)	(205 782)	-	(1 569 626)
Insurance claims recovered from reinsurers	478 463	(41 376)	(2)	115 634	-	552 719
Net insurance claims	(203 070)	(263 125)	(460 564)	(90 148)	-	(1 016 907)
Commission expense	(238 988)	(61 751)	(77 920)	(34 729)	-	(413 388)
Management expenses	(230 821)	(112 978)	(307 899)	(54 566)	-	(706 264)
Net insurance claims and expenses	(672 879)	(437 854)	(846 383)	(179 443)	-	(2 136 559)
Underwriting results	259 724	(63 772)	27 608	37 544	-	261 104
Investment income						351 366
Rental income						28 428
Other income						47 748
Other expenses						(12 225)
Profit from window takaful operations						65 534
- Operator's Fund						65 534
Profit before tax						741 955

28. Movement in investment

Rupees '000

Name of investment	Held to maturity - term deposits	Available-for-sale - Subsidiary	Available-for-sale - Debt securities	Available-for-sale - Equity securities	Total
At beginning of previous year	506 607	9 897 937	8 228 784	4 970 478	23 603 806
Additions	1 892 481	110 995	36 594 954	32 203	38 630 633
Disposals (sale and redemptions)	(1 954 736)	-	(35 340 826)	(496 430)	(37 791 992)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	160 404	171 623	(1 174 771)	(842 744)
Impairment losses	-	-	-	(60 013)	(60 013)
At beginning of current year	444 352	10 169 336	9 654 535	3 271 467	23 539 690
Additions	2 426 013	86 039	7 434 422	144 190	10 090 664
Disposals (sale and redemptions)	(2 435 989)	-	(5 874 567)	(89 246)	(8 399 802)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(1 172 921)	174 357	589 539	(409 025)
Impairment losses	-	-	-	(43 667)	(43 667)
At end of current period	434 376	9 082 454	11 388 747	3 872 283	24 777 860

29 Fair value

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

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

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

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

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

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

Rupees '000

As at 30 September 2020 (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	9 082 454				9 082 454	9 082 454		
Investments								
Equity securities	3 872 283				3 872 283	3 872 283		
Debt securities	11 388 747				11 388 747		11 388 747	
Financial assets not measured at fair value								
Investments								
Term deposits *			434 376		434 376			
Loans and other receivables *		156 384			156 384			
Insurance / reinsurance receivables *		3 350 222			3 350 222			
Reinsurance recoveries against outstanding claims *		4 396 424			4 396 424			
Cash and bank *			1 069 480		1 069 480			
Total assets of window takaful operations - Operator's fund *	363 790	212 771	207 297	-	783 858		363 790	
	24 707 274	8 115 801	1 711 153	-	34 534 228	12 954 737	11 752 537	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(7 693 770)	(7 693 770)			
Premium received in advance *				(29 432)	(29 432)			
Insurance / reinsurance payables *				(4 486 195)	(4 486 195)			
Other creditors and accruals *				(2 462 097)	(2 462 097)			
Total liabilities of window takaful operations - Operator's Fund *				(87 297)	(87 297)			
	24 707 274	8 115 801	1 711 153	(14 758 791)	19 775 437	12 954 737	11 752 537	-

* 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 2019 (Audited)					Fair value measurement using		
	Available-	Loans and	Other	Other	Total	Level 1	Level 2	Level 3
	for-sale	receivables	financial	financial				
Financial assets measured at fair value								
Investment in subsidiary	10 169 336				10 169 336	10 169 336		
Investments								
Equity securities	3 271 467				3 271 467	3 271 467		
Debt securities	9 654 535				9 654 535		9 654 535	
Financial assets not measured at fair value								
Investments								
Term deposits *			444 352		444 352			
Loans and other receivables *		258 679			258 679			
Insurance / reinsurance receivables *		4 012 732			4 012 732			
Reinsurance recoveries against outstanding claims *	4 081 849			4 081 849				
Cash and bank *			1 191 688		1 191 688			
Total assets of window takaful operations - Operator's fund *	248 024	131 281	260 628	-	639 933	248 024		
	23 343 362	8 484 541	1 896 668	-	33 724 571	13 440 803	9 902 559	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(6 273 372)	(6 273 372)			
Premium received in advance *				(68 262)	(68 262)			
Insurance / reinsurance payables *				(6 067 883)	(6 067 883)			
Other creditors and accruals *				(2 242 499)	(2 242 499)			
Total liabilities of window takaful operations - Operator's Fund *				(62 171)	(62 171)			
	23 343 362	8 484 541	1 896 668	(14 714 187)	19 010 384	13 440 803	9 902 559	-

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

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

During the period, the novel coronavirus (COVID 19) emerged 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 2020. The scale and duration of this outbreak remains uncertain and as it evolves globally in 2020, 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.

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

The Board of Directors in their meeting held on 22 October 2020 have announced a third interim cash dividend in respect of the year ended 31 December 2020 of Rs. 1.50 per share i.e. 15.00 % (2019: Rs. 1.50 per share i.e. 15.00 %). These unconsolidated condensed interim financial statements for the nine months period ended 30 September 2020 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

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 22 October 2020.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Consolidated Condensed Interim Financial Statements (Unaudited)

For the nine months period ended 30 September 2020

Directors' Review to the Members on Consolidated Condensed Interim Financial Information For the nine months period ended 30 September 2020

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

Your Company's consolidated Written premium remained unchanged at Rs. 37 billion as compared to corresponding period of last year, however consolidated net premium was Rs. 28 billion (2019: Rs. 27 billion). Covid 19 has impacted growth in life and non-life insurance business in the country and your Company's consolidated Written premium has also experienced its impact.

The consolidated after tax profit was Rs. 2,222 million as compared to Rs. 1,245 million for the corresponding period of last year. It was mainly due to improvement in investment income. The consolidated total assets were Rs. 192 billion (31 December 2019: Rs. 174 billion) and total investments stood at Rs. 150 billion (31 December 2019: Rs. 129 billion).

Rupees '000

Movement of Reserves

30 September
2020
(Unaudited)

Unappropriated loss brought forward	(254 638)
Profit attributable to ordinary shares	1 632 916
Transferred from surplus on revaluation of property and equipment	3 060
Acquisition of Non-Controlling Interest without a change in control	(58 230)
	<u>1 577 746</u>
Profit available for appropriations	<u>1 323 108</u>
Earnings per share (Rupees)	<u>8.16</u>

Sales Tax on Life Insurance premium

Our Company's subsidiary (EFU Life) is engaged with the provincial tax authorities on the matter of sales tax on life insurance premiums and had meetings with Revenue Boards / Authorities of all the provinces. EFU Life and other life insurance companies have filed Constitutional Petitions in High Court of Sindh and Lahore High Court and the matter is sub judice.

Outlook

Despite the encouraging signs of economic revival (stable external account), the risk of second wave of Covid-19 is likely to impact the economic activities in the country. However, the latest economic numbers are showing signs of improvement and therefore we anticipate improvement in insurance business in the last quarter and beyond. The latest World Bank report forecasts that the GDP growth for fiscal year 2021 is likely to be around 0.5%.

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 have contributed to the continued successful operations.

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

مجموعی کنڈینسڈ عبوری مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کا جائزہ ۳۰ ستمبر ۲۰۲۰ء کو ختم ہونے والی ۹ ماہ کی مدت کیلئے

ہم بھرت ای ایف یوجزل انشورنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یولائف انشورنس لمیٹڈ (ای ایف یولائف) کے مجموعی کنڈینسڈ عبوری مالیاتی حسابات کیجا کر کے پیش کر رہے ہیں۔

کارکردگی کا جائزہ

آپ کی کمپنی کا مجموعی زیر تحریر پریمیم کسی تبدیلی کے بغیر ۳ بلین روپے رہا جو گزشتہ سال بھی اسی سطح پر تھا تاہم مجموعی خالص پریمیم ۲۸ بلین روپے رہا (۲۰۱۹ء: ۲۷ بلین روپے) COVID-19 (کورونا وائرس) کے اثرات کی وجہ سے ملک میں لائف اور نان-لائف انشورنس کے کاروبار کی شرح نمو متاثر ہوئی اور آپ کی کمپنی کا مجموعی زیر تحریر پریمیم بھی اس کے اثرات سے محفوظ نہ رہا۔

کیجا شدہ بعد از ٹیکس منافع ۲۲۲.۲۲ بلین روپے رہا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران ۲۴۵.۴۳ بلین روپے تھا۔ اس کی بنیادی وجہ سرمایہ کاری سے آمدنی میں بہتری تھی۔ کیجا شدہ مجموعی اثاثہ جات ۱۹۲ بلین روپے (۳۱ دسمبر ۲۰۱۹ء: ۱۷۳ بلین روپے) اور مجموعی سرمایہ کاری ۱۵۰ بلین روپے رہی (۳۱ دسمبر ۲۰۱۹ء: ۱۲۹ بلین روپے)۔

روپے ہزاروں میں

۳۰ ستمبر ۲۰۲۰ء
(غیر آڈٹ شدہ)

محفوظ اثاثہ جات کی منتقلی

غیر مختص کردہ خسارہ

عمومی شیئرز کیلئے قابل منسوب منافع

جانید اور ایکویٹی کی ری ویلیویشن پر اضافے سے منتقل شدہ کنٹرول
کسی تبدیلی کے بغیر نان-کنٹرولنگ انٹرسٹ کا حصول

تناسب کے تحت دستیاب منافع

آمدنی فی شیئر (روپے)

(۲۵۳ ۶۳۸)

۱ ۶۳۲ ۹۱۶

۳ ۰۶۰

(۵۸ ۲۳۰)

۱ ۵۷۷ ۷۴۶

۱ ۳۲۳ ۱۰۸

۸.۱۶

لائف انشورنس پریمیم پریلیمینٹس

آپ کی کمپنی کا ذیلی ادارہ (ای ایف یولائف) لائف انشورنس پریمیم پریلیمینٹس کے معاملے کے بارے میں صوبائی ٹیکس حکام کے ساتھ گفت و شنید میں مصروف ہے اور تمام صوبوں کے ریونیو بورڈ / حکام کے ساتھ اجلاس منعقد کئے گئے ہیں۔ ای ایف یولائف اور دیگر لائف انشورنس کمپنیاں اس حوالے سے سندھ ہائی کورٹ اور لاہور ہائی کورٹ میں آئینی پیشینہ داخل کر چکی ہیں اور معاملہ زیر التواء ہے۔

آڈٹ لگ

معاشی بحالی کے اثرات (مستحکم بیرونی اکاؤنٹ) کے حوصلہ افزاء اشارے ملنے کے باوجود COVID-19 (کورونا وائرس) کی دوسری لہر کے خطرے کے باعث ممکنہ طور پر ملک میں معاشی سرگرمیوں پر اس کے اثرات پڑ سکتے ہیں۔ تاہم معیشت کے تازہ ترین اعداد و شمار بہتری کے آثار ظاہر کر رہے ہیں لہذا ہم آخری سہ ماہی اور اس کے بعد انشورنس کے کاروبار میں بہتری آنے کیلئے پُر امید ہیں۔ عالمی بینک کی تازہ رپورٹ میں پیش گوئی کی گئی ہے کہ مالی سال ۲۰۲۱ء میں جی ڈی پی گروتھ کی شرح لگ بھگ ۵.۵ فیصد رہے گی۔

اظہار شکر

آپ کے ڈائریکٹرز کیلئے یہ امر نہایت اطمینان و خوشی کا باعث ہے کہ وہ اپنے افسران، فیلڈ فورس اور اسٹاف کی جانب سے کی جانے والی ان کاوشوں اور جدوجہد کو خراج تحسین پیش کرتے ہیں جو انہوں نے کمپنی کی کامیابی کے لئے کی ہیں۔

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

سیف الدین این۔ زومکوالا
چیئر مین

حسن علی عبداللہ
میٹنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی۔ ساچک
ڈائریکٹر

رفیق آر۔ بھیم جی
ڈائریکٹر

کراچی: ۲۲ اکتوبر ۲۰۲۰ء

Consolidated Condensed Interim Statement of Financial Position As at 30 September 2020 (Unaudited)

Rupees '000

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Property and equipment	6	7 102 841	7 226 234
Right-of-use assets		551 282	562 686
Intangible assets		8 018 549	8 005 650
Investment property	7	2 343 823	2 341 470
Investments			
Equity securities	8	36 653 788	13 638 413
Debt securities	9	95 844 157	95 177 568
Term deposits		17 926 666	20 103 352
Loans and other receivables	10	1 753 756	3 494 624
Insurance / reinsurance receivables	11	3 519 561	4 266 731
Reinsurance recoveries against outstanding claims		4 396 424	4 081 849
Salvage recoveries accrued		90 081	44 550
Deferred commission expense		677 643	598 669
Retirement benefit		18 165	29 689
Taxation - payments less provision		1 103 223	1 083 593
Prepayments	12	5 075 915	5 901 902
Cash and bank	13	6 113 551	6 905 236
		<u>191 189 425</u>	<u>173 462 216</u>
Total assets of window takaful operations - Operator's Fund		915 627	759 742
Total assets		<u>192 105 052</u>	<u>174 221 958</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	14	18 658 976	17 726 840
Unappropriated profit		(776 892)	(254 638)
Capital and reserve attributable to Company's equity holders		19 882 084	19 472 202
Non-controlling interest		3 867 075	4 071 148
Total equity		<u>23 749 159</u>	<u>23 543 350</u>
Surplus on revaluation of property and equipment		1 186 682	1 193 610
Liabilities			
Insurance liabilities	15	135 581 913	118 487 133
Underwriting provisions			
Outstanding claims including IBNR		7 693 770	6 273 372
Unearned premium reserves		9 719 463	9 143 972
Unearned reinsurance commission		163 238	430 936
Lease liabilities		621 055	528 814
Deferred taxation		2 949 749	2 778 208
Premium received in advance		1 093 020	1 037 616
Insurance / reinsurance payables	16	4 676 914	6 325 914
Other creditors and accruals	17	4 233 534	4 084 873
		<u>31 150 743</u>	<u>30 603 705</u>
Total liabilities		<u>166 732 656</u>	<u>149 090 838</u>
		<u>191 668 497</u>	<u>173 827 798</u>
Total liabilities of window takaful operations - Operator's Fund		436 555	394 160
Total equity and liabilities		<u>192 105 052</u>	<u>174 221 958</u>
Contingencies and commitments			
	18		

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Consolidated Condensed Interim Profit and Loss Account For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Note	Three months period ended		Nine months period ended	
		30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Net insurance premium	19	10 047 371	8 520 628	27 535 205	27 012 023
Net insurance claims	20	(6 743 714)	(4 810 203)	(15 658 108)	(14 445 858)
Net commission and other acquisition costs	21	(1 761 909)	(1 804 153)	(4 941 168)	(5 618 428)
Insurance claims and acquisition expenses		(8 505 623)	(6 614 356)	(20 599 276)	(20 064 286)
Management expenses		(1 189 733)	(1 240 031)	(3 446 669)	(3 519 371)
Net change in insurance liabilities (other than outstanding claims)		(5 583 609)	(690 864)	(16 602 496)	(2 861 894)
Underwriting result		(5 231 594)	(24 623)	(13 113 236)	566 472
Investment income	22	2 680 644	3 377 156	9 504 234	8 545 413
Net realized fair value gain / (losses) on financial assets	23	2 195 998	(1 718 879)	3 418 818	(7 286 219)
Net fair value gain / (loss) on financial assets at fair value through profit and loss	24	1 266 393	(878 313)	3 313 867	141 658
Rental income		26 903	28 428	89 715	81 779
Other income	25	49 895	63 326	170 725	217 241
Other expenses		(16 147)	(19 016)	(87 428)	(77 043)
		6 203 686	852 702	16 409 931	1 622 829
Results of operating activities		972 092	828 079	3 296 695	2 189 301
Profit from window takaful operations - Operator's Fund	26	45 891	65 534	154 076	153 750
Profit before tax		1 017 983	893 613	3 450 771	2 343 051
Income tax expense	27	(327 955)	(294 800)	(1 228 364)	(1 097 805)
Profit after tax		690 028	598 813	2 222 407	1 245 246
Profit attributable to:					
Equity holders of the parent		464 826	516 687	1 632 916	911 567
Non-controlling interest		225 202	82 126	589 491	333 679
		690 028	598 813	2 222 407	1 245 246
Earnings (after tax) per share - Rupees	28	2.32	2.58	8.16	4.56

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

 RAFIQUE R. BHIMJEE
Director

 TAHER G. SACHAK
Director

 ALTAF GOKAL
Chief Financial Officer

 HASANALI ABDULLAH
Managing Director &
Chief Executive

 SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Consolidated Condensed Interim Statement of Comprehensive Income For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Profit after tax	690 028	598 813	2 222 407	1 245 246
Other comprehensive income				
Total items that may be reclassified subsequently to profit and loss account				
Unrealized gain / (loss) on available-for-sale investments during the period	701 346	(194 427)	715 600	(1 426 378)
Reclassification adjustments relating to available-for-sale investments disposed of during the period	3 335	42 248	13 692	44 791
Total unrealized gain / (loss) for the period	704 681	(152 179)	729 292	(1 381 587)
Deferred tax on available-for-sale investments	(204 382)	44 131	(210 204)	400 659
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(1 474)	246	(76)	(558)
Other comprehensive income for the period	498 825	(107 802)	519 012	(981 486)
Total comprehensive income for the period	1 188 853	491 011	2 741 419	263 760
Total comprehensive income attributable to:				
Equity holders of the parent	950 686	415 114	2 165 052	(45 047)
Non-controlling interest	238 167	75 897	576 367	308 807
	1 188 853	491 011	2 741 419	263 760

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

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Consolidated Condensed Interim Cash Flow Statement For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	2020	2019
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	38 103 571	36 786 082
Reinsurance premium / retakaful contribution paid	(9 965 960)	(9 025 270)
Claims paid	(16 144 634)	(15 016 872)
Reinsurance and other recoveries received	2 004 206	1 512 119
Commission paid	(3 976 729)	(4 565 132)
Commission received	236 081	810 104
Management expenses paid	(4 734 099)	(4 922 602)
Net cash flow from underwriting activities	5 522 436	5 578 429
b) Other operating activities		
Income tax paid	(1 241 937)	(1 695 862)
Other operating payments	(10 410)	(64 727)
Other operating receipts	110 338	1 850 736
Loans advanced	(33 769)	(65 145)
Loans repayments received	2 515	27 209
Net cash flow (used in) / from other operating activities	(1 173 263)	52 211
Total cash flow from all operating activities	4 349 173	5 630 640
Investment activities		
Profit / return received	10 928 110	8 321 288
Dividend received	592 714	797 687
Rentals received	53 463	69 074
Payment for investments / investment properties	(152 070 565)	(322 056 949)
Proceeds from investments / investment properties	136 155 614	318 344 053
Fixed capital expenditures	(430 128)	(647 563)
Proceeds from sale of property and equipment	37 145	41 638
Total cash flow (used in) / from investing activities	(4 733 647)	4 869 228
Financing activities		
Payments against lease liabilities	(164 039)	(116 808)
Dividends paid	(2 409 882)	(2 595 250)
Total cash flow used in financing activities	(2 573 921)	(2 712 058)
Net cash flow (used in) / from all activities	(2 958 395)	7 787 810
Cash and cash equivalents at beginning of period	26 564 236	21 102 024
Cash and cash equivalents at end of period	23 605 841	28 889 834
Reconciliation to profit and loss account		
Operating cash flows	4 349 173	5 630 640
Depreciation / amortization expense	(756 815)	(759 874)
Finance cost	(49 982)	(44 268)
Profit on disposal of property and equipment	31 957	53 625
Gain / (loss) on disposal of investments / investment properties	3 433 541	(7 286 219)
Rental income	89 715	81 779
Dividend income	581 968	807 020
Other investment income	8 831 890	8 114 818
Profit on lease termination	3 678	-
Profit on deposits	90 090	114 190
Other income	36 699	41 938
Appreciation in market value of investments	3 700 320	49 591
Impairment in the value of available-for-sale equity investments	25 943	(2 205)
Increase / (decrease) in assets other than cash	(1 659 184)	1 171 405
Increase in liabilities other than running finance	(16 640 662)	(6 880 944)
Profit after tax from conventional insurance operations	2 068 331	1 091 496
Profit from window takaful operations - Operator's Fund	154 076	153 750
Profit after tax	2 222 407	1 245 246

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

RAFIQUE R. BHIMJEE	TAHER G. SACHAK	ALTAZ GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 22 October 2020

Consolidated Condensed Interim Statement of Changes in Equity For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company								Total
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Unrealized gain/(loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property	Unappropriated profit	Equity attributable to equity holder of parent	Non-controlling interest	
Balance as at 01 January 2019	2 000 000	12 902	13 500 000	1 934 423	1 279 740	1 126 031	19 853 096	4 184 692	24 037 788
Total comprehensive income for the period ended 30 September 2019									
Profit after tax				(956 614)	(67 303)	978 870	911 567	333 679	1 245 246
Other comprehensive income				(956 614)	(67 303)	978 870	(956 614)	(24 872)	(981 486)
Transfer from surplus on revaluation of property and equipment - net of tax							(45 047)	308 807	263 760
Acquisition of NCI without a change in control						4 144	4 144	-	4 144
Transactions with owners recorded directly in equity						(9 057)	(9 057)	(3 559)	(12 616)
Final dividend for the year 2018 at the rate of Rs. 6.25 (62.50%) per share						(1 250 000)	(1 250 000)	-	(1 250 000)
Final dividend for the year 2018 at the rate of Rs. 6.25 (62.50%) per share						-	-	(635 937)	(635 937)
1st Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)	-	(300 000)
1st Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						-	-	(84 792)	(84 792)
2nd Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)	-	(300 000)
2nd Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						-	-	(84 780)	(84 780)
Other transfer within equity									
Transfer to general reserve			1 500 000			(1 500 000)	-	-	-
Balance as at 30 September 2019	<u>2 000 000</u>	<u>12 902</u>	<u>15 000 000</u>	<u>977 809</u>	<u>1 212 437</u>	<u>(1 250 012)</u>	<u>17 953 136</u>	<u>3 684 431</u>	<u>21 637 567</u>
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	1 211 225	1 502 713	(254 638)	19 472 202	4 071 148	23 543 350
Total comprehensive income for the period ended 30 September 2020									
Profit after tax				532 136	-	1 632 916	1 632 916	589 491	2 222 407
Other comprehensive income				532 136	-	1 632 916	532 136	(13 124)	519 012
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax							2 165 052	576 367	2 741 419
Acquisition of NCI without a change in control						3 060	3 060	3 868	6 928
Transactions with owners recorded directly in equity						(58 230)	(58 230)	(27 809)	(86 039)
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)	-	(1 100 000)
Final dividend for the year 2019 at the rate of Rs. 10.50 (105.00%) per share						-	-	(588 738)	(588 738)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)	-	(300 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						-	-	(83 892)	(83 892)
2nd Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)	-	(300 000)
2nd Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						-	-	(83 869)	(83 869)
Other transfer within equity									
Transfer to general reserve			400 000			(400 000)	-	-	-
Balance as at 30 September 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>1 743 361</u>	<u>1 502 713</u>	<u>(776 892)</u>	<u>19 882 084</u>	<u>3 867 075</u>	<u>23 749 159</u>

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

RAFIQUE R. BHIMJEE TAHER G. SACHAK ALTAF GOKAL HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director Director Chief Financial Officer Managing Director & Chief Executive Chairman

Karachi 22 October 2020

Notes to the Consolidated Condensed Interim Financial Statements For the nine months period ended 30 September 2020 (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 condensed interim 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 53 (2019: 53) 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 44.33 % 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 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 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 2019.

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 Group's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Group's operation and therefore not detailed in these consolidated condensed interim financial statements.

2.5 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 2020:

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general-purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A group shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.

Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

1. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
2. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
3. there is no substantive change to the other terms and conditions of the lease.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise 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.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall 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 beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020:

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.

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

	As at 30 September 2020 (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
Financial assets					
Investments in equity securities					
- available-for-sale	36 653 788	2 595 161	–	–	–
Investments in debt securities					
- available-for-sale	–	–	95 844 157	–	1 490 148
Term Deposits*	–	–	17 926 666	–	–
Loans to employees*	–	–	174 620	–	–
Cash and bank *	1 182 061	–	4 931 490	–	–
Total	<u>37 835 849</u>	<u>2 595 161</u>	<u>118 876 933</u>	<u>–</u>	<u>1 490 148</u>

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

Rupees ‘000

	As at 30 September 2020 (Unaudited)										
	Gross carrying amounts of debt instruments that pass the SPPI test										
	AAA	AA+	AA	A+	A	A-	AA-	A-1	A-1+	BBB+	Unrated
Investments in debt securities -											
-available-for-sale	2 265 675	509 701	3 917 043	1 123 305	100 000	95 334	197 566	–	–	44 264	87 591 269
Term deposits	185 744	135 132	–	800 000	15 000	98 500	–	3 350 000	13 342 290	–	–
Total	<u>2 451 419</u>	<u>644 833</u>	<u>3 917 043</u>	<u>1 923 305</u>	<u>115 000</u>	<u>193 834</u>	<u>197 566</u>	<u>3 350 000</u>	<u>13 342 290</u>	<u>44 264</u>	<u>87 591 269</u>

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 audited annual consolidated financial statements of the Group for the year ended 31 December 2019,

4. Accounting estimates and judgements

The preparation of these consolidated 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 consolidated condensed interim financial statements, the significant judgments 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 audited consolidated financial statements as at and for the year ended 31 December 2019.

5. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2019.

6. Property and equipment

The details of additions and disposals during the nine months period ended 30 September 2020 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Tangible				
Buildings	105 137	132 639	–	–
Furniture and fixtures	52 226	59 944	–	–
Office equipment	19 017	30 108	16	–
Computers	61 509	116 385	14	33
Vehicles	152 696	272 988	5 049	22 112
Tracker equipment	9 558	32 785	–	–
Intangibles assets	29 904	144	–	–
	<u>430 047</u>	<u>644 993</u>	<u>5 079</u>	<u>22 145</u>

7. Investment property

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Opening net book value	2 341 470	1 879 093
Additions and capital improvements	2 353	28 478
Unrealized fair value gain *	–	433 899
Closing net book value	<u>2 343 823</u>	<u>2 341 470</u>

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

8. Investment in equity securities

Rupees '000

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party *						
Listed shares	753 045	(240 028)	513 017	702 768	(348 264)	354 504
Mutual funds	523	–	523	26 717	–	26 717
	753 568	(240 028)	513 540	729 485	(348 264)	381 221
Others						
Listed shares	1 587 594	(118 744)	1 468 850	1 582 928	(114 597)	1 468 331
Unlisted shares	31 508	(15 500)	508	31 508	(15 500)	508
Mutual funds	128 830	(14 428)	114 402	116 235	(11 200)	105 035
	1 747 932	(148 672)	1 583 760	1 730 671	(141 297)	1 573 874
Surplus on revaluation	–	–	2 148 442	–	–	1 712 119
	2 501 500	(388 700)	4 245 742	2 460 156	(489 561)	3 667 214
At fair value through profit and loss - designated upon initial recognition						
Related Party *						
Listed shares	8 557	–	159 124	8 557	–	70 976
Mutual funds	596	–	1 082	547	–	1 033
	9 153	–	160 206	9 104	–	72 009
Others						
Listed shares	28 771 761	–	30 792 192	9 514 742	–	9 634 376
Mutual funds	1 410 633	–	1 455 648	253 068	–	264 814
	30 182 394	–	32 247 840	9 767 810	–	9 899 190
	30 191 547	–	32 408 046	9 776 914	–	9 971 199
	32 693 047	(388 700)	36 653 788	12 237 070	(489 561)	13 638 413

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

9. Investment in debt securities

Rupees '000

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government securities	6 376 257	–	6 376 257	5 350 047	–	5 350 047
Available-for-sale						
Government securities	10 712 453	–	10 712 453	9 152 598	–	9 152 598
Term Finance Certificate	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate Sukuks	180 000	–	180 000	180 000	–	180 000
Surplus on revaluation	–	–	296 294	–	–	121 937
	11 136 571	(44 118)	11 388 747	9 576 716	(44 118)	9 654 535
Fair value through profit and loss (Designated-upon initial recognition)						
Government securities	68 996 770	–	70 356 854	70 853 495	–	70 853 495
Term Finance Certificates	3 655 933	–	3 655 933	3 796 562	–	3 796 562
Corporate Sukuks	3 848 166	–	3 848 166	4 677 570	–	4 677 570
Commercial papers	8 200	–	8 200	635 359	–	635 359
Certificates of investment	210 000	–	210 000	210 000	–	210 000
	76 719 069	–	78 079 153	80 172 986	–	80 172 986
	94 231 897	(44 118)	95 844 157	95 099 749	(44 118)	95 177 568

10. Loan and other receivables - considered good

Rupees '000

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Loans to employees		174 620	175 332
Accrued investment income		980 243	2 916 752
Security deposits		143 237	71 316
Advances to suppliers		101 474	42 346
Advances to employees		5 076	4 772
Other receivables		349 106	284 106
		<u>1 753 756</u>	<u>3 494 624</u>
11. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		3 465 681	4 436 944
Provision for impairment of receivables from insurance contract holders		(11 619)	(209 784)
		<u>3 454 062</u>	<u>4 227 160</u>
Due from other insurer / reinsurers		65 499	39 571
		<u>3 519 561</u>	<u>4 266 731</u>
12. Prepayments			
Prepaid reinsurance premium ceded	19	4 920 749	5 750 008
Software and hardware support services		3 487	801
Group health insurance premium		5 340	-
Prepaid tracker expense		53 668	92 983
Annual supervision fee		9 360	-
Others		83 311	58 110
		<u>5 075 915</u>	<u>5 901 902</u>
13. Cash and Bank			
Cash and cash equivalents			
Cash in hand		2 393	41
Policy and revenue stamps, bond papers		28 738	24 642
		31 131	24 683
Cash at bank			
Current accounts		1 150 930	4 082 929
Saving accounts		4 931 490	2 797 624
		<u>6 082 420</u>	<u>6 880 553</u>
		<u>6 113 551</u>	<u>6 905 236</u>
14. Reserves			
Capital reserve			
Reserve for exceptional losses	14.1	12 902	12 902
Revenue reserves			
General reserve		15 400 000	15 000 000
Revaluation reserve for unrealized gain on available-for-sale investments - net		1 743 361	1 211 225
Reserve for change in fair value of investment property - net		1 502 713	1 502 713
		<u>18 658 976</u>	<u>17 726 840</u>

14.1 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.

15. Insurance Liability

Rupees '000

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Reported outstanding claims	15.1	3 290 068	2 715 505
Incurring but not reported claims	15.2	670 900	734 895
Investment component of unit-linked and account value policies	15.3	130 004 973	113 717 100
Liabilities under individual conventional insurance contracts	15.4	919 753	763 786
Liabilities under group insurance contracts (other than investment linked)	15.5	498 127	383 053
Participant's Takaful Fund Balance		198 092	172 794
		<u>135 581 913</u>	<u>118 487 133</u>
15.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		2 821 193	2 328 910
Payable over a period of time exceeding one year		824 585	648 115
		<u>3 645 778</u>	<u>2 977 025</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(355 710)	(261 520)
		<u>(355 710)</u>	<u>(261 520)</u>
Net reported outstanding claims		<u>3 290 068</u>	<u>2 715 505</u>
15.2 Incurring but not reported claims			
Gross of reinsurance		796 708	863 010
Reinsurance recoveries		(125 808)	(128 115)
Net of reinsurance		<u>670 900</u>	<u>734 895</u>
15.3 Investment component of unit-linked and account value policies			
Investment component of unit linked policies		130 004 973	113 717 100
		<u>130 004 973</u>	<u>113 717 100</u>
15.4 Liabilities under individual conventional insurance contracts			
Gross of reinsurance		1 090 719	941 275
Reinsurance credit		(170 966)	(177 489)
Net of reinsurance		<u>919 753</u>	<u>763 786</u>
15.5 Liabilities under group insurance contracts (other than investment linked)			
Gross of reinsurance		661 251	456 072
Reinsurance credit		(163 124)	(73 019)
Net of reinsurance		<u>498 127</u>	<u>383 053</u>
16. Insurance / reinsurance payables			
These amounts represent amount payable to other insurers and reinsurer			
17. Others creditors and accruals			
Federal insurance fee payable		8 428	10 563
Sales tax payable		94 890	113 617
Accrued expenses		939 641	1 010 171
Agent commission payable		1 170 919	1 280 167
Unearned rentals		56 399	89 169
Other deposits		1 010 368	958 402
Unclaimed / unpaid dividends		428 367	368 605
Others		524 522	254 179
		<u>4 233 534</u>	<u>4 084 873</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 Department has filed an appeal for tax year 2008 before the Honourable High Court of Sindh against the order of Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium. If the appeal is decided against the Holding Company, a tax liability of Rs. 5 million would arise.

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.

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 Holding 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 Holding Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Holding Company has not paid / provided an amount of Rs. 37 million being withholding tax on bonus shares.

18.2 Subsidiary Company

In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.14 million and Rs.15 million for Tax Years 2012 and

2013 respectively. The Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Subsidiary Company filed second appeal before the Appellate Tribunal against the order of CIT. The learned Appellate Tribunal Inland revenue has now decided the case in Subsidiary Company's favour. Subsequent to the period, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Subsidiary Company expects a favourable decision.

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

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

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

In view of the above the Subsidiary Company has not started billing sales tax to its customers. The amount of sales tax involved is around Rs. 1,058 million computed on the basis of risk based premium, as per the advice of legal advisor, which nonetheless the Subsidiary Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA have called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales Tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax Authorities and agreed in the meeting that the sales tax on Life and Health be kept exempt till 30 June 2020 however a formal notification in this regard has not yet been issued. Further the committee formed met on 05 February 2020 in Lahore at PRA office to work out the way forward.

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

Bank guarantees amounting to Rs. 58 million has been given in respect of Group Life coverage. These bank guarantees will expire by 19 February 2021 and 02 December 2023.

- 18.3 No provision has been made in these consolidated condensed interim financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Group.
- 18.4 There are no commitments as at 30 September 2020 (31 December 2019: Nil).

19. Net insurance premium

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Written gross premium	14 323 844	12 882 878	37 272 693	37 092 808
Unearned premium reserve - opening	8 376 182	8 065 880	9 143 972	8 354 109
Unearned premium reserve - closing	(9 719 463)	(9 557 508)	(9 719 463)	(9 557 508)
Premium earned	12 980 563	11 391 250	36 697 202	35 889 409
Less:				
Reinsurance premium ceded	3 232 940	3 728 812	8 332 738	9 741 491
Prepaid reinsurance premium - opening	4 621 001	5 079 196	5 750 008	5 073 281
Prepaid reinsurance premium - closing	(4 920 749)	(5 937 386)	(4 920 749)	(5 937 386)
Reinsurance expense	2 933 192	2 870 622	9 161 997	8 877 386
	<u>10 047 371</u>	<u>8 520 628</u>	<u>27 535 205</u>	<u>27 012 023</u>
20. Net insurance claims expense				
Claims Paid	6 759 501	4 860 617	16 591 385	15 410 492
Outstanding claims including IBNR - closing	7 693 770	6 350 369	7 693 770	6 350 369
Outstanding claims including IBNR - opening	(6 966 017)	(5 732 258)	(6 273 372)	(5 176 757)
Claims expense	7 487 254	5 478 728	18 011 783	16 584 104
Less:				
Reinsurance and other recoveries received	488 209	334 384	2 039 100	1 519 690
Reinsurance and other recoveries in respect of outstanding claims - opening	(4 141 093)	(3 647 854)	(4 081 849)	(3 363 439)
Reinsurance and other recoveries in respect of outstanding claims - closing	4 396 424	3 981 995	4 396 424	3 981 995
Reinsurance and other recoveries revenue	743 540	668 525	2 353 675	2 138 246
	<u>6 743 714</u>	<u>4 810 203</u>	<u>15 658 108</u>	<u>14 445 858</u>
21. Net commission expense				
Commission paid or payable	1 939 083	1 931 352	4 940 224	5 869 828
Deferred commission expense - opening	486 923	739 174	598 669	600 740
Deferred commission expense - closing	(677 643)	(796 428)	(677 643)	(796 428)
Net commission	1 748 363	1 874 098	4 861 250	5 674 140
Less:				
Commission received or recoverable	111 046	411 347	236 082	810 105
Unearned reinsurance commission - opening	243 772	391 844	430 936	394 848
Unearned reinsurance commission - closing	(163 238)	(491 328)	(163 238)	(491 328)
Commission from reinsurers	191 580	311 863	503 780	713 625
Other acquisition cost	205 126	241 918	583 698	657 913
	<u>1 761 909</u>	<u>1 804 153</u>	<u>4 941 168</u>	<u>5 618 428</u>

22. Investment income

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Income from equity securities				
Available-for-sale				
Dividend income	5 041	39 105	79 002	150 265
Fair value through profit and loss				
Dividend income	85 497	62 806	510 603	666 324
Income from debt securities				
Available-for-sale				
Return on debt securities	286 616	250 091	908 587	663 106
Held to maturity				
On government securities	125 032	150 753	409 185	363 428
Fair value through profit and loss				
Return on debt securities	271 916	394 245	1 359 523	966 130
On government securities	1 622 340	1 977 684	5 146 928	4 554 237
Income from term deposits				
Return on term deposits	245 483	503 909	1 119 781	1 356 784
	<u>2 641 925</u>	<u>3 378 593</u>	<u>9 533 609</u>	<u>8 720 274</u>
Net realized gains / (losses) on investments				
Available-for-sale financial assets				
Realized gains on:				
Equity securities	3 334	57 858	15 840	65 778
Realized losses on:				
Equity securities	–	(15 610)	(1 117)	(19 269)
Net unrealized gains on investments	3 334	42 248	14 723	46 509
(Impairment) / reversal in value of available-for-sale equity securities	35 616	(43 485)	(43 667)	(220 970)
Investment related expenses	(231)	(200)	(431)	(400)
Total Investment income	<u>2 680 644</u>	<u>3 377 156</u>	<u>9 504 234</u>	<u>8 545 413</u>
23. Net realized fair value gains / (losses) on financial assets				
Available-for-sale financial assets				
Realized gain on:				
Equity securities	583 343	(3 141)	736 609	29 869
Government securities	1 612 655	–	2 682 209	–
Realized losses on				
Equity securities	–	(1 715 738)	–	(7 316 088)
	<u>2 195 998</u>	<u>(1 718 879)</u>	<u>3 418 818</u>	<u>(7 286 219)</u>

24. Net fair value gains / (losses) on financial assets at fair value through profit or loss

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Net unrealized gains / (losses) on investments in financial assets - government securities and Debt Securities (designated upon initial recognition)	(3 383 441)	160 012	1 315 791	194 928
Net unrealized gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition) - Equity Securities	4 619 528	(1 038 995)	1 965 132	(45 871)
Total investment income	1 236 087	(878 983)	3 280 923	149 057
Exchange gain / (loss)	(2 010)	-	10 923	-
Reversal / (impairment) in value of available-for-sale securities	34 229	1 735	25 943	(2 205)
Investment related expenses	(1 913)	(1 065)	(3 922)	(5 194)
	<u>1 266 393</u>	<u>(878 313)</u>	<u>3 313 867</u>	<u>141 658</u>
25. Other income				
Gain on sale of property and equipment	14 981	14 066	31 957	53 625
Return on loans to employees	5 674	4 687	13 037	13 802
Exchange difference	(735)	51 135	24 401	114 190
Return on bank balances	22 497	(9 331)	89 351	28 136
Others	7 478	2 769	11 979	7 488
	<u>49 895</u>	<u>63 326</u>	<u>170 725</u>	<u>217 241</u>
26. Window takaful operations - Operator's fund				
Wakala fee	166 396	168 066	501 247	489 951
Commission expense	(61 916)	(57 741)	(182 754)	(169 683)
General, administrative and management expense	(78 279)	(65 667)	(227 322)	(215 820)
Modarib's share of PTF investment income	8 315	7 253	24 876	19 325
Investment income	10 205	11 765	33 726	25 022
Direct expenses	(122)	353	(556)	(509)
Other income	1 292	1 505	4 859	5 464
	<u>45 891</u>	<u>65 534</u>	<u>154 076</u>	<u>153 750</u>
27. Taxation				
For current period				
Current	317 715	376 957	1 249 242	1 087 935
Deferred	10 240	(82 157)	(38 670)	9 870
	<u>327 955</u>	<u>294 800</u>	<u>1 210 572</u>	<u>1 097 805</u>
For prior period(s)				
Prior year tax	-	-	17 792	-
	<u>327 955</u>	<u>294 800</u>	<u>1 228 364</u>	<u>1 097 805</u>
28. Earnings per share - basic and diluted				
Profit after tax for the period (Rupees '000)	<u>464 826</u>	<u>516 687</u>	<u>1 632 916</u>	<u>911 567</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>2.32</u>	<u>2.58</u>	<u>8.16</u>	<u>4.56</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:

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Transactions				
Associated companies				
Premium written	238 808	70 489	416 528	349 819
Premium paid	519	562	43 284	41 224
Claims paid	76 139	24 091	106 651	97 744
Commission paid	73 253	29 063	147 335	156 316
Travelling expenses	359	31	1 771	434
Donation paid	627	58	2 216	1 531
Dividend paid	325 249	162 836	1 134 732	1 165 555
Interest on bank deposits	361 526	177 263	549 025	559 548
Purchase of vehicle	29 641	–	102 288	–
Investment made	1 910	–	1 910	–
Investment sold	–	–	–	25 558
Bank deposit withdrawn	–	(50 000)	–	(100 000)
Key management personnel				
Premium written	1 760	659	2 205	1 171
Claims paid	170	–	170	–
Dividend paid	4 987	2 324	16 770	17 513
Loan to key employees	–	–	6 584	6 000
Loan recovered	2 387	900	3 494	3 500
Compensation	189 242	190 784	282 815	275 192
Others				
Premium written	202 237	12 018	229 422	183 920
Claims paid	33 465	10 682	35 424	23 725
Dividend paid	177 427	85 110	490 391	565 368
Brokerage paid	134	140	330	182
Employees' funds				
Contribution to provident fund	31 769	13 879	49 380	45 900
Contribution to gratuity fund	9 420	6 823	14 129	21 281
Contribution to pension fund	15 383	3 933	22 142	18 809
Dividend paid	1 624	849	4 601	8 838
			30 September 2020 (Unaudited)	31 December 2019 (Audited)
Balances				
Others				
Balances receivable			341 353	71 539
Balances payable			30 001	42 420
Bank deposits			5 804 500	5 483 500
Investment in related party			852 034	653 525
Bank balances			317 724	375 797
Employees' funds receivable / (payable)				
EFU gratuity fund			(12 045)	2 084
EFU pension fund			30 210	27 605

30. Segment Information

For the nine months period ended 30 September 2020 (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)	11,444,348	2,100,076	2,895,075	1,495,449	-	-	21,820,883	39,755,831
Less: Sales tax	1,479,251	226,209	348,840	186,084	-	-	-	2,240,384
Stamp duty	391	86,195	850	566	-	-	-	88,002
Federal insurance fee	98,792	17,686	25,276	12,998	-	-	-	154,752
Gross Written Premium (inclusive of administrative surcharge)	9,865,914	1,769,986	2,520,109	1,295,801	-	-	21,820,883	37,272,693
Gross direct premium	9,837,556	1,735,371	2,347,837	1,284,506	-	-	21,820,883	37,026,153
Facultative inward premium	-	1,238	-	1,238	-	-	-	1,238
Administrative surcharge	28,358	33,377	172,272	11,295	-	-	-	245,302
Insurance premium earned	9,416,379	1,725,086	2,477,635	1,257,219	-	-	21,820,883	36,697,202
Insurance premium ceded to reinsurers	(7,066,941)	(699,817)	(12,062)	(691,337)	-	-	(691,840)	(8,460,990)
Net insurance premium	2,349,438	1,025,269	2,465,573	565,882	-	-	21,129,043	27,535,205
Commission income	379,197	10,622	131	113,830	-	-	-	503,780
Net underwriting income	2,728,635	1,035,891	2,465,704	679,712	-	-	21,129,043	28,038,985
Insurance claims	(2,339,640)	(966,310)	(1,182,506)	(557,189)	-	-	(12,966,138)	(18,011,783)
Insurance claims recovered from reinsurers	1,062,505	462,459	7,448	307,858	-	-	513,405	2,353,675
Net claims	(1,277,135)	(503,851)	(1,175,058)	(249,331)	-	-	(12,452,733)	(15,658,108)
Commission expense	(532,345)	(163,562)	(218,600)	(100,218)	-	-	(4,430,223)	(5,444,948)
Management expenses	(718,997)	(296,176)	(810,666)	(173,068)	-	-	(1,447,762)	(3,446,669)
Net insurance claims and expenses	(2,528,477)	(963,589)	(2,204,324)	(522,617)	-	-	(18,330,718)	(24,549,725)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	(16,602,496)	(16,602,496)
Underwriting result	200,158	72,302	261,380	157,095	-	-	(13,804,171)	(13,113,236)
Net investment income	-	-	-	-	-	-	8,542,924	9,504,234
Net realized fair value gain on financial assets	-	-	-	-	-	-	3,418,818	3,418,818
Net fair value gain on financial assets at fair value through profit and loss	-	-	-	-	-	-	3,313,867	3,313,867
Rental income	-	-	-	-	-	-	-	89,715
Other income	-	-	-	-	-	-	50,304	170,725
Other expense	-	-	-	-	-	-	(22,248)	(87,428)
Profit before tax from takatful operations – OPF	-	-	-	-	-	-	-	154,076
Profit before tax	-	-	-	-	-	-	1,499,494	3,450,771
Corporate segment assets-conventional	9,857,405	1,727,371	922,585	1,113,263	-	-	143,068,856	156,689,480
Corporate segment assets - Takatful OPF	64,435	6,963	242,766	3,477	-	-	-	317,641
Corporate unallocated assets-conventional	-	-	-	-	-	4,424,606	-	34,499,945
Corporate unallocated assets - Takatful OPF	-	-	-	-	-	-	-	597,986
Consolidated total assets	15,079,261	2,859,073	2,643,901	3,107,555	-	-	139,545,504	163,235,294
Corporate segment liabilities	74,608	8,190	326,346	14,362	-	-	-	423,506
Corporate segment liabilities - Takatful OPF	-	-	-	-	-	837,764	-	837,764
Corporate unallocated liabilities	-	-	-	-	-	-	-	3,497,362
Corporate unallocated liabilities - Takatful OPF	-	-	-	-	-	-	-	13,049
Consolidated total liabilities	27,516,878	18,327	26,785,943	837,764	-	-	140,383,268	167,169,211
External premium less reinsurance by geographical segments 2020	27,516,878	18,327	26,785,943	837,764	-	-	140,383,268	167,169,211

* This represents US Dollar Equivalent in Pak Rupees

For the nine months period ended 30 September 2019 (Unaudited) Rupees '000

	General Insurance			Life Assurance		Aggregate General Insurance	Shareholders' Fund	Statutory Funds	Aggregate Life Assurance	Total
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty					
Premium Receivable (inclusive of sales tax, Federal insurance fee and Administrative surcharge)	10 493 289	2 434 448	3 196 006	1 490 372	-	17 614 115	-	21 858 606	21 858 606	39 472 721
Less: Sales tax	1 305 265	262 600	383 839	174 991	-	2 126 695	-	-	-	2 126 695
Stamp duty	442	98 071	988	981	-	100 482	-	-	-	100 482
Federal insurance fee	91 090	20 519	28 076	13 051	-	152 736	-	-	-	152 736
Gross Written Premium (inclusive of Administrative surcharge)	9 096 492	2 053 258	2 783 103	1 301 349	-	15 234 202	-	21 858 606	21 858 606	37 092 808
Gross direct premium	9 066 157	2 016 003	2 553 931	1 282 915	-	14 919 006	-	21 858 606	21 858 606	36 777 612
Facultative inward premium	-	1 238	-	-	-	1 238	-	-	-	1 238
Administrative surcharge	30 335	36 017	229 172	18 434	-	313 958	-	-	-	313 958
Insurance premium earned	8 467 362	1 772 805	2 611 781	1 178 855	-	14 030 803	-	21 858 606	21 858 606	35 889 409
Insurance premium ceded to reinsurers	(6 938 973)	(665 692)	(9 146)	(750 076)	-	(8 363 887)	-	(513 499)	(513 499)	(8 877 386)
Net insurance premium	1 528 389	1 107 113	2 602 635	428 779	-	5 666 916	-	21 345 107	21 345 107	27 012 023
Commission income	538 987	11 250	177	163 211	-	713 625	-	-	-	713 625
Net underwriting income	2 067 376	1 118 363	2 602 812	591 990	-	6 380 541	-	21 345 107	21 345 107	27 725 648
Insurance claims	(1 745 060)	(843 063)	(1 411 895)	(485 599)	-	(4 485 617)	-	(12 098 487)	(12 098 487)	(16 584 104)
Insurance claims recovered from reinsurers	1 247 066	272 728	(14)	285 766	-	1 805 546	-	332 700	332 700	2 138 246
Net claims	(497 994)	(570 335)	(1 411 909)	(199 833)	-	(2 680 071)	-	(11 765 787)	(11 765 787)	(14 445 858)
Commission expense	(665 494)	(190 857)	(228 716)	(99 500)	-	(1 184 567)	-	(5 147 486)	(5 147 486)	(6 332 053)
Management expenses	(600 742)	(375 016)	(980 491)	(162 170)	-	(2 118 419)	-	(1 400 952)	(1 400 952)	(3 519 371)
Net insurance claims and expenses	(1 764 230)	(1 136 208)	(2 621 116)	(461 503)	-	(5 983 057)	-	(18 314 225)	(18 314 225)	(24 297 282)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(2 861 894)	(2 861 894)	(2 861 894)
Underwriting result	303 146	(17 845)	(18 304)	130 487	-	397 484	-	168 988	168 988	566 472
Net investment income	-	-	-	-	-	634 428	-	7 910 985	7 910 985	8 545 413
Net realized fair value losses on financial assets through profit and loss	-	-	-	-	-	-	-	(7 286 219)	(7 286 219)	(7 286 219)
Net fair value gain on financial assets at fair value	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	141 658	141 658	141 658
Other income	-	-	-	-	-	81 779	-	-	-	81 779
Other expenses	-	-	-	-	-	(56 832)	-	(20 211)	(20 211)	(77 043)
Profit before tax from window takaful operations - Operator's Fund	-	-	-	-	-	153 750	-	-	-	153 750
Profit before tax	-	-	-	-	-	1 381 296	-	961 755	961 755	2 343 051
Corporate segment assets-conventional	11 117 939	1 417 980	757 556	1 470 076	-	14 763 551	-	126 784 698	126 784 698	141 548 249
Corporate segment assets - Takaful OPF	50 093	5 656	170 040	8 374	-	234 163	-	-	-	234 163
Corporate unallocated assets-conventional	-	-	-	-	-	27 987 534	3 926 433	-	3 926 433	31 913 967
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	525 579	-	-	-	525 579
Consolidated total assets	-	-	-	-	-	43 510 827	3 926 433	126 784 698	130 711 131	174 221 958
Corporate segment liabilities	15 298 581	2 366 260	2 430 554	3 332 385	-	23 427 780	-	122 033 355	122 033 355	145 461 135
Corporate segment liabilities - Takaful OPF	57 216	6 641	321 788	6 913	-	392 558	-	-	-	392 558
Corporate unallocated liabilities	-	-	-	-	-	2 392 120	1 237 583	-	1 237 583	3 629 703
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	1 602	-	-	-	1 602
Consolidated total liabilities	-	-	-	-	-	26 214 060	1 237 583	122 033 355	123 270 938	149 484 998

External premium less reinsurance by geographical segments 2019 (Unaudited)

Location	27 005 982
Pakistan * EPZ	6 041
Total	27 012 023

* This represents US Dollar Equivalent in Pak Rupees

	For the three months period ended 30 September 2020 (Unaudited)										Rupees '000
	General Insurance			Life Assurance		Aggregate General Insurance	Shareholders' Fund	Statutory Funds	Aggregate Life Assurance	Total	
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty						
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 813 159	814 465	1 243 299	429 723	-	7 300 646	-	8 019 514	8 019 514	15 320 160	
Less: Sales tax	611 408	88 893	146 922	53 086	-	900 309	-	-	-	900 309	
Stamp duty	212	32 211	211	325	-	32 959	-	-	-	32 959	
Federal insurance fee	41 599	6 864	10 855	3 730	-	63 048	-	-	-	63 048	
Gross Written Premium (inclusive of administrative surcharge)	4 159 940	686 497	1 085 311	372 582	-	6 304 330	-	8 019 514	8 019 514	14 323 844	
Gross direct premium	4 145 350	674 103	1 021 180	367 493	-	6 208 126	-	8 019 514	8 019 514	14 227 640	
Administrative surcharge	14 590	12 394	64 131	5 089	-	96 204	-	-	-	96 204	
Insurance premium earned	3 246 138	499 999	800 929	413 983	-	4 961 049	-	8 019 514	8 019 514	12 980 563	
Insurance premium ceded to reinsurers	(2 342 203)	(163 485)	(6 378)	(222 379)	-	(2 734 445)	-	(198 747)	(198 747)	(2 933 192)	
Net insurance premium	903 935	336 514	794 551	191 604	-	2 226 604	-	7 820 767	7 820 767	10 047 371	
Commission income	154 050	(108)	59	37 579	-	191 580	-	-	-	191 580	
Net underwriting income	1 057 985	336 406	794 610	229 183	-	2 418 184	-	7 820 767	7 820 767	10 238 951	
Insurance claims	(1 242 743)	(199 735)	(445 234)	(83 949)	-	(1 971 661)	-	(5 515 593)	(5 515 593)	(7 487 254)	
Insurance claims recovered from reinsurers	562 260	6 897	6 968	(5 707)	-	570 418	-	173 122	173 122	743 540	
Net claims	(680 483)	(192 838)	(438 266)	(89 656)	-	(1 401 243)	-	(5 342 471)	(5 342 471)	(6 743 714)	
Commission expense	(177 353)	(51 159)	(70 357)	(31 308)	-	(330 177)	-	(1 623 312)	(1 623 312)	(1 953 489)	
Management expenses	(262 023)	(96 645)	(260 472)	(58 121)	-	(677 261)	-	(512 472)	(512 472)	(1 189 733)	
Net insurance claims and expenses	(1 119 859)	(340 642)	(769 095)	(179 085)	-	(2 408 681)	-	(7 478 255)	(7 478 255)	(9 886 936)	
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(5 583 609)	(5 583 609)	(5 583 609)	
Underwriting result	(61 874)	(4 236)	25 515	50 098	-	9 503	-	(5 241 097)	(5 241 097)	(5 231 594)	
Net investment income	-	-	-	-	-	334 218	-	2 346 426	2 346 426	2 680 644	
Net realized fair value gains on financial assets	-	-	-	-	-	-	-	2 195 998	2 195 998	2 195 998	
Net fair value gain on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	1 266 393	1 266 393	1 266 393	
Rental income	-	-	26 903	-	-	26 903	-	-	-	26 903	
Other income	-	-	25 119	-	-	25 119	-	24 776	24 776	49 895	
Other expense	-	-	(13 986)	-	-	(13 986)	-	(2 161)	(2 161)	(16 147)	
Profit before tax from takaful operations – OPF	-	-	45 891	-	-	45 891	-	-	-	45 891	
Profit before tax	-	-	427 648	-	-	427 648	-	590 335	590 335	1 017 983	

For the three months period ended 30 September 2019 (Unaudited) Rupees '000

	General Insurance			Life Assurance			Total			
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance		Shareholders' Fund	Statutory Funds	Aggregate Life Assurance
Prior period										
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 823 806	644 978	1 319 232	486 849	-	7 274 865	-	6 590 399	6 590 399	13 865 264
Less: Sales tax	609 494	70 716	155 361	55 521	-	891 092	-	-	-	891 092
Stamp duty	223	27 480	350	326	-	28 379	-	-	-	28 379
Federal insurance fee	41 728	5 414	11 526	4 267	-	62 935	-	-	-	62 935
Gross Written Premium (inclusive of administrative surcharge)	4 172 361	541 368	1 151 995	426 735	-	6 292 459	-	6 590 419	6 590 419	12 882 878
Gross direct premium	4 157 424	530 028	1 071 114	419 778	-	6 178 344	-	6 590 419	6 590 419	12 768 763
Administrative surcharge	14 937	11 340	80 881	6 957	-	114 115	-	-	-	114 115
Insurance premium earned	2 919 906	596 969	877 509	406 467	-	4 800 851	-	6 590 399	6 590 399	11 391 250
Insurance premium ceded to reinsurers	(2 236 574)	(227 325)	(4 178)	(247 979)	-	(2 716 056)	-	(154 566)	(154 566)	(2 870 622)
Net insurance premium	683 332	369 644	873 331	158 488	-	2 084 795	-	6 435 833	6 435 833	8 520 628
Commission income	248 870	4 438	177	58 378	-	311 863	-	-	-	311 863
Net underwriting income	932 202	374 082	873 508	216 866	-	2 396 658	-	6 435 833	6 435 833	8 832 491
Insurance claims	(681 533)	(221 749)	(449 300)	(205 782)	-	(1 558 364)	-	(3 920 364)	(3 920 364)	(5 478 728)
Insurance claims recovered from reinsurers	478 463	(41 376)	(2)	115 634	-	552 719	-	115 806	115 806	668 525
Net claims	(203 070)	(263 125)	(449 302)	(90 148)	-	(1 005 645)	-	(3 804 558)	(3 804 558)	(4 810 203)
Commission expense	(238 988)	(61 751)	(77 920)	(34 729)	-	(413 388)	-	(1 702 628)	(1 702 628)	(2 116 016)
Management expenses	(230 821)	(112 978)	(307 899)	(54 566)	-	(706 264)	-	(533 767)	(533 767)	(1 240 031)
Net insurance claims and expenses	(672 879)	(437 854)	(835 121)	(179 443)	-	(2 125 297)	-	(6 040 953)	(6 040 953)	(8 166 250)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(690 864)	(690 864)	(690 864)
Underwriting result	259 323	(63 772)	38 387	37 423	-	271 361	-	(295 984)	(295 984)	(24 623)
Net investment income	-	-	-	-	-	286 146	-	3 091 010	3 091 010	3 377 156
Net realized fair value losses on financial assets	-	-	-	-	-	-	-	(1 718 879)	(1 718 879)	(1 718 879)
Net fair value loss on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	(878 313)	(878 313)	(878 313)
Rental income	-	-	-	28 428	-	28 428	-	-	-	28 428
Other income	-	-	-	47 748	-	47 748	-	15 578	15 578	63 326
Other expense	-	-	-	(12 225)	-	(12 225)	-	(6 791)	(6 791)	(19 016)
Profit before tax from takaful operations – OPF	-	-	-	65 534	-	65 534	-	-	-	65 534
Profit before tax	-	-	-	686 992	-	686 992	-	206 621	206 621	893 613

31. Movement in investment

Rupees '000

Name of investment	Held to maturity	Available-for-sale	Fair value through P & L	Total
At beginning of previous year	19 296 405	13 646 056	86 115 949	119 058 410
Additions	178 393 104	43 274 559	214 467 886	436 135 549
Disposals (sale and redemptions)	(174 152 836)	(41 087 256)	(212 360 728)	(427 600 820)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(1 037 975)	2 437 532	1 399 557
Impairment losses	-	(73 363)	-	(73 363)
At beginning of current year	<u>23 536 673</u>	<u>14 722 021</u>	<u>90 660 639</u>	<u>128 919 333</u>
Additions	67 665 272	30 755 865	114 207 195	212 628 332
Disposals (sale and redemptions)	(69 151 858)	(27 704 813)	(98 678 271)	(195 534 942)
Fair value net gains (excluding net realized gains / (losses))	-	729 292	3 700 320	4 429 612
Impairment losses	-	(17 724)	-	(17 724)
At end of current period	<u><u>22 050 087</u></u>	<u><u>18 484 641</u></u>	<u><u>109 889 883</u></u>	<u><u>150 424 611</u></u>

32 Fair value

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

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

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

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

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

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

Rupees '000

As at 30 September 2020 (Unaudited)

	Available-for-sale	Fair value through profit and loss	HTM	Loan and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	4 124 059	30 950 795					35 074 854	35 074 854		
Equity securities - unquoted	508						508			508
Government securities		70 773 361					70 773 361	70 773 361		
Mutual funds	121 696	1 456 730					1 578 426	1 578 426		
Sukuk Bonds			3 848 166				3 848 166	3 848 166		3 848 166
Debt securities	11 388 747	3 664 133					15 052 880	3 664 133	11 388 747	
Financial assets not measured at fair value										
Investments										
Term deposits *					434 376		434 376			
Government securities			5 959 750				5 959 750		6 527 902	
Loans and other receivables *				156 384			156 384			
Insurance / reinsurance receivables *				3 349 422			3 349 422			
Reinsurance recoveries against outstanding claims *				4 414 612			4 414 612			
Investment income accrued					878 620		878 620			
Other loans and receivables (excluding markup accrued) *					1 392 612		1 392 612			
Advances *				204 760			204 760			
Certificate of investment *		210 000					210 000			
Cash and bank *		22 536 361			1 069 480		23 605 841			
Total assets of window takaful operations - Operator's fund *	363 790			212 771	207 297		783 858		363 790	
	15 998 800	133 439 546	5 959 750	8 337 949	3 982 385	-	167 718 430	38 738 987	94 480 392	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(7 693 770)	(7 693 770)			
Premium received in advance *						(1 095 397)	(1 095 397)			
Insurance / reinsurance payables *						(4 676 114)	(4 676 114)			
Other creditors and accruals *						(4 233 531)	(4 233 531)			
Deferred taxation *						(733 610)	(733 610)			
Total liabilities of window takaful operations - Operator's fund *						(87 297)	(87 297)			
	15 998 800	133 439 546	5 959 750	8 337 949	3 982 385	(18 519 719)	149 198 711	38 738 987	94 480 392	508

As at 31 December 2019 (Audited)

Rupees '000

	Available-for-sale	Fair value through profit and loss	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	3 461 784	10 266 217					13 728 001	13 728 001		
Equity securities - unquoted		508					508			508
Government securities		70 853 495					70 853 495		70 853 495	
Mutual funds	144 867	265 847					410 714		410 714	
Sukuk Bonds		4 677 570					4 677 570		4 677 570	
Debt securities	9 654 535	4 431 921					14 086 456		14 086 456	
Financial assets not measured at fair value										
Investments										
Term deposits *					444 352		444 352			
Government securities			5 350 047				5 350 047		5 340 466	
Loans and other receivables *				258 678			258 678			
Insurance / reinsurance receivables *				4 021 641	3 063 402		7 085 043			
Reinsurance recoveries against outstanding claims *				4 081 850			4 081 850			
Advances *				172 543	2 760 117		2 932 660			
Certificate of investment *		210 000					210 000			
Cash and bank *		25 372 548			1 191 688		26 564 236			
Total assets of window takaful operations - Operator's fund *	248 024			131 288	260 628		639 940		248 024	
	13 509 210	116 078 106	5 350 047	8 666 000	7 720 187	-	151 323 550	13 728 001	95 616 725	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(6 273 372)	(6 273 372)			
Premium received in advance *						(68 262)	(68 262)			
Insurance / reinsurance payables *						(6 067 883)	(6 067 883)			
Other creditors and accruals *						(6 637 400)	(6 637 400)			
Total liabilities of window takaful operations - Operator's fund *						(62 298)	(62 298)			
	13 509 210	116 078 106	5 350 047	8 666 000	7 720 187	(19 109 215)	132 214 335	13 728 001	95 616 725	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

During the period, the novel coronavirus (COVID 19) emerged 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 2020. The scale and duration of this outbreak remains uncertain and as it evolves globally in 2020, 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 consolidated condensed interim financial statement date

The Board of Directors in their meeting held on 22 October 2020 have announced a third interim cash dividend in respect of the year ended 31 December 2020 of Rs. 1.5 per share i.e. 15.00 % (2019: Rs. 1.50 per share i.e. 15.00 %). These consolidated condensed interim financial statements for the nine months period ended 30 September 2020 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 22 October 2020.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

Window Takaful Operations

Condensed Interim Financial Statements

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

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Financial Position
As at 30 September 2020 (Unaudited)

Rupees '000

	Note	Operator's Fund		Participants' Takaful Fund	
		30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Assets					
Property and equipment	6	1 394	1 800	–	–
Investments					
Debt securities	7	363 790	248 024	1 162 979	721 066
Term deposits		170 000	150 000	355 000	440 000
Loans and other receivables	8	2 813	335	10 027	1 411
Takaful / retakaful receivables	9	7 759	8 365	316 600	209 969
Retakaful recoveries against outstanding claims / benefits	17	–	–	719 901	127 576
Salvage recoveries accrued		–	–	63 720	31 425
Deferred commission expense	18	128 600	117 290	–	–
Receivable from PTF	10	193 279	115 983	–	–
Accrued investment income		8 920	6 598	25 380	14 784
Deferred wakala fee		–	–	341 229	322 463
Deferred taxation		759	719	–	–
Prepayments	11	1 016	–	338 766	237 323
Cash and bank	12	37 297	110 628	199 702	343 552
Total assets		915 627	759 742	3 533 304	2 449 569
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	100 000	–	–
Revaluation reserve - available-for-sale investments		(1 320)	(1 244)	–	–
Accumulated profit		376 046	266 687	–	–
Total Operator's Fund		474 726	365 443	–	–
Participants' Takaful Fund (PTF)					
Cede money		–	–	500	500
Revaluation reserve - available-for-sale investments		–	–	(12 285)	(6 211)
Accumulated surplus		–	–	564 505	377 601
Balance of Participants' Takaful Fund		–	–	552 720	371 890
Liabilities					
PTF Underwriting provisions					
Outstanding claims / benefits including IBNR	17	–	–	1 299 525	615 868
Unearned contribution reserves		–	–	1 203 655	1 101 418
Reserve for unearned retakaful rebate	16	–	–	49 653	32 617
Contribution received in advance		–	–	5 249	3 190
Takaful / retakaful payables		2 531	2 416	205 263	192 209
Unearned wakala fee		341 229	322 463	–	–
Payable to OPF	10	–	–	193 279	115 983
Taxation - provision less payments		9 844	7 249	–	–
Other creditors and accruals	13	87 297	62 171	23 960	16 394
Total liabilities		440 901	394 299	2 980 584	2 077 679
Total equity and liabilities		915 627	759 742	3 533 304	2 449 569
Contingencies and commitments	14				

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

EFU General Insurance Limited - Window Takaful Operations
 Condensed Interim Profit and Loss Account
 For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Note	Three months period ended		Nine months period ended	
		30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Participants' Takaful Fund - (PTF)					
Contributions earned		413 370	402 975	1 226 826	1 171 151
Less: Contributions ceded to retakaful		(118 877)	(80 145)	(318 691)	(228 020)
Net contribution revenue	15	294 493	322 830	908 135	943 131
Retakaful rebate earned	16	21 816	18 824	55 566	38 906
Net underwriting income		316 309	341 654	963 701	982 037
Net claims - reported / settled - IBNR	17	(275 854)	(296 005)	(734 256)	(862 418)
Other direct expenses		(42 145)	(53 991)	(117 354)	(164 053)
Surplus / (deficit) before investment income		(1 690)	(8 342)	112 091	(44 434)
Investment Income	19	28 697	23 444	82 607	59 500
Other income	20	4 529	5 556	17 082	17 784
Less: Modarib's share of investment income		(8 315)	(7 253)	(24 876)	(19 325)
Surplus transferred to accumulated surplus		23 221	13 405	186 904	13 525
Operator's Fund - (OPF)					
Wakala fee		166 396	168 066	501 247	489 951
Commission expense	18	(61 916)	(57 741)	(182 754)	(169 683)
General, administrative and management expense		(78 328)	(65 667)	(227 322)	(215 820)
		26 152	44 658	91 171	104 448
Modarib's share of PTF investment income		8 315	7 253	24 876	19 325
Investment income	19	10 205	11 765	33 726	25 022
Direct expenses		(73)	353	(556)	(509)
Other income	20	1 292	1 505	4 859	5 464
Profit before taxation		45 891	65 534	154 076	153 750
Taxation	21	(13 343)	(19 005)	(44 717)	(44 588)
Profit after taxation		32 548	46 529	109 359	109 162

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
 Director

TAHER G. SACHAK
 Director

ALTAF GOKAL
 Chief Financial Officer

HASANALI ABDULLAH
 Managing Director &
 Chief Executive

SAIFUDDIN N. ZOOMKAWALA
 Chairman

Karachi 22 October 2020

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Participants' Takaful Fund - (PTF)				
Surplus for the period	23 221	13 405	186 904	13 525
Other comprehensive income				
Unrealized (loss) / gain on available-for-sale investments during the period - net	(14 257)	4 324	(6 074)	(5 263)
Total items that may be reclassified subsequently to profit and loss account	(14 257)	4 324	(6 074)	(5 263)
Total comprehensive income for the period	<u>8 964</u>	<u>17 729</u>	<u>180 830</u>	<u>8 262</u>
Operator's Fund - (OPF)				
Profit after tax for the period	32 548	46 529	109 359	109 162
Other comprehensive income				
Fair value (loss) / gain on available-for-sale investments during the period	(2 075)	346	(107)	(786)
Deferred tax on available-for-sale investments	601	(100)	31	228
Total items that may be reclassified subsequently to profit and loss account	(1 474)	246	(76)	(558)
Total comprehensive income for the period	<u>31 074</u>	<u>46 775</u>	<u>109 283</u>	<u>108 604</u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Cash Flow Statement
For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	1 724 401	1 764 798
Retakaful contribution paid	–	–	(397 211)	(259 046)
Claims / benefits paid	–	–	(863 719)	(711 662)
Retakaful and other recoveries received	–	–	189 837	75 979
Commission paid	(173 352)	(170 594)	–	–
Retakaful rebate received	–	–	72 602	53 778
Wakala fee received / (paid)	447 239	636 667	(447 239)	(636 667)
Modarib received / (paid)	20 353	15 609	(20 353)	(15 609)
Net cash flow from takaful activities	294 240	481 682	258 318	271 571
b) Other operating activities				
Income tax paid	(42 132)	(35 914)	–	–
General and other expenses paid	(227 415)	(214 317)	(117 355)	(164 054)
Other operating payments	(2 888)	(3 701)	(18 484)	5 613
Other operating receipts	4 557	2 142	7 751	(10 862)
Net cash flow used in other operating activities	(267 878)	(251 790)	(128 088)	(169 303)
Total cash flow from all operating activities	26 362	229 892	130 230	102 268
Investment activities				
Profit / return received	36 263	31 133	88 907	66 377
Payment for investments	(696 899)	(523 351)	(1 825 062)	(1 009 613)
Proceeds from investments	561 026	335 367	1 462 075	959 598
Fixed capital expenditure	(83)	(13)	–	–
Total cash flow (used in) / from investing activities	(99 693)	(156 864)	(274 080)	16 362
Net cash flow (used in) / from all activities	(73 331)	73 028	(143 850)	118 630
Cash and cash equivalents at the beginning of the period	110 628	54 319	343 552	235 756
Cash and cash equivalents at the end of the period	37 297	127 347	199 702	354 386
Reconciliation to profit and loss account				
Operating cash flow	26 362	229 892	130 230	102 268
Depreciation expense	(489)	(722)	–	–
Other investment income	33 726	25 022	82 607	59 500
Other income	4 859	5 464	16 896	17 799
Increase / (decrease) in assets other than cash	91 505	(99 588)	860 076	98 437
Increase in liabilities other than borrowings	(46 604)	(50 906)	(902 905)	(264 479)
Profit / surplus after tax for the period	109 359	109 162	186 904	13 525
Attributed to				
Operator's Fund	109 359	109 162	–	–
Participants' Takaful Fund	–	–	186 904	13 525
	109 359	109 162	186 904	13 525

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAZ GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Changes in Funds
For the nine months period ended 30 September 2020 (Unaudited)

Rupees '000

	Operator's Fund			Total
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	
Balance as at 01 January 2019	100 000	(1 015)	114 646	213 631
Total comprehensive income for the period ended 30 September 2019				
Profit for the period			109 162	109 162
Other comprehensive income		(558)		(558)
Balance as at 30 September 2019	<u>100 000</u>	<u>(1 573)</u>	<u>223 808</u>	<u>322 235</u>
Balance as at 01 January 2020	100 000	(1 244)	266 687	365 443
Total comprehensive income for the period ended 30 September 2020				
Profit for the period			109 359	109 359
Other Comprehensive Income		(76)		(76)
Balance as at 30 September 2020	<u>100 000</u>	<u>(1 320)</u>	<u>376 046</u>	<u>474 726</u>

	Participants' Takaful Fund			Total
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	
Balance as at 01 January 2019	500	(8 918)	294 859	286 441
Surplus for the period			13 525	13 525
Other comprehensive income		(5 263)		(5 263)
Balance as at 30 September 2019	<u>500</u>	<u>(14 181)</u>	<u>308 384</u>	<u>294 703</u>
Balance as at 01 January 2020	500	(6 211)	377 601	371 890
Surplus for the period			186 904	186 904
Other Comprehensive Income		(6 074)		(6 074)
Balance as at 30 September 2020	<u>500</u>	<u>(12 285)</u>	<u>564 505</u>	<u>552 720</u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

EFU General Insurance Limited – Window Takaful Operations

Notes to the Condensed Interim Financial Statements

For the nine months period ended 30 September 2020 (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 Operator's annual financial statements for the year ended 31 December 2019.

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 2019 except as stated in note 3.4.

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 2020 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 2020.

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general-purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Operator shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Operator.

Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

1. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
2. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
3. there is no substantive change to the other terms and conditions of the lease.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise 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.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall 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 beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020:

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

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

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

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

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

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

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

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

Operator's Fund

Rupees '000

	30 September 2020 (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
Financial assets					
Cash and bank *	2 999	-	34 298	-	-
Investments in debt securities - available-for-sale	-	-	363 790	-	(107)
Term deposits *	-	-	170 000	-	-
Total	2 999	-	568 088	-	(107)

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

	30 September 2020 (Unaudited)							
	Gross carrying amounts of debt instruments that pass the SPPI test							
	AAA	AA+	AA-	AA	A+	A	BBB-	Unrated
Investments in debt securities - available-for-sale	29 196	33 690	61 137	-	78 351	-	10 539	150 877
Term deposits	-	60 000	-	55 000	-	55 000	-	-
Total	29 196	93 690	61 137	55 000	78 351	55 000	10 539	150 877

Rupees '000

Participants' Takaful Fund

	30 September 2020 (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 *	1 614	-	198 088	-	-
Investments in debt securities - available-for-sale	-	-	1 162 979	-	(6 074)
Term deposits *	-	-	355 000	-	-
Total	1 614	-	1 716 067	-	(6 074)

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

	30 September 2020 (Unaudited)							
	Gross carrying amounts of debt instruments that pass the SPPI test							
	AAA	AA+	AA-	AA	A+	A	BBB-	Unrated
Investments in debt securities - available-for-sale	29 196	99 983	83 741	35 450	62 470	-	10 539	841 600
Term deposits	-	70 000	-	85 000	-	200 000	-	-
Total	29 196	169 983	83 741	120 450	62 470	200 000	10 539	841 600

3.3 Change in accounting policy

Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 1416(I)/2019 dated 20 November 2019 has issued General Takaful Accounting Regulations 2019. Accordingly, the Operator has changed format for preparation and presentation of the condensed interim financial statement to comply with requirement of the regulation. The application of these regulations for the purpose of preparation and presentation of the condensed interim financial statements are effective from 01 January 2020.

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 2019.

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 2019.

6. Property and equipment

The details of additions and disposals during the nine months period ended 30 September 2020 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Computer equipment	83	13	–	–
	<u>83</u>	<u>13</u>	<u>–</u>	<u>–</u>

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

Rupees '000

7.1 Operator's Fund

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	153 234	–	153 234	30 518	–	30 518
Corporate Sukuks	212 415	–	212 415	219 258	–	219 258
	<u>365 649</u>	<u>–</u>	<u>365 649</u>	<u>249 776</u>	<u>–</u>	<u>249 776</u>
Deficit on revaluation	–	–	(1 859)	–	–	(1 752)
	<u>365 649</u>	<u>–</u>	<u>363 790</u>	<u>249 776</u>	<u>–</u>	<u>248 024</u>

7.2 Participants' Takaful Fund

Rupees '000

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	855 737	–	855 737	420 288	–	420 288
Corporate Sukuks	319 526	–	319 526	306 988	–	306 988
	<u>1 175 263</u>	<u>–</u>	<u>1 175 263</u>	<u>727 276</u>	<u>–</u>	<u>727 276</u>
Deficit on revaluation	–	–	(12 284)	–	–	(6 210)
	<u>1 175 263</u>	<u>–</u>	<u>1 162 979</u>	<u>727 276</u>	<u>–</u>	<u>721 066</u>

Rupees '000

8. Loans and other receivables
- considered good

	Operator's Fund		Participants' Takaful Fund	
	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Security deposits	301	301	–	–
Other receivables	2 512	34	10 027	1 411
	<u>2 813</u>	<u>335</u>	<u>10 027</u>	<u>1 411</u>

9. Takaful / retakaful receivables
- unsecured and considered good

Due from takaful participants' holders	–	–	314 036	206 068
Due from other takaful / retakaful operators	7 759	8 365	2 564	3 901
	<u>7 759</u>	<u>8 365</u>	<u>316 600</u>	<u>209 969</u>

10. Receivable (OPF) / Payable (PTF)

Wakala fee	181 282	108 508	181 282	108 508
Modarib fee	11 997	7 475	11 997	7 475
	<u>193 279</u>	<u>115 983</u>	<u>193 279</u>	<u>115 983</u>

11. Prepayments

Annual supervision fees	1 016	–	–	–
Prepaid retakaful contribution ceded	–	–	269 387	177 814
Prepaid charges for vehicle tracking devices	–	–	69 379	59 509
	<u>1 016</u>	<u>–</u>	<u>338 766</u>	<u>237 323</u>

12. Cash and bank

Cash and cash equivalents				
Cash in hand	29	–	–	–
Policy stamps	–	–	376	1 193
	<u>29</u>	<u>–</u>	<u>376</u>	<u>1 193</u>
Cash at bank				
Current accounts	2 970	7 164	1 238	10 616
Saving accounts	34 298	103 464	198 088	331 743
	<u>37 297</u>	<u>110 628</u>	<u>199 702</u>	<u>343 552</u>

13. Other creditors and accruals

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Federal insurance fee payable	–	–	1 979	1 669
Sales tax payable	602	404	20 653	14 001
Accrued expenses	2 407	2 432	–	–
Agent commission payable	79 746	59 149	–	–
Retirement benefit obligations	125	–	–	–
Payable to EFU General Insurance Limited *	4 346	139	–	–
Other creditors	71	47	1 328	724
	<u>87 297</u>	<u>62 171</u>	<u>23 960</u>	<u>16 394</u>

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

14. Contingencies and commitments

There are no contingencies and commitments as at 30 September 2020 (31 December 2019: Nil).

15. Net contribution revenue

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Written gross contribution	757 312	671 045	1 830 310	1 772 881
Wakala fee	(205 912)	(186 201)	(520 013)	(517 953)
Contribution net of wakala fee	551 400	484 844	1 310 297	1 254 928
Unearned contribution reserve - opening	724 396	742 908	778 955	741 000
Unearned contribution reserve - closing	(862 426)	(824 777)	(862 426)	(824 777)
Contribution earned	413 370	402 975	1 226 826	1 171 151
Less:				
Retakaful contribution ceded	246 070	185 437	410 264	288 855
Prepaid retakaful contribution - opening	142 194	84 949	177 814	129 406
Prepaid retakaful contribution - closing	(269 387)	(190 241)	(269 387)	(190 241)
Retakaful expense	118 877	80 145	318 691	228 020
	<u>294 493</u>	<u>322 830</u>	<u>908 135</u>	<u>943 131</u>

16. Retakaful rebate earned

Rebate received or recoverable	44 366	40 628	72 602	53 778
Unearned retakaful rebate-opening	27 103	13 725	32 617	20 657
Unearned retakaful rebate-closing	(49 653)	(35 529)	(49 653)	(35 529)
	<u>21 816</u>	<u>18 824</u>	<u>55 566</u>	<u>38 906</u>

17. Takaful benefits / claims expense

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Benefits / claims paid	326 787	229 848	831 424	724 374
Outstanding benefits / claims including IBNR - opening	(1 218 098)	(548 101)	(615 868)	(396 875)
Outstanding benefits / claims including IBNR - closing	1 299 525	633 212	1 299 525	633 212
Claim expense	408 214	314 959	1 515 081	960 711
Less:				
Retakaful and other recoveries received	80 427	33 004	188 500	76 950
Retakaful and other recoveries in respect of outstanding claims - opening	(667 968)	(139 996)	(127 576)	(104 603)
Retakaful and other recoveries in respect of outstanding claims - closing	719 901	125 946	719 901	125 946
Retakaful and other recoveries revenue	132 360	18 954	780 825	98 293
	<u>275 854</u>	<u>296 005</u>	<u>734 256</u>	<u>862 418</u>

18. Deferred commission expense

Commission paid or payable	80 780	70 341	194 064	182 297
Deferred commission expense - opening	109 736	106 327	117 290	106 313
Deferred commission expense - closing	(128 600)	(118 927)	(128 600)	(118 927)
	<u>61 916</u>	<u>57 741</u>	<u>182 754</u>	<u>169 683</u>

19. Investment income

19.1 Operator's Fund				
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	6 351	6 132	20 871	16 295
Income from term deposits - Return on term deposits	3 854	5 633	12 855	8 727
	<u>10 205</u>	<u>11 765</u>	<u>33 726</u>	<u>25 022</u>
19.2 Participants' Takaful Fund				
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	18 970	14 736	49 283	42 230
Income from term deposits - Return on term deposits	9 727	8 708	33 324	17 270
	<u>28 697</u>	<u>23 444</u>	<u>82 607</u>	<u>59 500</u>

20. Other income

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
20.1 Operator's Fund				
Other income				
Profit on bank deposits	1 292	1 505	4 859	5 464
	<u>1 292</u>	<u>1 505</u>	<u>4 859</u>	<u>5 464</u>
20.2 Participants' Takaful Fund				
Other income				
Profit on bank deposits	4 561	5 566	16 896	17 799
Exchange gain / (loss)	(32)	(10)	186	(15)
	<u>4 529</u>	<u>5 556</u>	<u>17 082</u>	<u>17 784</u>

21. Taxation

For current period				
Current	13 311	19 037	44 726	44 693
Deferred	32	(32)	(9)	(105)
	<u>13 343</u>	<u>19 005</u>	<u>44 717</u>	<u>44 588</u>

22. Related party transactions

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

Rupees '000

	Three months period ended		Nine months period ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
22.1 Participants' Takaful Fund				
Associate				
Contributions written	2 345	4 873	5 629	13 723
Claims paid	2 562	1 212	3 631	4 018
Others				
Contributions written	(15)	(18)	1 592	1 625
Claims paid	28	370	251	655
			<u>30 September 2020 (Unaudited)</u>	<u>31 December 2019 (Audited)</u>
Balances receivable			595	–
Balances payable			–	(25)

Rupees '000

23. Segment reporting

23.1 Operator's Fund

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

Current period

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	55 502	13 632	421 991	10 122	–	501 247
Commission expense	(34 094)	(8 047)	(136 292)	(4 321)	–	(182 754)
General, administrative and management expenses	(6 603)	(2 699)	(212 150)	(5 870)	–	(227 322)
Net commission and expenses	(40 697)	(10 746)	(348 442)	(10 191)	–	(410 076)
	<u>14 805</u>	<u>2 886</u>	<u>73 549</u>	<u>(69)</u>	<u>–</u>	<u>91 171</u>
Modarib's share of PTF investment income						24 876
Investment income						33 726
Direct expenses						(556)
Other income						4 859
Profit before taxation						154 076
Taxation						(44 717)
Profit after taxation						<u>109 359</u>
						As at 30 September 2020 (Unaudited)
Corporate segment assets	64 435	6 963	242 766	3 477	–	317 641
Corporate unallocated assets						597 986
Total assets						<u>915 627</u>
Corporate segment liabilities	74 608	8 190	326 346	14 362	–	423 506
Corporate unallocated liabilities						17 395
Total liabilities						<u>440 901</u>

Rupees '000

Prior period	For the nine months period ended 30 September 2019 (Unaudited)					
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	39 891	15 299	424 190	10 571	–	489 951
Commission expense	(23 362)	(8 918)	(136 694)	(709)	–	(169 683)
General, administrative and management expenses	(4 898)	(2 593)	(205 055)	(3 274)	–	(215 820)
Net commission and expenses	(28 260)	(11 511)	(341 749)	(3 983)	–	(385 503)
	<u>11 631</u>	<u>3 788</u>	<u>82 441</u>	<u>6 588</u>	<u>–</u>	<u>104 448</u>
Modarib's share of PTF investment income						19 325
Investment income						25 022
Direct expenses						(509)
Other income						5 464
Profit before taxation						153 750
Taxation						(44 588)
Profit after taxation						<u>109 162</u>
						As at 31 December 2019 (Audited)
Corporate segment assets	50 093	5 656	170 040	8 374	–	234 163
Corporate unallocated assets						525 579
Total assets						<u>759 742</u>
Corporate segment liabilities	57 216	6 641	321 788	6 913	–	392 558
Corporate unallocated liabilities						1 741
Total liabilities						<u>394 299</u>

Rupees '000

For the three months period ended 30 September 2020 (Unaudited)						
Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	19 424	4 250	138 085	4 637	-	166 396
Commission expense	(12 117)	(2 676)	(45 439)	(1 684)	-	(61 916)
General, administrative and management expenses	(3 269)	(958)	(71 423)	(2 678)	-	(78 328)
Net commission and expenses	(15 386)	(3 634)	(116 862)	(4 362)	-	(140 244)
	4 038	616	21 223	275	-	26 152
Modarib's share of PTF investment income						8 315
Investment income						10 205
Direct expenses						(73)
Other income						1 292
Profit before taxation						45 891
Taxation						(13 343)
Profit after taxation						32 548

For the three months period ended 30 September 2019 (Unaudited)						
Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	14 191	4 125	147 496	2 254	-	168 066
Commission expense	(8 324)	(2 611)	(46 661)	(145)	-	(57 741)
General, administrative and management expenses	(2 048)	(781)	(61 352)	(1 486)	-	(65 667)
Net commission and expenses	(10 372)	(3 392)	(108 013)	(1 631)	-	(123 408)
	3 819	733	39 483	623	-	44 658
Modarib's share of PTF investment income						7 253
Investment income						11 765
Direct expenses						353
Other income						1 505
Profit before taxation						65 534
Taxation						(19 005)
Profit after taxation						46 529

23.2 Participants' Takaful Fund

Rupees '000

For the nine months period ended 30 September 2020 (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)	343 830	59 224	1 557 366	134 990	–	2 095 410
Less: Sales tax	40 991	6 084	181 087	15 429	–	243 591
Stamp duty	34	3 020	145	6	–	3 205
Federal insurance fee	2 998	496	13 626	1 184	–	18 304
Gross written contribution (inclusive of administrative surcharge)	299 807	49 624	1 362 508	118 371	–	1 830 310
Gross direct contribution	297 193	47 201	1 197 721	118 192	–	1 660 307
Administrative surcharge	2 614	2 423	164 787	179	–	170 003
Wakala fee	(66 211)	(13 647)	(422 400)	(17 755)	–	(520 013)
Contributions earned	195 299	34 956	939 212	57 359	–	1 226 826
Contributions ceded to retakaful	(228 468)	(36 966)	(7 653)	(45 604)	–	(318 691)
Net contribution revenue	(33 169)	(2 010)	931 559	11 755	–	908 135
Retakaful rebate earned	43 295	8 317	30	3 924	–	55 566
Net underwriting income	10 126	6 307	931 589	15 679	–	963 701
Takaful claims	(771 718)	(20 884)	(712 025)	(10 454)	–	(1 515 081)
Takaful claims recovered from retakaful	749 928	16 708	10 401	3 788	–	780 825
Net claims	(21 790)	(4 176)	(701 624)	(6 666)	–	(734 256)
Other direct expenses	(8)	(4)	(117 334)	(8)	–	(117 354)
Surplus / (deficit) before investment income	(11 672)	2 127	112 631	9 005	–	112 091
Investment income						82 607
Other income						17 082
Modarib's share of investment income						(24 876)
Surplus transferred to accumulated surplus						186 904
						As at 30 September 2020 (Unaudited)
Corporate segment assets	1 026 319	33 904	520 662	132 329	–	1 713 214
Corporate unallocated assets						1 820 090
Total assets						3 533 304
Corporate segment liabilities	1 093 605	60 171	1 603 051	187 798	–	2 944 625
Corporate unallocated liabilities						35 959
Total liabilities						2 980 584

Rupees '000

For the nine months period ended 30 September 2019 (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)	264 632	59 346	1 638 890	65 982	-	2 028 850
Less: Sales tax	31 114	6 207	190 077	7 541	-	234 939
Stamp duty	34	3 109	151	6	-	3 300
Federal insurance fee	2 312	495	14 344	579	-	17 730
Gross written contribution (inclusive of Administrative surcharge)	231 172	49 535	1 434 318	57 856	-	1 772 881
Gross direct contribution	228 551	47 053	1 232 874	57 633	-	1 566 111
Administrative surcharge	2 621	2 482	201 444	223	-	206 770
Wakala fee	(51 008)	(13 622)	(444 643)	(8 680)	-	(517 953)
Contributions earned	126 057	37 793	970 283	37 018	-	1 171 151
Contributions ceded to retakaful	(149 217)	(40 451)	(4 718)	(33 634)	-	(228 020)
Net contribution revenue	(23 160)	(2 658)	965 565	3 384	-	943 131
Rebate from retakaful operator	25 155	9 102	16	4 633	-	38 906
Net underwriting income	1 995	6 444	965 581	8 017	-	982 037
Takaful claims	(90 554)	(17 444)	(825 432)	(27 281)	-	(960 711)
Takaful claims recovered from retakaful	81 337	13 932	-	3 024	-	98 293
Net claims	(9 217)	(3 512)	(825 432)	(24 257)	-	(862 418)
Other direct expense	(18)	(14)	(164 006)	(15)	-	(164 053)
Net insurance claims and expenses	(9 235)	(3 526)	(989 438)	(24 272)	-	(1 026 471)
(Deficit) / surplus before investment income	(7 240)	2 918	(23 857)	(16 255)	-	(44 434)
Investment income						59 500
Other income						17 784
Modarib's share of investment income						(19 325)
Surplus transferred to accumulated surplus						13 525
						As at 31 December 2019 (Audited)
Corporate segment assets	332 940	22 583	452 121	64 140	-	871 784
Corporate unallocated assets						1 577 785
Total assets						2 449 569
Corporate segment liabilities	436 659	56 583	1 448 345	112 223	-	2 053 810
Corporate unallocated liabilities						23 869
Total liabilities						2 077 679

For the three months period ended 30 September 2020 (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)	209 091	25 526	548 783	83 378	-	866 778
Less: Sales tax	24 671	2 696	63 680	9 513	-	100 560
Stamp duty	22	1 245	60	4	-	1 331
Federal insurance fee	1 826	214	4 803	732	-	7 575
Gross written contribution (inclusive of administrative surcharge)	182 572	21 371	480 240	73 129	-	757 312
Gross direct contribution	180 988	20 404	431 027	72 998	-	705 417
Administrative surcharge	1 584	967	49 213	131	-	51 895
Wakala fee	(40 192)	(5 877)	(148 875)	(10 968)	-	(205 912)
Contributions earned	68 558	11 249	307 330	26 233	-	413 370
Contributions ceded to retakaful	(79 039)	(11 804)	(3 218)	(24 816)	-	(118 877)
Net contribution revenue	(10 481)	(555)	304 112	1 417	-	294 493
Rebate from retakaful operator	18 316	2 655	15	830	-	21 816
Net underwriting income	7 835	2 100	304 127	2 247	-	316 309
Takaful claims	(141 208)	11 301	(275 628)	(2 679)	-	(408 214)
Takaful claims recovered from retakaful	129 315	(9 040)	10 401	1 684	-	132 360
Net claims	(11 893)	2 261	(265 227)	(995)	-	(275 854)
Other direct expense	(2)	(1)	(42 141)	(1)	-	(42 145)
(Deficit) / Surplus before investment income	(4 060)	4 360	(3 241)	1 251	-	(1 690)
Investment income						28 697
Other income						4 529
Modarib's share of investment income						(8 315)
Surplus transferred to accumulated surplus						23 221

Rupees '000

For the three months period ended 30 September 2019 (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)	175 680	19 656	518 082	53 215	-	766 633
Less: Sales tax	19 932	2 044	59 911	6 071	-	87 958
Stamp duty	21	842	52	4	-	919
Federal insurance fee	1 542	166	4 536	467	-	6 711
Gross written contribution (inclusive of administrative surcharge)	154 185	16 604	453 583	46 673	-	671 045
Gross direct contribution	152 769	15 872	392 253	46 525	-	607 419
Administrative surcharge	1 416	732	61 330	148	-	63 626
Wakala fee	(34 016)	(4 566)	(140 616)	(7 003)	-	(186 201)
Contributions earned	47 359	11 517	333 870	10 229	-	402 975
Contributions ceded to retakaful	(57 059)	(11 898)	(2 044)	(9 144)	-	(80 145)
Net contribution revenue	(9 700)	(381)	331 826	1 085	-	322 830
Rebate from retakaful operator	14 630	2 678	16	1 500	-	18 824
Net underwriting income	4 930	2 297	331 842	2 585	-	341 654
Takaful claims	(6 471)	(15 818)	(284 760)	(7 910)	-	(314 959)
Takaful claims recovered from retakaful	6 121	12 652	-	181	-	18 954
Net claims	(350)	(3 166)	(284 760)	(7 729)	-	(296 005)
Other direct expense	(14)	(11)	(53 955)	(11)	-	(53 991)
(Deficit) / surplus before investment income	4 566	(880)	(6 873)	(5 155)	-	(8 342)
Investment income						23 444
Other income						5 556
Modarib's share of investment income						(7 253)
Surplus transferred to accumulated surplus						13 405

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	176 593	35 000	211 593
Additions	147 896	550 000	697 896
Disposals (sale and redemptions)	(76 143)	(435 000)	(511 143)
Fair value net losses (excluding net realized gains / (losses))	(322)	–	(322)
At beginning of current year	248 024	150 000	398 024
Additions	182 399	514 500	696 899
Disposals (sale and redemptions)	(66 526)	(494 500)	(561 026)
Fair value net losses (excluding net realized gains / (losses))	(107)	–	(107)
At end of current period	<u>363 790</u>	<u>170 000</u>	<u>533 790</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	858 660	180 000	1 038 660
Additions	214 476	1 090 000	1 304 476
Disposals (sale and redemptions)	(354 777)	(830 000)	(1 184 777)
Fair value net gains (excluding net realized gains / (losses))	2 707	–	2 707
At beginning of current year	721 066	440 000	1 161 066
Additions	915 062	910 000	1 825 062
Disposals (sale and redemptions)	(467 075)	(995 000)	(1 462 075)
Fair value net losses (excluding net realized gains / (losses))	(6 074)	–	(6 074)
At end of current period	<u>1 162 979</u>	<u>355 000</u>	<u>1 517 979</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 September 2020 (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	150 876				150 876		150 876	
Corporate Sukuks	212 914				212 914		212 914	
Financial assets not measured at fair value								
Investments								
Term deposits *			170 000		170 000			
Loans and other receivables *		2 813			2 813			
Takaful / retakaful receivables *		7 759			7 759			
Receivable from PTF *		193 279			193 297			
Accrued investment income *		8 920			8 920			
Cash and bank *			37 297		37 297			
	363 790	212 771	207 297		783 858		363 790	
Financial liabilities not measured at fair value								
Other creditors and accruals *								
				(87 297)	(87 297)			
	363 790	212 771	207 297	(87 297)	696 561	-	363 790	-

As at 31 December 2019 (Audited)								
	Available-for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	30 195				30 195		30 195	
Corporate Sukuks	217 829				217 829		217 829	
Financial assets not measured at fair value								
Investments								
Term deposits *			150 000		150 000			
Loans and other receivables *		335			335			
Takaful / retakaful receivables *		8 365			8 365			
Receivable from PTF *		115 983			115 983			
Accrued investment income *		6 598			6 598			
Cash and bank *			110 628		110 628			
	248 024	131 281	260 628		639 933		248 024	
Financial liabilities not measured at fair value								
Other creditors and accruals *								
				(62 171)	(62 171)			
	248 024	131 281	260 628	(62 171)	577 762	-	248 024	-

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

25.4 Participants' Takaful Fund

Rupees '000

As at 30 September 2020 (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	841 599				841 599		841 599	
Corporate Sukuk	321 380				321 380		321 380	
Financial assets not measured at fair value								
Investments								
Term deposits *			355 000		355 000			
Loans and other receivables *		10 027			10 027			
Takaful / retakaful receivables *		316 600			316 600			
Retakaful recoveries against outstanding claims *		719 901			719 901			
Accrued investment income *		25 380			25 380			
Cash and bank *			199 702		199 702			
	<u>1 162 979</u>	<u>1 071 908</u>	<u>554 702</u>		<u>2 789 589</u>		<u>1 162 979</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 299 525)	(1 299 525)			
Contributions received in advance *				(5 249)	(5 249)			
Takaful / retakaful payable *				(205 263)	(205 263)			
Payable to OPF *				(193 279)	(193 279)			
Other creditors and accruals *				(23 960)	(23 960)			
	<u>1 162 979</u>	<u>1 071 908</u>	<u>554 702</u>	<u>(1 727 276)</u>	<u>1 062 313</u>	<u>-</u>	<u>1 162 979</u>	<u>-</u>

As at 31 December 2019 (Audited)

	Available-for-sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	415 800				415 800		415 800	
Corporate Sukuks	305 266				305 266		305 266	
Financial assets not measured at fair value								
Investments								
Term deposits *			440 000		440 000			
Loans and other receivables *		1 411			1 411			
Takaful / retakaful receivables *		209 969			209 969			
Retakaful recoveries against outstanding claims *		127 576			127 576			
Accrued investment income *		14 784			14 784			
Cash and bank *			343 552		343 552			
	<u>721 066</u>	<u>353 740</u>	<u>783 552</u>		<u>1 858 358</u>		<u>721 066</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(615 868)	(615 868)			
Contributions received in advance *				(3 190)	(3 190)			
Takaful / retakaful payable *				(192 209)	(192 209)			
Payable to OPF *				(115 983)	(115 983)			
Other creditors and accruals *				(16 394)	(16 394)			
	<u>721 066</u>	<u>353 740</u>	<u>783 552</u>	<u>(943 644)</u>	<u>914 714</u>	<u>-</u>	<u>721 066</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. Corresponding Figures

The General Takaful Accounting Regulations 2019 have introduced certain presentation and classification requirements for the elements of condensed interim financial statements. Accordingly, the corresponding figures have been rearranged and reclassified wherever considered necessary to comply with the requirement of General Takaful Accounting Regulations 2019.

Following major reclassifications have been made during the period other than disclosed elsewhere in these condensed interim financial statements.

		Rupees'000	
Reclassified from	Reclassified to	OPF	PTF
Loans and other receivable	Accrued investment income	6 598	14 784
Modarib's fee receivable / payable Wakala fee receivable / payable	Receivable from PTF and payable to OPF	115 983	115 983

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

During the period, the novel coronavirus (COVID 19) emerged 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 2020. The scale and duration of this outbreak remains uncertain and as it evolves globally in 2020, 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.

28. General

Figures have been rounded off to the nearest thousand rupees.

29. 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 22 October 2020.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2020

