

## **EFU Life Assurance Limited**

### **Directors' Review, 31 March 2020**

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the first quarter ended 31 March 2020.

Your Company's total premium income was Rs. 7.31 billion during the first quarter of 2020 (2019: Rs 7.46 billion). New individual life regular premium income was Rs. 1.19 billion (2019: Rs.1.52 billion). Renewal premium was Rs. 5.05 billion (2019: Rs. 4.78 billion) an increase of 6%. Inclusive of renewal premium, the total individual life regular premium was Rs. 6.24 billion (2019: 6.30 billion). Single premium business was Rs.88 million (2019: Rs. 298 million). Group Benefits business was Rs. 925.4 million (2019: Rs. 940.84 million).

Your Company's window takaful operations are in the fifth year of business and continued on a growth trajectory during the first quarter of 2020. The total family takaful contribution was Rs. 1.065 billion (2019: 841.3 million), a growth of 27%. Out of this, Rs. 995 million (2019: Rs. 788 million) was from Individual family takaful business (a growth of 26%) while Rs. 70 million (2019: Rs. 53 million) was from Group Family Takaful (a growth of 31%). The Company expects the Takaful line of business to continue its contribution to the overall topline during 2020.

Due to the outbreak of COVID19 and its rapid progression around the globe, including Pakistan, your Company has been evaluating the situation very closely. The Company has taken steps for the well-being of its employees as well as consideration for its clients during these testing times. For employees, work-from-home protocol was initiated enabling smooth business functioning during the lock down period. For clients, the Company introduced "COVID19 CARE", a complimentary insurance cover of Rs. 100,000 on all existing and new policyholders in addition to the contractual policy benefits, and extended the grace period for premium payments to 75 days (instead of the usual 30 days). The business of March 2020 was impacted due to COVID19 and the Company is evaluating the potential impact on all areas of its business during the remaining part of 2020.

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

Your Company had a Profit after Tax of Rs. 361.5 million (2019: Rs. 231.4 million). The Earnings per Share is Rs. 3.61 (2019: Rs. 2.31).

### **Interim Dividend:**

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

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

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Director

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Director

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Managing Director  
& Chief Executive

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Chairman

**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020 (Unaudited)**

|  | <i>Note</i> | <b>31 March<br/>2020</b>     | 31 December<br>2019 |
|--|-------------|------------------------------|---------------------|
|  |             | ----- (Rupees in '000) ----- |                     |
| <b>Assets</b>  |             |                              | Restated            |
| Properties and equipments  | 5           | 2,849,108                    | 2,883,687           |
| Intangible assets  | 5           | 37,511                       | 24,733              |
| Investments  |             |                              |                     |
| Equity securities  | 6           | 13,263,717                   | 10,472,542          |
| Government securities  | 7           | 72,750,107                   | 76,203,542          |
| Debt securities  | 8           | 8,383,943                    | 9,319,491           |
| Term deposits  | 9           | 16,843,290                   | 19,659,000          |
| Open-ended mutual funds  | 10          | 880,932                      | 410,714             |
| Insurance / reinsurance receivables  |             | 198,985                      | 253,999             |
| Other loans and receivables  |             | 2,094,749                    | 3,235,945           |
| Taxation - payments less provision   |             | 1,254,945                    | 1,061,222           |
| Prepayments  |             | 94,674                       | 51,216              |
| Cash & Bank  | 11          | 12,096,383                   | 5,713,548           |
| <b>Total Assets</b>  |             | <b>130,748,344</b>           | <b>129,289,639</b>  |
| <b>Equity and Liabilities</b>  |             |                              |                     |
| Capital and reserves attributable to Company's equity holders  |             |                              |                     |
| Authorised share capital<br>[150,000,000 ordinary shares (2019: 150,000,000) of Rs.10 each]                                  |             | <b>1,500,000</b>             | 1,500,000           |
| Ordinary share capital:100,000,000(2019:100,000,000) ordinary shares of Rs.10 each   |             | <b>1,000,000</b>             | 1,000,000           |
| Retained earnings arising from business other than participating business<br>attributable to shareholders (Ledger account D) | 12          | 1,733,516                    | 1,730,534           |
| Reserves   |             | 2,000,000                    | 2,000,000           |
| Surplus on revaluation of available for sale investment-net of tax   |             | (13,706)                     | 50,986              |
| Unappropriated profit  |             | 434,904                      | 1,126,420           |
| <b>Total Equity</b>  |             | <b>5,154,714</b>             | 5,907,940           |
| <b>Liabilities</b>   |             |                              |                     |
| Insurance Liabilities  | 13          | 121,645,106                  | 119,153,655         |
| Deferred taxation  |             | 687,118                      | 743,179             |
| Premium received in advance  |             | 948,804                      | 969,354             |
| Insurance / reinsurance payables   |             | 365,594                      | 258,031             |
| Other creditors and accruals   |             | 1,947,008                    | 2,257,480           |
|  |             | <b>3,948,524</b>             | 4,228,044           |
| <b>Total Liabilities</b>   |             | <b>125,593,630</b>           | 123,381,699         |
| <b>Total Equity and Liabilities</b>  |             | <b>130,748,344</b>           | <b>129,289,639</b>  |

Contingency(ies) and commitment(s) 14

The annexed notes 1 to 32 form an integral part of these financial statements.

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Managing Director &  
Chief Executive Officer

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Chief Financial Officer 1

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Director

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Director

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Chairman

**EFU LIFE ASSURANCE LIMITED**  
**Condensed Interim Profit And Loss Account (Unaudited)**  
**For The Three Months Period Ended 31 March 2020**

|  | <i>Note</i> | 31 March<br>2020             | 2019        |
|--|-------------|------------------------------|-------------|
|  |             | ----- (Rupees in '000) ----- | Restated    |
| Premium / Contribution Revenue   |             | 7,312,189                    | 7,456,595   |
| Premium / retakaful ceded to reinsurers  |             | (282,441)                    | (164,667)   |
| <b>Net premium revenue</b>   | 15          | <b>7,029,748</b>             | 7,291,928   |
| Investment income  | 16          | <b>2,832,315</b>             | 2,220,159   |
| Net realised fair value gains/( losses) on financial assets                              | 17          | <b>96,938</b>                | (2,689,962) |
| Net fair value (losses) / gains on financial assets at fair value through profit or loss | 18          | <b>(641,961)</b>             | 1,873,538   |
| Other income   | 19          | <b>10,587</b>                | 15,595      |
|  |             | <b>2,297,879</b>             | 1,419,330   |
| <b>Net income</b>  |             | <b>9,327,627</b>             | 8,711,258   |
| Insurance benefits   |             | <b>4,668,809</b>             | 4,358,727   |
| Recoveries from reinsurers   |             | <b>(154,517)</b>             | (99,444)    |
| Claims related expenses  |             | <b>1,907</b>                 | 1,046       |
| <b>Net Insurance Benefits</b>  | 20          | <b>4,516,199</b>             | 4,260,329   |
| Net Change in Insurance Liabilities (other than outstanding claims)                      |             | <b>2,265,240</b>             | 2,064,911   |
| Acquisition expenses   | 21          | <b>1,541,940</b>             | 1,641,672   |
| Marketing and administration expenses  | 22          | <b>474,723</b>               | 417,442     |
| Other expenses   | 23          | <b>10,797</b>                | 2,458       |
| <b>Total Expenses</b>  |             | <b>4,292,700</b>             | 4,126,483   |
| <b>Profit before tax (Refer note below)</b>  |             | <b>518,728</b>               | 324,446     |
| Income tax expense   | 24          | <b>(157,262)</b>             | (93,068)    |
| <b>Profit for the year</b>   |             | <b>361,466</b>               | 231,378     |
| <b>Earnings per share - Rupees</b>   |             | <b>3.61</b>                  | 2.31        |

The annexed notes 1 to 32 form an integral part of these financial statements.

Note:

Profit before tax is inclusive of the amount of the profit before tax of the Shareholders' Fund, the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholders' Fund based on the advice of the Appointed Actuary, and the undistributed surplus in the Revenue Account of the Statutory Funds which also includes the solvency margins maintained in accordance with the Insurance Rules, 2017. For details of the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholders' Fund aggregating to Rs. 602 million (2019: Rs.296 million), please refer to note 26, relating to segmental information - Revenue Account by Statutory Fund.

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**Managing Director &  
Chief Executive Officer**

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**Chief Financial  
Officer**

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**Director**

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**Director**

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**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**For The Three Months Period Ended 31 March 2020**

|   | 31 March                     |                |
|---|------------------------------|----------------|
|   | 2020                         | 2019           |
|   | ----- (Rupees in '000) ----- |                |
| Profit for the year - as per Profit and Loss Account  | 361,466                      | 231,378        |
| <b>Other Comprehensive Income:</b>  |                              |                |
| <b>Items that may be reclassified to profit and loss in subsequent periods:</b>               |                              |                |
| Change in unrealised gains / (losses) on available-for-sale financial assets                  | (91,115)                     | (43,878)       |
| Reclassification adjustment relating to available-for-sale investments sold during the period | -                            | -              |
|   | (91,115)                     | (43,878)       |
| Related deferred tax  | 26,423                       | 12,286         |
| Other comprehensive income for the year- net of tax   | (64,692)                     | (31,592)       |
| <b>Total comprehensive income for the year</b>  | <b>296,774</b>               | <b>199,786</b> |

The annexed notes 1 to 32 form an integral part of these financial statements.

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**Managing Director &  
Chief Executive Officer**

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**Chief Financial  
Officer**

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**Director**

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**Director**

\_\_\_\_\_  
**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (Unaudited)**

|  |      | Attributable to the equity holders' of the Company |                  |   |   |                       |                  |
|--|------|--|------------------|---|---|-----------------------|------------------|
|  |      | Share Capital                                      | General Reserve  | Retained earnings arising from business other than participating business attributable to shareholders (ledger account D)- net of tax * | Surplus/Deficit on revaluation of available for sale investment | Unappropriated Profit | Total            |
|  | Note |  |                  |   |   |                       |                  |
| <hr style="border-top: 1px dashed black;"/> (Rupees in '000) <hr style="border-top: 1px dashed black;"/> |      |  |                  |   |   |                       |                  |
| Balance as at 1 January 2019 (as reported)   |      | 1,000,000  | 2,150,000        | 1,748,449   | 75,713  | 1,053,434             | 6,027,596        |
| Adjustment due to change in accounting policy  | 30.2 | -  | -                | (69,193)  | -   | -                     | (69,193)         |
| Balance as at 1 January 2019 re-stated   |      | 1,000,000  | 2,150,000        | 1,679,256   | 75,713  | 1,053,434             | 5,958,403        |
| <b>Comprehensive Income for the period ended 31 March 2019</b>   |      |  |                  |   |   |                       |                  |
| Income for the period ended 31 March 2019 (as reported)  |      | -  | -                | (6,325)   | -   | 241,795               | 235,470          |
| Adjustment due to change in accounting policy (refer note 30.2)  |      | -  | -                | (4,092)   | -   | -                     | (4,092)          |
| Other Comprehensive loss   |      | -  | -                | -   | (31,592)  | -                     | (31,592)         |
| Total income for the period ended 31 March 2019-restated   |      | -  | -                | (10,417)  | (31,592)  | 241,795               | 199,786          |
| Contribution to increase solvency margin   |      | -  | -                | 25,857  | -   | (25,857)              | -                |
| Balance as at 31 March 2019  |      | <u>1,000,000</u>                                   | <u>2,150,000</u> | <u>1,694,696</u>  | <u>44,121</u>   | <u>1,269,372</u>      | <u>6,158,189</u> |
| Balance as at 1 January 2020   |      | 1,000,000  | 2,000,000        | 1,730,534   | 50,986  | 1,126,420             | 5,907,940        |
| <b>Comprehensive Income for the period ended 31 March 2020</b>   |      |  |                  |   |   |                       |                  |
| Income for the period ended 31 March 2020  |      | -  | -                | (69,518)  | -   | 430,984               | 361,466          |
| Other Comprehensive loss   |      | -  | -                | -   | (64,692)  | -                     | (64,692)         |
|  |      | -  | -                | (69,518)  | (64,692)  | 430,984               | 296,774          |
| Contribution to increase solvency margin   |      | -  | -                | 72,500  | -   | (72,500)              | -                |
| <b>Transactions with shareholders</b>  |      |  |                  |   |   |                       |                  |
| Dividend for the year ended 31 December 2019   |      | -  | -                | -   | -   | (1,050,000)           | (1,050,000)      |
|  |      | -  | -                | -   | -   | (1,050,000)           | (1,050,000)      |
| Balance as at 31 March 2020  |      | <u>1,000,000</u>                                   | <u>2,000,000</u> | <u>1,733,516</u>  | <u>(13,706)</u>   | <u>434,904</u>        | <u>5,154,714</u> |

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

The annexed notes 1 to 32 form an integral part of these financial statements.

|  |  |                       |                       |                       |
|--|--|-----------------------|-----------------------|-----------------------|
| <hr/> <b>Managing Director &amp;<br/>Chief Executive Officer</b> | <hr/> <b>Chief Financial<br/>Officer</b> | <hr/> <b>Director</b> | <hr/> <b>Director</b> | <hr/> <b>Chairman</b> |
|--|--|-----------------------|-----------------------|-----------------------|

**EFU LIFE ASSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW**  
**For The Three Months Period Ended 31 March 2020**

|  | 31 March                     |              |
|--|------------------------------|--------------|
|  | 2020                         | 2019         |
|  | ----- (Rupees in '000) ----- |              |
| <b>Operating cash flows</b>  |                              |              |
| <b>a) Underwriting activities</b>  |                              |              |
| Insurance premium / contribution received  | 7,326,494                    | 7,528,535    |
| Reinsurance premium / Retakaful contribution paid  | (154,720)                    | (101,428)    |
| Claims paid  | (4,442,599)                  | (4,201,348)  |
| Reinsurance and other recoveries received  | 154,517                      | 99,444       |
| Commission paid  | (1,333,448)                  | (1,346,011)  |
| Marketing and Administrative expenses paid   | (474,723)                    | (411,236)    |
| Other acquisition cost paid  | (808,270)                    | (750,252)    |
| Net cash flow from underwriting activities   | 267,251                      | 817,704      |
| <b>b) Other operating activities</b>   |                              |              |
| Income tax paid  | (380,624)                    | (265,340)    |
| Other operating receipts / (payments)  | 140,785                      | 1,752,857    |
| Loans advanced   | (20,815)                     | (52,844)     |
| Loans repayments received  | 33,447                       | 51,125       |
| Net cash flow from other operating activities  | (227,207)                    | 1,485,798    |
| <b>Total cash flow from all operating activities</b>                                       | 40,044                       | 2,303,502    |
| <b>Investment activities</b>   |                              |              |
| Profit / Return received   | 4,245,860                    | 1,251,721    |
| Dividends received   | 314,757                      | 423,866      |
| Payments for investments   | (33,250,048)                 | (81,883,037) |
| Proceed from disposal of investments   | 33,338,656                   | 98,165,936   |
| Fixed capital expenditure  | (79,151)                     | (59,168)     |
| Proceeds from sale of property and equipment   | 7,008                        | 19,571       |
| <b>Total cash flow from investing activities</b>   | 4,577,082                    | 17,918,889   |
| <b>Financing activities</b>  |                              |              |
| Dividends paid   | (1,050,000)                  | -            |
| <b>Total cash flow from financing activities</b>   | (1,050,000)                  | -            |
| <b>Net cash flow from all activities</b>   | 3,567,126                    | 20,222,391   |
| Cash and cash equivalents at beginning of the period                                       | 25,372,547                   | 19,835,462   |
| <b>Cash and cash equivalents at end of the period</b>                                      | 28,939,673                   | 40,057,853   |
| <b>Reconciliation to profit and loss account</b>   |                              |              |
| Operating cash flows   | 40,044                       | 2,303,502    |
| Depreciation expense   | (115,275)                    | (60,573)     |
| Amortization expense   | (4,985)                      | (3,230)      |
| Profit on disposal of property and equipment   | 1,999                        | 9,337        |
| Loss on disposal of investments  | 96,938                       | (2,689,962)  |
| Other revenue  | 5,365                        | 4,244        |
| Dividend Income  | 312,021                      | 421,213      |
| Other investment income  | 3,030,371                    | 2,009,656    |
| Appreciation / (Depreciation) in market value of investments                               | (1,022,010)                  | 1,746,949    |
| Reversal / (Provision) of impairment in the value of available for sale equity investments | (22,798)                     | (1,001)      |
| Increase in assets other than cash   | (395,197)                    | (1,699,872)  |
| Increase in liabilities  | (1,565,007)                  | (1,808,885)  |
| <b>Profit after taxation</b>   | 361,466                      | 231,378      |

The annexed notes 1 to 32 form an integral part of these financial statements.

Managing Director &  
Chief Executive Officer

Chief Financial  
Officer

Director

Director

Chairman

**EFU LIFE ASSURANCE LIMITED**  
**Notes To The Condensed Interim Financial Information (Unaudited)**  
**For The Three Months Ended 31 March 2020**

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

**1.1** EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The Registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House Plot No.112, 8th East street, Phase 1, DHA, Karachi.

**1.2** The Company is a subsidiary of EFU General Insurance Limited on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Limited effective 31 March 2018.

**1.3** The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:

- Investment Linked business (includes individual life business)
- Conventional business (includes group life and individual life businesses)
- Pension business (unit linked)\*
- Accident and health business
- Family Takaful Investment Linked Business (Refer note 1.4)
- Family Takaful Protection Business (Refer note 1.4)

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

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

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

**2.1** These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated 09 February 2017.

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017; and
- Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017.

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

**2.3 Basis of measurement**

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

**2.4 Functional and presentation currency**

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

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements, except those disclosed in note 2.5.1.

**2.5.1** IFRS 9 'Financial Instruments' is effective for reporting year ended 31 December 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduces two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

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

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

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

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

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

| Financial assets                                  | 31 March 2020                |   |                    |   |
|---|------------------------------|---|--------------------|---|
|   | Fail the SPPI test           |   | Pass the SPPI test |   |
|   | Fair value                   | Change in unrealized gain or loss during the year | Fair value         | Change in unrealized gain or loss during the year |
|   | ----- (Rupees in '000) ----- |   |                    |   |
| Cash and bank *                                   | -                            | -   | 12,096,383         | -   |
| Investments in equity securities and mutual funds | 13,263,717                   | (4,520,228)                                       | -                  | -   |
| Investments in debt securities                    | -                            | -   | 81,134,050         | 3,893,484   |
| Term Deposits                                     | -                            | -   | 16,843,290         | -   |
| Mutual Funds                                      | 880,932                      | -   | -                  | -   |
|   | <u>14,144,649</u>            | <u>(4,520,228)</u>                                | <u>110,073,723</u> | <u>3,893,484</u>                                  |

|  | 31 March 2020  |           |           |         |           |         |           |        |            |        |         |
|--|--|-----------|-----------|---------|-----------|---------|-----------|--------|------------|--------|---------|
|  | Gross carrying amounts of debt instruments that pass the SPPI test |           |           |         |           |         |           |        |            |        |         |
|  | AA+  | A+        | AA        | AA-     | AAA       | A-      | A-1       | BBB+   | A-1+       | A-2    | Unrated |
|  | (Rupees in '000)   |           |           |         |           |         |           |        |            |        |         |
| Cash and bank *  | -  | -         | -         | -       | -         | -       | 1,958,182 |        | 10,078,822 | 18,434 | 18,883  |
| Investments in equity securities   |  |           |           |         |           |         |           |        |            |        |         |
| Investments in debt securities   | 550,000  | 769,645   | 4,178,735 | 223,016 | 2,357,141 | 11,012  | -         | 60,450 | -          | -      | 23,944  |
| Term Deposits / Certificate of investment                                | -  | 600,000   | -         | -       | -         | 250,000 | 3,250,000 |        | 12,743,290 | -      | 210,000 |
| Total gross carrying amounts of financial assets that pass the SPPI test | 550,000  | 1,369,645 | 4,178,735 | 223,016 | 2,357,141 | 261,012 | 5,208,182 | 60,450 | 22,822,112 | 18,434 | 252,827 |

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

## 2.6 Standards, Interpretations and amendments effective in 2020

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 January 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 1 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 1 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 crystallise. 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 1 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 1 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.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

### 5 Properties, Equipments and Intangible Assets

|                    | 31 March<br>2020<br>(Unaudited) | 31 December<br>2019<br>(Audited) |
|--------------------|---------------------------------|----------------------------------|
|                    | ----- (Rupees in '000) -----    |                                  |
| Operating assets   | 2,481,742                       | 2,505,661                        |
| Right Of Use Asset | 367,366                         | 378,026                          |
|                    | <u>2,849,108</u>                | <u>2,883,687</u>                 |

#### 5.1 Details of additions and disposals during the Three months period ended 31 March 2020 are as follows:

|                                 | Three months ended - Unaudited |              |               |               |
|---------------------------------|--------------------------------|--------------|---------------|---------------|
|                                 | 31 March 2020                  |              | 31 March 2019 |               |
|                                 | Additions                      | Disposals    | Additions     | Disposals     |
|                                 | ----- (Rupees in '000) -----   |              |               |               |
| Furniture, fixture and fittings | 17,918                         |              | 32,889        | -             |
| Office equipment                | 6,440                          |              | 2,579         | -             |
| Computer equipment              | 25,962                         |              | 2,072         | -             |
| Motor Vehicle                   | 6,818                          | 9,500        | 21,485        | 25,820        |
| Lease hold Improvements         | 4,249                          |              | -             | -             |
|                                 | <u>61,387</u>                  | <u>9,500</u> | <u>59,025</u> | <u>25,820</u> |

#### 5.2 Leasehold improvements are now being separately classified. Initially these were included in furniture and fixtures and depreciated under the reducing balance method at 10%. After change in the classification due to the adoption of IFRS 16 with effect from 01 January 2019, these are being depreciated on a straight line method over 1 to 6.5 years. The financial impact of the re-estimation for the year ended 31 March 2020 is Rs.10.30 million which has been recognised in the profit and loss account as an expense.

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

#### 5.4 During the period addition in intangible assets was Rs.17.764 million (31 March 2019: Rs.0.143 million).

|                              |   |                  |  |                     |  |  |                     |            |                     |            |
|------------------------------|---|------------------|--|---------------------|--|--|---------------------|------------|---------------------|------------|
| 6                            | INVESTMENTS IN EQUITY SECURITIES  |                  |  |                     | Note   | 31 March<br>2020<br>----- (Rupees in '000) ----- | 31 December<br>2019 |            |                     |            |
|                              | Available for Sale  |                  |  |                     | 6.1  | 158,308  | 250,880             |            |                     |            |
|                              | At fair value through profit or loss (Designated - upon initial recognition)  |                  |  |                     | 6.2  | 13,105,409                                       | 10,221,662          |            |                     |            |
|                              |   |                  |  |                     |  | 13,263,717                                       | 10,472,542          |            |                     |            |
| 6.1                          | Available for Sale  | 31 March 2020    |  |                     | 31 December 2019                                 |  |                     |            |                     |            |
|                              | Note  | Cost             | Impairment/<br>provision                         | Carrying<br>Value   | Cost   | Impairment/<br>provision                         | Carrying<br>Value   |            |                     |            |
| ----- (Rupees in '000) ----- |   |                  |  |                     |  |  |                     |            |                     |            |
|                              | Related Party   |                  |  |                     |  |  |                     |            |                     |            |
|                              | Listed Shares   | 6.3              | 306,470  | (270,292)           | 36,178   | 306,470  | (254,266)           | 52,204     |                     |            |
|                              | Others  |                  |  |                     |  |  |                     |            |                     |            |
|                              | Listed Shares   | 6.3              | 140,317  | (19,807)            | 120,510  | 140,317  | (18,212)            | 122,105    |                     |            |
|                              | Unlisted Shares   |                  | 16,008   |                     | 508  | 16,008   |                     | 508        |                     |            |
|                              | Surplus on revaluation  |                  | -  | -                   | 1,112  | -  | -                   | 76,063     |                     |            |
| 6.2                          | Fair Value through Profit and Loss<br>(Designated - upon initial recognition) |                  |  |                     |  |  |                     |            |                     |            |
|                              | Related Parties   |                  |  |                     |  |  |                     |            |                     |            |
|                              | Listed Shares   |                  | 476,653  | -                   | 413,644  | 476,653  | -                   | 587,286    |                     |            |
|                              | Others  |                  |  |                     |  |  |                     |            |                     |            |
|                              | Listed Shares   |                  | 16,545,904                                       | -                   | 12,691,765                                       | 9,514,742  | -                   | 9,634,376  |                     |            |
|                              |   |                  |  |                     | 17,485,352                                       | (290,099)  | 13,263,717          | 10,454,190 | (272,478)           | 10,472,542 |
|                              |   |                  |  |                     | 31 March<br>2020<br>----- (Rupees in '000) ----- |  |                     |            | 31 December<br>2019 |            |
|                              |   |                  |  |                     | 272,478  |  |                     |            | 286,748             |            |
|                              |   |                  |  |                     | 17,621   |  |                     |            | (14,270)            |            |
|                              |   |                  |  |                     | 290,099  |  |                     |            | 272,478             |            |
| 7.                           | GOVERNMENT SECURITIES   |                  |  |                     |  |  |                     |            |                     |            |
|                              |   | Note             | 31 March<br>2020<br>----- (Rupees in '000) ----- | 31 December<br>2019 |  |  |                     |            |                     |            |
|                              | Held to Maturity  | 7.1              | 5,595,790  | 5,350,047           |  |  |                     |            |                     |            |
|                              | Fair value through profit and loss (designated - upon initial recognition)    | 7.2              | 67,154,317                                       | 70,853,495          |  |  |                     |            |                     |            |
|                              |   |                  |  |                     | 72,750,107                                       | 76,203,542                                       |                     |            |                     |            |
|                              |   |                  |  |                     | 31 March 2020                                    |  |                     |            |                     |            |
|                              |   | Maturity<br>Year | Effective<br>Yield                               | Amortised<br>Cost   | Principal<br>Repayment                           | Carrying<br>Value                                |                     |            |                     |            |
| ----- (Rupees in '000) ----- |   |                  |  |                     |  |  |                     |            |                     |            |
| 7.1                          | Held to Maturity  |                  | %  |                     |  |  |                     |            |                     |            |
|                              | 03 Years Pakistan Invetment Bond  | 2021             | 7.25   | 64,472              | 70,000   | 64,472   |                     |            |                     |            |
|                              | 03 Years Pakistan Invetment Bond  | 2022             | 9  | 2,701,778           | 2,850,000  | 2,701,778  |                     |            |                     |            |
|                              | 10 Years Pakistan Invetment Bond  | 2028             | 8.75   | 11,954              | 15,000   | 11,954   |                     |            |                     |            |
|                              | 20 Years Pakistan Invetment Bond  | 2024             | 10   | 54,154              | 53,700   | 54,154   |                     |            |                     |            |
|                              | 3 Months Treasury Bills   | 2020             | 12.07  | 2,507,293           | 2,559,000  | 2,507,293  |                     |            |                     |            |
|                              | 03 Years Goverment Ijara  | 2020             | 5.24   | 59,880              | 59,280   | 59,880   |                     |            |                     |            |
|                              | 10 Years Pakistan Energy Sukuk 1  | 2029             | 14.88  | 196,259             | 197,160  | 196,259  |                     |            |                     |            |
|                              |   |                  |  |                     | 5,595,790  | 5,804,140  | 5,595,790           |            |                     |            |
|                              |   |                  |  |                     | 31 March 2020                                    |  |                     |            |                     |            |
|                              |   | Maturity<br>Year | Effective<br>Yield                               | Amortised<br>Cost   | Principal<br>Repayment                           | Carrying<br>Value                                |                     |            |                     |            |
| ----- (Rupees in '000) ----- |   |                  |  |                     |  |  |                     |            |                     |            |
| 7.2                          | Fair Value through profit and loss<br>(Designated - upon initial recognition) |                  | %  |                     |  |  |                     |            |                     |            |
|                              | 03 Years Pakistan Invetment Bond  | 2021             | 7.25   | 10,131,102          | 10,723,500                                       | 10,331,706                                       |                     |            |                     |            |
|                              | 03 Years Pakistan Invetment Bond  | 2022             | 9  | 14,364,081          | 15,200,000                                       | 14,986,151                                       |                     |            |                     |            |
|                              | 05 Years Pakistan Invetment Bond  | 2023             | 8  | 595,149             | 675,000  | 650,944  |                     |            |                     |            |
|                              | 05 Years Pakistan Invetment Bond  | 2024             | 9.5  | 21,715,982          | 23,850,000                                       | 24,095,703                                       |                     |            |                     |            |
|                              | 05 Years Pakistan Invetment Bond  | 2021             | 7.75   | 537,930             | 560,000  | 545,108  |                     |            |                     |            |
|                              | 10 Years Pakistan Invetment Bond  | 2022             | 12   | 2,120,954           | 2,100,000  | 2,193,923  |                     |            |                     |            |
|                              | 10 Years Pakistan Invetment Bond  | 2024             | 12   | 101,769             | 100,000  | 109,641  |                     |            |                     |            |
|                              | 10 Years Pakistan Invetment Bond  | 2029             | 10   | 4,678,875           | 5,050,000  | 5,315,948  |                     |            |                     |            |
|                              | 20 Years Pakistan Invetment Bond  | 2024             | 10   | 388,256             | 392,000  | 401,978  |                     |            |                     |            |
|                              | 3 Months Treasury Bills   | 2020             | 12.25  | 7,264,614           | 7,350,000  | 7,275,943  |                     |            |                     |            |
|                              | 03 Years Goverment Ijara  | 2020             | 5.24   | 89,819              | 88,920   | 89,819   |                     |            |                     |            |
|                              | 08 Years Pakistan Water And Power Development Authority                       | 2021             | 12.01  | 204,576             | 571,099  | 203,370  |                     |            |                     |            |
|                              | 10 Years Pakistan Energy Sukuk 1  | 2029             | 14.88  | 958,732             | 963,159  | 954,083  |                     |            |                     |            |
|                              |   |                  |  |                     | 63,151,839                                       | 67,623,678                                       | 67,154,317          |            |                     |            |
| 8.                           | INVESTMENT IN DEBT SECURITIES   |                  |  |                     |  |  |                     |            |                     |            |
|                              | Fair Value through Profit and Loss<br>(Designated upon initial recognition)   | 31 March 2020    |  |                     | 31 December 2019                                 |  |                     |            |                     |            |
|                              | Note  | Cost             | Impairment/<br>Provision                         | Carrying<br>Value   | Cost   | Impairment /<br>Provision                        | Carrying<br>Value   |            |                     |            |
| ----- (Rupees in '000) ----- |   |                  |  |                     |  |  |                     |            |                     |            |
|                              | Others  |                  |  |                     |  |  |                     |            |                     |            |
|                              | Term Finance Certificates   | 8.1              | 3,577,386  | -                   | 3,577,386  | 3,796,562  | -                   | 3,796,562  |                     |            |
|                              | Corporate Sukuks  | 8.2              | 4,572,613  | -                   | 4,572,613  | 4,677,570  | -                   | 4,677,570  |                     |            |
|                              | Commercial papers   | 8.3              | 23,944   | -                   | 23,944   | 635,359  | -                   | 635,359    |                     |            |
|                              | Certificates of investment  | 8.4              | 210,000  | -                   | 210,000  | 210,000  | -                   | 210,000    |                     |            |
|                              |   |                  |  |                     | 8,383,943  | -  | 8,383,943           | 9,319,491  | -                   | 9,319,491  |

|     |  |       |           | No. Of Certificates |             | Face Value       | Carrying Amount  |             |
|-----|--|-------|-----------|---------------------|-------------|------------------|------------------|-------------|
|     |  |       |           | 31 March            | 31 December |                  | 31 March         | 31 December |
|     |  |       |           | 2020                | 2019        |                  | 2020             | 2019        |
|     |  |       |           |                     |             | (Rupees in '000) |                  |             |
| 8.1 | Term Finance Certificates  | Yield | Maturity  |                     |             |                  |                  |             |
|     | Bank Al Habib  | 14.67 | Perpetual | 40,000              | 80,000      | 10               | 200,000          | 400,000     |
|     | Bank Al Habib  | 14.96 | 2028      | 20,000              | 20,000      | 5                | 99,960           | 99,960      |
|     | Bank Al Habib TFC  | 14.50 | 2026      | 80,100              | 80,100      | 5                | 384,680          | 392,940     |
|     | Al Baraka Bank   | 15.15 | 2021      | 10,000              | 10,000      | 4                | 11,012           | 14,866      |
|     | Byco Oil Pakistan  | 14.56 | 2022      | 20,000              | 20,000      | 5                | 67,166           | 73,781      |
|     | Bank Al-Falah Ltd  | 15.33 | 2021      | 23,063              | 23,063      | 10               | 114,568          | 115,015     |
|     | United Bank Ltd.   | 14.89 | Perpetual | 250,000             | 250,000     | 5                | 1,250,000        | 1,250,000   |
|     | Soneri Bank  | 15.50 | Perpetual | 10,000              | 10,000      | 5                | 50,000           | 50,000      |
|     | Askari Bank Ltd.   | 14.99 | Perpetual | 500                 | 500         | 1,000            | 500,000          | 500,000     |
|     | HBL  | 14.82 | Perpetual | 20,000              | 20,000      | 10               | 200,000          | 200,000     |
|     | JS Bank Limited  | 15.73 | Perpetual | 5,000               | 5,000       | 100              | 500,000          | 500,000     |
|     | Bank Alfalah Perpetual TFC   | 15.40 | Perpetual | 20,000              | 20,000      | 5                | 100,000          | 100,000     |
|     | Askari Bank VII  | 13.67 | Perpetual | 1                   |             | 100,000          | 100,000          | -           |
|     |  |       |           |                     |             |                  | 3,577,386        | 3,696,562   |
| 8.2 | Corporate Sukuks   |       |           |                     |             |                  |                  |             |
|     | Hascol Petroleum   | 15.35 | 2022      | 30,000              | 30,000      | 7                | 60,450           | 68,006      |
|     | K Electric   | 14.50 | 2022      | 7,500               | 7,500       | 10               | 791,158          | 885,786     |
|     | Dawood Hercules Sukuk  | 14.50 | 2022      | 5,819               | 2,000       | 200              | 468,891          | 464,310     |
|     | Dawood Hercules Sukuk  | 14.64 | 2023      | 6,681               | 6,681       | 99               | 536,178          | 599,407     |
|     | Pakistan Services Limited  | 14.92 | 2024      | 833                 | 833         | 100              | 223,016          | 249,990     |
|     | Meezan Bank Ltd  | 15.30 | Perpetual | 100,000             | 100,000     | 5                | 500,000          | 500,000     |
|     | Fauji Fertilizer Company Ltd   | 14.99 | 2021      | 2,814               | 2,814       | 10               | 19,645           | 19,768      |
|     | Hub Power Company Ltd  | 14.99 | 2020      | 40,000              | 5,000       | 5                | 200,000          | 200,000     |
|     | HUB Co Sukuk 4 Years   | 15.91 | 2023      | 50,000              | 7,000       | 7                | 350,000          | 350,000     |
|     | International Brands Ltd   | 14.35 | 2021      | -                   | 100,000     | 202              | 55,612           | 72,510      |
|     | Engro Polymer  | 14.54 | 2026      | 2,250               | 5,000       | 20               | 227,688          | 227,818     |
|     | Neelum Jhelum  | 15.23 | 2026      | 12,500              | 12,500      | 83               | 1,039,975        | 1,039,975   |
|     | DIBL Tier I Sukuk  | 15.29 | Perpetual | 20,000              | 20,000      | 5                | 100,000          | 100,000     |
|     |  |       |           |                     |             |                  | 4,572,613        | 4,777,570   |
| 8.3 | Commercial Paper   |       |           |                     |             |                  |                  |             |
|     | KEL Islamic Commercial Paper (ICP3)  | 15.23 | 2020      | 1                   | 1           | 100,000          | -                | 96,975      |
|     | KEL Islamic Commercial Paper (ICPA)  | 15.38 | 2020      | 1                   | 1           | 500,000          | -                | 488,660     |
|     | TPL Corp (ICP)   | 15.53 | 2020      | 1                   | 1           | 25,000           | 23,944           | 49,724      |
|     |  |       |           |                     |             |                  | 23,944           | 635,359     |
| 8.4 | Certificate of Investment  |       |           |                     |             |                  |                  |             |
|     | First Habib Modarba  | 13.50 | 2020      | 1                   | 1           | 210              | 210,000          | 210,000     |
|     |  |       |           |                     |             |                  | 8,383,943        | 9,319,491   |
| 9.  | INVESTMENTS IN TERM DEPOSITS   |       |           |                     |             |                  | 31 March         | 31 December |
|     |  |       |           |                     |             |                  | 2019             | 2019        |
|     |  |       |           |                     |             |                  | (Rupees in '000) |             |
|     | Deposit maturing within 12 months  |       |           |                     |             |                  | 16,843,290       | 19,659,000  |
| 10  | INVESTMENT IN MUTUAL FUNDS   |       |           |                     |             | Note             | 31 March         | 31 December |
|     |  |       |           |                     |             |                  | 2020             | 2019        |
|     |  |       |           |                     |             |                  | (Rupees in '000) |             |
|     | At fair value through profit or loss (Designated - upon initial recognition) |       |           |                     |             | 10.1             | 751,178          | 265,847     |
|     | Available for Sale   |       |           |                     |             | 10.2             | 129,754          | 144,867     |
|     |  |       |           |                     |             |                  | 880,932          | 410,714     |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
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|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |
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|     |  |       |           |                     |             |                  |                  |             |
|     |  |       |           |                     |             |                  |                  |             |

|  |      | 31 March<br>2020<br>Unaudited | 31 December<br>2019<br>Audited    |
|--|------|-------------------------------|-----------------------------------|
|  |      | ----- (Rupees in '000) -----  |                                   |
| <b>11. CASH AND BANK</b>   |      |                               |                                   |
| Cash and Cash Equivalent   |      |                               |                                   |
| Cash in hand   |      | 1,518                         | 41                                |
| Policy & Revenue stamps  |      | 20,545                        | 13,400                            |
| Cash at bank   |      |                               |                                   |
| Current account  |      | 916,960                       | 1,892,503                         |
| Saving account   |      | 11,157,360                    | 3,807,604                         |
|  |      | <u>12,096,383</u>             | <u>5,713,548</u>                  |
| <b>11.1 Cash and cash equivalents for cash flow purpose comprise of the following:</b> |      | 31 March<br>2020              | 31 December<br>2019               |
|  |      | ----- (Rupees in '000) -----  |                                   |
| - Cash and others  |      | 22,063                        | 13,441                            |
| - Cash at bank   |      | 12,074,320                    | 5,700,107                         |
| - Term deposits maturing within three months   |      | 16,843,290                    | 19,659,000                        |
|  |      | <u>28,939,673</u>             | <u>25,372,548</u>                 |
|  |      | 31 March<br>2020              | 31 December<br>2019<br>(Restated) |
|  |      | ----- (Rupees in '000) -----  |                                   |
| <b>12 RETAINED EARNING LEDGER ACCOUNT D</b>  |      |                               |                                   |
| Opening balance  |      | 2,315,372                     | 2,174,946                         |
| Contribution to increase solvency margin   |      | 72,500                        | 106,503                           |
| Change in solvency margin through profit and loss account                              |      | (97,913)                      | 33,923                            |
|  |      | <u>2,289,959</u>              | <u>2,315,372</u>                  |
| Related Deferred Tax Liability on:   |      |                               |                                   |
| Opening balance  |      | (584,838)                     | (495,690)                         |
| Reversal / (charge) to profit and loss account   |      | 28,395                        | (89,148)                          |
| Closing balance  |      | (556,443)                     | (584,838)                         |
| Net of tax   |      | <u>1,733,516</u>              | <u>1,730,534</u>                  |
|  |      | 31 March<br>2020              | 31 December<br>2019<br>(Restated) |
|  |      | ----- (Rupees in '000) -----  |                                   |
| <b>13. INSURANCE LIABILITIES</b>   |      |                               |                                   |
| Reported outstanding claims  | 13.1 | 2,953,471                     | 2,715,505                         |
| Incurred but not reported claims   | 13.2 | 703,606                       | 734,895                           |
| Investment component of unit-linked and account value policies                         | 13.3 | 116,500,779                   | 114,383,622                       |
| Liabilities under individual conventional insurance contracts                          | 13.4 | 792,071                       | 763,786                           |
| Liabilities under group insurance contracts<br>(other than investment linked)          | 13.5 | 500,876                       | 383,053                           |
| Participant takaful fund balance   | 13.6 | 194,303                       | 172,794                           |
|  |      | <u>121,645,106</u>            | <u>119,153,655</u>                |
| <b>13.1 Reported Outstanding Claims</b>  |      |                               |                                   |
| <b>Gross of Reinsurance</b>  |      |                               |                                   |
| Payable within one year  |      | 2,555,120                     | 2,328,910                         |
| Payable over a period of time exceeding one year                                       |      | 673,141                       | 648,115                           |
|  |      | <u>3,228,261</u>              | <u>2,977,025</u>                  |
| <b>Recoverable from Reinsurers</b>   |      |                               |                                   |
| Receivable over a period of time exceeding one year                                    |      | (274,790)                     | (261,520)                         |
|  |      | <u>(274,790)</u>              | <u>(261,520)</u>                  |
| Net reported outstanding claims  |      | <u>2,953,471</u>              | <u>2,715,505</u>                  |

|  |                              |                                |
|--|------------------------------|--------------------------------|
| <b>13.2 Incurred But Not Reported Claims</b>   |                              |                                |
| Gross of reinsurance   | 812,879                      | 863,010                        |
| Reinsurance recoveries   | (109,273)                    | (128,115)                      |
| Net of reinsurance   | <u>703,606</u>               | <u>734,895</u>                 |
| <b>13.3 Investment Component of Unit Linked and Account Value Policies</b>             |                              |                                |
| Investment component of unit linked policies   | 116,500,779                  | 114,383,622                    |
| Investment component of account value policies   | -                            | -                              |
|  | <u>116,500,779</u>           | <u>114,383,622</u>             |
|  | <b>31 March 2020</b>         | 31 December 2019<br>(Restated) |
| <b>13.4 Liabilities under Individual Conventional Insurance Contracts</b>              | ----- (Rupees in '000) ----- |                                |
| Gross of Reinsurance   | 982,306                      | 941,275                        |
| Reinsurance Credit   | (190,235)                    | (177,489)                      |
| Net of Reinsurance   | <u>792,071</u>               | <u>763,786</u>                 |
| <b>13.5 Liabilities under Group Insurance Contracts (other than investment linked)</b> |                              |                                |
| Gross of Reinsurance   | 671,004                      | 456,072                        |
| Reinsurance Credit   | (170,128)                    | (73,019)                       |
| Net of Reinsurance   | <u>500,876</u>               | <u>383,053</u>                 |
| <b>13.6 Participant Takaful Fund Balance</b>   | <u>194,303</u>               | <u>172,794</u>                 |

#### 14. CONTINGENCIES AND COMMITMENTS

- 14.1** The Income tax assessment of the Company for tax year 2019 has been finalized. In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.13.833 million and Rs.15.014 million for Tax Years 2012 and 2013 respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Company filed second appeal before the Appellate Tribunal against the order of CIT. The learned Appellate Tribunal Inland revenue has now decided the case in Company's favour. Subsequent to the period, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Company expects a favourable decision.

In 2015 and 2016, The Searle Company Limited issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 17,124 shares respectively) and the IBL Healthcare Ltd. issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,016 shares respectively). In this regard, a constitutional petition had been filed by the Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The honorable high court decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgment until the next date of hearing, which has not yet been decided. The Company is of the view that the case will be decided in its favour and no provision has been made for the aforementioned tax. The amount involved is Rs 3.279 million.

- 14.2** During the year, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 8 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance has been made taxable from 1 July 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB extended exemption on health insurance till 30 June 2020. With effect from 1 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutive petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively.

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

In view of the above the Company has not started billing sales tax to its customers. The amount of sales tax involved is around Rs. 770 million computed on the basis of risk based premium, as per the advice of legal advisor, which nonetheless the Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA have called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales Tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax Authorities and agreed in the meeting that the sales tax on Life and Health be kept exempt till 30th June 2020 however a formal notification in this regard has not yet been issued. Further the committee formed met on 5 February 2020 in Lahore at PRA office to work out the way forward.

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

- 14.3** Bank guarantees amounting to Rs. 10.426 million has been given in respect of Group Life coverage. These bank guarantees will expire by 19 February 2021.
- 14.4** There were no capital commitments at the period end.

|  |                  | Three months period ended<br>31 March |      |
|--|------------------|---------------------------------------|------|
|  |                  | 2020                                  | 2019 |
|  |                  | (Rupees in '000)                      |      |
| <b>15. NET INSURANCE PREMIUM / CONTRIBUTION REVENUE</b>                            |                  |                                       |      |
| <b>Gross premium / contribution</b>  |                  |                                       |      |
| Regular premium / contribution individual policies                                 |                  |                                       |      |
| First year   | 1,188,005        | 1,519,840                             |      |
| Second year renewal  | 1,122,408        | 1,088,442                             |      |
| Subsequent year renewal  | 3,927,694        | 3,689,240                             |      |
| Single premium / contribution individual policies                                  | 87,892           | 297,871                               |      |
| Group policies with cash values  | 12,460           | 14,028                                |      |
| Group policies without cash values   | 912,907          | 926,810                               |      |
| Reversal/(Provision)Experience refund  | 60,823           | (79,636)                              |      |
| <b>Total gross premium / contribution</b>  | <b>7,312,189</b> | <b>7,456,595</b>                      |      |
| <b>Less: Reinsurance premium / retakaful contribution ceded</b>                    |                  |                                       |      |
| On individual life first year business   | 15,582           | 2,879                                 |      |
| On individual life second year business  | 10,265           | 4,449                                 |      |
| On individual life renewal business  | 63,511           | 26,020                                |      |
| On group policies  | 199,646          | 142,220                               |      |
| Less: Experience refund from reinsurers  | (837)            | (9,912)                               |      |
| Less: Reinsurance commission on risk premium                                       | (5,726)          | (989)                                 |      |
| <b>Total reinsurance premium / retakaful contribution ceded</b>                    | <b>282,441</b>   | <b>164,667</b>                        |      |
| <b>Net premium / contribution</b>  | <b>7,029,748</b> | <b>7,291,928</b>                      |      |
| <b>16. INVESTMENT INCOME</b>   |                  |                                       |      |
| <b>Income from equity securities</b>   |                  |                                       |      |
| <b>At fair value through profit and loss (Designated upon initial recognition)</b> |                  |                                       |      |
| Dividend income  | 309,152          | 420,278                               |      |
| <b>Available for Sale</b>  |                  |                                       |      |
| Dividend income  | 5,605            | 3,588                                 |      |
| <b>Income from debt securities</b>   |                  |                                       |      |
| <b>At fair value through profit and loss (Designated upon initial recognition)</b> |                  |                                       |      |
| Return on debt securities  | 535,649          | 222,049                               |      |
| On government securities   | 1,327,593        | 1,136,273                             |      |
| <b>Held to maturity</b>  |                  |                                       |      |
| On government securities   | 154,416          | 110,946                               |      |
| <b>Income from term deposits</b>   |                  |                                       |      |
| Return on term deposits  | 499,900          | 327,025                               |      |
|  | <b>2,832,315</b> | <b>2,220,159</b>                      |      |

|   |                    | Three months period ended<br>31 March |      |
|---|--------------------|---------------------------------------|------|
|   |                    | 2020                                  | 2019 |
|   |                    | ----- (Rupees in '000) -----          |      |
| <b>17. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS</b>   |                    |                                       |      |
| Available for sale  |                    |                                       |      |
| Realised gains on:  |                    |                                       |      |
| - Equity securities   | 44,818             | 160,737                               |      |
| - Government securities   | 52,120             | -                                     |      |
| Realised losses on:   |                    |                                       |      |
| - Equity securities   | -                  | (2,850,700)                           |      |
|   | <b>96,938</b>      | <b>(2,689,963)</b>                    |      |
| <b>18. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS- UNREALISED</b>   |                    |                                       |      |
| Net unrealised losses on investments in financial assets- Government securities and Debt Securities(fair value through profit and loss designated upon initial recognition) | 3,893,484          | 167,319                               |      |
| Net unrealised gains on investments at fair value through profit or loss (designated upon initial recognition)- Equity Securities   | <b>(4,520,228)</b> | 1,705,834                             |      |
| Total investment income   | <b>(626,744)</b>   | 1,873,153                             |      |
| Exchange Gain   | 8,822              | 3,394                                 |      |
| Provision / (Reversal) of Impairment in value of available for sale securities  | <b>(22,797)</b>    | (1,001)                               |      |
| Less: Investment related expenses   | <b>(1,242)</b>     | (2,008)                               |      |
|   | <b>(641,961)</b>   | <b>1,873,538</b>                      |      |
| <b>19. OTHER INCOME</b>   |                    |                                       |      |
| Gain on sale of fixed assets  | 1,999              | 9,337                                 |      |
| Return on loans to employees  | 5,365              | 4,244                                 |      |
| Fees charged to Policyholders   | 3,223              | 2,014                                 |      |
|   | <b>10,587</b>      | <b>15,595</b>                         |      |
| <b>20. NET INSURANCE BENEFITS</b>   |                    |                                       |      |
| <b>Gross claims</b>   |                    |                                       |      |
| Claims under individual policies  |                    |                                       |      |
| by death  | 317,269            | 272,940                               |      |
| by insured event other than death   | 1,486              | 5,991                                 |      |
| by maturity   | 403,951            | 314,965                               |      |
| by surrender  | 3,414,569          | 3,259,026                             |      |
| <b>Total gross individual policy claims</b>   | <b>4,137,275</b>   | <b>3,852,922</b>                      |      |
| Claims under group policies   |                    |                                       |      |
| by death  | 483,345            | 483,869                               |      |
| by insured event other than death   | 23,644             | 19,852                                |      |
| by maturity   | 331                | 322                                   |      |
| by surrender  | 24,214             | 1,762                                 |      |
| <b>Total gross group claims</b>   | <b>531,534</b>     | <b>505,805</b>                        |      |
| <b>Total gross claims</b>   | <b>4,668,809</b>   | <b>4,358,727</b>                      |      |
| <b>Less: Reinsurance / retakaful recoveries</b>   |                    |                                       |      |
| On individual life claims   | 68,946             | 45,004                                |      |
| On group life claims  | 85,571             | 54,440                                |      |
| <b>Total reinsurance / retakaful recoveries</b>   | <b>154,517</b>     | <b>99,444</b>                         |      |
| Add: Claims related expenses  | 1,907              | 1,046                                 |      |
| <b>Net insurance benefit expense</b>  | <b>4,516,199</b>   | <b>4,260,329</b>                      |      |

|  |                  | Three months period ended<br>31 March |      |
|--|------------------|---------------------------------------|------|
|  |                  | 2020                                  | 2019 |
|  |                  | ----- (Rupees in '000) -----          |      |
| <b>21. ACQUISITION EXPENSES</b>                                      |                  |                                       |      |
| Remuneration to insurance intermediaries on individual policies:     |                  |                                       |      |
| - Commission to agent on first year premiums / contributions         | 481,197          | 581,773                               |      |
| - Commission to agent on second year premiums / contributions        | 113,242          | 138,747                               |      |
| - Commission to agent on subsequent renewal premiums / contributions | 110,156          | 109,612                               |      |
| - Commission to agent on single premiums / contributions             | 2,469            | 7,753                                 |      |
| - Override commission to supervisors                                 | 117,458          | 142,811                               |      |
| - Other benefits to insurance intermediaries                         |                  |                                       |      |
| Salaries, allowances and other benefits                              | 416,691          | 361,932                               |      |
| Remuneration to insurance intermediaries on group policies:          |                  |                                       |      |
| - Commission   | 88,500           | 98,880                                |      |
| - Other benefits to insurance intermediaries                         | 19,931           | 18,158                                |      |
| - Traveling expenses (including cost of contests, conventions etc.)  | 12,388           | 14,993                                |      |
| - Printing and stationery  | 1,518            | 3,618                                 |      |
| - Depreciation   | 72,729           | 53,600                                |      |
| - Rent, rates and taxes  | 1,403            | 1,263                                 |      |
| - Electricity, gas and water   | 5,218            | 6,326                                 |      |
| - Entertainment  | 8,953            | 7,127                                 |      |
| - Vehicle running expenses   | 382              | 4,249                                 |      |
| - Office repairs & maintenance                                       | 7,565            | 4,784                                 |      |
| - Postages, telegrams and telephone                                  | 8,434            | 11,545                                |      |
| - Medical fees   | 4,221            | 5,846                                 |      |
| - Finance Cost   | 10,352           | 11,093                                |      |
| - Others   | 38,278           | 30,882                                |      |
| Other acquisition costs - policy stamps                              | 20,855           | 26,680                                |      |
|  | <u>1,541,940</u> | <u>1,641,672</u>                      |      |
| <b>22. MARKETING AND ADMINISTRATION EXPENSES</b>                     |                  |                                       |      |
| Employee benefit cost  | 212,341          | 168,449                               |      |
| Traveling expenses   | 4,762            | 4,010                                 |      |
| Advertisements and sales promotion                                   | 46,076           | 41,771                                |      |
| Printing and stationery  | 15,246           | 12,855                                |      |
| Depreciation   | 42,546           | 39,777                                |      |
| Amortisation   | 4,984            | 3,230                                 |      |
| Rent, rates and taxes  | 358              | 325                                   |      |
| Legal and Professional charges - business related                    | 15,609           | 35,416                                |      |
| Electricity, gas and water   | 8,746            | 8,925                                 |      |
| Entertainment  | 15,339           | 10,037                                |      |
| Vehicle running expenses   | 379              | 1,669                                 |      |
| Office repair and maintenance  | 24,904           | 14,895                                |      |
| Appointed actuary fees   | 3,559            | 2,850                                 |      |
| Bank charges   | 3,459            | 2,099                                 |      |
| Postage, internet and telephone                                      | 26,362           | 23,347                                |      |
| Fees and subscription  | 11,926           | 9,607                                 |      |
| Annual supervision fee SECP  | 10,250           | 15,072                                |      |
| Miscellaneous  | 27,877           | 23,108                                |      |
|  | <u>474,723</u>   | <u>417,442</u>                        |      |
| <b>23. OTHER EXPENSES</b>  |                  |                                       |      |
| Directors' fee   | 800              | 450                                   |      |
| Donation   | 9,403            | 1,891                                 |      |
| Others   | 594              | 117                                   |      |
|  | <u>10,797</u>    | <u>2,458</u>                          |      |
| <b>24. TAXATION</b>  |                  |                                       |      |
| For the years  |                  |                                       |      |
| Current  | 186,900          | 103,938                               |      |
| Deferred   | (29,638)         | (10,870)                              |      |
|  | <u>157,262</u>   | <u>93,068</u>                         |      |



## 25. RELATED PARTY TRANSACTIONS

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

|   | For The period Ended         |                             |
|---|------------------------------|-----------------------------|
|   | 31 March<br>2020             | 31 March<br>2019            |
|   | ----- (Rupees in '000) ----- |                             |
| <b>Transactions</b>   |                              |                             |
| <b>Holding company</b>  |                              |                             |
| Premium written   | 10,623                       | 9,059                       |
| Premium paid  | 25,817                       | 43,291                      |
| Claims paid   | -                            | 1,825                       |
| Claims received   | 1,082                        | 1,353                       |
| Dividend paid   | 461,262                      | -                           |
| Dividend Received   | 25,745                       | -                           |
| <b>Associated companies/ Related Party</b>                            |                              |                             |
| Premium written   | 74,542                       | 64,958                      |
| Premium paid  | 22,729                       | 21,675                      |
| Claims paid   | 4,736                        | 1,180                       |
| Commission paid   | 74,082                       | 82,873                      |
| Travelling expenses   | 1,412                        | -                           |
| Donation paid   | 1,589                        | 610                         |
| Dividend paid   | 447,712                      | -                           |
| Interest received   | 187,499                      | 151,892                     |
| Purchase of Vehicles (Pak Suzuki Motors)                              | 72,647                       | -                           |
| Investment sold of related party                                      | -                            | 25,558                      |
| <b>Key management personnel</b>                                       |                              |                             |
| Premium written   | 414                          | 159                         |
| Loan to key employees   | 6,584                        | -                           |
| Loan recovered  | 1,107                        | 900                         |
| Compensation paid   | 49,357                       | 45,971                      |
| Dividend paid   | 7,092                        | -                           |
| <b>Employees' funds</b>   |                              |                             |
| Contribution to provident fund  | 10,724                       | 8,653                       |
| Contribution to pension fund  | 7,566                        | 8,636                       |
|   | <b>31 March<br/>2020</b>     | <b>31 December<br/>2019</b> |
|   | <b>Unaudited</b>             | <b>Audited</b>              |
|   | ----- (Rupees in '000) ----- |                             |
| <b>Balances</b>   |                              |                             |
| Bank balances   | 1,056,222                    | 256,279                     |
| Bank deposits   | 5,721,000                    | 5,400,000                   |
| Premium payable   | 1,061                        | 1,459                       |
| Premium receivable  | 221                          | 101                         |
| Investment in EFU General Insurance Limited-from designated unit fund | 366,613                      | 516,310                     |
| Investment in related party   | 682,814                      | 653,525                     |
| Claims outstanding - Related party                                    | 26,570                       | 17,592                      |
| Loan receivable from key employees                                    | 30,621                       | 25,144                      |

## 26. SEGMENTAL INFORMATION

### 26.1 Revenue Account by Statutory Fund

|  | 2020                             |                          |                                      |                                  |   |  | Aggregate<br>Three months ended<br>31 March<br>2020 |
|--|----------------------------------|--------------------------|--------------------------------------|----------------------------------|---|--|---|
|  | Statutory Funds                  |                          |                                      |                                  |   |  |   |
|  | Investment<br>Linked<br>Business | Conventional<br>Business | Pension<br>Business<br>(Unit Linked) | Accident<br>& Health<br>Business | Family Takaful<br>Investment Linked<br>Business | Family Takaful<br>Protection<br>Business |   |
|  | (Rupees in '000)                 |                          |                                      |                                  |   |  |   |
| <b>Income</b>  |                                  |                          |                                      |                                  |   |  |   |
| Premium / Contribution less<br>reinsurance / retakaful                         | 5,274,050                        | 729,725                  | 41                                   | 235                              | 973,756   | 46,061                                   | 7,023,868   |
| Policy transfer from other statutory funds                                     | -                                | -                        | -                                    | -                                | 5,880   | -  | 5,880   |
| Bonus units transfer to statutory fund   | -                                | -                        | -                                    | -                                | -   | -  | -   |
| Net investment income / wakala income  | 2,122,674                        | 68,976                   | (79)                                 | -                                | 156,403   | 29,058                                   | 2,377,032   |
| Total net income   | 7,396,724                        | 798,701                  | (38)                                 | 235                              | 1,136,039                                       | 75,119                                   | 9,406,780   |
| <b>Insurance Benefits and Expenditures</b>                                     |                                  |                          |                                      |                                  |   |  |   |
| Claims net of reinsurance recoveries   | 3,925,182                        | 392,397                  | 1,233                                | 407                              | 160,133   | 28,701                                   | 4,508,053   |
| Policy transfer from other statutory funds                                     | 6,239                            | -                        | -                                    | -                                | -   | -  | 6,239   |
| Bonus units transfer to statutory fund   | -                                | -                        | -                                    | -                                | -   | -  | -   |
| Management expenses less recoveries  | 1,375,935                        | 151,852                  | 306                                  | 123                              | 551,933   | 42,427                                   | 2,122,576   |
| Total Insurance Benefits and Expenditures                                      | 5,307,356                        | 544,249                  | 1,539                                | 530                              | 712,066   | 71,128                                   | 6,636,868   |
| <b>Excess of income over Insurance<br/>Benefits and Expenditures</b>           |                                  |                          |                                      |                                  |   |  |   |
|  | 2,089,368                        | 254,452                  | (1,577)                              | (295)                            | 423,973   | 3,991                                    | 2,769,912   |
| <b>Net Change in Insurance Liabilities<br/>(Other than outstanding Claims)</b> |                                  |                          |                                      |                                  |   |  |   |
|  | (1,691,623)                      | (93,006)                 | 1,641                                | 177                              | (462,962)                                       | 2,042                                    | (2,243,731)   |
| <b>Surplus / (deficit) before tax</b>  |                                  |                          |                                      |                                  |   |  |   |
|  | 397,745                          | 161,446                  | 64                                   | (118)                            | (38,989)  | 6,033                                    | 526,181   |
| <b>Movement in policyholders' liabilities</b>                                  |                                  |                          |                                      |                                  |   |  |   |
|  | 1,691,623                        | 93,006                   | (1,641)                              | (177)                            | 462,962   | (2,042)                                  | 2,243,731   |
| <b>Transfer to and from Shareholder's Fund</b>                                 |                                  |                          |                                      |                                  |   |  |   |
| Transfer of (surplus) / deficit to shareholders' fund                          | (387,232)                        | (198,139)                | (80)                                 | -                                | -   | (17,132)                                 | (602,583)   |
| Capital contribution from share holders' fund                                  | -                                | -                        | -                                    | 84                               | 72,416  | -  | 72,500  |
| Net Transfer to / from shareholders' fund                                      | (387,232)                        | (198,139)                | (80)                                 | 84                               | 72,416  | (17,132)                                 | (530,083)   |
| <b>Balance of statutory funds at beginning of the period</b>                   |                                  |                          |                                      |                                  |   |  |   |
|  | 112,260,531                      | 1,565,488                | 22,273                               | 1,277                            | 5,153,135                                       | 135,416                                  | 119,138,120   |
| <b>Balance of statutory funds at end of the period</b>                         |                                  |                          |                                      |                                  |   |  |   |
|  | 113,962,667                      | 1,621,801                | 20,616                               | 1,066                            | 5,649,524                                       | 122,275                                  | 121,377,949   |

|  | 2019                             |                          |                                      |                                  |  |  | Aggregate<br>Three months ended<br>31 March<br>2019 |
|--|----------------------------------|--------------------------|--------------------------------------|----------------------------------|--|--|---|
|  | Statutory Funds                  |                          |                                      |                                  |  |  |   |
|  | Investment<br>Linked<br>Business | Conventional<br>Business | Pension<br>Business<br>(Unit Linked) | Accident<br>& Health<br>Business | Family Takaful<br>Investment<br>Linked<br>Business | Family Takaful<br>Protection<br>Business |   |
|  | (Rupees in '000)                 |                          |                                      |                                  |  |  |   |
| <b>Income</b>  |                                  |                          |                                      |                                  |  |  |   |
| Premium / Contribution less<br>reinsurances / retakaful                        | 5,791,309                        | 668,566                  | 72                                   | 241                              | 782,837  | 47,306                                   | 7,290,331   |
| Policy transfer from other statutory funds                                     | -                                | -                        | -                                    | -                                | 1,597  | -  | 1,597   |
| Bonus units transferred to statutory funds                                     | -                                | -                        | -                                    | -                                | -  | -  | -   |
| Net investment income  | 1,267,372                        | 67,122                   | 264                                  | 134                              | 98,730   | 22,235                                   | 1,455,857   |
| Total net income   | 7,058,681                        | 735,688                  | 336                                  | 375                              | 883,164  | 69,541                                   | 8,747,785   |
| <b>Insurance Benefits and Expenditures</b>                                     |                                  |                          |                                      |                                  |  |  |   |
| Claims net of reinsurance recoveries   | 3,648,059                        | 416,219                  | 2,644                                | 1,251                            | 158,424  | 30,852                                   | 4,257,449   |
| Policy transfer from other statutory funds                                     | 1,836                            | -                        | -                                    | -                                | -  | -  | 1,836   |
| Bonus units transferred to statutory funds                                     | -                                | -                        | -                                    | -                                | -  | -  | -   |
| Management expenses less recoveries  | 1,479,964                        | 178,259                  | 15                                   | 80                               | 450,541  | 32,407                                   | 2,141,266   |
| Total Insurance Benefits and Expenditures                                      | 5,129,859                        | 594,478                  | 2,659                                | 1,331                            | 608,965  | 63,259                                   | 6,400,551   |
| <b>Excess of income over Insurance<br/>Benefits and Expenditures</b>           |                                  |                          |                                      |                                  |  |  |   |
|  | 1,928,822                        | 141,210                  | (2,323)                              | (956)                            | 274,199  | 6,282                                    | 2,347,234   |
| <b>Net Change in Insurance Liabilities<br/>(Other than outstanding Claims)</b> |                                  |                          |                                      |                                  |  |  |   |
|  | (1,644,362)                      | (131,194)                | 2,308                                | 105                              | (284,825)  | (1,488)                                  | (2,059,456)   |
| <b>Surplus / (Deficit) before tax</b>  |                                  |                          |                                      |                                  |  |  |   |
|  | 284,460                          | 10,016                   | (15)                                 | (851)                            | (10,626)   | 4,794                                    | 287,778   |
| <b>Movement in policyholders' liabilities</b>                                  |                                  |                          |                                      |                                  |  |  |   |
|  | 1,644,362                        | 131,194                  | (2,308)                              | (105)                            | 284,825  | 1,488                                    | 2,059,456   |
| <b>Transfer to and from Shareholder's Fund</b>                                 |                                  |                          |                                      |                                  |  |  |   |
| Transfer of (surplus) / deficit to shareholders' fund                          | (262,289)                        | (27,543)                 | (32)                                 | -                                | -  | (6,348)                                  | (296,212)   |
| Capital contribution from share holders' fund                                  | -                                | -                        | -                                    | 828                              | 25,029   | -  | 25,857  |
| Net Transfer to/from shareholders' fund  | (262,289)                        | (27,543)                 | (32)                                 | 828                              | 25,029   | (6,348)                                  | (270,355)   |
| <b>Balance of statutory funds at beginning of the period</b>                   |                                  |                          |                                      |                                  |  |  |   |
|  | 102,834,817                      | 1,422,896                | 24,457                               | 1,480                            | 3,559,726  | 107,368                                  | 107,950,744   |
| <b>Balance of statutory funds at end of the period</b>                         |                                  |                          |                                      |                                  |  |  |   |
|  | 104,501,350                      | 1,536,563                | 22,102                               | 1,352                            | 3,858,954  | 107,302                                  | 110,027,623   |

**26.2 Segment statement of financial position**

|   | As at 31 March 2020 |                    |                    | As at 31 December 2019 |                    |                    |
|---|---------------------|--------------------|--------------------|------------------------|--------------------|--------------------|
|   | Statutory Funds     | Shareholders Funds | Total              | Statutory Funds        | Shareholders Funds | Total              |
|   | (Rupees in '000)    |                    |                    |                        |                    |                    |
| Property and equipment                              | 1,263,687           | 1,585,421          | 2,849,108          | 1,278,082              | 1,605,605          | 2,883,687          |
| Intangible assets                                   | -                   | 37,511             | 37,511             | -                      | 24,733             | 24,733             |
| Investments   | 111,204,770         | 917,218            | 112,121,988        | 115,103,349            | 961,940            | 116,065,289        |
| Insurance / reinsurance receivables                 | 198,985             | -                  | 198,985            | 253,999                | -                  | 253,999            |
| Other loans and receivables                         | 1,866,290           | 228,463            | 2,094,753          | 3,000,985              | 234,962            | 3,235,947          |
| Taxation - payments less provision                  | 5,110               | 1,249,835          | 1,254,945          | 6,334                  | 1,054,887          | 1,061,221          |
| Prepayments   | 94,671              | -                  | 94,671             | 51,216                 | -                  | 51,216             |
| Cash and Bank                                       | 11,982,148          | 114,235            | 12,096,383         | 5,669,243              | 44,304             | 5,713,547          |
| <b>Total Assets</b>                                 | <b>126,615,661</b>  | <b>4,132,683</b>   | <b>130,748,344</b> | <b>125,363,208</b>     | <b>3,926,431</b>   | <b>129,289,639</b> |
| Insurance Liabilities net of reinsurance recoveries | 121,645,106         | -                  | 121,645,106        | 119,153,655            | -                  | 119,153,655        |
| Deferred taxation                                   | -                   | 687,118            | 687,118            | -                      | 743,179            | 743,179            |
| Premium / Contribution received in advance          | 948,804             | -                  | 948,804            | 969,354                | -                  | 969,354            |
| Insurance / reinsurance payables                    | 365,593             | -                  | 365,593            | 258,031                | -                  | 258,031            |
| Other creditors and accruals                        | 1,249,698           | 697,311            | 1,947,009          | 1,763,075              | 494,405            | 2,257,480          |
| <b>Total Liabilities</b>                            | <b>124,209,201</b>  | <b>1,384,429</b>   | <b>125,593,630</b> | <b>122,144,115</b>     | <b>1,237,584</b>   | <b>123,381,699</b> |

**27**

**MOVEMENT IN INVESTMENTS**

**At beginning of previous year (Re-stated)**

|   | Held to maturity | Available to Sale | Fair value through profit & loss account | Deposit maturing within 12 months | Total              |
|---|------------------|-------------------|--|-----------------------------------|--------------------|
|   | (Rupees in '000) |                   |  |                                   |                    |
| At beginning of previous year (Re-stated)           | 3,740,698        | 446,794           | 86,584,045                               | 15,049,100                        | 105,820,637        |
| Additions   | 13,050,623       | 6,647,402         | 380,300,117                              | 163,450,000                       | 563,448,142        |
| Disposals (sale and redemptions)                    | (13,358,000)     | (5,250,000)       | (379,008,661)                            | (158,840,100)                     | (556,456,761)      |
| Fair value net gains (excluding net realised gains) | -                | (34,827)          | 3,274,748                                | -                                 | 3,239,921          |
| Impairment losses                                   | -                | 13,350            | -  | -                                 | 13,350             |
| <b>At beginning of current period</b>               | <b>3,433,321</b> | <b>1,822,719</b>  | <b>91,150,249</b>                        | <b>19,659,000</b>                 | <b>116,065,289</b> |
| Additions   | 832,244          | 1,569,370         | 14,736,766                               | 17,018,290                        | 34,156,670         |
| Disposals (sale and redemptions)                    | (1,400,000)      | (750,000)         | (11,572,268)                             | (19,834,000)                      | (33,556,268)       |
| Fair value net gains (excluding net realised gains) | -                | (91,115)          | (4,429,790)                              | -                                 | (4,520,905)        |
| Impairment losses                                   | -                | (22,797)          | -  | -                                 | (22,797)           |
| <b>At end of current period</b>                     | <b>2,865,565</b> | <b>2,528,177</b>  | <b>89,884,957</b>                        | <b>16,843,290</b>                 | <b>112,121,989</b> |

## 28. WINDOW TAKAFUL OPERATIONS

The Statement of financial position of Window Takaful Operations as at 31 March 2020 and its financial performance for the year ended 31 March 2020 are as follows:

### 28.1 Balance Sheet

| Shareholders' Fund                                      | Statutory Funds                           |                                    | Aggregate               |                          |
|---|---|------------------------------------|-------------------------|--------------------------|
|   | Family Takaful Investment Linked Business | Family Takaful Protection Business | 31 March 2020 Unaudited | 31 December 2019 Audited |
| (Rupees in '000)  |   |                                    |                         |                          |
| <b>Share capital and reserves</b>                       |   |                                    |                         |                          |
| Operator's Fund   | 50,000                                    | -                                  | 50,000                  | 50,000                   |
| Accumulated surplus                                     | (281,552)                                 | -                                  | (281,552)               | (120,579)                |
| General reserves  | -   | -                                  | -                       | -                        |
| Net shareholders' equity                                | (231,552)                                 | -                                  | (231,552)               | (70,579)                 |
| <b>Balance of statutory fund</b>                        |   |                                    |                         |                          |
| <b>[including policyholders' liabilities</b>            |   |                                    |                         |                          |
| <b>Rs. 5,483.57 million (2019:Rs. 5,019.63 million)</b> |   |                                    |                         |                          |
| Participant Investment Fund                             | 57,167                                    | 5,333,405                          | 5,390,572               | 4,932,480                |
| Participant Takaful Fund - Waqf                         | -   | 262,693                            | 381,228                 | 356,072                  |
| Cede Money - Waqf                                       | -   | 2,000                              | 2,000                   | 2,000                    |
| Shareholder's Fund unit holding in PIF                  | -   | 39,119                             | 39,119                  | 39,027                   |
|   | 57,167                                    | 5,637,217                          | 5,812,919               | 5,329,579                |
| <b>Creditors and accruals</b>                           |   |                                    |                         |                          |
| Outstanding Claims                                      | -   | 86,331                             | 136,998                 | 112,364                  |
| Contribution received in advance                        | -   | 68,731                             | 76,941                  | 121,412                  |
| Amounts due to retakaful                                | -   | 26,762                             | 101,825                 | 72,677                   |
| Amounts due to agents                                   | -   | 79,262                             | 79,262                  | 165,962                  |
| Accrued expenses  | 100,008                                   | -                                  | 100,008                 | 114,522                  |
| Other creditors and accruals                            | 445,609                                   | 281,168                            | 1,411,541               | 1,110,116                |
| Capital contribution                                    | 298,684                                   | -                                  | 298,684                 | 192,181                  |
| Interfund payable                                       | -   | 206,303                            | 206,303                 | 139,667                  |
| <b>Total liabilities</b>                                | 844,301                                   | 748,557                            | 2,411,562               | 2,028,901                |
| <b>Total equity and liabilities</b>                     | 669,916                                   | 6,385,774                          | 7,992,929               | 7,287,901                |
| <b>Cash and bank deposits</b>                           |   |                                    |                         |                          |
| Policy stamps in hand                                   | 424                                       | -                                  | 424                     | 4                        |
| Current and other accounts                              | 113,243                                   | 1,666,543                          | 1,855,752               | 1,382,347                |
| Deposits maturing within 12 months                      | 78,000                                    | 2,266,000                          | 2,344,000               | 2,474,000                |
|   | 191,667                                   | 3,932,543                          | 4,200,176               | 3,856,351                |
| <b>Investments</b>                                      |   |                                    |                         |                          |
| Government securities                                   | -   | 849,352                            | 872,359                 | 872,969                  |
| Other Fixed Income                                      | 10,000                                    | 1,055,942                          | 1,075,942               | 1,201,589                |
| Listed Equities & Mutual Funds                          | -   | 453,713                            | 453,713                 | 147,634                  |
|   | 10,000                                    | 2,359,007                          | 2,402,014               | 2,222,192                |
| <b>Current assets - others</b>                          |   |                                    |                         |                          |
| Prepayments   | 9,486                                     | -                                  | 9,486                   | 9,019                    |
| Contributions due but unpaid                            | -   | -                                  | 28,282                  | 13,276                   |
| Amount due from retakaful                               | -   | -                                  | -                       | -                        |
| Sundry receivables                                      | 265,463                                   | -                                  | 931,876                 | 809,899                  |
| Investment income accrued                               | 3,360                                     | 94,224                             | 98,146                  | 83,182                   |
| Shareholder's Fund unit holding in PIF                  | 39,119                                    | -                                  | 39,119                  | 39,027                   |
| Capital contribution                                    | 72,416                                    | -                                  | 72,416                  | 106,503                  |
| Income Tax Assets                                       | 5,111                                     | -                                  | 5,111                   | 6,334                    |
| Advances and deposits                                   | -   | -                                  | -                       | 2,452                    |
| Interfund Receivable                                    | 73,294                                    | -                                  | 206,303                 | 139,666                  |
|   | 468,249                                   | 94,224                             | 1,390,739               | 1,209,358                |
| <b>Total assets</b>                                     | 669,916                                   | 6,385,774                          | 7,992,929               | 7,287,901                |

## 28.2 Revenue Account

| Statutory Funds                                 |  | Aggregate                      |      |
|---|--|--------------------------------|------|
| Family Takaful<br>Investment Linked<br>Business | Family Takaful<br>Protection<br>Business | Three months ended<br>31 March |      |
|   |  | 2020                           | 2019 |
| ----- (Rupees in '000) -----                    |  |                                |      |

### 28.2.1 Participants' Investment Fund ( PIF)

#### Income

Allocated contribution  
Policy transfer to other statutory fund  
Bonus units transfer to Statutory Fund  
Net investment (loss) / income  
Total net income

|         |   |         |         |
|---------|---|---------|---------|
| 605,043 | - | 605,043 | 436,721 |
| 5,696   | - | 5,696   | 1,597   |
| -       | - | -       | -       |
| 57,157  | - | 57,157  | 27,633  |
| 667,896 | - | 667,896 | 465,951 |

#### Less: Claims and Expenditure

Investment management charges  
Bid offer spread  
Policy admin fee  
Wakalat-ul-Istismar  
Surrender

|         |   |         |         |
|---------|---|---------|---------|
| 16,030  | - | 16,030  | 12,676  |
| 26,941  | - | 26,941  | 19,720  |
| 18,323  | - | 18,323  | 15,059  |
| 61,294  | - | 61,294  | 47,455  |
| 149,329 | - | 149,329 | 147,957 |
| 210,623 | - | 210,623 | 195,412 |

#### Excess of income over claims and expenditure

457,273 - 457,273 270,539

Add : Technical reserves at the beginning  
of the period

|           |   |           |           |
|-----------|---|-----------|-----------|
| 4,876,132 | - | 4,876,132 | 3,392,637 |
|-----------|---|-----------|-----------|

Less : Technical reserves at the end  
of the period

|           |   |           |           |
|-----------|---|-----------|-----------|
| 5,333,405 | - | 5,333,405 | 3,663,176 |
| (457,273) | - | (457,273) | (270,539) |

#### Surplus / (Deficit)

- - - -

Movement in technical reserves

457,273 - 457,273 270,539

Balance of PIF at the beginning of the period

4,876,132 - 4,876,132 3,392,637

Balance of PIF at the end of the period

(a) 5,333,405 - 5,333,405 3,663,176

### 28.2.2 Participants' Takaful Fund (PTF)

#### Income

Contribution net of retakaful recoveries  
Net investment income  
Total net income

|        |        |         |        |
|--------|--------|---------|--------|
| 51,602 | 46,061 | 97,663  | 95,199 |
| 11,730 | 1,202  | 12,932  | 3,013  |
| 63,332 | 47,263 | 110,595 | 98,212 |

#### Less: Claims and Expenditure

Claims net of retakaful recoveries  
Wakala fee

|        |        |        |        |
|--------|--------|--------|--------|
| 10,803 | 28,700 | 39,503 | 41,319 |
| 18,080 | 27,856 | 45,936 | 35,665 |
| 28,883 | 56,556 | 85,439 | 76,984 |

#### Excess of income over claims and expenditure

34,449 (9,293) 25,156 21,228

Add : Technical reserves at the beginning  
of the period

|        |        |         |         |
|--------|--------|---------|---------|
| 72,462 | 71,031 | 143,493 | 103,439 |
|--------|--------|---------|---------|

Less : Technical reserves at the end  
of the period

78,151 68,989 147,140 119,213

Surplus/(Deficit) Retained Profit

28,760 (7,251) 21,509 5,454

Distribution of surplus

- - - -

Movement in technical reserves

(34,449) 9,293 (25,156) (21,228)

#### Surplus / (Deficit) before distribution

Distribution of surplus

- - - -

#### Surplus / (Deficit) after distribution

Movement in technical reserves

34,449 (9,293) 25,156 21,228

Balance of PTF at the beginning of the period

228,244 127,828 356,072 235,483

Distribution of Surplus

- - - -

Qard-e-Hasna

- - - 6,226

Balance of PTF at the end of the period

(b) 262,693 118,535 381,228 262,937

### 28.2.3 Shareholders' Sub-Fund

|  | Statutory Funds                           |                                    | Aggregate                   |           |
|--|---|------------------------------------|-----------------------------|-----------|
|  | Family Takaful Investment Linked Business | Family Takaful Protection Business | Three months ended 31 March |           |
|  |   |                                    | 2020                        | 2019      |
| ----- (Rupees in '000) -----                                 |   |                                    |                             |           |
| <b>Income</b>  |   |                                    |                             |           |
| Un-allocated contribution                                    | 317,295                                   | -                                  | 317,295                     | 298,223   |
| Net investment income  | 8,141                                     | -                                  | 8,141                       | 7,199     |
| Wakalat-ul-Istismar - PIF                                    | 61,294                                    | -                                  | 61,294                      | 47,455    |
| Wakala Fee - PTF   | 18,080                                    | 27,856                             | 45,936                      | 35,665    |
| Total net income   | 404,810                                   | 27,856                             | 432,666                     | 388,542   |
| <b>Less: Expenditure</b>                                     |   |                                    |                             |           |
| Acquisition costs  | 411,690                                   | 12,604                             | 424,294                     | 346,210   |
| Administration expenses                                      | 60,871                                    | 1,966                              | 62,837                      | 53,619    |
|  | 472,561                                   | 14,570                             | 487,131                     | 399,829   |
| <b>(Shortfall) / Excess of income over expenditure</b>       | (67,751)                                  | 13,286                             | (54,465)                    | (11,287)  |
| Add : Technical reserves at the beginning of the period      | -   | -                                  | -                           | -         |
| Less : Technical reserves at the end of the period           | -   | -                                  | -                           | -         |
|  | -   | -                                  | -                           | -         |
| <b>(Deficit) / surplus transferred to shareholders' fund</b> | (67,751)                                  | 13,286                             | (54,465)                    | (11,287)  |
| Movement in technical reserves                               | -   | -                                  | -                           | -         |
| Transfer to Shareholder's Fund                               | -   | (17,132)                           | (17,132)                    | (6,348)   |
| Capital Contribution   | 72,416                                    | -                                  | 72,416                      | 25,029    |
| Qard-e-Hasna   | -   | -                                  | -                           | (6,226)   |
| Retained earnings on other than participating business       | 48,761                                    | 7,587                              | 56,348                      | 38,973    |
| Balance of shareholders' sub fund at the end of the period   | (c) 53,426                                | 3,741                              | 57,167                      | 40,141    |
| Balance of statutory funds at the end of the period          | (a+b+c) 5,649,524                         | 122,276                            | 5,771,800                   | 3,966,254 |

### 28.3 Statement of contribution

|   | Statutory Fund                            |                                    | Aggregate                   |         |
|---|---|------------------------------------|-----------------------------|---------|
|   | Family Takaful Investment Linked Business | Family Takaful Protection Business | Three months ended 31 March |         |
|   |   |                                    | 2020                        | 2019    |
| ----- (Rupees in '000) -----                    |   |                                    |                             |         |
| <b>Gross contribution</b>                       |   |                                    |                             |         |
| <b>Regular contribution individual policies</b> |   |                                    |                             |         |
| First Year                                      | 386,189                                   | -                                  | 386,189                     | 373,707 |
| Second Year                                     | 259,974                                   | -                                  | 259,974                     | 176,703 |
| Subsequent year renewal                         | 317,475                                   | -                                  | 317,475                     | 193,000 |
| Single contribution individual policies         | 31,554                                    | -                                  | 31,554                      | 44,298  |
| Group policies with cash values                 | 180                                       | -                                  | 180                         | 300     |
| Group policies without cash values              | -   | 69,848                             | 69,848                      | 53,277  |
| <b>Total gross contribution</b>                 | 995,372                                   | 69,848                             | 1,065,220                   | 841,285 |
| <b>28.3.1 Participants' Investment Fund</b>     |   |                                    |                             |         |
| Allocated regular contribution                  | 579,184                                   | -                                  | 579,184                     | 394,020 |
| Allocated single contribution                   | 31,554                                    | -                                  | 31,554                      | 44,298  |
| <b>Total allocated contribution</b>             | 610,738                                   | -                                  | 610,738                     | 438,318 |
| <b>28.3.2 Participants' Takaful Fund</b>        |   |                                    |                             |         |
| Allocated gross contribution                    | 67,339                                    | 69,848                             | 137,187                     | 104,744 |
| <b>Less: Retakaful contribution ceded</b>       |   |                                    |                             |         |
| On individual life first year business          | 7,413                                     | -                                  | 7,413                       | 764     |
| On individual life second year business         | 4,246                                     | -                                  | 4,246                       | 1,367   |
| On individual life subsequent year business     | 6,032                                     | -                                  | 6,032                       | 1,786   |
| On group policies                               | -   | 23,787                             | 23,787                      | 5,971   |
| Less: Reinsurance commission on risk premium    | (1,955)                                   | -                                  | (1,955)                     | (342)   |
| <b>Total retakaful contribution ceded</b>       | 15,736                                    | 23,787                             | 39,523                      | 9,546   |
| <b>Net Risk Contribution of PTF</b>             | 51,603                                    | 46,061                             | 97,664                      | 95,198  |
| <b>28.3.3 Shareholders' Sub-Fund</b>            |   |                                    |                             |         |
| Unallocated regular contribution                | 317,295                                   | -                                  | 317,295                     | 298,223 |

## 28.4 Statement of Claims

Claims under Individual Family Takaful  
Claims under Group Family Takaful  
Total Gross Claims

Gross Claims allocated as follows:

Participant's Investment Fund (PIF)

Surrenders / Partial withdrawals under  
Individual Policies

Participant's Takaful Fund (PTF)

Under individual; policies by death

Under group policies by death

Under group policies by event other than death

Total gross claims under PTF

Less: Re-Takaful recoveries under PTF

On Individual policies

On group policies

Profit commission

Net Claims under PTF

Total Net Claims

| Statutory Fund                                  |  | Aggregate                      |      |
|---|--|--------------------------------|------|
| Family Takaful<br>Investment Linked<br>Business | Family Takaful<br>Protection<br>Business | Three months ended<br>31 March |      |
|   |  | 2020                           | 2019 |
| (Rupees in '000)                                |  |                                |      |

|        |        |        |        |
|--------|--------|--------|--------|
| 18,047 | -      | 18,047 | 17,395 |
| -      | 31,833 | 31,833 | 37,992 |
| 18,047 | 31,833 | 49,880 | 55,387 |

|         |   |         |         |
|---------|---|---------|---------|
| 149,329 | - | 149,329 | 147,957 |
|---------|---|---------|---------|

|        |        |        |        |
|--------|--------|--------|--------|
| 18,047 | -      | 18,047 | 17,545 |
| -      | 29,117 | 29,117 | 35,022 |
| -      | 2,716  | 2,716  | 2,820  |
| 18,047 | 31,833 | 49,880 | 55,387 |

|       |       |        |        |
|-------|-------|--------|--------|
| 7,243 | -     | 7,243  | 7,079  |
| -     | 3,132 | 3,132  | 6,990  |
| -     | -     | -      | -      |
| 7,243 | 3,132 | 10,375 | 14,069 |

|        |        |        |        |
|--------|--------|--------|--------|
| 10,804 | 28,701 | 39,505 | 41,318 |
|--------|--------|--------|--------|

|         |        |         |         |
|---------|--------|---------|---------|
| 160,133 | 28,701 | 188,834 | 189,275 |
|---------|--------|---------|---------|

## 28.5 Statement of Expenses

Acquisition costs

Shareholders' Sub-Fund

Remuneration to insurance intermediaries

on individual policies:

- commission on first year contribution

- commission on renewal contribution

- commission on single contribution

- override commission

- other benefits to insurance intermediaries

Remuneration to insurance intermediaries

on group policies:

- commission

- other benefits to insurance intermediaries

Branch overheads

Other acquisition costs

- policy stamps

- Medical fees

Total acquisition cost

Marketing and Administration expenses

Salaries and other benefits

Travelling expenses

Advertisements and publicity

Printing and stationery

Depreciation

Amortization

Rent, rates and taxes

Legal and professional charges

Electricity, gas and water

Entertainment

Vehicle running Expenses

Office repairs and maintenance

Appointed Actuary's fees

Bank charges

Postage, telegrams and telephone

Fees and subscription

Annual supervision fee SECP

Miscellaneous

Gross Management Expenses

Net Management Expenses

| Statutory Fund                                  |  | Aggregate                      |      |
|---|--|--------------------------------|------|
| Family Takaful<br>Investment Linked<br>Business | Family Takaful<br>Protection<br>Business | Three months ended<br>31 March |      |
|   |  | 2020                           | 2019 |
| (Rupees in '000)                                |  |                                |      |

|         |   |         |         |
|---------|---|---------|---------|
| 161,714 | - | 161,714 | 157,182 |
| 37,293  | - | 37,293  | 35,162  |
| 847     | - | 847     | 956     |
| 29,280  | - | 29,280  | 27,220  |
| 141,294 | - | 141,294 | 91,913  |
| 370,428 | - | 370,428 | 312,433 |

|   |        |        |       |
|---|--------|--------|-------|
| - | 12,401 | 12,401 | 7,649 |
| - | 117    | 117    | 225   |
| - | 12,518 | 12,518 | 7,874 |

|        |   |        |        |
|--------|---|--------|--------|
| 34,687 | - | 34,687 | 19,809 |
|--------|---|--------|--------|

|         |        |         |         |
|---------|--------|---------|---------|
| 5,620   | 46     | 5,666   | 5,706   |
| 955     | 40     | 995     | 388     |
| 411,690 | 12,604 | 424,294 | 346,210 |

|         |        |         |         |
|---------|--------|---------|---------|
| 28,207  | 985    | 29,192  | 22,596  |
| 1,493   | 11     | 1,504   | 1,457   |
| 2,397   | 159    | 2,556   | 1,814   |
| 2,013   | 3      | 2,016   | 4,691   |
| 5,548   | 71     | 5,619   | 3,848   |
| 646     | -      | 646     | 419     |
| 46      | -      | 46      | 275     |
| 743     | 546    | 1,289   | 2,482   |
| 1,132   | 7      | 1,139   | 1,002   |
| 2,282   | 43     | 2,325   | 1,171   |
| 46      | 2      | 48      | 205     |
| 3,201   | -      | 3,201   | 1,917   |
| 461     | -      | 461     | 369     |
| 1,044   | 7      | 1,051   | 285     |
| 3,672   | 5      | 3,677   | 3,671   |
| 1,543   | 1      | 1,544   | 1,211   |
| 1,593   | 112    | 1,705   | 1,682   |
| 4,804   | 14     | 4,818   | 4,524   |
| 472,561 | 14,570 | 487,131 | 399,829 |

|         |        |         |         |
|---------|--------|---------|---------|
| 472,561 | 14,570 | 487,131 | 399,829 |
|---------|--------|---------|---------|

## 28.6 Statement of Investment Income

|  | Statutory Fund                            |                                    | Aggregate                   |               |
|--|---|------------------------------------|-----------------------------|---------------|
|  | Family Takaful Investment Linked Business | Family Takaful Protection Business | Three months ended 31 March |               |
|  |   |                                    | 2020                        | 2019          |
|  | (Rupees in '000)                          |                                    |                             |               |
| <b>28.6.1 Participants' Investment Fund (PIF)</b>      |   |                                    |                             |               |
| Return on government securities                        | 1,973                                     | -                                  | 1,973                       | 12,015        |
| Other fixed income securities                          | 132,493                                   | -                                  | 132,493                     | 32,815        |
| Dividend income  | 3,227                                     | -                                  | 3,227                       | 15,492        |
| Amortization of (premium) / discount                   | (5,792)                                   | -                                  | (5,792)                     | -             |
| Loss on sale of investment                             | -   | -                                  | -                           | (71,058)      |
| Unrealized gain on investment                          | (74,744)                                  | -                                  | (74,744)                    | 38,369        |
| <b>Net investment income of PIF</b>                    | <b>(a) 57,157</b>                         | <b>-</b>                           | <b>57,157</b>               | <b>27,633</b> |
| <b>28.6.2 Participants' Takaful Fund (PTF)</b>         |   |                                    |                             |               |
| Return on government securities                        | 676                                       | -                                  | 676                         | 1,280         |
| Other fixed income securities                          | 8,853                                     | 1,202                              | 10,055                      | 896           |
| Profit on bank deposits                                | 2,201                                     | -                                  | 2,201                       | 837           |
| <b>Net investment income of PTF</b>                    | <b>(b) 11,730</b>                         | <b>1,202</b>                       | <b>12,932</b>               | <b>3,013</b>  |
| <b>28.6.3 Shareholders' Sub-Fund</b>                   |   |                                    |                             |               |
| Return on government securities                        | 15  | -                                  | 15                          | 74            |
| Other fixed income securities                          | 1,001                                     | -                                  | 1,001                       | 201           |
| Dividend income  | 24  | -                                  | 24                          | 95            |
| Amortization of (premium) / discount                   | (44)                                      | -                                  | (44)                        | -             |
| Loss on sale of investment                             | -   | -                                  | -                           | (435)         |
| Unrealized gain on investment                          | (565)                                     | -                                  | (565)                       | 235           |
| Profit on bank deposits                                | 7,710                                     | -                                  | 7,710                       | 7,029         |
| <b>Net investment income of shareholders' sub-fund</b> | <b>(c) 8,141</b>                          | <b>-</b>                           | <b>8,141</b>                | <b>7,199</b>  |
| <b>Net Investment Income</b>                           | <b>(a+b+c) 77,028</b>                     | <b>1,202</b>                       | <b>78,230</b>               | <b>37,845</b> |

## 29 FAIR VALUE

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

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

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

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

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



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

| On balance sheet financial instruments           | 31 March 2020  |                    |                  |                       |                        |                             |             |            |            |         |            |
|--|--|--------------------|------------------|-----------------------|------------------------|-----------------------------|-------------|------------|------------|---------|------------|
|  | Fair Value through profit and loss designated upon initial recognition | Available for Sale | Held To Maturity | Loans and Receivables | Other financial assets | Other financial liabilities | Total       | Fair value |            |         |            |
|  |  |                    |                  |                       |                        |                             |             | Level 1    | Level 2    | Level 3 | Total      |
| ----- (Rupees in '000) -----                     |  |                    |                  |                       |                        |                             |             |            |            |         |            |
| Financial assets measured at fair value          |  |                    |                  |                       |                        |                             |             |            |            |         |            |
| - Investments                                    |  |                    |                  |                       |                        |                             |             |            |            |         |            |
| Government Securities (T-bills + PIBs + S        | 67,350,576   | -                  | -                | -                     | -                      | -                           | 67,350,576  | -          | 67,350,576 | -       | 67,350,576 |
| Sukuk Bonds (other than government)              | 4,572,613  | -                  | -                | -                     | -                      | -                           | 4,572,613   | -          | 4,572,613  | -       | 4,572,613  |
| Listed equity securities                         | 13,104,901   | 158,308            | -                | -                     | -                      | -                           | 13,263,209  | 13,263,209 | -          | -       | 13,263,209 |
| Unlisted equity securities                       |  | 508                | -                | -                     | -                      | -                           | 508         | -          | -          | 508     | 508        |
| Units of mutual funds                            | 751,178  | 129,754            | -                | -                     | -                      | -                           | 880,932     | -          | 880,932    | -       | 880,932    |
| Debt securities (Listed TFCs)                    | 3,601,330  | -                  | -                | -                     | -                      | -                           | 3,601,330   | 3,601,330  | -          | -       | 3,601,330  |
| Financial assets not measured at fair value      |  |                    |                  |                       |                        |                             |             |            |            |         |            |
| - Government Securities (T-bills + PIBs + Suk    | -  | -                  | 5,399,531        | -                     | -                      | -                           | 5,399,531   | -          | 5,716,011  | -       | 5,716,011  |
| - Balances with banks *                          | 28,939,673   | -                  | -                | -                     | -                      | -                           | 28,939,673  |            |            |         |            |
| - Certificate of Investment                      | 210,000  | -                  | -                | -                     | -                      | -                           | 210,000     |            |            |         |            |
| - Advances                                       | -  | -                  | -                | 159,911               | -                      | -                           | 159,911     |            |            |         |            |
| - Investment income accrued                      | -  | -                  | -                | -                     | 1,547,257              | -                           | 1,547,257   |            |            |         |            |
| - Other loans and receivables (excluding mark    | -  | -                  | -                | -                     | 1,934,838              | -                           | 1,934,838   |            |            |         |            |
|  | 118,530,271  | 288,570            | 5,399,531        | 159,911               | 3,482,095              | -                           | 127,860,378 |            |            |         |            |
| Financial liabilities not measured at fair value |  |                    |                  |                       |                        |                             |             |            |            |         |            |
| Deferred taxation                                | -  | -                  | -                | -                     | -                      | 687,118                     | 687,118     |            |            |         |            |
| Premium received in advance                      | -  | -                  | -                | -                     | -                      | 948,804                     | 948,804     |            |            |         |            |
| Insurance / reinsurance payables                 | -  | -                  | -                | -                     | -                      | 365,594                     | 365,594     |            |            |         |            |
| Other creditors and accruals                     | -  | -                  | -                | -                     | -                      | 1,947,008                   | 1,947,008   |            |            |         |            |
|  | -  | -                  | -                | -                     | -                      | 3,948,524                   | 3,948,524   |            |            |         |            |
|  | 118,530,271  | 288,570            | 5,399,531        | 159,911               | 3,482,095              | (3,948,524)                 | 123,911,854 |            |            |         |            |

On balance sheet financial instruments

|   | Fair Value<br>through profit<br>and loss<br>(designated<br>upon initial<br>recognition) | Available<br>for Sale | Held to<br>Maturity | Loans and<br>Receivables | Other<br>financial<br>Assets | Other<br>financial<br>liabilities | Total       | Fair value |            |         |            |
|---|---|-----------------------|---------------------|--------------------------|------------------------------|-----------------------------------|-------------|------------|------------|---------|------------|
|   |   |                       |                     |                          |                              |                                   |             | Level 1    | Level 2    | Level 3 | Total      |
| ----- (Rupees in '000) -----                              |   |                       |                     |                          |                              |                                   |             |            |            |         |            |
| <b>Financial assets measured at fair value</b>            |   |                       |                     |                          |                              |                                   |             |            |            |         |            |
| <b>- Investments</b>                                      |   |                       |                     |                          |                              |                                   |             |            |            |         |            |
| Government Securities (T-bills + PIBs + Sukuks)           | 70,853,495  | -                     | -                   | -                        | -                            | -                                 | 70,853,495  | -          | 70,853,495 | -       | 70,853,495 |
| Sukuk Bonds (other than government)                       | 4,677,570   | -                     | -                   | -                        | -                            | -                                 | 4,677,570   | -          | 4,677,570  | -       | 4,677,570  |
| Listed equity securities                                  | 10,297,217  | 174,817               | -                   | -                        | -                            | -                                 | 10,472,034  | 10,472,034 | -          | -       | 10,472,034 |
| Unlisted equity securities                                | 508   | -                     | -                   | -                        | -                            | -                                 | 508         | -          | -          | 508     | 508        |
| Units of mutual funds                                     | 265,847   | 144,867               | -                   | -                        | -                            | -                                 | 410,714     | -          | 410,714    | -       | 410,714    |
| Debt securities (Listed TFCs)                             | 4,431,921   | -                     | -                   | -                        | -                            | -                                 | 4,431,921   | 4,431,921  | -          | -       | 4,431,921  |
| <b>Financial assets not measured at fair value</b>        |   |                       |                     |                          |                              |                                   |             |            |            |         |            |
| - Government Securities (T-bills + PIBs + Sukuks)         | -   | -                     | 5,350,047           | -                        | -                            | -                                 | 5,350,047   | -          | 5,340,466  | -       | 5,340,466  |
| - Balances with banks *                                   | 25,372,548  | -                     | -                   | -                        | -                            | -                                 | 25,372,548  |            |            |         |            |
| - Certificate of Investment                               | 210,000   | -                     | -                   | -                        | -                            | -                                 | 210,000     |            |            |         |            |
| - Advances  | -   | -                     | -                   | 172,543                  | -                            | -                                 | 172,543     |            |            |         |            |
| - Investment income accrued                               | -   | -                     | -                   | -                        | 2,760,117                    | -                                 | 2,760,117   |            |            |         |            |
| - Other loans and receivables (excluding markup accrued)* | -   | -                     | -                   | -                        | 3,063,402                    | -                                 | 3,063,402   |            |            |         |            |
|   | 116,109,106   | 319,684               | 5,350,047           | 172,543                  | 5,823,519                    | -                                 | 127,774,899 |            |            |         |            |
| <b>Financial liabilities not measured at fair value</b>   |   |                       |                     |                          |                              |                                   |             |            |            |         |            |
| Deferred taxation   | -   | -                     | -                   | -                        | -                            | 743,179                           | 743,179     | -          |            |         |            |
| Premium received in advance                               | -   | -                     | -                   | -                        | -                            | 969,354                           | 969,354     | -          |            |         |            |
| Insurance / reinsurance payables                          | -   | -                     | -                   | -                        | -                            | 258,031                           | 258,031     | -          |            |         |            |
| Other creditors and accruals                              | -   | -                     | -                   | -                        | -                            | 2,257,480                         | 2,257,480   | -          |            |         |            |
|   | -   | -                     | -                   | -                        | -                            | 4,228,044                         | 4,228,044   | 279,520    |            |         |            |
|   | 116,109,106   | 319,684               | 5,350,047           | 172,543                  | 5,823,519                    | (4,228,044)                       | 123,546,855 |            |            |         |            |

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

### 30 Corresponding Figures

- 30.1** The effect of changes due to adoption of IFRS16 - Leases in the first quarter of 2019 was accounted for retrospectively resulting in restatement of the following comparative numbers in condensed interim profit and loss account. The details of the change in the policy is reported in Note 5.1 of the annual financial statements for the year ended 31 December 2019.
- 30.2** During the preceding year, the Company changed its practice of presenting surplus in the Participant's Takaful Fund. The surplus in the Participant's Takaful Fund of Company was earlier included in shareholders Equity. Subsequently in 2019 SECP issued a circular number 15 dated 18 November 2019 in the said circular SECP has mentioned that retained earnings of Participant's Takaful Fund should be part of insurance liabilities. Accordingly, the Company had moved retained earnings of Participant's Takaful Fund from shareholder's equity to insurance liabilities. The details of the change in the policy is reported in Note 5.2 of the annual financial statements for the year ended 31 December 2019
- 30.3** The respective comparative numbers of the preceding period have been restated as follows:

| Desscription   | Before<br>Reinstatement | After<br>Reinstatement |
|--|-------------------------|------------------------|
| Acquisition expenses   | 1,638,608               | 1,641,672              |
| Marketing and administration expenses                                  | 411,236                 | 417,442                |
| Net Change in Insurance Liabilities<br>(other than outstanding claims) | 2,059,456               | 2,064,910              |
| Income Tax Expense   | 94,430                  | 93,068                 |

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

### 31 GENERAL

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

### 32 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Company in their meeting held on 25 April 2020.

\_\_\_\_\_  
Managing Director &  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial  
Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman