

The Directors of your Company are pleased to present the condensed interim financial statements (un-audited) for the six months' ended June 30, 2020:

### Financial Highlights:

Profit / Loss	June 30 2020	June 30 2019
	(Rs. in 000') (Unaudited)	
Loss before tax	(66,555)	(250,251)
Taxation (reversed) / charged	(19,302)	(67,262)
Loss after tax	(47,253)	(182,989)
Other comprehensive (loss) / income – net	(44,168)	13,175
	(in Rupees)	
Earnings / (loss) per share	(0.28)	(1.51)
Break-up value per share (including amount retained in the statutory funds to meet the requirement of Insurance Ordinance)	12.60	16.78

During the half year 2020, gross premium written by your Company (including takaful contributions) stood at Rs. 2.652 billion as against Rs. 2.481 billion in the corresponding period last year. Individual Life regular premium (including takaful contributions) posted growth of 4% and stood at Rs. 1.174 billion as against Rs. 1.132 billion in the corresponding period last year.

Group Life premiums / contribution (including takaful group family) stood at Rs. 436 million (2019: Rs. 209 million), posting an increase of 94% from corresponding period of last year while Group Health premium / contribution (including takaful group health) stood at Rs 517 million (2019: Rs. 878 million). This is due to the company's strategy of re-aligning our portfolio with a focus on more profitable Group Life business.

Single premium / contribution individual policies stood at Rs 523 million as compared to Rs. 183 million written in the corresponding period last year.

The Company posted loss after tax of Rs. 47.253 million as compared to loss after tax of Rs. 182.989 million in corresponding period of last year.

### Emphasis of Matter in the External Auditors' Review Report

The External Auditors of the Company have included an Emphasis of Matter Paragraph on Sales Tax matter as fully disclosed in Note 16 of the Condensed Interim Financial Statements.

### Window Takaful Operations

Summarised results of Company's Window Takaful Operations for the half year period under review are as follows:

Policyholder' Fund	June 30 2020	June 30 2019
	(Rs. in 000') (Unaudited)	
Gross Contribution	638,398	638,236
Net Contribution	437,877	497,775
Investment Income	11,409	44,153
Deficit for the period	(4,831)	(1,743)
Operator's Fund		
Investment income	85,450	8,730
Operators' loss before tax	(73,935)	(142,472)
Operators' loss after tax	(52,494)	(103,962)

**Future Outlook**

Vitality, the newest addition to our product portfolio, which was launched last year has shown significant promise. Both our banking partners and customers have appreciated this innovative approach to life insurance enabling us to increase our Vitality product portfolio by 250% despite the current adverse socio-economic environment. In addition to providing life insurance and savings, Vitality also encourages and rewards physical activity and healthy living which is embedded in the product. Vitality members are given weekly, monthly and annual rewards based upon the achievement of customized physical activity targets thus helping our customers to adopt a healthier lifestyle.

We are aware that consumers and businesses of all sizes were under immense stress due to Covid-19 pandemic. The country is gradually coming out of this situation as businesses adapt to the new normal. At IGI Life, we have also successfully adapted to the changed business environment. Our investment in IT systems could not have come at a better time. By leveraging our technological platform we have been able to provide our customers an unrestricted access to our services. Our Managed Care Call Centre and COVID-19 helpline has provided round the clock medical and emergency advice to our customers. Our employees have been serving our customers from the safety of their homes.

Covid-19 pandemic has adversely impacted Pakistan's equity and fixed income markets like other international markets. In this situation, we are trying to proactively manage our investment portfolio to preserve the policy holders' money. As a result, the returns on our policy holder funds are much less volatile ensuring a steady income to our policy holders. Investment income stood at Rs 985 million as compared to Rs 670 million in the corresponding period.

The Board of Directors would like to express their gratitude to IGI Life customers and business partners. We thank our stakeholders for the trust they have placed in the Company and our employees for their valuable contribution.

On behalf of the Board of Directors

**Shamim Ahmad Khan**  
**Chairman**  
Dated: August 19, 2020

**Syed Hyder Ali**  
**Chief Executive Officer**  
Dated: August 19, 2020

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of IGI Life Insurance Limited****Report on review of Interim Financial Statements*****Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **IGI Life Insurance Limited** ("the Company") as at June 30, 2020 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2020 and June 30, 2019 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

***Scope of Review***

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

***Emphasis of Matter***

We draw attention to note 16 to the condensed interim financial statements describing the matter related to the provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance. Our opinion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is **Noman Abbas Sheikh**.



A.F. Ferguson &amp; Co.

Chartered Accountants

Karachi

Dated: August 26, 2020

**IGI LIFE INSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

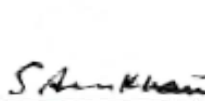
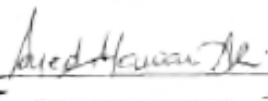

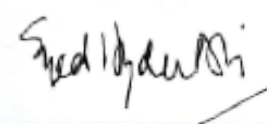

	Note	Un-audited June 30, 2020	Audited December 31, 2019
		----- Rupees in 000 -----	
<b>Assets</b>			
Property and equipment	9	323,336	204,875
Intangible assets	9	409,721	437,463
<b>Investments</b>			
Equity securities	10	35,162	86,130
Mutual funds	10	2,534,241	3,027,759
Government securities	11	14,038,221	12,247,588
Debt securities	12	225,000	457,354
Term deposits	13	1,075,000	1,532,107
		17,907,624	17,350,938
Loans secured against life insurance policies		170,064	167,965
Insurance / takaful / reinsurance / retakaful receivables		402,803	460,958
Other loans and receivables		629,802	647,299
Taxation - payments less provision		680,628	599,667
Deferred tax asset - net		108,024	59,797
Prepayments		177,810	104,675
Cash and bank	14	31,885	110,462
<b>Total assets</b>		<u>20,841,697</u>	<u>20,144,099</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Authorised share capital (300,000,000 (2019: 300,000,000) ordinary shares of Rs. 10 each)		<u>3,000,000</u>	<u>3,000,000</u>
Issued, subscribed and paid-up capital		1,705,672	1,705,672
Ledger account C & D		(247,242)	(148,245)
Unappropriated profit		727,287	675,543
(Deficit) / surplus on revaluation of available for sale investments		(36,425)	7,743
<b>Total equity</b>		<u>2,149,292</u>	<u>2,240,713</u>
<b>Liabilities</b>			
Insurance liabilities [including policyholders' liabilities and ledger account A & B]	15	17,447,713	16,864,180
Outstanding claims		448,761	371,060
Retirement benefit obligations		25,958	24,109
Premium received in advance		76,970	65,569
Reinsurance / retakaful payables		85,723	75,298
Other creditors and accruals		483,682	453,603
Lease liability against right-of-use assets		123,598	49,567
<b>Total liabilities</b>		<u>18,692,405</u>	<u>17,903,386</u>
<b>Total equity and liabilities</b>		<u>20,841,697</u>	<u>20,144,099</u>

**Contingencies and commitments**

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

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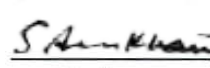
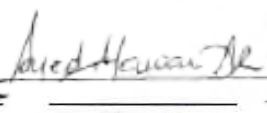
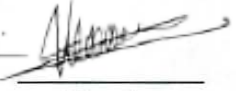
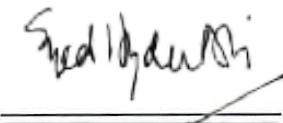

				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI LIFE INSURANCE LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

	Note	Half year ended June 30,		Quarter ended June 30,	
		2020	2019	2020	2019
		-----Rupees in 000-----			
Premium / contribution revenue		2,651,641	2,480,744	1,305,517	1,180,305
Less: premium / contribution ceded to reinsurers / retakaful operators		105,798	73,761	60,767	42,913
<b>Net premium / contribution revenue</b>	17	2,545,843	2,406,983	1,244,750	1,137,392
Investment income	18	982,607	670,182	530,926	362,195
Net realised fair value (losses) / gains on financial assets		(97,485)	(3,407)	2,030	(27,055)
Other income - net		34,357	58,754	16,931	35,846
		919,479	725,529	549,887	370,986
<b>Net income</b>		3,465,322	3,132,512	1,794,637	1,508,378
Insurance benefits		2,146,562	2,604,334	805,157	1,195,969
Recoveries from reinsurers / retakaful operators		(37,446)	(59,322)	(31,840)	(17,467)
<b>Net insurance benefits</b>	19	2,109,116	2,545,012	773,317	1,178,502
		1,356,206	587,500	1,021,320	329,876
Change in insurance liabilities (other than outstanding claims)		462,048	(108,163)	561,244	(46,948)
Acquisition expenses	20	580,396	371,267	376,563	210,533
Marketing and administration expenses	21	374,042	559,502	147,248	376,123
Other expenses	22	3,301	13,533	1,650	13,533
<b>Total expenses</b>		1,419,787	836,139	1,086,705	553,241
		(63,581)	(248,639)	(65,385)	(223,365)
Finance costs		2,974	1,612	2,424	1,174
<b>Loss before tax</b>		(66,555)	(250,251)	(67,809)	(224,539)
Income tax	23	(19,302)	(67,262)	(19,665)	(59,806)
<b>Loss after tax</b>		(47,253)	(182,989)	(48,144)	(164,733)
		-----Rupees-----			
		(Restated)		(Restated)	
Loss per share	24	(0.28)	(1.51)	(0.28)	(1.36)

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

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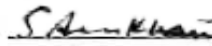
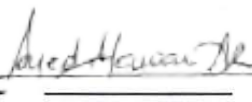
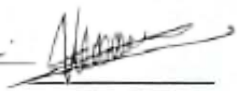
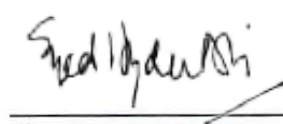
				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI LIFE INSURANCE LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

	Half year ended June 30,		Quarter ended June 30,	
	2020	2019	2020	2019
	-----Rupees in 000-----			
Loss after tax	(47,253)	(182,989)	(48,144)	(164,733)
<b>Other comprehensive (loss) / income</b>				
Change in unrealised income / (loss) on available-for-sale financial assets - net of tax	77,317	(146,507)	316,229	(335,612)
Change in insurance liabilities - net	(121,485)	159,682	(297,186)	332,178
<b>Other comprehensive (loss) / income for the period</b>	(44,168)	13,175	19,043	(3,434)
<b>Total comprehensive loss for the period</b>	<u>(91,421)</u>	<u>(169,814)</u>	<u>(29,101)</u>	<u>(168,167)</u>

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

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Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

**IGI LIFE INSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

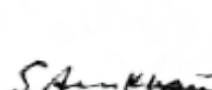
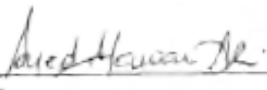

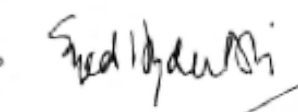

	Attributable to equity holders of the Company				
Share capital	Un-appropriated profit *	Ledger C & D account	Surplus / (deficit) on revaluation of available for sale investments **	Total	
-----Rupees in 000-----					
Balance as at December 31, 2018 (audited)	705,672	625,357	71,065	(48,240)	1,353,854
<b>Total comprehensive income / (loss)</b>					
Profit / (loss) for the half year ended June 30, 2019	-	1,530	(184,519)	-	(182,989)
Other comprehensive income for the half year ended June 30, 2019	-	-	-	13,175	13,175
	-	1,530	(184,519)	13,175	(169,814)
Balance as at June 30, 2019 (un-audited)	705,672	626,887	(113,454)	(35,065)	1,184,040
<b>Total comprehensive income / (loss)</b>					
Profit / (loss) for the half year ended December 31, 2019	-	48,656	(42,385)	-	6,271
Other comprehensive income for the half year ended December 31, 2019	-	-	7,594	42,808	50,402
	-	48,656	(34,791)	42,808	56,673
<b>Transactions with owners recorded directly in equity</b>					
Issuance of right shares	1,000,000	-	-	-	1,000,000
Balance as at December 31, 2019 (audited)	1,705,672	675,543	(148,245)	7,743	2,240,713
<b>Total comprehensive income / (loss)</b>					
Profit / (loss) for the half year ended June 30, 2020	-	51,744	(98,997)	-	(47,253)
Other comprehensive loss for the half year ended June 30, 2020	-	-	-	(44,168)	(44,168)
	-	51,744	(98,997)	(44,168)	(91,421)
Balance as at June 30, 2020 (un-audited)	1,705,672	727,287	(247,242)	(36,425)	2,149,292

\* This includes an amount of Rs. 50 million set aside by the Company in respect of Takaful operations.

\*\* This balance is net of related change in insurance liabilities.

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

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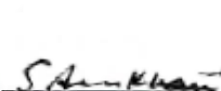
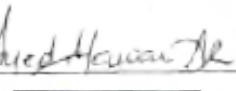

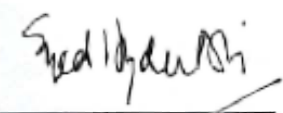

				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

**IGI LIFE INSURANCE LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	2020	2019
		-----Rupees in 000-----	
<b>Operating Cash flows</b>			
<b>(a) Underwriting activities</b>			
Premiums received net of policy transfers		2,663,327	2,368,714
Reinsurance premium paid		(201,037)	(86,735)
Claims paid		(728,804)	(829,526)
Surrenders paid		(1,392,989)	(1,748,545)
Reinsurance recovery received		95,316	42,014
Commissions paid		(434,874)	(248,271)
Commission received		23,869	86,735
<b>Net cash inflow from / (outflow on) underwriting activities</b>		<b>24,808</b>	<b>(415,614)</b>
<b>(b) Other operating activities</b>			
Income tax paid		(102,096)	(59,593)
Payment for expenses		(424,974)	(553,241)
Other operating receipts		8,613	163,882
Loans advanced		7,152	6,454
Loan repayments received		1,227	3,601
<b>Net cash outflow on other operating activities</b>		<b>(510,078)</b>	<b>(438,897)</b>
<b>Total cash outflows on all operating activities</b>		<b>(485,270)</b>	<b>(854,511)</b>
<b>Investment activities</b>			
Profit / return received		967,163	605,018
Dividend received		103,776	26,636
Payment for investments		(1,071,078)	(4,625,410)
Proceeds from disposal of investments		92,523	4,437,238
Fixed capital expenditure		(123,701)	(516,084)
Fixed assets disposals		433	-
Capital work in progress		(19,519)	361,082
<b>Total cash (outflows on) / inflows from investing activities</b>		<b>(50,403)</b>	<b>288,480</b>
<b>Financing activities</b>			
Dividends paid		(11)	-
<b>Total cash outflows on financing activities</b>		<b>(11)</b>	<b>-</b>
<b>Net cash outflow on from all activities</b>		<b>(535,684)</b>	<b>(566,031)</b>
Cash and cash equivalents at beginning of period		1,642,569	1,833,762
<b>Cash and cash equivalents at end of period</b>	14.2	<b>1,106,885</b>	<b>1,267,731</b>
<b>Reconciliation to Profit and Loss Account</b>			
Operating cash flows		(485,270)	(854,511)
Depreciation and amortisation expenses		(77,975)	(62,569)
Gain on disposal of fixed assets		433	-
Increase in assets other than cash		130,694	89,612
Decrease / (increase) in liabilities		(599,330)	98,248
Investment income		967,702	463,271
Profit received on bank deposits		16,493	82,960
<b>Loss after taxation</b>		<b>(47,253)</b>	<b>(182,989)</b>

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

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Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 IGI Life Insurance Limited ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Company.
- 1.2 The Company is a subsidiary of IGI Holdings Limited ("Holding Company") which holds 82.69% (December 31, 2019 : 82.69%) share capital of the Company.
- 1.3 The Company is engaged in life insurance, carrying on both participating and non-participating business. The Company is also engaged in providing Shariah Compliant family takaful products as an approved window takaful operator.
- 1.4 In accordance with the requirements of the Insurance Ordinance, 2000, the Company established a Shareholders' Fund and Separate Statutory Funds, in respect of each class of life insurance and family takaful business. The Statutory Funds established by the Company, in accordance with the advice of the Appointed Actuary are as follows:
- Life (participating)
  - Life (non-participating) – Individual
  - Life (non-participating) – Group
  - Accident & Health – Individual
  - Accident & Health – Group
  - Pension Business Fund
  - Investment Linked
  - Individual Family Takaful
  - Group Family Takaful
  - Group Health Takaful

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- Accounting Standards (IAS 34) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

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.

- 2.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

- 2.3 These condensed interim financial statements are unaudited and are being submitted to shareholders in accordance with the Pakistan Stock Exchange Limited Regulations and section 237 of the Companies Act, 2017.

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### 3 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on historical cost convention except for certain investments which are carried at fair value and obligations in respect of defined benefit obligation is carried at present value.

### 4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pakistani rupees, which is the Company's functional and presentation currency.

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements of the Company for the year ended December 31, 2019.

#### 5.1 Standards, interpretations of and amendments to the accounting and reporting standards that are effective in the current period:

The Securities and Exchange Commission of Pakistan (the SECP), in exercise of the powers conferred under Rule 11(1)(c) of the Takaful Rules, 2012, has imposed certain conditions vide its Circular No. 15 of 2019 dated November 18, 2019 on life insurers related to financial reporting of their window takaful operations. Under these conditions, the Life Insurers shall separately prepare financial statements for window takaful operations as if these are carried out by a Standalone Takaful Operator and shall be annexed with the insurer's annual / interim report (as applicable).

Accordingly, the Company has prepared and annexed to these condensed interim financial statements, a standalone set of condensed interim financial statements for Window Takaful Operations of the Company, as if these are carried out by a Standalone Takaful Operator. This standalone set of condensed interim financial statements for Window Takaful Operations of the Company is unaudited and un-reviewed and is being submitted in compliance with the conditions imposed by the SECP as detailed above.

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2020, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

#### 5.2 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective:

##### 5.2.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective for the dates mentioned below against the respective standards, amendments or interpretations:

	Effective date (period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2020
- IFRS 9 - 'Financial instruments'	January 1, 2023 *

\* The management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 is given in note 8 to these condensed interim financial statements.

The management is in the process of assessing the impact of these amendments on the financial statements of the Company.

##### 5.2.2 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after January 1, 2021, but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

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## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual audited financial statements for the year ended December 31, 2019. The Company intends to have an actuarial valuation in respect of staff retirement benefit plan for 2020 conducted at the year end. Hence actuarial gains / losses for the half year ended June 30, 2020 are not quantifiable and are also considered immaterial by the management. Accordingly the resulting impact has not been accounted for in these condensed interim financial statements.

## 7 INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2019.

## 8 TEMPORARY EXEMPTION FROM APPLICATION OF IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 8.1 below:

### 8.1 Fair value of financial assets as at June 30, 2020 and change in the fair values during the half year ended June 30, 2020:

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	Rupees in 000
<i>Pakistan Investment Bonds - available for sale (refer note 11)</i>	
Opening fair value	9,235,853
Additions / (disposals) during the period	(1,192,850)
Increase / (decrease) in fair value	237,706
Closing fair value	<u>8,280,709</u>
<i>Market Treasury Bills - available for sale (refer note 11)</i>	
Opening fair value	3,011,735
Additions / disposals during the period	2,400,693
Increase / (decrease) in fair value	66,209
Closing fair value	<u>5,478,637</u>
<i>GOP Ijarah Sukuk - available for sale (refer note 11)</i>	
Opening fair value	-
Additions / disposals during the period	284,533
Increase / (decrease) in fair value	(5,658)
Closing fair value	<u>278,875</u>
<i>Debt Securities - available for sale (refer note 12)</i>	
Opening fair value	457,354
Additions / disposals during the period	(232,354)
Increase / (decrease) in fair value	-
Closing fair value	<u>225,000</u>
<b>Financial assets that do not meet the SPPI criteria</b>	
<i>Mutual funds - available for sale (refer note 10)</i>	
Opening fair value	3,027,759
Additions / disposals during the period	9,768
Increase / (decrease) in fair value	(503,286)
Closing fair value	<u>2,534,241</u>
<i>Listed equities - available for sale (refer note 10)</i>	
Opening fair value	86,130
Additions / disposals during the period	(42,178)
Increase / (decrease) in fair value	(8,790)
Closing fair value	<u>35,162</u>

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Note	Un-audited June 30, 2020	Audited December 31, 2019
	----- Rupees in 000 -----	

## 9 PROPERTY AND EQUIPMENT

Tangible assets (including right-of-use-asset)  
Capital work-in-progress

Intangible assets

9.1

302,080	203,138
21,256	1,737
323,336	204,875
409,721	437,463
<u>733,057</u>	<u>642,338</u>

### 9.1 Opening net book value

640,601	189,122
---------	---------

Add: Additions during the period / year

- Leasehold improvements
- Furniture and fixtures
- Office equipment
- Computer equipment
- Motor vehicles
- Right-of-use assets
- Software and licenses

1,234	24,165
3,628	6,296
3,596	5,007
22,616	6,905
80,849	28,378
25,474	12,286
11,778	497,028
<u>149,175</u>	<u>580,065</u>

Less: net book value of disposals

Less: depreciation and amortisation for the period / year

-	1,973
77,975	126,613
<u>77,975</u>	<u>128,586</u>

Closing net book value

Add: capital work-in progress

711,801	640,601
21,256	1,737

<u>733,057</u>	<u>642,338</u>
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## 10 INVESTMENTS IN EQUITY SECURITIES

Un-audited			Audited		
As at June 30, 2020			As at December 31, 2019		
Carrying amount	Market value	Deficit on revaluation of investments	Carrying amount	Market value	Surplus on revaluation of investments
-----Rupees in 000-----					

Available for sale:

Listed equity securities

Mutual Funds

39,900	35,162	(4,738)	82,078	86,130	4,052
2,854,019	2,534,241	(319,778)	2,844,251	3,027,759	183,508
<u>2,893,919</u>	<u>2,569,403</u>	<u>(324,516)</u>	<u>2,926,329</u>	<u>3,113,889</u>	<u>187,560</u>

## 11 INVESTMENTS IN GOVERNMENT SECURITIES

Note	Un-audited			Audited		
	As at June 30, 2020			As at December 31, 2019		
	Carrying amount	Market value	Surplus / (deficit) on revaluation of investments	Carrying amount	Market value	Surplus on revaluation of investments
-----Rupees in 000-----						

Available for sale:

Pakistan Investment Bonds 11.1 & 11.2

Market Treasury Bills

GOP Ijarah Sukuk

7,799,083	8,280,709	481,626	8,991,933	9,235,853	243,920
5,406,327	5,478,637	72,310	3,005,634	3,011,735	6,101
284,533	278,875	(5,658)	-	-	-
<u>13,489,943</u>	<u>14,038,221</u>	<u>548,278</u>	<u>11,997,567</u>	<u>12,247,588</u>	<u>250,021</u>

11.1 The effective yield on Pakistan Investment Bonds ranges from 7.16% to 14.27% (December 31, 2019: 6.60% to 14.97%) per annum. The market yield ranges from 7.05% to 8.01% (December 31, 2019: 11% to 13.44%) per annum.

11.1

- 11.2 The Company has deposited 10 years Pakistan Investment Bonds having face value amounting to Rs. 193 million (December 31, 2019: Rs. 192.34 million) with the State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.
- 11.3 The effective yield on Market Treasury Bills ranges from 7.05% to 14.19% (December 31, 2019: 13.15% to 14.19%) per annum. The market yield ranges from 7.05% to 7.13% (December 31, 2019: 13.25% to 13.44%) per annum.
- 11.4 The effective yield on GOP Ijarah Sukuk ranges from 6.63% to 7.36% (December 31, 2019: Nil) per annum.

## 12 INVESTMENTS IN DEBT SECURITIES

Note	Un-audited			Audited			
	As at June 30, 2020			As at December 31, 2019			
	Carrying amount	Market value	Surplus / (deficit) on revaluation of investments	Carrying amount	Market value	Surplus / (deficit) on revaluation of investments	
-----Rupees in 000-----							
Available for sale:							
Unlisted term finance certificates	12.1	225,000	225,000	-	225,000	225,000	-
Commercial papers		-	-	-	232,354	232,354	-
		<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>457,354</u>	<u>457,354</u>	<u>-</u>

- 12.1 The effective yield on term finance certificates are 8.85% to 12.75% (December 31, 2019: 14.89% to 15.40%) per annum.

## 13 INVESTMENTS IN TERM DEPOSIT RECEIPTS

	Un-audited			Audited		
	As at June 30, 2020			As at December 31, 2019		
	Principal amount	Tenure	Rates	Principal amount	Tenure	Rates
	Rupees in 000			Rupees in 000		
Held to maturity						
Term Deposit Receipts	1,075,000	1 month to 3 months	6.9% to 12% per annum	1,532,107	1 month to 3 months	11.75% to 13.50% per annum

## 14 CASH AND BANK

	Note	Un-audited June 30, 2020	Audited December 31, 2019
Rupees in 000			
Cash in hand		794	774
Cash at bank			
- Savings accounts	14.1	<u>31,091</u>	<u>109,688</u>
		<u>31,885</u>	<u>110,462</u>

- 14.1 These savings accounts carry mark-up rates ranging between 5.5% - 6% per annum (December 31, 2019: 10% - 12%).

### 14.2 Cash and cash equivalents

	Note	Un-audited June 30, 2020	Audited December 31, 2019
Rupees in 000			
Cash and bank balances	14	31,885	110,462
Term deposit receipts (with original maturity of less than 3 months)	13	<u>1,075,000</u>	<u>1,532,107</u>
		<u>1,106,885</u>	<u>1,642,569</u>

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	Note	Un-audited June 30, 2020	Audited December 31, 2019
		----- Rupees in 000 -----	
<b>15 INSURANCE LIABILITIES</b>			
Incurred but not reported claims		209,688	221,007
Investment component of unit-linked and account value policies		8,057,967	7,967,418
Liabilities under individual conventional insurance contracts		6,906,052	6,785,242
Liabilities under group insurance contracts		408,569	292,730
Other insurance liabilities		1,340,527	1,188,543
Ledger account A and B		524,910	409,240
		<u>17,447,713</u>	<u>16,864,180</u>

## 16 CONTINGENCIES AND COMMITMENTS

With effect from November 1, 2018, the Punjab Revenue Authority (PRA), withdrew the exemption on both, life and health insurance, and subjected the same to the levy of Punjab Sales Tax (PST). Previously, the Sindh Revenue Board (SRB) had withdrawn similar exemptions granted in Sindh. However, during 2019, the Sindh Revenue Board, vide notification no. SRB 3-4/5/2019 dated May 8, 2019, restored the exemption on both, life and health insurance business upto June 30, 2019.

With effect from July 1, 2019, in Sindh, the SRB, vide its notifications SRB-3-4/16/2019 and SRB-3-4/14/2020, extended the exemption to health insurance upto June 30, 2021. For individual life insurance, the SRB prescribed a reduced rate of 3% on gross premium written. The exemption to Group Life insurance lapsed on June 30, 2019. Hence, Group Life Insurance was made taxable at the full rate of 13%. The SRB, however, vide its notification SRB-3-4/13/2020 dated June 22, 2020, provided exemptions to Individual Life and Group Life Insurance subject to e-deposit of sales tax payable thereon, as were provided or rendered during the period from July 1, 2019 till June 30, 2020. The Company, however, has not availed this exemption.

With effect from April 2, 2020, in Punjab, the Government of the Punjab (Finance department), as part of COVID relief, amended Second Schedule to the Punjab Sales Tax on Services Act, 2012 and changed sales tax rates on health and life insurance to 0% without input tax adjustment for the period from notification's effective date till June 30, 2020. This tax exemption is however retained only in case of Individual Health Insurance through Punjab Finance Act, 2020 which is effective from July 1, 2020.

The Insurance Association of Pakistan (IAP) had taken up the matter extensively with PRA and SRB for restoration of the exemptions that were withdrawn, besides seeking legal advice. The legal advisors of the IAP/Company have confirmed the contention of the Company that insurance is not a service, but infact, in sum and substance, a contingent contract under which payment is made on the occurrence of an event, specified in the terms of contract or policy, and is thus a financial arrangement. Superior courts in foreign jurisdictions have held that insurance is not a service.

The legal advisors have also raised the important question of constitutionality of the levy of provincial sales tax on life insurance, which is a Federal subject, and have expressed the view that under Article 142 of the Constitution of Pakistan, only those matters which are not enumerated in the Federal Legislative List, may be legislated upon by the provinces. In their view, since the Federation has retained a legislative mandate over all laws relating to insurance, therefore, only the Federation is entitled to levy any tax in relation to insurance business.

Without prejudice to the main contentions as stated above, even otherwise, the legal advisors have expressed in their opinions a further flaw in the context of the manner in which the entire premium payment, i.e. Gross Written Premium (GWP) is being charged to the levy of provincial sales tax. This is despite the fact that there are two distinct elements of GWP (i) the amount allocated towards the policy holders' investment, which belongs to them and (ii) the difference between the GWP charged and the investment amount allocated. Thus, in their view, if the entire GWP is subjected to provincial sales tax, then this is akin to a direct tax on policy holders, in the nature of income tax, wealth tax, or capital value tax, all of which fall exclusively within the domain of Federal Legislature.

Based on the above contentions, the Company and other life insurance / health insurance companies challenged the levy of PST on life and health insurance in the Punjab through a writ petition in the Hon'ble Lahore High Court (LHC) in September 2019. Subsequent to the filing of the petition, in October 2019, the PRA issued a show cause notice to the Company and other life insurance companies, attempting to levy PST on the Pan Pakistan GWP, i.e. beyond their jurisdiction, and for the entire calendar year 2018, besides other inaccuracies. The Company and other life insurance companies have filed further Writ Petitions in the Honourable Lahore High Court against the same. The petition is pending adjudication.

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In Sindh, extensive discussions were held at the collective level of IAP with the SRB for the restoration of exemption on life insurance, which remained inconclusive. In November 2019, the Company, and other life insurance companies received show cause notices from the SRB, requiring the companies to deposit the SST on life insurance. Based on the same contentions as PST, the Company and other life insurance companies, have filed a Petition in the Hon'ble Sindh High Court (SHC) in November 2019, challenging the levy of SST. The Hon'ble SHC, in their interim order dated December 2, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the SST Act, 2011, shall be considered by the SRB in accordance with the law. The Petition is pending adjudication.

In January 2020, the SRB, PRA and BRA invited the IAP and insurance industry to hold a dialogue for an amicable settlement of the matter. The Company, along with the IAP and other insurance companies participated in the meeting convened by Chairman SRB, and will continue its efforts to convince the provincial revenue authorities about the merits of the case.

The legal advisors, in their opinion, have expressed the view that the Company has a reasonably strong case on the merits of the Petitions filed in both, the Hon'ble LHC and Hon'ble SHC, against the imposition of the provincial sales taxes on life and health insurance in the Punjab and on life insurance in Sindh.

Had the sales tax liability on life insurance and health insurance premium been recorded, the loss after tax and loss per share would have been higher by Rs. 179.103 million and Rs. 1.05 respectively while sales tax liability as at June 30, 2020 would have been higher by Rs. 252.258 million.

		-----Un-audited----- For the half year ended June 30 2020                      2019 ----- Rupees in 000 -----	
<b>17</b>	<b>NET PREMIUM / CONTRIBUTION REVENUE</b>		
	<b>Gross premiums / contribution:</b>		
	Regular premium / contribution individual policies*		
	First year	409,564	276,707
	Second year renewal	168,822	226,732
	Subsequent year renewal	595,974	628,550
	Single premium / contribution individual policies	522,710	182,924
	Group policies without cash value	954,571	1,165,831
	<b>Total gross premiums / contribution</b>	<b>2,651,641</b>	<b>2,480,744</b>
	<b>Less: reinsurance premium / contribution ceded</b>		
	On individual life first year business	13,796	11,461
	On individual life second year business	3,501	4,378
	On individual life renewal business	17,180	16,638
	On single premium policies	2,175	2,875
	On individual accident and health first year	1,097	2,088
	On group policies	91,918	48,289
	Commission from reinsurers	(23,869)	(11,968)
		105,798	73,761
	<b>Net premium / contribution</b>	<b>2,545,843</b>	<b>2,406,983</b>
	* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.		
<b>18</b>	<b>INVESTMENT INCOME</b>		
	Return on government securities	736,170	581,758
	Amortisation of discount / (premium)	44,547	(9,284)
	Dividend income	103,776	26,636
	Profit on term deposit receipts	74,443	56,497
	Profit on debt securities	23,671	14,575
		<b>982,607</b>	<b>670,182</b>

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-----Un-audited-----  
For the half year  
ended June 30  
2020                      2019  
----- Rupees in 000 -----

## 19 NET INSURANCE BENEFITS

### Gross claims

#### Claims under individual policies

By death	44,368	83,299
By insured event other than death	-	-
By maturity	6,330	6,252
By surrender	1,392,989	1,748,545

#### Total gross individual policy claims

1,443,687	1,838,096
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#### Claims under group policies

by death	278,420	132,200
by insured event other than death	477,386	625,321
by surrender	-	-
experience refund	(52,931)	8,717

#### Total gross group policy claims

702,875	766,238
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#### Total gross policy claims

2,146,562	2,604,334
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### Less: reinsurance recoveries

On individual life claims	10,862	28,702
On group life claims	26,584	30,620
	37,446	59,322

#### Net insurance benefit expense

2,109,116	2,545,012
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## 20 ACQUISITION EXPENSES

#### Remuneration to insurance intermediaries

##### on individual policies:

- Commission on first year premiums / contribution	159,612	103,303
- Commission on second year premiums / contribution	10,608	13,613
- Commission on subsequent renewal premiums / contribution	15,677	16,627
- Commission on single premiums / contribution	17,252	5,213
- Other benefits to insurance intermediaries	171,256	121,461
	374,405	260,217

#### Remuneration to insurance intermediaries on group policies:

- Commission	70,287	83,029
- Other benefits to insurance intermediaries	1,646	1,194
	71,933	84,223

#### Branch overheads :

- Salaries and other benefits	67,656	14,224
- Other operational cost	60,351	11,475
	128,007	25,699

#### Other acquisition cost :

- Policy stamps	6,051	1,128
	580,396	371,267

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		-----Un-audited-----	
		For the half year ended	
		June 30	
		2020	2019
		----- Rupees in 000 -----	
<b>21</b>	<b>MARKETING AND ADMINISTRATION EXPENSES</b>		
	Salaries, allowances & other benefits	151,269	254,279
	Travelling expenses	3,551	7,074
	Directors fees	2,993	2,710
	Regulators fee	8,176	16,037
	Actuary's fees	4,140	4,922
	Medical fees	-	772
	Legal and professional charges	1,701	1,636
	Advertisement and publicity	8,926	31,005
	Printing and stationery	8,270	7,942
	Depreciation and amortisation	77,975	62,569
	Rentals	17,909	22,969
	Vehicles and general repair and maintenance	49,719	81,951
	Utilities-electricity, water and gas	5,353	7,342
	Transportation	1,433	4,367
	Communication	11,601	18,500
	Consultancy fee	4,775	9,043
	Insurance	4,589	670
	Interest on premium deposit in advance	728	697
	Social security	1,354	877
	Entertainment	2,227	6,824
	Books and subscriptions	-	15
	Miscellaneous expenses	7,353	17,301
		<u>374,042</u>	<u>559,502</u>
<b>22</b>	<b>OTHER EXPENSES</b>		
	Auditors' remuneration	3,301	3,973
	Exchange loss	-	9,560
		<u>3,301</u>	<u>13,533</u>
<b>23</b>	<b>TAXATION</b>		

As per Income Tax Ordinance, 2001, the current tax expense is chargeable to income attributable to shareholder's fund only. During the half year ended June 30, 2020, the shareholder's fund reflected a profit before tax of Rs. 72.879 million resulting in current tax amounting to Rs. 21.135 million.

The Income Tax Ordinance, 2000 requires insurance companies to charge tax on the surplus transferred to shareholder's fund. However, due to application of the Insurance Accounting Regulations, 2017, the surplus generated by statutory funds (other than participating fund) of the Company are also presented in profit and loss account on aggregate basis. Therefore the Company has recognised deferred tax of Rs. 100.988 million (December 31, 2019: Rs. 60.551 million) in this respect.

		-----Un-audited-----			
		For the half year ended		For the quarter ended June	
		2020	2019	2020	2019
		-----Rupees in 000-----		-----Rupees in 000-----	
<b>24</b>	<b>LOSS PER SHARE</b>				
	Basic / diluted loss per share				
	Loss for the period	(47,253)	(182,989)	(48,144)	(164,733)
	Weighted average number of ordinary shares	<u>170,567,200</u>	<u>120,935,890</u>	<u>170,567,200</u>	<u>120,935,890</u>
		----- (Rupees) -----			
		(Restated)		(Restated)	
	Loss per share	(0.28)	(1.51)	(0.28)	(1.36)

## 25 SEGMENT INFORMATION

Each class of business has been identified as a reportable segment. The following is a schedule of class of business wise assets, liabilities, revenues and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017:

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## 25.1 Revenue Account by Statutory Funds

(Un-audited)											
For the half year ended June 30, 2020											
CONVENTIONAL - STATUTORY FUNDS								TAKAFUL - STATUTORY FUNDS			Total
Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	Individual Family	Group Family	Group Health		
	Individual	Group		Individual	Group						

Rupees in '000

**INCOME**

Premiums / contribution less reinsurances / retakaful

Net investment income

Other income - net

**Total net income**

13,374	201,755	333,973	853,152	3,051	495,685	1,268	587,989	11,137	20,590	2,521,974
192,200	607,949	(526)	165,648	(100)	(1,418)	11,668	(146,964)	(470)	(1,269)	826,718
4,133	6,575	2,657	7,717	30	11,317	8	55,953	568	2,354	91,312
209,707	816,279	336,104	1,026,517	2,981	505,584	12,944	496,978	11,235	21,675	3,440,004

**CLAIMS AND EXPENDITURE**

Claims, including bonuses, net of reinsurance recoveries

Policy transfers to other statutory funds

Management expenses less recoveries

**Total claims and expenditure**

51,817	418,750	179,868	677,266	247	437,556	137	284,745	18,797	39,933	2,109,116
-	-	-	-	-	-	-	-	-	-	-
4,540	73,902	44,337	343,225	12,152	115,290	-	308,975	7,774	15,499	925,694
56,357	492,652	224,205	1,020,491	12,399	552,846	137	593,720	26,571	55,432	3,034,810

**Excess / (shortage) of Income over claims and expenditure**

153,350	323,627	111,899	6,026	(9,418)	(47,262)	12,807	(96,742)	(15,336)	(33,757)	405,194
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Add: Policyholders' liabilities at beginning of the period

Less: Policyholders' liabilities at end of the period

Movement in policyholders' liabilities

1,558,617	6,093,433	99,126	5,934,041	14,841	352,032	146,962	2,238,892	19,872	(2,877)	16,454,939
(1,596,298)	(6,366,981)	(243,547)	(6,026,812)	(13,096)	(322,583)	(159,194)	(2,209,101)	(7,655)	22,464	(16,922,803)
(37,681)	(273,548)	(144,421)	(92,771)	1,745	29,449	(12,232)	29,791	12,217	19,587	(467,864)

**Surplus / (deficit) before tax**

Taxation

**Surplus / (deficit) after tax**

115,669	50,079	(32,522)	(86,745)	(7,673)	(17,813)	575	(66,951)	(3,119)	(14,170)	(62,670)
-	(21,800)	9,220	24,532	2,207	5,004	(167)	16,948	763	3,730	40,437
115,669	28,279	(23,302)	(62,213)	(5,466)	(12,809)	408	(50,003)	(2,356)	(10,440)	(22,233)

Movement in policyholders' liabilities

37,681	273,548	144,421	92,771	(1,745)	(29,449)	12,232	(29,791)	(12,217)	(19,587)	467,864
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**Transfers (to) or from shareholders' fund**

- Capital contributions from shareholders' fund

- Qard-e-Hasna from Operators' Sub Fund to PTF

- Qard-e-Hasna received from PTF to Operators' Sub Fund

- Capital returned to shareholder's fund

- Surplus appropriated to shareholders' fund

-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

**Balance of statutory fund at beginning of the period****Balance of statutory fund at end of the period**

1,967,858	6,558,849	191,462	5,880,468	4,193	375,873	154,363	2,159,828	22,817	45,156	17,360,867
2,121,208	6,860,676	312,581	5,911,026	(3,018)	333,615	167,003	2,080,034	8,244	15,129	17,806,498

**Represented by:**

Capital contributed by shareholders' fund

Policyholders' liabilities / PTF

Retained earnings attributable to policyholders

(Ledger Account A)

Retained earnings on par business attributable

to shareholders - undistributable (Ledger Account B)

Retained earnings on other than

participating business (Ledger Account D) / PTF

Revaluation surplus / (deficit) on revaluation

of available for sale investments

-	197,552	-	242,100	12,000	4,300	6,000	101,500	1,200	77,500	642,152
1,596,298	6,366,981	243,547	6,026,812	13,096	322,583	159,194	2,209,101	7,655	(22,464)	16,922,803
488,359	-	-	-	-	-	-	-	-	-	488,359
36,551	-	-	-	-	-	-	-	-	-	36,551
-	315,340	69,646	(354,005)	(28,000)	6,732	1,809	(220,523)	(43)	(38,198)	(247,242)
-	(19,197)	(612)	(3,881)	(114)	-	-	(10,044)	(568)	(1,709)	(36,125)

**BALANCE OF STATUTORY FUND**

2,121,208	6,860,676	312,581	5,911,026	(3,018)	333,615	167,003	2,080,034	8,244	15,129	17,806,498
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(Un-audited)										
For the half year ended June 30, 2019										
CONVENTIONAL - STATUTORY FUNDS							TAKAFUL - STATUTORY FUNDS			Total
Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	Individual Family	Group Family	Group Health	
	Individual	Group		Individual	Group					

Rupees in '000

**INCOME**

Premiums/contribution less reinsurances/retakaful

Net investment income

Other income - net

**Total net income**

18,211	263,168	188,039	529,376	4,496	735,070	26,745	462,222	11,021	156,667	2,395,015
76,289	291,168	9,312	146,526	942	496	2,309	(70,694)	492	54	456,894
4,352	13,129	1,921	11,308	1,400	13,298	1,027	41,730	1,435	2,664	92,264
98,852	567,465	199,272	687,210	6,838	748,864	30,081	433,258	12,948	159,385	2,944,173

**CLAIMS AND EXPENDITURE**

Claims, including bonuses, net of reinsurance recoveries

Policy transfers to other statutory funds

Management expenses less recoveries

**Total claims and expenditure**

68,645	427,827	120,719	1,112,193	132	515,630	1,468	200,597	124	97,677	2,545,012
-	-	-	-	-	-	-	-	-	-	-
4,657	62,887	53,726	347,747	12,240	150,905	-	246,396	9,156	19,023	906,737
73,302	490,714	174,445	1,459,940	12,372	666,535	1,468	446,993	9,280	116,700	3,451,749

**Excess of Income over claims and expenditure**

25,550	76,751	24,827	(772,730)	(5,534)	82,329	28,613	(13,735)	3,668	42,685	(507,576)
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Add: Policyholders' liabilities at beginning of the period

Less: Policyholders' liabilities at end of the period

Movement in policyholders' liabilities

1,569,863	6,075,027	98,103	6,219,006	10,020	320,265	106,582	1,721,067	7,529	33,077	16,160,539
(1,585,655)	(6,114,695)	(115,634)	(5,557,322)	(9,183)	(428,281)	(134,128)	(1,823,179)	(14,488)	(100,371)	(15,882,936)
(15,792)	(39,668)	(17,531)	661,684	837	(108,016)	(27,546)	(102,112)	(6,959)	(67,294)	277,603

**Surplus / (deficit) before tax**

Taxation

**Surplus / (deficit) after tax**

9,758	37,083	7,296	(111,046)	(4,697)	(25,687)	1,067	(115,847)	(3,291)	(24,609)	(229,973)
-	(8,809)	34	29,431	1,150	7,880	(309)	30,325	1,011	7,174	67,887
9,758	28,274	7,330	(81,615)	(3,547)	(17,807)	758	(85,522)	(2,280)	(17,435)	(162,086)

Movement in policyholders' liabilities

15,792	39,668	17,531	(661,684)	(837)	108,016	27,546	102,112	6,959	67,294	(277,603)
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**Transfers (to) or from shareholders' fund**

- Capital contributions from shareholders' fund

- Qard-e-Hasna from Operators' Sub Fund to PTF

- Qard-e-Hasna received from PTF to Operators' Sub Fund

- Capital returned to shareholder's fund

- Surplus appropriated to shareholders' fund

-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(13,500)	(13,500)
-	-	-	-	-	-	-	-	-	13,500	13,500
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

**Balance of statutory fund at beginning of the period**

1,899,924	6,395,448	180,223	6,345,275	5,926	374,405	112,551	1,717,526	11,222	19,182	17,061,682
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**Balance of statutory fund at end of the period**

1,925,474	6,463,390	205,084	5,601,976	1,542	464,614	140,855	1,734,116	15,901	69,041	16,621,993
-----------	-----------	---------	-----------	-------	---------	---------	-----------	--------	--------	------------

**Represented by:**

Capital contributed by shareholders' fund

Policyholders' liabilities / PTF

Retained earnings attributable to policyholders

(Ledger Account A)

Retained earnings on par business attributable

to shareholders - undistributable (Ledger Account B)

Retained earnings on other than

participating business (Ledger Account D) / PTF

Revaluation surplus / (deficit) on revaluation

of available for sale investments

-	197,552	-	242,100	2,000	4,300	6,000	91,500	1,200	2,500	547,152
1,585,655	6,114,695	115,634	5,557,322	9,183	428,281	134,128	1,823,179	14,488	100,371	15,882,936
311,186	-	-	-	-	-	-	-	-	-	311,186
28,633	-	-	-	-	-	-	-	-	-	28,633
-	170,071	90,949	(190,828)	(9,427)	33,270	727	(175,908)	465	(32,773)	(113,454)
-	(18,928)	(1,499)	(6,618)	(214)	(1,237)	-	(4,655)	(252)	(1,057)	(34,460)

**BALANCE OF STATUTORY FUND**

1,925,474	6,463,390	205,084	5,601,976	1,542	464,614	140,855	1,734,116	15,901	69,041	16,621,993
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## 25.2 Condensed Interim Statement of Financial Position by Segment

	----- Un-audited -----			----- Audited -----		
	June 30, 2020			December 31, 2019		
	Shareholders Fund	Statutory Funds	Total	Shareholders Fund	Statutory Funds	Total
	----- Rupees in 000 -----			----- Rupees in 000 -----		
<b>Assets</b>						
Property and equipment	236,479	86,857	323,336	124,913	79,962	204,875
Intangible assets	409,721	-	409,721	437,463	-	437,463
Investments						
Equity securities	-	35,162	35,162	-	86,130	86,130
Mutual funds	-	2,534,241	2,534,241	-	3,027,759	3,027,759
Government securities	860,688	13,177,533	14,038,221	308,046	11,939,542	12,247,588
Debt securities	-	225,000	225,000	-	457,354	457,354
Term deposits	-	1,075,000	1,075,000	396,257	1,135,850	1,532,107
Loans secured against life insurance policies	-	170,064	170,064	-	167,965	167,965
Insurance / takaful / reinsurance / retakaful receivables	-	402,803	402,803	-	460,958	460,958
Other loans and receivables	24,881	604,921	629,802	22,411	624,888	647,299
Taxation - payments less provision	680,628	-	680,628	599,667	-	599,667
Deferred tax asset - net	108,024	-	108,024	59,797	-	59,797
Prepayments	102,579	75,231	177,810	19,381	85,294	104,675
Cash and bank	885	31,000	31,885	19,485	90,977	110,462
<b>Total assets</b>	<b>2,423,885</b>	<b>18,417,812</b>	<b>20,841,697</b>	<b>1,987,420</b>	<b>18,156,679</b>	<b>20,144,099</b>
<b>Liabilities</b>						
Insurance liabilities [including policyholders' liabilities and ledger account A & B]	-	17,447,713	17,447,713	-	16,864,180	16,864,180
Outstanding claims	-	448,761	448,761	-	371,060	371,060
Retirement benefit obligations	-	25,958	25,958	961	23,148	24,109
Premium received in advance	-	76,970	76,970	-	65,569	65,569
Reinsurance / retakaful payables	-	85,723	85,723	-	75,298	75,298
Other creditors and accruals	224,712	258,970	483,682	217,294	236,309	453,603
Liabilities against right-of-use assets	123,598	-	123,598	49,567	-	49,567
<b>Total liabilities</b>	<b>348,310</b>	<b>18,344,095</b>	<b>18,692,405</b>	<b>267,822</b>	<b>17,635,564</b>	<b>17,903,386</b>

## 26 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Holding Company, associated companies, retirement benefit funds, directors and key management personnel of the Company. Remuneration to the key personnel is determined in accordance with the terms of their appointments. All transactions involving related parties arise in the normal course of business. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

- 26.1 The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the condensed interim financial statements are as follows:

	----- Un-audited -----							
	Holding Company		Post Employment Benefit Plans		Key Management Personnel		Other Related Parties	
	June 30,		June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----							
<b>Transactions</b>								
Premium underwritten	-	-	-	-	-	3,491	47,828	21,904
Premium paid for general insurance	-	-	-	-	-	-	4,776	4,776
Claims paid	-	-	-	-	-	-	20,822	16,055
Claims received	-	-	-	-	-	-	417	417
Charge for administrative services received	-	-	-	-	-	-	48,337	35,169
Charge for administrative services provided	-	-	-	-	-	-	8,317	3,546
Rent expense	-	-	-	-	-	-	21,807	19,321
Purchase of fixed asset	-	-	-	-	-	-	15,486	-
Remuneration paid	-	-	-	-	124,427	79,148	-	-
Charge in respect of employees gratuity fund	-	-	8,534	-	-	-	-	-
Charge in respect of provident fund	-	-	7,383	8,681	-	-	-	-

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Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
Holding Company		Post Employment Benefit Plans		Key Management Personnel		Other Related Parties	
June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
(Rupees in '000)							

**Balances**

(Receivable) / payable for group shared services	(3,056)	(10,056)	-	-	-	-	50,632	16,813
Receivable/ payable for general insurance premium	-	-	-	-	-	-	(137)	(140)
Premium receivable	-	-	-	-	-	-	3,711	2,346
Payable to employee gratuity fund	-	-	25,958	24,109	-	-	-	-
(Receivable) / payable to employee provident fund	-	-	1,137	(850)	-	-	-	-

**27 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at June 30, 2020 and December 31, 2019, the Company held the following financial instruments measured at fair value:

**Assets carried at fair value**

Available-for-sale investments

-----Un-audited-----		
As at June 30, 2020		
Level 1	Level 2	Level 3
-----Rupees in 000-----		

35,162	16,797,462	-
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**Assets carried at fair value**

Available-for-sale investments

-----Audited-----		
As at December 31, 2019		
Level 1	Level 2	Level 3
-----Rupees in 000-----		

86,130	15,732,701	-
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**28 GENERAL**

28.1 All figures have been rounded off to the nearest of thousand rupees, except otherwise stated.

**28.2 Effects of COVID-19 pandemic**

On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

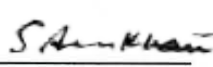
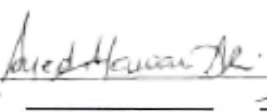
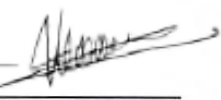
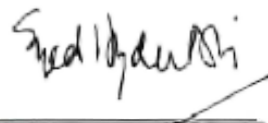

The Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the business, operations and profitability of the Company as well as a going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on the business continuity of the Company due to COVID-19 pandemic situation other than decline in fair value of investments in equity securities due to temporary decline in KSE 100 index resulting in corresponding fair value losses being recognised in the condensed interim profit and loss account. The KSE 100 index has showed significant recovery subsequent to the half year ended June 30, 2020.

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## 29 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 19, 2020 by the Board of Directors of the Company.



 Chairman	 Director	 Director	 Chief Executive Officer	 Chief Financial Officer
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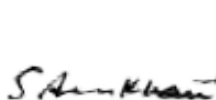
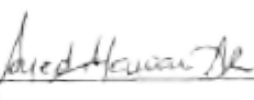
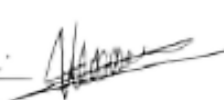
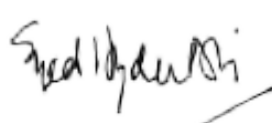

**IGI LIFE INSURANCE LIMITED – WINDOW TAKAFUL OPERATIONS  
FOR THE HALF YEAR ENDED JUNE 30, 2020  
FINANCIAL STATEMENTS**

**IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	As at June 30, 2020			As at December 31, 2019
	Operator sub fund	Policyholders fund	Total	Total
Note	Rupees in 000			
<b>Assets</b>				
Property and equipment	53,052	-	53,052	3,867
Investments				
Mutual funds	66,100	992,295	1,058,395	1,091,808
Government Securities	116,497	162,378	278,875	-
Term deposits	-	997,000	997,000	1,331,250
	182,597	2,151,673	2,334,270	2,423,058
Takaful / retakaful receivables	-	14,368	14,368	22,093
Other loans and receivables	35,062	-	35,062	34,807
Taxation - payments less provision	32,622	-	32,622	19,801
Deferred tax asset - net	108,888	-	108,888	85,075
Prepayments	22,384	-	22,384	5,491
Cash and bank	(123,058)	30,126	(92,932)	(122,567)
<b>Total assets</b>	<b>311,547</b>	<b>2,196,167</b>	<b>2,507,714</b>	<b>2,471,625</b>
<b>Equity and liabilities</b>				
<b>Equity and reserves</b>				
Waqf Ceded Money	-	500	500	500
Capital contributed	229,700	-	229,700	229,700
Ledger account C & D	(258,764)	-	(258,764)	(206,270)
Surplus / (deficit) on revaluation of available for sale investments	(12,321)	-	(12,321)	(2,016)
<b>Total equity</b>	<b>(41,385)</b>	<b>500</b>	<b>(40,885)</b>	<b>21,914</b>
<b>Liabilities</b>				
Insurance liabilities [including policyholders' liabilities and profit retained in waqf]	64,763	2,129,529	2,194,292	2,255,887
Outstanding claims	-	30,279	30,279	14,088
Contribution received in advance	-	22,878	22,878	19,023
Takaful / retakaful payables	-	13,477	13,477	12,362
Other creditors and accruals	83,819	-	83,819	73,860
Interfund receivable / (payable)	174,082	(496)	173,586	71,923
Lease liability against right-of-use assets	30,268	-	30,268	2,568
<b>Total liabilities</b>	<b>352,932</b>	<b>2,195,667</b>	<b>2,548,599</b>	<b>2,449,711</b>
<b>Total equity and liabilities</b>	<b>311,547</b>	<b>2,196,167</b>	<b>2,507,714</b>	<b>2,471,625</b>
<b>Contingencies and commitments</b>				

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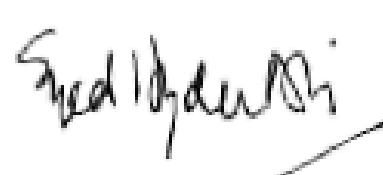

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

**IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

		June 30, 2020			June 30, 2019		
		Operator sub fund	Policyholders fund	Total	Operator sub fund	Policyholders fund	Total
Note		-----Rupees in 000-----					
Contribution revenue	10	-	638,398	638,398	-	638,236	638,236
Less: wakala fee recognised		183,846	(183,846)	-	132,851	(132,851)	-
		183,846	454,552	638,398	132,851	505,385	638,236
Less: contribution ceded to retakaful operators	10	-	16,675	16,675	-	7,610	7,610
<b>Net contribution revenue</b>		183,846	437,877	621,723	132,851	497,775	630,626
Investment income		85,450	11,409	96,859	8,730	44,153	52,883
Net realised fair value losses / (gains) on financial assets		(2,071)	(53,204)	(55,275)	(859)	8,381	7,522
Takaful operator fee income		25,112	(25,112)	-	19,286	(19,286)	-
Other income - net		1,612	293	1,905	4,636	1,284	5,920
		110,103	(66,614)	43,489	31,793	34,532	66,325
<b>Net income</b>		293,949	371,263	665,212	164,644	532,307	696,951
Takaful benefits		-	358,977	358,977	-	297,547	297,547
Recoveries from retakaful operators		-	(15,502)	(15,502)	-	851	851
<b>Net takaful benefits</b>	11	-	343,475	343,475	-	298,398	298,398
		293,949	27,788	321,737	164,644	233,909	398,553
Change in takaful liabilities (including profit retained in waqf fund)		33,629	27,788	61,417	31,825	233,909	265,734
Acquisition expenses	12	250,562	-	250,562	160,801	-	160,801
Marketing and administration expenses		83,693	-	83,693	114,490	-	114,490
<b>Total expenses</b>		367,884	27,788	395,672	307,116	233,909	541,025
<b>Loss before tax attributable to Operator</b>		(73,935)	-	(73,935)	(142,472)	-	(142,472)
Taxation		(21,441)	-	(21,441)	(38,510)	-	(38,510)
<b>Loss after tax attributable to Operator</b>		(52,494)	-	(52,494)	(103,962)	-	(103,962)




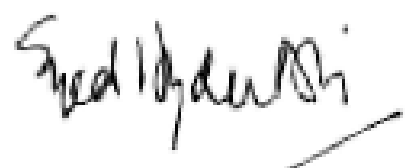

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

				
<b>Chairman</b>	<b>Director</b>	<b>Director</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>

**IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020			June 30, 2019		
	Operator sub fund	Policyholders fund	Total	Operator sub fund	Policyholders fund	Total
	-----Rupees in 000-----					
Loss after tax attributable to Operator	(52,494)	-	(52,494)	(103,962)	-	(103,962)
<b>Other comprehensive loss</b>						
Change in unrealised loss on available-for-sale financial assets - net of tax	(10,305)	(123,012)	(133,317)	(1,275)	(89,369)	(90,644)
Change in takaful liabilities - net	-	123,012	123,012	-	89,369	89,369
<b>Other comprehensive loss for the period</b>	(10,305)	-	(10,305)	(1,275)	-	(1,275)
<b>Total comprehensive loss for the period attributable to Operator</b>	<b>(62,799)</b>	<b>-</b>	<b>(62,799)</b>	<b>(105,237)</b>	<b>-</b>	<b>(105,237)</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

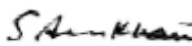
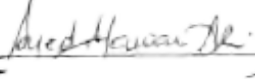

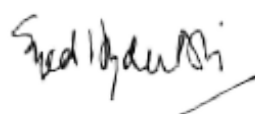

				
<b>Chairman</b>	<b>Director</b>	<b>Director</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>

**IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

Attributable to equity holders of the Company				
Capital contributed	Waqf Ceded Money	Ledger C & D account	Surplus / (deficit) on revaluation of available for sale investments **	Total
-----Rupees in 000-----				
144,700	500	(104,254)	(4,689)	36,257
-	-	(103,962)	-	(103,962)
-	-	-	(1,275)	(1,275)
-	-	(103,962)	(1,275)	(105,237)
144,700	500	(208,216)	(5,964)	(68,980)
-	-	1,946	-	1,946
-	-	-	3,948	3,948
-	-	1,946	3,948	5,894
85,000	-	-	-	85,000
229,700	500	(206,270)	(2,016)	21,914
-	-	(52,494)	-	(52,494)
-	-	-	(10,305)	(10,305)
-	-	(52,494)	(10,305)	(62,799)
229,700	500	(258,764)	(12,321)	(40,885)

\*\* This balance is net of related change in insurance liabilities.

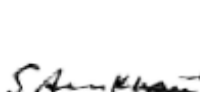
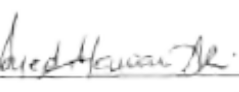

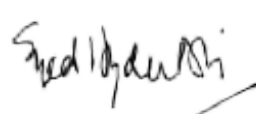

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

				
<b>Chairman</b>	<b>Director</b>	<b>Director</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>

**IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020	June 30, 2019
Note	-----Rupees in 000-----	
<b>Operating Cash flows</b>		
<b>(a) Underwriting activities</b>		
Premiums received net of policy transfers - net of retakaful	630,181	664,443
Claims paid - net of retakaful recoveries	(43,471)	(101,535)
Surrenders paid	(282,347)	(200,135)
Commissions paid	(201,336)	(83,097)
<b>Net cash outflow on underwriting activities</b>	<b>103,027</b>	<b>279,676</b>
<b>(b) Other operating activities</b>		
Payment for expenses	(116,115)	(191,506)
Other operating receipts	1	-
Inter fund transactions	5,918	(59,780)
<b>Net cash outflow on other operating activities</b>	<b>(110,196)</b>	<b>(251,286)</b>
<b>Total cash outflow on all operating activities</b>	<b>(7,169)</b>	<b>28,390</b>
<b>Investment activities</b>		
Profit / return received	67,435	44,888
Dividend received	38,112	8,819
Payments (made) / received on investments	(399,291)	2,543
Fixed capital expenditure	(3,702)	(12,457)
<b>Total cash inflow from investing activities</b>	<b>(297,446)</b>	<b>43,793</b>
<b>Net cash (outflow on) / inflow from all activities</b>	<b>(304,615)</b>	<b>72,183</b>
Cash and cash equivalents at beginning of year	1,208,683	824,755
<b>Cash and cash equivalents at end of year</b>	<b>904,068</b>	<b>896,938</b>
<b>Reconciliation to Profit and Loss Account</b>		
Operating cash flows	(7,169)	28,390
Depreciation and amortisation expenses	16,512	12,457
Increase in assets other than cash	36,089	143,849
Decrease in liabilities	(141,415)	(354,983)
Investment income and other income	41,585	60,405
Profit received on bank deposits	1,904	5,920
<b>Loss after taxation</b>	<b>(52,494)</b>	<b>(103,962)</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

 <b>Chairman</b>	 <b>Director</b>	 <b>Director</b>	 <b>Chief Executive Officer</b>	 <b>Chief Financial Officer</b>
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**IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** IGI Life Insurance Limited ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Company.
- 1.2** The Company was granted approval on July 02, 2015 under Rule 6 of the Takaful Rules, 2012 to start its Window Takaful Operations ("the Operations") by the Securities and Exchange Commission of Pakistan ("the SECP") in Pakistan. The Waqf deed was executed on June 20, 2015 and the operations were commenced also commenced in year 2015.
- 1.3** In accordance with the requirements of the Insurance Ordinance, 2000 and Takaful Rules, 2012, the Company established a Operator Sub Fund (OSF), Participant Investment Fund (PIF) and Participant Waqf Fund (PTF) under each statutory funds mentioned below:
- Individual Family Takaful
  - Group Family Takaful
  - Group Health Takaful

**2 BASIS OF PREPARATION**

These financial statements have been presented in accordance with the requirements of the Insurance Rules, 2017 issued through S.R.O. 88 (I) / 2017 dated February 09, 2017 by the Securities and Exchange Commission of Pakistan (SECP).

**2.1 Statement of compliance**

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

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.

**2.2 Standards, interpretations of and amendments to the accounting and reporting standards that are effective in the current year:**

The Company has applied the following standards for the first time for their accounting period commencing January 1, 2020:

Where the provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 differ with the requirements of IAS 34, the provisions of and directives issued under 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** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

**2.4** These condensed interim financial statements are unaudited and are being submitted to shareholders in accordance with the Pakistan Stock Exchange Limited Regulations and section 237 of the Companies Act, 2017.

### 3 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on historical cost convention except for certain investments which are carried at fair value and obligations in respect of defined benefit obligation is carried at present value.

### 4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pakistani rupees, which is the Company's functional and presentation currency.

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements of the Company for the year ended December 31, 2019.

#### 5.1 Standards, interpretations of and amendments to the accounting and reporting standards that are effective in the current period:

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2020, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

#### 5.2 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective:

##### 5.2.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective for the dates mentioned below against the respective standards, amendments or interpretations:

	Effective date (period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2020
- IFRS 9 - 'Financial instruments'	January 1, 2022 *

\* The management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with takaful. Further details relating to temporary exemption from the application of IFRS 9 is given in note 8 to these condensed interim financial statements.

The management is in the process of assessing the impact of these amendments on the financial statements of the Company.

##### 5.2.2 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after January 1, 2020, but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

### 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2019. The Company intends to have an actuarial valuation in respect of staff retirement benefit plan for 2020 conducted at the year end. Hence actuarial gains / losses for the half year ended June 30, 2020 are not quantifiable and are also considered immaterial by the management. Accordingly the resulting impact has not been accounted for in these condensed interim financial statements

### 7 TAKAFUL FINANCIAL AND RISK MANAGEMENT

The Company's takaful risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2019.

## 8 TEMPORARY EXEMPTION FROM APPLICATION OF IFRS 9

As an takaful operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with takaful.

## 9 CONTINGENCIES AND COMMITMENTS

The contingencies and commitments reported in the main financials of the Company also includes impacts of Window Takaful Operations as at June 30, 2020. There were no other material contingencies and commitments as at June 30, 2020.

## 10 NET CONTRIBUTION REVENUE

### Gross contribution:

Regular contribution individual policies\*

First year

Second year renewal

Subsequent year renewal

Single contribution individual policies

Group policies without cash value

### Total gross contribution

### Less: retakaful contribution ceded

On individual life first year business

On individual life second year business

On individual life renewal business

On single premium policies

On group policies

Commission from reinsurers

### Net contribution

(Un-audited)  
For the half year ended  
June 30,  
2020                      2019  
---- (Rupees in '000) ----

238,162	132,745
80,120	116,018
206,424	146,065
72,778	72,926
40,914	170,482
<b>638,398</b>	<b>638,236</b>

4,259	1,667
1,509	1,759
3,656	2,006
71	100
9,187	2,794
(2,007)	(716)
<b>16,675</b>	<b>7,610</b>
<b>621,723</b>	<b>630,626</b>

\* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

## 11 NET TAKAFUL BENEFITS

### Gross Claims

Claims under individual policies

By death

By surrender

### Total gross individual policy claims

Claims under group policies

by death

by insured event other than death

experience refund

### Total gross group policy claims

### Total gross policy claims

### Less: retakaful recoveries

On Individual life claims

On Group Life claims

### Net takaful benefit expense

(Un-audited)  
For the half year ended  
June 30,  
2020                      2019  
---- (Rupees in '000) ----

6,900	(389)
282,347	200,135
<b>289,247</b>	<b>199,746</b>

25,128	124
45,339	97,677
(737)	-
<b>69,730</b>	<b>97,801</b>

<b>358,977</b>	<b>297,547</b>
----------------	----------------

4,502	(851)
11,000	-
15,502	(851)
<b>343,475</b>	<b>298,398</b>

## 12 ACQUISITION EXPENSES

(Un-audited)  
For the half year ended  
June 30,  
2020      2019  
-----(Rupees in '000) ----

Remuneration to takaful intermediaries on individual policies:

- Commission on first year contribution	90,410	49,191
- Commission on second year contribution	4,379	5,666
- Commission on subsequent renewal contribution	5,051	3,597
- Commission on single contribution	2,282	1,569
- Other benefits to takaful intermediaries	106,531	78,098
	208,653	138,121

Remuneration to takaful intermediaries on group policies:

- Commission	5,278	11,457
- Other benefits to takaful intermediaries	317	311
	5,595	11,768

Branch overheads :

- Salaries and other benefits	3,182	5,713
- Other operational cost	4,702	4,711
	7,884	10,424

Other acquisition cost :

- Policy stamps	3,519	488
	225,651	160,801

## 13 SEGMENT INFORMATION

Each fund of business under takaful statutory funds has been identified as a reportable segment. The following is a schedule of class of business wise revenues and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, and the Takaful Rules, 2012:

### 13.1 Participants' Investment Fund ( PIF)

------(Un-audited)-----				
TAKAFUL - STATUTORY FUNDS			Aggregate	
Individual Family	Group Family	Group Health	For the half year ended June 30	
			2020	2019
------(Rupees in '000)-----				
<b>Income</b>				
Allocated Contribution	421,027	-	421,027	345,624
Net Investment Income	(150,998)	-	(150,998)	(40,089)
Other Income	52,891	-	52,891	1,284
Total Net Income	322,920	-	322,920	306,819
<b>Less: Claims and Expenditure</b>				
Surrenders / Partial Surrenders	282,347	-	282,347	200,112
Risk Contributions	22,305	-	22,305	17,366
Wakalat-ul-Istismar	15,554	-	15,554	12,772
Policy admin fee	9,558	-	9,558	6,514
	329,764	-	329,764	236,764
<b>Excess of Income over Claims and expenditure</b>	(6,844)	-	(6,844)	70,055
Add: Technical reserves at the beginning of the period	2,133,423	-	2,133,423	1,624,708
Less: Technical reserves at the end of the period	(2,126,579)	-	(2,126,579)	(1,694,763)
	6,844	-	6,844	(70,055)
<b>Surplus</b>	-	-	-	-
Movement in technical reserves	(6,844)	-	(6,844)	70,055
Balance of PIF at the beginning of the period	2,133,423	-	2,133,423	1,624,708
<b>Balance of PIF at the end of the period</b>	2,126,579	-	2,126,579	1,694,763

### 13.2 Participants' Takaful Fund ( PTF )

(Un-audited)				
TAKAFUL - STATUTORY FUNDS			Aggregate	
Individual Family	Group Family	Group Health	For the half year ended June 30	
			2020	2019
(Rupees in '000)				
<b>Income</b>				(Restated)
Contribution net of retakaful	6,873	6,681	17,657	31,211
Net investment income	-	-	-	164,034
Other income	3,560	517	2,302	510
	10,433	7,198	19,959	6,379
			37,590	165,260
<b>Less: Claims and Expenditure</b>				
Claims	2,398	18,797	39,933	61,128
Wakala fee	-	-	-	98,248
	2,398	18,797	39,933	61,128
			61,128	98,248
<b>Excess of Income over Claims and expenditure</b>	8,035	(11,599)	(19,974)	(23,538)
				67,012
Add : Technical reserves at the beginning of the period	22,586	14,891	(4,104)	33,373
Less : Technical reserves at the end of the period	(24,501)	(14,243)	(24,701)	(63,445)
Add: Deficit retained in technical reserves	-	-	48,779	48,779
	(1,915)	648	19,974	18,707
				(68,755)
<b>Surplus / (deficit)</b>	6,120	(10,951)	-	(4,831)
Movement in technical reserves	1,915	(648)	(19,974)	(18,707)
Qard-e-Hasna contributed by Window Takaful Operator	-	-	-	13,500
Balance of PTF at the beginning of the period	22,586	15,038	42,305	79,929
				48,547
<b>Balance of PTF at the end of the period</b>	<u>30,621</u>	<u>3,439</u>	<u>22,331</u>	<u>56,391</u>
				129,059

### 13.3 Operators' Sub Fund ( OSF )

(Un-audited)				
TAKAFUL - STATUTORY FUNDS			Aggregate	
Individual Family	Group Family	Group Health	For the half year ended June 30	
			2020	2019
(Rupees in '000)				
<b>Income</b>				
Allocation fee	176,457	4,456	2,933	183,846
Investment income	1,955	(470)	(1,269)	216
Other Income	1,509	51	52	1,612
Wakala fee - PTF	5,937	-	-	5,937
Policy admin fee	9,558	-	-	9,558
Takaful operator fee	-	-	-	-
Wakalat-ul-Istismar	15,554	-	-	15,554
	210,970	4,037	1,716	216,723
				170,880
<b>Less: Expenses</b>				
Acquisition cost	210,093	3,998	1,597	215,688
Administration expenses / deferred taxation	81,862	3,013	10,172	95,047
	291,955	7,011	11,769	310,735
				236,819
<b>Excess of (expenditure)/over income</b>	(80,985)	(2,974)	(10,053)	(94,012)
				(65,939)
Add : Technical reserves at the beginning of the period	82,883	4,981	1,227	89,091
Less : Technical reserves at the end of the period	(51,901)	(4,363)	(1,614)	(57,878)
	30,982	618	(387)	31,213
				(26,212)
<b>Deficit</b>	(50,003)	(2,356)	(10,440)	(62,799)
Movement in technical reserves	(30,982)	(618)	387	(31,213)
Capital Contribution during the period	-	-	-	-
Qard-e-Hasna contributed to the Participants Takaful Fund	-	-	-	-
Balance of OSF at the beginning of the period	3,819	7,779	2,851	14,449
				74,675
<b>Balance of OSF at the end of the period</b>	<u>(77,166)</u>	<u>4,805</u>	<u>(7,202)</u>	<u>(79,563)</u>
				(4,764)
<b>Balance of Family Takaful statutory fund</b>	<u>2,080,034</u>	<u>8,244</u>	<u>15,129</u>	<u>2,103,407</u>
				1,819,058

## 14 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at June 30, 2020 the Operator and policyholders held the following financial instruments measured at fair value:

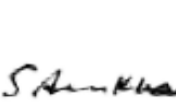
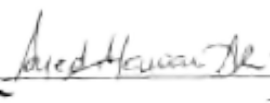
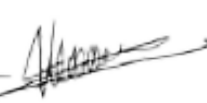
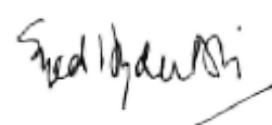

As at June 30, 2020		
Level 1	Level 2	Level 3
----- Rupees in '000-----		
<b>Assets carried at fair value</b>		
Available-for-sale investments	- 1,337,270	-
As at December 31, 2019		
Level 1	Level 2	Level 3
----- Rupees in '000-----		
<b>Assets carried at fair value</b>		
Available-for-sale investments	- 1,091,808	-

## 14 GENERAL

All figures have been rounded off to the nearest of thousand rupees, except otherwise stated.

## 15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 19, 2020 by the Board of Directors of the Company.

				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer