Condensed Interim Financial Statements

For the half year ended June 30, 2021

The Directors of your Company are pleased to present the condensed interim financial statements (un-audited) for the half year June 30, 2021:

Financial Highlights:

Profit / Loss	**June 30 2021**	**June 30 2020**
	(Rs. in 000')	
	(Unaudited)	
Net loss before tax	(200,416)	(66,555)
Taxation reversals	(58,122)	(19,302)
Net loss after tax	(142,194)	(47,253)
Other comprehensive loss - net	(3,823)	(44,168)
	(in Rupees)	
Loss per share	(0.83)	(0.28)
Break-up value per share (including amount retained in the statutory funds to meet the requirement of Insurance Ordinance)	11.67	12.60

During the half year ended 2021, gross premium written by your Company (including takaful contributions) stood at Rs. 3.577 billion as against Rs. 2.651 billion in the corresponding period last year. Individual life regular premium (including takaful contributions) posted growth of 52% and stood at Rs. 1.783 billion as against Rs. 1.174 billion in the corresponding period last year.

Group Life premiums / contribution (including takaful group family) stood at Rs. 346 million (2020: Rs. 436 million), posting a decrease of 21% from corresponding period of last year in line with our strategy to shed any loss making business. Group Health premium / contribution (including takaful group health) stood at Rs 682 million (2020: Rs. 517 million), posting an increase of 32% from corresponding period of last year.

Single premium / contribution individual policies stood at Rs 765 million as compared to Rs. 523 million written in the corresponding period last year.

The Company posted loss after tax of Rs. 142 million as compared to loss after tax of Rs. 44 million in corresponding period of last year. The increase was due to increase in upfront acquisition costs as a result of rapid growth in our First Year Regular Premium and adverse loss ratios in Group and Individual Life Insurance business lines due to COVID-19.

Window Takaful Operations

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

Policyholder' Fund	**June 30 2021**	**June 30 2020**
	(Rs. in 000')	
	(Unaudited)	
Gross Contribution	1,393,700	638,398
Net Contribution	957,102	437,877
Investment Income	151,347	11,409
Operator's Fund		
Investment Income	5,091	85,450
Operators' loss before tax	(125,427)	(73,935)
Operators' loss after tax	(89,053)	(52,494)

Future Outlook

Unfortunately, the COVID-19 pandemic continues to wreak havoc on businesses and economic environment. We are in the midst of the fourth wave. However, the Government has enhanced the pace of the vaccination and imposed restrictions to control this fourth wave thereby mitigating COVID 19's impact on the economy. Despite all the economic challenges, your Company is growing at a healthy pace. Our flagship product, Vitality, continues to delight our customers and business partners alike. All of our Bancassurance partners and our Agency salesforce are now selling Vitality. However, the growth in first year regular premiums creates a strain on our bottom line in the short term. In addition we have had a spate of death claims due to COVID-19. This has resulted in a loss for the half year ended June 30, 2021. We are cognizant of this and remain committed to creating long term value for our shareholders. We are fully geared and committed to provide continued service to our esteemed customers without any disruption.

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 contributions.

On behalf of the Board of Directors

Shamim Ahmad Khan
Chairman
Dated: August 24, 2021

Syed Hyder Ali
Chief Executive Officer
Dated: August 24, 2021

ڈائریکٹرز رپورٹ برائے ممبرز

آپ کی کمپنی کے ڈائریکٹرز مسرت کے ساتھ 30 جون 2021ء کو ختم ہونے والے نصف سال کے لیے غیر پڑتال شدہ عبوری مالیاتی گوشوارے پیش کر رہے ہیں۔

مالیاتی جھلکیاں	30 جون 2021ء	30 جون 2020ء
منافع/نقصان	-----روپے '000 میں-----	
	(غیر پڑتال شدہ)	
قبل از ٹیکس خالص نقصان	(200,416)	(66,555)
ٹیکسیشن (ریورسلز)	(58,122)	(19,302)
خالص نقصان بعد از ٹیکس	(142,194)	(47,253)
دیگر مجموعی نقصان۔نیٹ	(3,823)	(44,168)
	(روپے میں)	
فی شیئر نقصان	(0.83)	(0.28)
فی شیئر بریک اپ ویلیو (اس میں انشورنس آرڈیننس کی تعمیل میں اسٹیچوری فنڈ میں رکھی گئی رقم شامل ہے)۔	(11.67)	(12.60)

2021ء میں ختم ہونے والے ششماہی کے دوران آپ کی کمپنی کی طرف سے تحریر کردہ مجموعی پریمیم (بشمول تکافل زرتعاون) گزشتہ سال اسی مدت کے دوران 2.651 بلین روپے کے مقابلے میں 3.577 بلین روپے رہا۔ انفرادی زندگی کا ریگولر پریمیم (بشمول تکافل زرتعاون) 52 فیصد اضافے کے بعد 1.783 بلین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 1.174 بلین روپے تھا۔

گروپ لائف پریمیمز/ زرتعاون (بشمول تکافل گروپ فیملی) گزشتہ سال کے مقابلے میں 21 فیصد کمی کے ساتھ 346 ملین روپے رہے (436:2020 ملین روپے)۔ یہ کمی کمپنی کے کاروباری خسارے کو کم کرنے کی حکمتِ عملی کا نتیجہ ہے۔ جبکہ گروپ ہیلتھ پریمیم/ زرشمولیت (بشمول تکافل گروپ ہیلتھ) 682 ملین روپے رہے (517:2020 ملین روپے)، جو کہ گزشتہ سال اسی مدت کے مقابلے میں 32 فیصد زیادہ ہے۔

سنگل پریمیم/ زرتعاون انفرادی پالیسیاں گزشتہ سال اسی مدت میں 523 ملین روپے کے مقابلے میں 765 ملین روپے رہیں۔

کمپنی کا بعد از ٹیکس خسارہ 142 ملین رہا۔ جبکہ یہی خسارہ گزشتہ سال اسی مدت میں 44 ملین روپے تھا۔ یہ اضافہ Covid-19 کی وجہ سے کاروباری حصول کے اخراجات اور انفرادی اور گروپ بزنس کے نقصان کا تناسب ہے۔

ونڈو تکافل آپریشنز

زیر جائزہ ختم ہونے والے نصف سال کے لیے کمپنی کے ونڈو تکافل آپریشنز کے نتائج کا خلاصہ مندرجہ ذیل ہے:

	30 جون 2021ء	30 جون 2020ء
	----- روپے '000 میں -----	
پالیسی ہولڈر فنڈ	(غیر پڑتال شدہ)	
مجموعی زرشمولیت	1,393,700	638,398
خالص زرشمولیت	957,102	437,877
سرمایہ کاری کی آمدنی	151,347	11,409
آپریٹرز فنڈ		
سرمایہ کاری کی آمدنی	5,091	85,450
قبل از ٹیکس آپریٹر کا نقصان	(125,427)	(73,935)
بعد از ٹیکس آپریٹر کا نقصان	(89,053)	(52,494)

مستقبل کے خدوخال

بدقسمتی سے عالمی وبا Covid-19 کے باعث کاروباری اور معاشی ماحول پر منفی اثرات کا تسلسل برقرار ہے۔ ہم اس وقت چوتھی لہر کے زیر اثر ہیں۔ تاہم حکومت نے ویکسینیشن کے عمل کو بڑھایا ہے اور چوتھی لہر کو کنٹرول کرنے کے لیے پابندیوں کا نفاذ کیا ہے جس کے ذریعے معیشت پر Covid-19 کے اثرات کم ہوئے ہیں۔ ان تمام چیلنجز کے باوجود ہماری کمپنی مثبت رفتار سے آگے بڑھ رہی ہے۔ ہمارے فلیگ شپ پروڈکٹ "وائٹیلیٹی" ہمارے صارفین اور کاروباری شراکت داروں کے لیے باعثِ اطمینان ہے۔ ہمارے تمام بینکا شورنیس پارٹنرز اور ایجنسی سیلز فورس وائٹیلیٹی فروخت کر رہی ہے۔

تاہم، پہلے سال کے ریگولر پریمیم میں اضافے کے باعث ہمیں قلیل مدتی دباؤ کا سامنا ہے۔ اس کے علاوہ Covid-19 سے ہونے والی اموات کے کلیمز میں اضافے کا سامنا رہا جس کے نتیجے میں 30 جون 2021ء کو ختم ہونے والے نصف سال میں کمپنی کو نقصان ہوا۔ ہم اس صورتِ حال سے واقف ہوتے ہوئے اپنے شیئر ہولڈرز کے لیے طویل مدتی منافع پیدا کرنے کے لیے مصروفِ عمل ہیں۔ ہم مکمل طور پر اپنے معزز صارفین کو بغیر کسی رکاوٹ مسلسل سروسز فراہم کرنے کے لیے پُرعزم اور تیار ہیں۔

بورڈ آف ڈائریکٹر آئی جی آئی لائف کے کسٹمرز اور کاروباری شراکت داروں کے شکر گزار ہیں، اور ہم اپنے اسٹیک ہولڈرز کا جنہوں نے کمپنی پر اعتماد قائم رکھا، اور اس کے ساتھ ہی اپنے ملازمین کی قابلِ قدر شراکت کا بھی تہہ دل سے شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

شمیم احمد خان
چیئرمین

سید حیدر علی
چیف ایگزیکٹیو آفیسر

تاریخ: 24 اگست 2021ء

pwc

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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, 2021 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 statement of cash flows 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, 2021 and June 30, 2020 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.

Conclusion

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: August 26, 2021

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

IGI LIFE INSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		---------- Rupees in 000 ----------	
Assets			
Property and equipment	9	417,877	347,639
Intangible assets	9	351,413	383,324
Investments			
Equity securities	10	46,980	43,143
Mutual funds	10	5,305,843	4,007,910
Government securities	11	13,072,214	13,640,253
Debt securities	12	225,000	225,000
Term deposits	13	431,901	1,101,600
		19,081,938	19,017,906
Loans secured against life insurance policies		177,718	171,811
Insurance / takaful / reinsurance / retakaful receivables		299,674	208,194
Other loans and receivables		381,980	393,085
Taxation - payments less provision		655,641	631,002
Deferred tax asset - net		335,942	265,015
Prepayments		269,236	86,503
Cash and bank	14	737,620	363,263
Total assets		22,709,039	21,867,742
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised share capital			
(300,000,000 (December 31, 2020: 300,000,000) ordinary shares of Rs. 10 each)		3,000,000	3,000,000
Issued, subscribed and paid-up capital		1,705,672	1,705,672
Ledger account C & D		(809,641)	(641,955)
Unappropriated profit		1,096,072	1,070,680
(Deficit) / surplus on revaluation of available for sale investments - net		(1,492)	2,331
Total equity		1,990,611	2,136,728
Liabilities			
Insurance liabilities [including policyholders' liabilities and ledger account A & B]	15	18,758,060	18,152,024
Outstanding claims		620,139	477,224
Retirement benefit obligations		25,792	24,457
Premium received in advance		552,748	398,697
Reinsurance / retakaful payables		45,587	40,965
Other creditors and accruals		553,327	501,433
Lease liability against right-of-use assets		162,775	136,214
Total liabilities		20,718,428	19,731,014
Total equity and liabilities		22,709,039	21,867,742
Contingencies and commitments	16		

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, 2021

	Note	Half year ended June 30, 2021	Half year ended June 30, 2020	Quarter ended June 30, 2021	Quarter ended June 30, 2020
		Rupees in 000			
Premium / contribution revenue		3,577,347	2,651,641	1,640,550	1,305,517
Less: premium / contribution ceded to reinsurers / retakaful operators		111,124	105,798	53,741	60,767
Net premium / contribution revenue	17	3,466,223	2,545,843	1,586,809	1,244,750
Investment income	18	763,286	982,607	494,086	530,926
Net realised fair value gains / (losses) on financial assets		64,378	(97,485)	36,746	2,030
Other income - net		32,864	34,357	17,424	16,931
		860,528	919,479	548,256	549,887
Net income		4,326,751	3,465,322	2,135,065	1,794,637
Insurance benefits		2,561,463	2,146,562	1,185,307	805,157
Recoveries from reinsurers / retakaful operators		(97,716)	(37,446)	(40,814)	(31,840)
Net insurance benefits	19	2,463,747	2,109,116	1,144,493	773,317
		1,863,004	1,356,206	990,572	1,021,320
Change in insurance liabilities (other than outstanding claims)		657,569	462,048	349,349	561,244
Acquisition expenses	20	921,543	580,396	516,337	376,563
Marketing and administration expenses	21	473,174	374,042	229,680	147,248
Other expenses	22	4,324	3,301	2,673	1,650
Total expenses		2,056,610	1,419,787	1,098,039	1,086,705
		(193,606)	(63,581)	(107,467)	(65,385)
Finance costs against right-of-use assets		6,810	2,974	3,772	2,424
Loss before tax		(200,416)	(66,555)	(111,239)	(67,809)
Income tax	23	(58,122)	(19,302)	(32,259)	(19,665)
Loss after tax		(142,294)	(47,253)	(78,980)	(48,144)
		Rupees			
Loss per share	24	(0.83)	(0.28)	(0.46)	(0.28)

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

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI LIFE INSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2021

	Note	Half year ended June 30, 2021	Half year ended June 30, 2020	Quarter ended June 30, 2021	Quarter ended June 30, 2020
		----------Rupees in 000----------			
Loss after tax		(142,294)	(47,253)	(78,980)	(48,144)
Other comprehensive (loss) / income					
Change in unrealised (loss) / income on available-for-sale financial assets - net of tax		(55,356)	77,317	(58,762)	316,229
Change in insurance liabilities - net		51,533	(121,485)	65,735	(297,186)
Other comprehensive (loss) / profit for the period		(3,823)	(44,168)	6,973	19,043
Total comprehensive loss for the period		(146,117)	(91,421)	(72,007)	(29,101)

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

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, 2021

	Attributable to equity holders of the Company				
	Share capital	Un-appropriated profit *	Ledger C & D account	Capital reserve: Net (deficit) / surplus on revaluation of available for sale investments **	Total
	----------Rupees in 000----------				
Balance as at December 31, 2019 (audited)	1,705,672	675,543	(148,245)	7,743	2,240,713
Total comprehensive income / (loss)					
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
Total comprehensive income / (loss)					
Profit / (loss) for the half year ended December 31, 2020	-	139,335	(187,807)	-	(48,472)
Other comprehensive (loss) / income for the half year ended December 31, 2020	-	-	(2,848)	38,756	35,908
	-	139,335	(190,655)	38,756	(12,564)
Appropriation of surplus from ledger D to Shareholder fund	-	204,058	(204,058)	-	-
Balance as at December 31, 2020 (audited)	1,705,672	1,070,680	(641,955)	2,331	2,136,728
Total comprehensive income / (loss)					
Profit / (loss) for the half year ended June 30, 2021	-	25,392	(167,686)	-	(142,294)
Other comprehensive loss for the half year ended June 30, 2021	-	-	-	(3,823)	(3,823)
	-	25,392	(167,686)	(3,823)	(146,117)
Balance as at June 30, 2021 (un-audited)	1,705,672	1,096,072	(809,641)	(1,492)	1,990,611

* 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.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI LIFE INSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	Half year ended June 30, 2021	2020
		----------Rupees in 000----------	
Operating Cash flows			
(a) Underwriting activities			
Premiums received net of policy transfers		3,631,132	2,663,327
Reinsurance premium paid		(152,164)	(201,037)
Claims paid		(718,998)	(728,804)
Surrenders paid		(1,686,504)	(1,392,989)
Reinsurance recovery received		106,502	95,316
Commission paid		(519,066)	(434,874)
Commission received		24,557	23,869
Net cash inflow from underwriting activities		685,459	24,808
(b) Other operating activities			
Income tax paid		(35,011)	(102,096)
Payment for expenses		(860,658)	(424,974)
Other operating receipts		15,233	8,613
Loans advanced		3,938	7,152
Loan repayments received		3,232	1,227
Net cash outflow on other operating activities		(873,266)	(510,078)
Total cash outflow on all operating activities		(187,807)	(485,270)
Investment activities			
Profit / return received		499,877	967,163
Dividend received		214,062	103,776
Payment for investments		(1,489,721)	(1,071,078)
Proceeds from disposal of investments		755,651	92,523
Fixed capital expenditure		(64,827)	(123,701)
Disposals of fixed assets		2,436	433
Capital work in progress		(25,013)	(19,519)
Total cash outflow on investing activities		(107,535)	(50,403)
Financing activities			
Dividends paid		-	(11)
Total cash outflow on financing activities		-	(11)
Net cash outflow from all activities		(295,342)	(535,684)
Cash and cash equivalents at beginning of the period		1,464,863	1,642,569
Cash and cash equivalents at end of the period	14.2	1,169,521	1,106,885
Reconciliation to Condensed Interim Profit and Loss Account			
Operating cash flows		(187,807)	(485,270)
Depreciation and amortisation expenses		(80,903)	(77,975)
Gain on disposal of fixed assets		2,199	433
Increase in assets other than cash		76,834	130,694
Increase in liabilities		(734,259)	(599,330)
Investment income		773,856	967,702
Profit received on bank deposits		7,786	16,493
Loss after taxation		(142,294)	(47,253)

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

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. The registered office 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, 2020: 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
- **Accident & Health Takaful – Individual**
- Group Family Takaful
- Group Health Takaful

2 BASIS OF PREPARATION

These condensed interim 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).

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 family 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 the 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 are being submitted in compliance with the conditions imposed by the SECP as detailed above.

2.1 Statement of compliance

2.1.1 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.

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2.1.2 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, 2020.

2.1.3 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.

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 the financial statements of the Company for the year ended December 31, 2020.

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

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2021, 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 01, 2023
- IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (Amendments)	January 01, 2023
- IAS 12 - 'Income Taxes' (Amendments)	January 01, 2023
- IAS 16, - 'Property, plant and equipment' (amendments)	January 01, 2022
- IAS 37, - 'Provision, contingent liabilities and contingent assets' (amendments)	January 01, 2022
- IFRS 9 - 'Financial instruments'	January 01, 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 condensed interim financial statements of the Company.

5.2.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after January 1, 2022, 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, 2020. The Company intends to have an actuarial valuation in respect of staff retirement benefit plan for 2021 conducted at the year end. Hence actuarial gains / losses for the half year ended June 30, 2021 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, 2020.

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, 2021 and change in the fair values during the half year ended June 30, 2021:

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	**Rupees in 000**
Pakistan Investment Bonds - available for sale (refer note 11)	
Opening fair value	2,775,342
Additions during the period	3,307,034
Increase in fair value	51,671
Closing fair value	6,134,047
Market Treasury Bills - available for sale (refer note 11)	
Opening fair value	10,589,744
Disposals during the period	(3,928,811)
Decrease in fair value	(1,986)
Closing fair value	6,658,947
GOP Ijarah Sukuk - available for sale (refer note 11)	
Opening fair value	275,167
Disposals during the period	(6,625)
Increase in fair value	10,678
Closing fair value	279,220
Debt Securities - available for sale (refer note 12)	
Opening fair value	225,000
Additions / disposals during the period	-
Increase / (decrease) in fair value	-
Closing fair value	225,000
Financial assets that do not meet the SPPI criteria	
Mutual funds - available for sale (refer note 10)	
Opening fair value	4,007,910
Additions during the period	2,101,677
Decrease in fair value	(803,744)
Closing fair value	5,305,843
Listed equities - available for sale (refer note 10)	
Opening fair value	43,143
Additions during the period	2,417
Increase in fair value	1,420
Closing fair value	46,980

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		Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
9	**PROPERTY AND EQUIPMENT**		--------- Rupees in 000 ---------	
	Tangible assets (including right-of-use-assets)		370,578	325,353
	Capital work-in-progress		47,299	22,286
			417,877	347,639
	Intangible assets		351,413	383,324
		9.1	769,290	730,963

9.1	Opening net book value	708,677	640,601
	Add: Additions during the period / year		
	- Leasehold improvements	10,029	9,403
	- Furniture and fixtures	11,390	11,346
	- Office equipment	2,527	8,902
	- Computer equipment	11,374	31,195
	- Motor vehicles - owned	83	101
	- Right-of-use assets	49,203	147,967
	- Software and licenses	9,848	26,010
		94,454	234,924
	Less: net book value of disposals	237	2,117
	Less: depreciation and amortisation for the period / year	80,903	164,731
		81,140	166,848
	Closing net book value	721,991	708,677
	Add: capital work-in-progress		
	- Advance against civil works	14,816	22,286
	- Advance against intangible assets	32,483	-
		769,290	730,963

10 INVESTMENTS IN EQUITY SECURITIES

	(Un-audited) As at June 30, 2021			(Audited) As at December 31, 2020		
	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						
Listed equity securities	41,737	46,980	5,243	39,320	43,143	3,823
Mutual Funds	5,411,194	5,305,843	(105,351)	3,309,517	4,007,910	698,393
	5,452,931	5,352,823	(100,108)	3,348,837	4,051,053	702,216

11 INVESTMENTS IN GOVERNMENT SECURITIES

	Note	(Un-audited) As at June 30, 2021			(Audited) As at December 31, 2020		
		Carrying amount	Market value	Surplus on revaluation of investments	Carrying amount	Market value	Surplus / (deficit) on revaluation of investments
		----------Rupees in 000----------					
Available for sale							
Pakistan Investment Bonds	11.1 & 11.2	6,078,979	6,134,047	55,068	2,771,945	2,775,342	3,397
Market Treasury Bills	11.3	6,658,262	6,658,947	685	10,587,073	10,589,744	2,671
GOP Ijarah Sukuk	11.4	278,131	279,220	1,089	284,756	275,167	(9,589)
		13,015,372	13,072,214	56,842	13,643,774	13,640,253	(3,521)

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11.1 The effective yield on Pakistan Investment Bonds ranges from 7.67% to 11.55% (December 31, 2020: 6.40% to 12.68%) per annum. The market yield ranges from 8.66% to 9.84% (December 31, 2020: 7.12% to 8.20%) per annum.

11.2 The Company has deposited 10 years Pakistan Investment Bonds having face value amounting to Rs. 193 million (December 31, 2020: 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 7.22% to 7.38% (December 31, 2020: 6.50% to 13.12%) per annum. The market yield ranges from 7.16% to 7.26% (December 31, 2020: 7.07% to 7.15%) per annum.

11.4 The effective yield on GOP Ijarah Sukuk ranges from 6.40% to 7.27% (December 31, 2020: 6.63% to 7.37%) per annum.

12 INVESTMENTS IN DEBT SECURITIES

	Note	(Un-audited) As at June 30, 2021			(Audited) As at December 31, 2020		
		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	-
		225,000	225,000	-	225,000	225,000	-

12.1 The effective yield on term finance certificates are 8.75% to 9.70% (December 31, 2020: 7.25% to 7.35%) per annum.

13 INVESTMENTS IN TERM DEPOSITS

	(Un-audited) As at June 30, 2021			(Audited) As at December 31, 2020		
	Principal amount	Tenure	Rates	Principal amount	Tenure	Rates
	Rupees in 000			Rupees in 000		
Loans and receivables						
Deposits maturing within 12 months	431,901	1 month to 3 months	6.00% to 6.90% per annum	1,101,600	1 month to 3 months	6.25% to 6.75% per annum

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		--------- Rupees in 000 ---------	
14 CASH AND BANK			
Cash in hand		944	650
Cash at bank			
- Savings accounts	14.1	736,676	362,613
		737,620	363,263

14.1 These savings accounts carry markup rate of 5.5% per annum (December 31, 2020: 5.5%).

14.2 Cash and cash equivalents

Cash and bank balances	14	737,620	363,263
Term deposit receipts (with original maturity of less than 3 months)	13	431,901	1,101,600
		1,169,521	1,464,863

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	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		--------- Rupees in 000 ---------	

15 INSURANCE LIABILITIES

Incurred but not reported claims	172,906	169,197
Investment component of unit-linked and account value policies	10,100,122	9,370,557
Liabilities under individual conventional insurance contracts	6,816,427	6,904,090
Liabilities under group insurance contracts	420,906	293,447
Other insurance liabilities	751,257	921,907
Ledger account A and B	496,442	492,826
	18,758,060	18,152,024

16 CONTINGENCIES AND COMMITMENTS

16.1 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 uptil 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 the 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 policyholders' 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 policyholders, 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 Honourable 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 Petition 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 Honourable Sindh High Court (SHC) in November 2019, challenging the levy of SST. The Honourable 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 Honourable Lahore High Court and Honourable Sindh High Court, 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 would have been higher by Rs. 273.494 million (December 31, 2020: Rs. 224.614 million) while sales tax liability as at June 30, 2021 would have been higher by Rs. 385.203 million (December 31, 2020: Rs. 316.357 million).

16.2 There has been no major change, during the period, in contingencies and commitments other than described above.

	(Un-audited)	
	For the half year ended June 30,	
	2021	2020
	Rupees in 000	
17 NET PREMIUM / CONTRIBUTION REVENUE		
Gross premiums / contribution:		
Regular premium / contribution individual policies*		
First year	899,031	409,564
Second year renewal	122,902	168,822
Subsequent year renewal	761,414	595,974
Single premium / contribution individual policies	765,236	522,710
Group policies without cash value	1,028,764	954,571
Total gross premiums / contribution	3,577,347	2,651,641
Less: reinsurance premium / contribution ceded		
On individual life first year business	18,578	13,796
On individual life second year business	7,560	3,501
On individual life renewal business	19,003	17,180
On single premium policies	1,449	2,175
On individual accident and health first year	3,778	1,097
On group policies	85,313	91,918
Less: commission from reinsurers	(24,557)	(23,869)
	111,124	105,798
Net premium / contribution	3,466,223	2,545,843

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

18 INVESTMENT INCOME		
Return on government securities	509,616	736,170
Amortisation of discount	8,809	44,547
Dividend income	214,062	103,776
Profit on term deposit receipts	20,768	74,443
Profit on debt securities	10,031	23,671
	763,286	982,607

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	(Un-audited) For the half year ended June 30, 2021	2020
	Rupees in 000	
19 NET INSURANCE BENEFITS		
Gross claims		
Claims under individual policies		
By death	126,006	44,368
By maturity	3,192	6,330
By surrender	1,686,504	1,392,989
Total gross individual policy claims	1,815,702	1,443,687
Claims under group policies		
by death	337,166	278,420
by insured event other than death	402,676	477,386
experience refund	5,919	(52,931)
Total gross group policy claims	745,761	702,875
Total gross policy claims	2,561,463	2,146,562
Less: reinsurance recoveries		
On individual life claims	44,243	10,862
On group life claims	53,473	26,584
	97,716	37,446
Net insurance benefit expense	2,463,747	2,109,116
20 ACQUISITION EXPENSES		
Remuneration to insurance intermediaries on individual policies:		
- Commission on first year premiums / contribution	366,666	159,612
- Commission on second year premiums / contribution	7,870	10,608
- Commission on subsequent renewal premiums / contribution	25,939	15,677
- Commission on single premiums / contribution	24,786	17,252
- Other benefits to insurance intermediaries	328,807	171,256
	754,068	374,405
Remuneration to insurance intermediaries on group policies:		
- Commission	40,095	70,287
- Other benefits to insurance intermediaries	2,101	1,646
	42,196	71,933
Branch overheads :		
- Salaries and other benefits	61,709	67,656
- Other operational cost	54,482	60,351
	116,191	128,007
Other acquisition cost :		
- Policy stamps	9,088	6,051
	921,543	580,396

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	(Un-audited)	
	For the half year ended June 30,	
	2021	2020
	Rupees in 000	

21 MARKETING AND ADMINISTRATION EXPENSES

Salaries, allowances & other benefits	191,266	151,269
Travelling expenses	2,224	3,551
Directors fees	4,200	2,993
Regulators fee	6,667	8,176
Actuary's fees	3,999	4,140
Legal and professional charges	6,594	1,701
Advertisement and publicity	8,226	8,926
Printing and stationery	12,709	8,270
Depreciation and amortisation	80,903	77,975
Rentals	22,533	17,909
Vehicles and general repair and maintenance	70,438	49,719
Utilities-electricity, water and gas	5,857	5,353
Transportation	910	1,433
Communication	9,894	11,601
Consultancy fee	6,314	4,775
Training and workshop	1,404	-
Insurance	3,705	4,589
Interest on premium deposit in advance	469	728
Social security	1,529	1,354
Entertainment	12,098	2,227
Miscellaneous expenses	21,235	7,353
	473,174	374,042

22 OTHER EXPENSES

Auditors' remuneration	4,324	3,301

23 TAXATION

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, 2021, the shareholder's fund reflected a profit before tax of Rs. 35.764 million resulting in current tax amounting to Rs. 10.372 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 the profit and loss account on aggregate basis. Therefore the Company has recognised deferred tax of Rs. 330.701 million (December 31, 2020: Rs. 262.208 million) in this respect.

24 LOSS PER SHARE

	Un-audited			
	Half year ended June 30,		Quarter ended June 30,	
	2021	2020	2021	2020
	Rupees in 000			
Basic / diluted loss per share				
Loss for the period	(142,294)	(47,253)	(78,980)	(48,144)
	No of shares			
Weighted average number of ordinary shares	170,567,200	170,567,200	170,567,200	170,567,200
	(Rupees)		(Rupees)	
Loss per share	(0.83)	(0.28)	(0.46)	(0.28)

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, 2021											
	CONVENTIONAL - STATUTORY FUNDS							TAKAFUL - STATUTORY FUNDS				Total
	Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	Individual Family	Individual Accidental and Health	Group Family	Group Health	
		Individual	Group		Individual	Group						
	Rupees in '000											
INCOME												
Premiums / contribution less reinsurances / retakaful	11,180	274,906	237,848	914,980	9,543	591,175	37,614	1,283,182	4,424	23,571	53,243	3,441,666
Net investment income	85,645	252,893	362	288,242	58	-	4,890	71,520	-	126	542	704,278
Other income - net	3,934	7,432	899	3,707	56	13,730	834	20,020	9	370	2,210	53,201
Total net income	100,759	535,231	239,109	1,206,929	9,657	604,905	43,338	1,374,722	4,433	24,067	55,995	4,199,145
CLAIMS AND EXPENDITURE												
Claims, including bonuses, net of reinsurance recoveries	79,154	584,613	271,349	861,649	639	385,187	4,484	245,404	-	10,543	20,725	2,463,747
Management expenses less recoveries	5,036	132,766	25,055	423,891	16,467	117,307	-	602,535	1,871	15,449	27,440	1,367,817
Total claims and expenditure	84,190	717,379	296,404	1,285,540	17,106	502,494	4,484	847,939	1,871	25,992	48,165	3,831,564
Excess / (shortage) of Income over claims and expenditure	16,569	(182,148)	(57,295)	(78,611)	(7,449)	102,411	38,854	526,783	2,562	(1,925)	7,830	367,581
Add: Policyholders' liabilities at beginning of the period	1,608,424	5,889,954	173,327	6,661,453	18,173	264,633	178,582	2,898,419	2,014	(12,790)	(22,991)	17,659,198
Less: Policyholders' liabilities at end of the period	(1,621,377)	(5,654,082)	(178,399)	(6,682,703)	(22,441)	(358,128)	(216,662)	(3,532,315)	(4,904)	11,497	(2,104)	(18,261,618)
Movement in policyholders' liabilities	(12,953)	235,872	(5,072)	(21,250)	(4,268)	(93,495)	(38,080)	(633,896)	(2,890)	(1,293)	(25,095)	(602,420)
Surplus / (deficit) before tax	3,616	53,724	(62,367)	(99,861)	(11,717)	8,916	774	(107,113)	(328)	(3,218)	(17,265)	(234,839)
Taxation	-	(14,961)	18,003	28,502	3,385	(2,585)	(224)	30,486	95	906	4,887	68,494
Surplus / (deficit) after tax	3,616	38,763	(44,364)	(71,359)	(8,332)	6,331	550	(76,627)	(233)	(2,312)	(12,378)	(166,345)
Movement in policyholders' liabilities	12,953	(235,872)	5,072	21,250	4,268	93,495	38,080	633,896	2,890	1,293	25,095	602,420
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	2,101,250	6,110,213	175,633	6,502,999	25,083	288,221	186,904	2,603,437	1,486	894	20,740	18,016,860
Balance of statutory fund at end of the period	**2,117,819**	**5,913,104**	**136,341**	**6,452,890**	**21,019**	**388,047**	**225,534**	**3,160,706**	**4,143**	**(125)**	**33,457**	**18,452,935**
Represented by:												
Capital contributed by shareholders' fund	-	-	-	242,100	42,000	-	6,000	101,500	-	16,200	92,500	500,300
Policyholders' liabilities / PTF	1,621,377	5,654,082	178,399	6,682,703	22,441	358,128	216,662	3,532,315	4,904	(11,497)	2,104	18,261,618
Retained earnings attributable to policyholders (Ledger Account A)	451,532	-	-	-	-	-	-	-	-	-	-	451,532
Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B)	44,910	-	-	-	-	-	-	-	-	-	-	44,910
Retained earnings on other than participating business (Ledger Account D) / PTF	-	247,681	(41,534)	(469,064)	(43,339)	29,919	2,872	(470,229)	(761)	(4,688)	(60,498)	(809,641)
Revaluation surplus / (deficit) on revaluation of available for sale investments	-	11,341	(524)	(2,849)	(83)	-	-	(2,880)	-	(140)	(649)	4,216
BALANCE OF STATUTORY FUND	**2,117,819**	**5,913,104**	**136,341**	**6,452,890**	**21,019**	**388,047**	**225,534**	**3,160,706**	**4,143**	**(125)**	**33,457**	**18,452,935**

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	(Un-audited)											
	For the half year ended June 30, 2020											
	CONVENTIONAL - STATUTORY FUNDS							TAKAFUL - STATUTORY FUNDS				
	Life (Participa-ting)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	Individual Family	Individual Accidental and Health	Group Family	Group Health	Total
		Individual	Group		Individual	Group						
	Rupees in '000											
INCOME												
Premiums/contribution less reinsurances/retakaful	13,374	201,755	333,973	853,152	3,051	495,685	1,268	587,989	-	11,137	20,590	**2,521,974**
Net investment income	192,200	607,949	(526)	165,648	(100)	(1,418)	11,668	(146,964)	-	(470)	(1,269)	**826,718**
Other income - net	4,133	6,575	2,657	7,717	30	11,317	8	55,953	-	568	2,354	**91,312**
Total net income	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	51,817	418,750	179,868	677,266	247	437,556	137	284,745	-	18,797	39,933	**2,109,116**
Management expenses less recoveries	4,540	73,902	44,337	343,225	12,152	115,290	-	308,975	-	7,774	15,499	**925,694**
Total claims and expenditure	56,357	492,652	224,205	1,020,491	12,399	552,846	137	593,720	-	26,571	55,432	**3,034,810**
Excess 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**
Add: Policyholders' liabilities at beginning of the period	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**
Less: Policyholders' liabilities at end of the period	(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)**
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)**
Surplus / (deficit) before tax	115,669	50,079	(32,522)	(86,745)	(7,673)	(17,813)	575	(66,951)	-	(3,119)	(14,170)	**(62,670)**
Taxation	-	(21,800)	9,220	24,532	2,207	5,004	(167)	16,948	-	763	3,730	**40,437**
Surplus / (deficit) after tax	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**
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	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**
Balance of statutory fund at end of the period	**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	-	197,552	-	242,100	12,000	4,300	6,000	101,500	-	1,200	77,500	**642,152**
Policyholders' liabilities / PTF	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**
Retained earnings attributable to policyholders (Ledger Account A)	488,359	-	-	-	-	-	-	-	-	-	-	**488,359**
Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B)	36,551	-	-	-	-	-	-	-	-	-	-	**36,551**
Retained earnings on other than participating business (Ledger Account D) / PTF	-	315,340	69,646	(354,005)	(28,000)	6,732	1,809	(220,523)	-	(43)	(38,198)	**(247,242)**
Revaluation surplus / (deficit) on revaluation of available for sale investments	-	(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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25.2 Condensed Interim Statement of Financial Position by Segment

	Un-audited June 30, 2021			Audited December 31, 2020		
	Shareholders Fund	Statutory Funds	Total	Shareholders Fund	Statutory Funds	Total
	Rupees in 000			Rupees in 000		
Assets						
Property and equipment	315,247	102,630	417,877	252,467	95,172	347,639
Intangible assets	13,936	337,477	351,413	11,137	372,187	383,324
Investments						
Equity securities	-	46,980	46,980	-	43,143	43,143
Mutual funds	-	5,305,843	5,305,843	-	4,007,910	4,007,910
Government securities	929,375	12,142,839	13,072,214	812,242	12,828,011	13,640,253
Debt securities	-	225,000	225,000	-	225,000	225,000
Term deposits	11,000	420,901	431,901	-	1,101,600	1,101,600
Loans secured against life insurance policies	-	177,718	177,718	-	171,811	171,811
Insurance / takaful / reinsurance / retakaful receivables	-	299,674	299,674	-	208,194	208,194
Other loans and receivables	34,240	347,740	381,980	19,721	373,364	393,085
Taxation - payments less provision	655,641	-	655,641	631,002	-	631,002
Deferred tax asset - net	335,942	-	335,942	265,015	-	265,015
Prepayments	17,565	251,671	269,236	20,089	66,414	86,503
Cash and bank	944	736,676	737,620	650	362,613	363,263
Total assets	**2,313,890**	**20,395,149**	**22,709,039**	**2,012,323**	**19,855,419**	**21,867,742**
Liabilities						
Insurance liabilities [including policyholders' liabilities and ledger account A & B]	-	18,758,060	18,758,060	-	18,152,024	18,152,024
Outstanding claims	-	620,139	620,139	-	477,224	477,224
Retirement benefit obligations	-	25,792	25,792	-	24,457	24,457
Premium received in advance	-	552,748	552,748	-	398,697	398,697
Reinsurance / retakaful payables	-	45,587	45,587	-	40,965	40,965
Other creditors and accruals	174,662	378,665	553,327	156,837	344,596	501,433
Liabilities against right-of-use assets	162,775	-	162,775	136,214	-	136,214
Total liabilities	**337,437**	**20,380,991**	**20,718,428**	**293,051**	**19,437,963**	**19,731,014**

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) For the half year ended June 30							
	Holding Company		Post Employment Benefit Plans		Key Management Personnel		Other Related Parties	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)							
Transactions								
Premium underwritten	-	-	-	-	-	-	62,002	47,828
Premium paid for general insurance	-	-	-	-	-	-	2,067	4,776
Claims paid	-	-	-	-	-	-	25,076	20,822
Claims received	-	-	-	-	-	-	633	417
Charge for administrative services received	-	-	-	-	-	-	41,555	48,337
Charge for administrative services provided	-	-	-	-	-	-	7,066	8,317
Rent expense	-	-	-	-	-	-	20,665	21,807
Purchase of fixed asset	-	-	-	-	-	-	-	15,486
Proceeds from disposal of fixed assets	-	-	-	-	-		531	-
Remuneration paid	-	-	-	-	94,968	124,427	-	-
Charge in respect of employees gratuity fund	-	-	7,026	8,534	-	-	-	-
Charge in respect of provident fund	-	-	8,399	7,383	-	-	-	-

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	Holding Company		Post Employment Benefit Plans		Key Management Personnel		Other Related Parties	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Rupees in '000)							
Balances								
(Receivable) / payable for group shared services	(1,763)	(1,763)	-	-	-	-	74,260	77,105
Receivable)/ payable for general insurance premium	-	-	-	-	-	-	73	145
Premium receivable	-	-	-	-	-	-		799
Retirement benefit obligations	-	-	25,792	24,457	-	-	-	-
Receivable to employee provident fund	-	-	1,159	(303)	-	-	-	-

27 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the Pakistan Stock Exchange.
- Fair value of mutual funds is determined on the basis of closing net assets value (NAV) per unit published by Mutual Fund Association of Pakistan (MUFAP).
- Fair values of Treasury Bills and Pakistan Investment Bonds are derived using the PKRV rates (Reuters page).
- The fair value of all other financial assets and financial liabilities of the Company approximate their carrying amounts due to short term maturities of these instruments.

27.1 Fair value hierarchy

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, 2021 and December 31, 2020, the Company held the following financial instruments measured at fair value:

	Un-audited		
	As at June 30, 2021		
	Level 1	Level 2	Level 3
Assets carried at fair value	Rupees in 000		
Available-for-sale investments	46,980	18,603,057	-

	Audited		
	As at December 31, 2020		
	Level 1	Level 2	Level 3
Assets carried at fair value	Rupees in 000		
Available-for-sale investments	43,143	17,873,163	-

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28 GENERAL

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

29 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 24-Aug-2021 by the Board of Directors of the Company.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

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Condensed Interim Financial Statements (Window Takaful Operation)

For the half year ended June 30, 2021

IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2021

		As at			As at
		June 30, 2021			December 31, 2020
	Note	Operator sub fund	Policyholders fund	Total	Total
		---------- Rupees in 000 ----------			
Assets					
Property and equipment		119,081	-	119,081	75,833
Investments					
Mutual funds		65,221	2,779,238	2,844,459	1,547,908
Government Securities		116,640	162,580	279,220	275,167
Term deposits		11,089	370,901	381,990	1,085,167
		192,950	3,312,719	3,505,669	2,908,242
Takaful / retakaful receivables		-	20,169	20,169	1,713
Other loans and receivables		330,853	-	330,853	333,722
Taxation - payments less provision		46,537	-	46,537	40,658
Deferred tax asset - net		220,501	-	220,501	183,108
Prepayments		88,491	-	88,491	11,974
Cash and bank		22,095	122,291	144,386	(82,102)
Total assets		1,020,508	3,455,179	4,475,687	3,473,148
Equity and liabilities					
Equity and reserves					
Waqf Ceded Money		-	500	500	500
Capital contributed		259,700	-	259,700	259,700
Ledger account C & D		(536,178)	-	(536,178)	(447,125)
Surplus / (deficit) on revaluation of available for sale investments		(3,667)	-	(3,667)	(1,170)
Total equity		(280,145)	500	(279,645)	(188,095)
Liabilities					
Insurance liabilities [including policyholders' liabilities and profit retained in waqf]		86,113	3,441,713	3,527,826	2,864,652
Outstanding claims		-	50,615	50,615	35,003
Contribution received in advance		-	372,748	372,748	51,973
Takaful / retakaful payables		-	11,429	11,429	7,030
Other creditors and accruals		124,663	-	124,663	196,354
Interfund receivable / (payable)		1,024,144	(421,826)	602,318	471,835
Lease liability against right-of-use assets		65,733	-	65,733	34,396
Total liabilities		1,300,653	3,454,679	4,755,332	3,661,243
Total equity and liabilities		1,020,508	3,455,179	4,475,687	3,473,148
Contingencies and commitments	9				

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
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2021

		June 30, 2021			June 30, 2020		
		Operator sub fund	Policyholders fund	Total	Operator sub fund	Policyholders fund	Total
	Note	----------Rupees in 000----------					
Contribution revenue	10	-	1,393,700	1,393,700	-	638,398	638,398
Less: wakala fee recognised		411,423	(411,423)	-	183,846	(183,846)	-
		411,423	982,277	1,393,700	183,846	454,552	638,398
Less: contribution ceded to retakaful operators	10	-	25,175	25,175	-	16,675	16,675
Net contribution revenue		411,423	957,102	1,368,525	183,846	437,877	621,723
Investment income		5,091	151,347	156,438	85,450	11,409	96,859
Net realised fair value gains / (losses) on financial assets		445	23,185	23,630	(2,071)	(53,204)	(55,275)
Takaful operator fee income		50,143	(50,143)	-	25,112	(25,112)	-
Other income - net		2,418	359	2,777	1,612	293	1,905
		58,097	124,748	182,845	110,103	(66,614)	43,489
Net income		469,520	1,081,850	1,551,370	293,949	371,263	665,212
Takaful benefits		-	297,450	297,450	-	358,977	358,977
Recoveries from retakaful operators		-	(20,778)	(20,778)	-	(15,502)	(15,502)
Net takaful benefits	11	-	276,672	276,672	-	343,475	343,475
		469,520	805,178	1,274,698	293,949	27,788	321,737
Change in takaful liabilities (including profit retained in waqf fund)		(56,453)	805,178	748,725	33,629	27,788	61,417
Acquisition expenses	12	519,275	-	519,275	250,562	-	250,562
Marketing and administration expenses		132,125	-	132,125	83,693	-	83,693
Total expenses		594,947	805,178	1,400,125	367,884	27,788	395,672
(Loss) / profit before tax attributable to Operator		(125,427)	-	(125,427)	(73,935)	-	(73,935)
Taxation		(36,374)	-	(36,374)	(21,441)	-	(21,441)
(Loss) / profit after tax attributable to Operator		(89,053)	-	(89,053)	(52,494)	-	(52,494)

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
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2021

	June 30, 2021			June 30, 2020		
	Operator sub fund	Policyholders fund	Total	Operator sub fund	Policyholders fund	Total
	----------Rupees in 000----------					
(Loss) / profit after tax attributable to Operator	(89,053)	-	(89,053)	(52,494)	-	(52,494)
Other comprehensive loss						
Change in unrealised (loss) / gains on available-for-sale financial assets - net of tax	(2,497)	(85,554)	(88,051)	(10,305)	(123,012)	(133,317)
Change in takaful liabilities - net	-	85,554	85,554	-	123,012	123,012
Other comprehensive loss for the period	(2,497)	-	(2,497)	(10,305)	-	(10,305)
Total comprehensive loss for the period attributable to Operator	(91,550)	-	(91,550)	(62,799)	-	(62,799)

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
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2021

	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----------				
Balance as at December 31, 2019	229,700	500	(206,270)	(2,016)	21,914
Total comprehensive loss					
Loss for the half year months ended June 30, 2020	-	-	(52,494)	-	(52,494)
Other comprehensive loss for the half year ended ended June 30, 2020	-	-	-	(10,305)	(10,305)
	-	-	(52,494)	(10,305)	(62,799)
Balance as at March 31, 2020	229,700	500	(258,764)	(12,321)	(40,885)
Total comprehensive income					
Loss for the half year ended December 31, 2020	-	-	(188,361)	-	(188,361)
Other comprehensive income for the nine months ended December 31, 2020	-	-	-	11,151	11,151
	-	-	(188,361)	11,151	(177,210)
Transactions with owners recorded directly in equity					
Capital Contributed	30,000	-	-	-	30,000
Balance as at December 31, 2020	259,700	500	(447,125)	(1,170)	(188,095)
Total comprehensive loss					
Loss for the half year months ended June 30, 2021	-	-	(89,053)	-	(89,053)
Other comprehensive loss for the half year ended ended June 30, 2020	-	-	-	(2,497)	(2,497)
	-	-	(89,053)	(2,497)	(91,550)
Balance as at June 30, 2021	259,700	500	(536,178)	(3,667)	(279,645)

** 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.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI LIFE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2021

	Note	2021	2020
		----------Rupees in 000----------	
Operating Cash flows			
(a) Underwriting activities			
Premiums received net of policy transfers - net of retakaful		1,662,300	630,181
Claims paid - net of retakaful recoveries		(29,303)	(43,471)
Surrenders paid		(232,615)	(282,347)
Commissions paid		(300,855)	(201,336)
Net cash inflow from underwriting activities		1,099,527	103,027
(b) Other operating activities			
Payment for expenses		(438,181)	(116,115)
Other operating receipts		48	1
Inter fund transactions		(322,239)	5,918
Net cash outflow on other operating activities		(760,372)	(110,196)
Total cash inflow from all operating activities		339,155	(7,169)
Investment activities			
Profit / return received		32,452	67,435
Dividend received		131,742	38,112
Payments (made) / received on investments		(976,172)	(399,291)
Fixed capital expenditure		(3,866)	(3,702)
Total cash (outflow) / inflow from investing activities		(815,844)	(297,446)
Net cash (outflow on) / inflow from all activities		(476,689)	(304,615)
Cash and cash equivalents at beginning of year		1,003,065	1,208,683
Cash and cash equivalents at end of period		526,376	904,068
Reconciliation to Profit and Loss Account			
Operating cash flows		339,155	(7,169)
Depreciation and amortisation expenses		22,871	16,512
Increase in assets other than cash		706,703	36,089
Decrease in liabilities		(1,340,627)	(141,415)
Investment income and other income		180,116	41,585
Profit received on bank deposits		2,729	1,904
Loss after taxation		(89,053)	(52,494)

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
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2021

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
- Individual Accidental and Health 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).

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 family 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).

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, 2021:

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, 2020.

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, 2020.

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, 2021, 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 01, 2023
-	IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (Amendments)	January 01, 2023
-	IAS 12 - 'Income Taxes' (Amendments)	January 01, 2023
-	IAS 16, - 'Property, plant and equipment' (amendments)	January 01, 2022
-	IAS 37, - 'Provision, contingent liabilities and contingent assets' (amendments)	January 01, 2022
-	IFRS 9 - 'Financial instruments'	January 01, 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 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, 2022, 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, 2020. The Company intends to have an actuarial valuation in respect of staff retirement benefit plan for 2021 conducted at the year end. Hence actuarial gains / losses for the half year ended June 30, 2021 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, 2020.

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, 2021. There were no other material contingencies and commitments as at June 30, 2021:

10 NET CONTRIBUTION REVENUE

	(Un-audited) For the half year ended June 30	
	2021	2020
	- - - - (Rupees in '000) - - - -	
Gross contribution:		
Regular contribution individual policies*		
First year	575,414	238,162
Second year renewal	304,941	80,120
Subsequent year renewal	65,673	206,424
Single contribution individual policies	361,093	72,778
Group policies without cash value	86,579	40,914
Total gross contribution	1,393,700	638,398
Less: retakaful contribution ceded		
On individual life first year business	8,565	4,259
On individual life second year business	4,328	1,509
On individual life renewal business	5,568	3,656
On single premium policies	66	71
On group policies	10,753	9,187
Commission from reinsurers	(4,105)	(2,007)
	25,175	16,675
Net contribution	1,368,525	621,723

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

11 NET TAKAFUL BENEFITS

	(Un-audited) For the half year ended June 30	
	2021	2020
	- - - - (Rupees in '000) - - - -	
Gross Claims		
Claims under individual policies		
By death	26,667	6,900
By surrender	232,615	282,347
Total gross individual policy claims	259,282	289,247
Claims under group policies		
by death	19,719	25,128
by insured event other than death	19,307	45,339
experience refund	(858)	(737)
Total gross group policy claims	38,168	69,730
Total gross policy claims	297,450	358,977
Less: retakaful recoveries		
On Individual life claims	13,878	4,502
On Group Life claims	6,900	11,000
	20,778	15,502
Net takaful benefit expense	276,672	343,475

	(Un-audited)	
	For the half year ended June 30	
	2021	2020
12 ACQUISITION EXPENSES	- - - - (Rupees in '000) - - - -	
Remuneration to takaful intermediaries on individual policies:		
- Commission on first year contribution	221,254	90,410
- Commission on second year contribution	3,562	4,379
- Commission on subsequent renewal contribution	9,088	5,051
- Commission on single contribution	12,270	2,282
- Other benefits to takaful intermediaries	216,727	106,531
	462,901	208,653
Remuneration to takaful intermediaries on group policies:		
- Commission	17,061	5,278
- Other benefits to takaful intermediaries	891	317
	17,952	5,595
Branch overheads :		
- Salaries and other benefits	17,316	15,852
- Other operational cost	15,289	16,943
	32,605	32,795
Other acquisition cost :		
- Policy stamps	5,817	3,519
	519,275	250,562

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	Individual Accidental and Health	Group Family	Group Health	For the half year ended June 30	
					2021	2020
	- (Rupees in '000) -					
Income						
Allocated Contribution	929,680	-	-	-	929,680	421,027
Net Investment Income	62,042	-	-	-	62,042	(150,998)
Other Income	16,835	-	-	-	16,835	52,891
Total Net Income	1,008,557	-	-	-	1,008,557	322,920
Less: Claims and Expenditure						
Surrenders / Partial Surrenders	232,615	-	-	-	232,615	282,347
Risk Contributions	55,771	-	-	-	55,771	22,305
Wakalat-ul-Istismar	24,983	-	-	-	24,983	15,554
Policy admin fee	25,160	-	-	-	25,160	9,558
	338,529	-	-	-	338,529	329,764
Excess of Income over Claims and expenditure	670,028	-	-	-	670,028	(6,844)
Add: Technical reserves at the beginning	2,787,811	-	-	-	2,787,811	2,133,423
Less: Technical reserves at the end	(3,457,839)	-	-	-	(3,457,839)	(2,126,579)
	(670,028)	-	-	-	(670,028)	6,844
Surplus	-	-	-	-	-	-
Movement in technical reserves	670,028	-	-	-	670,028	(6,844)
Balance of PIF at the beginning of the period	2,787,811	-	-	-	2,787,811	2,133,423
Balance of PIF at the end of the period	3,457,839	-	-	-	3,457,839	2,126,579

13.2 Participants' Takaful Fund (PTF)

	----------(Un-audited)----------					
	TAKAFUL - STATUTORY FUNDS				Aggregate	
	Individual Family	Individual Accidental and Health	Group Family	Group Health	For the half year ended June 30	
					2021	2020
	- (Rupees in '000) -					
Income						
Contribution net of retakaful	22,543	1,177	7,517	33,451	64,688	31,211
Net investment income	-	-	-	-	-	-
Other income	5,029	-	313	2,119	7,461	6,379
	27,572	1,177	7,830	35,570	72,149	37,590
Less: Claims and Expenditure						
Claims	12,789	-	10,543	20,725	44,057	61,128
Wakala fee	-	-	-	-	-	-
	12,789	-	10,543	20,725	44,057	61,128
Excess of Income over Claims and expenditure	14,783	1,177	(2,713)	14,845	28,092	(23,538)
Add : Technical reserves at the beginning	49,958	606	(18,034)	(27,414)	5,116	33,373
Less : Technical reserves at the end	(52,547)	(1,807)	(16,316)	(29,848)	(100,518)	(63,445)
Add: Deficit retained in technical reserves	-	81	31,361	42,417	73,859	48,779
	(2,589)	(1,120)	(2,989)	(14,845)	(21,543)	18,707
Surplus / (deficit)	12,194	57	(5,702)	-	6,549	(4,831)
Movement in technical reserves	2,589	1,120	2,989	14,845	21,543	(18,707)
Qard-e-Hasna contributed by Window Takaful Ope	-	-	-	-	-	-
Balance of PTF at the beginning of the period	49,958	606	7,113	18,995	76,672	79,929
Balance of PTF at the end of the period	64,741	1,783	4,400	33,840	104,764	56,391

13.3 Operators' Sub Fund (OSF)

	----------(Un-audited)----------					
	TAKAFUL - STATUTORY FUNDS				Aggregate	
	Individual Family	Individual Accidental and Health	Group Family	Group Health	For the half year ended June 30	
					2021	2020
	- (Rupees in '000) -					
Income						
Allocation fee	372,029	3,247	16,054	19,792	411,122	183,846
Investment income	9,478	-	126	542	10,146	216
Other Income	2,261	9	57	91	2,418	1,612
Wakala fee - PTF	14,701	-	-	-	14,701	5,937
Policy admin fee	25,160	-	-	-	25,160	9,558
Takaful operator fee	-	-	-	-	-	-
Wakalat-ul-Istismar	24,983	-	-	-	24,983	15,554
	448,612	3,256	16,237	20,425	488,530	216,723
Less: Expenses						
Acquisition cost	466,847	1,871	9,397	8,555	486,670	215,688
Administration expenses / deferred taxation	109,307	(95)	5,146	13,998	128,356	95,047
	576,154	1,776	14,543	22,553	615,026	310,735
Excess of (expenditure)/over income	(127,542)	1,480	1,694	(2,128)	(126,496)	(94,012)
Add : Technical reserves at the beginning	60,650	1,408	5,244	4,423	71,725	89,091
Less : Technical reserves at the end	(9,735)	(3,121)	(9,250)	(14,673)	(36,779)	(57,878)
	50,915	(1,713)	(4,006)	(10,250)	34,946	31,213
Deficit	(76,627)	(233)	(2,312)	(12,378)	(91,550)	(62,799)
Movement in technical reserves	(50,915)	1,713	4,006	10,250	(34,946)	(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	(234,332)	880	(6,219)	1,745	(237,926)	14,449
Balance of OSF at the end of the period	(361,874)	2,360	(4,525)	(383)	(364,422)	(79,563)
Balance of Family Takaful statutory fund	3,160,706	4,143	(125)	33,457	3,198,181	2,103,407

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, 2021 the Operator and policyholders held the following financial instruments measured at fair value:

	As at June 30, 2021		
	Level 1	Level 2	Level 3
Assets carried at fair value	---------- Rupees in '000----------		
Available-for-sale investments	-	3,123,679	-

	As at December 31, 2020		
	Level 1	Level 2	Level 3
Assets carried at fair value	---------- Rupees in '000----------		
Available-for-sale investments	-	1,823,075	-

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 24-Aug-2021 by the Board of Directors of the Company.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer