



KPMG Taseer Hadi & Co.  
Chartered Accountants

## **Alpha Insurance Company Limited**

### **Condensed Interim Financial Statements (Unaudited)**

**For the six months period ended  
30 June 2019**

**Alpha**

Insurance Company Limited

A subsidiary of State Life Insurance Corporation of Pakistan

## Directors' Review

We are presenting the unaudited interim condensed financial statements of the Company for six months period ended 30<sup>th</sup> June 2019.

### Business Overview:

The summarized results for six months are as follows:

	Quarter ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Rupees)			
Premium Written	28,829,290	19,856,774	46,504,876	40,412,366
Net premium revenue	12,002,303	11,119,992	22,907,712	22,478,520
Management expenses	24,978,461	21,557,498	45,639,728	44,734,422
Underwriting profit / (loss)	(19,073,123)	(18,422,300)	(26,487,017)	(36,563,670)
Net investment income	1,650,617	7,394,420	12,748,945	24,191,010
Other income	17,524,412	2,682,416	19,341,291	3,822,678
Profit / (loss) before tax	(1,381,965)	(9,717,809)	2,448,091	(10,949,852)
Profit / (loss) after tax	175,098	(10,810,386)	1,743,266	(12,270,204)
Basic profit/(loss) per share after tax (EPS)	0.00	(0.22)	0.03	(0.25)

It may be observed that Gross premium increased for the half year and the quarter as well. This indicates that your Company has started recovering from the declining trend. The increase in premium with control over the management expenses have contributed towards the substantial decrease in underwriting loss as well as profit after tax. Although, the results are not very impressive but are attractive in a sense that the Company is heading in the right direction. Similarly, your Board is hopeful that the same trend will continue to be maintained by the end of the current financial year, Insha Allah.

On this occasion your board of directors would like to thank our valued clients/customers, shareholders, the Securities and Exchange Commission of Pakistan, the Management and the staff for their continuous trust, support and hard work.

For and on behalf of the Board

Karachi : Tuesday, 27 August 2019

  
Ms. Nargis Ghaloo  
Chairperson

Head Office:  
Building No. 1-B, State Life Square,  
off. I.I. Chundrigar Road, Karachi-74000.  
Tel: 021-32416041-45, Fax: 021-32419968  
info@alphainsurance.com.pk  
www.alphainsurance.com.pk

**Alpha**

Insurance Company Limited

A subsidiary of State Life Insurance Corporation of Pakistan

**ڈائریکٹرز کا جائزہ**

30 ستمبر جون 2019ء کے ختم شدہ چھ ماہ کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے آپ کے پیش نظر ہیں۔

**بزنس کا جائزہ**

6 ماہ کی مدت کیلئے مختصر نتائج مندرجہ ذیل ہیں:

ششماہی اختتام جون 30		سہ ماہی اختتام جون 30		
2018	2019	2018	2019	
40,412,366	46,504,876	19,856,774	28,829,290	تحریر کردہ پریمیم
22,478,520	22,907,712	11,119,992	12,002,303	خالص پریمیم آمدنی
44,734,422	45,639,728	21,557,498	24,978,461	منجست اخراجات
(36,563,670)	(26,487,017)	(18,422,300)	(19,073,123)	انڈر رائٹنگ منافع / (نقصان)
24,191,010	12,748,945	7,394,420	1,650,617	خالص سرمایہ کاری کی آمدنی
3,822,678	19,341,291	2,682,416	17,524,412	دیگر آمدنی
(10,949,852)	2,448,091	(9,717,809)	(1,381,965)	منافع / (نقصان) قبل از ٹیکس
(12,270,204)	1,743,266	(10,810,386)	175,098	منافع / (نقصان) بعد از ٹیکس
(0.25)	0.03	(0.22)	0.00	بنیادی منافع / (نقصان) فی شیئر بعد از ٹیکس (EPS)

جیسا کہ آپ دیکھ سکتے ہیں کہ نصف سال نیز سہ ماہی کیلئے مجموعی پریمیم میں اضافہ ہوا۔ اس سے ظاہر ہوتا ہے کہ آپ کی کمپنی خسارہ سے نکل کر بہتری کی طرف آرہی ہے۔ انتظامی اخراجات پر کنٹرول کے ساتھ پریمیم میں اضافہ نہ صرف نقصان میں کمی بلکہ منافع بعد از ٹیکس کا باعث بنا۔ حالانکہ نتائج بہت متاثر کن نہیں ہیں لیکن اس حوالہ سے قابل ستائش ہیں کہ کمپنی درست سمت کی جانب گامزن ہے اسی طرح آپ کا بورڈ امید رکھتا ہے کہ یہی رجحان رواں مالی سال کے آخر تک بدستور جاری رکھا جائیگا۔ انشاء اللہ

اس موقع پر ہم آپ کے مسلسل بھروسہ، تعاون اور سخت محنت کیلئے اپنے معزز کلائنٹس / کسٹمرز، شیئرز، ہولڈرز، سیکورٹیز اینڈ ایکسیجیٹیشن آف پاکستان، انتظامیہ اور اسٹاف کا تہہ دل سے شکریہ ادا کرتے ہیں۔

برائے اور منجانب بورڈ

محترمہ نرگس غملو  
چیئر پرسن

کراچی: منگل 27 اگست 2019ء

**Head Office:**

Building No. 1-B, State Life Square,  
off. I.I. Chundrigar Road, Karachi-74000.  
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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Alpha Insurance Company Limited**

### **Report on review of Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Alpha Insurance Company Limited ("the Company") as at 30 June 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the condensed interim 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 this 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.

#### **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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

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



KPMG Taseer Hadi & Co.

**Other Matter**

The figures for the quarters ended 30 June 2019 and 30 June 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

**Date:** 28 August 2019

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

Alpha Insurance Company Limited  
Condensed Interim Statement of Financial Position (Unaudited)  
As at June 30, 2019

	Notes	(Unaudited) June 30, 2019	(Audited) December 31, 2018
		(Rupees)	
<b>Assets</b>			
Property and equipment	8	19,394,356	3,865,697
Investments			
Equity securities	9	214,581,938	250,730,242
Debt securities	10	491,131,601	557,302,570
Loans and other receivables	11	12,675,582	16,352,683
Insurance / Reinsurance receivables	12	70,812,232	54,307,940
Reinsurance recoveries against outstanding claims	23	118,999,660	211,643,940
Salvage recoveries accrued		7,882	7,882
Deferred Commission Expense / Acquisition cost	24	4,973,323	5,295,944
Staff retirement benefits		1,410,130	1,410,130
Deferred taxation	13	8,452,622	1,576,152
Taxation - payment less provisions	14	66,229,131	63,293,535
Prepayments	15	15,986,349	18,883,406
Cash and bank	16	43,504,806	31,399,235
<b>Total assets</b>		<b>1,068,159,612</b>	<b>1,216,069,356</b>

**Equity and Liabilities**

**Capital and reserves attributable to Company's equity holders**

Authorised share capital: [51,000,000 (December 31, 2017: 51,000,000) Ordinary shares of Rs. 10 each]

**510,000,000**      **510,000,000**

Issued, subscribed and paid-up capital [50,000,000 (2017: 50,000,000) Ordinary shares of Rs. 10 each]

**500,000,000**      **500,000,000**

Reserves

**92,287,321**      **108,889,872**

Unappropriated profit

**98,455,569**      **96,712,303**

**Total equity**

**690,742,890**      **705,602,175**

**Liabilities**

**Underwriting provisions**

Outstanding claims including IBNR

23      **210,654,731**      **318,692,780**

Unearned premium reserves

22      **36,021,253**      **33,943,281**

Premium deficiency reserves

17      **13,182,245**      **20,598,586**

Unearned reinsurance commission

24      **502,916**      **534,024**

Lease Liabilities

18      **13,642,706**      **-**

Premium received in advance

19      **3,572,452**      **7,096,895**

Reinsurance / Co-Insurance payables

19      **22,833,522**      **43,008,052**

Other creditors and accruals

20      **77,006,897**      **86,593,563**

**Total liabilities**

**377,416,722**      **510,467,181**


**Total equity and liabilities**

**1,068,159,612**      **1,216,069,356**

**Contingencies and commitments**

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

  
Chief Executive Officer

  
Chairperson

  
Director

  
Director



Alpha Insurance Company Limited  
Condensed Interim Profit and Loss Account (Unaudited)  
For the six months ended June 30, 2019

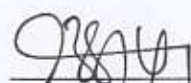
		Quarter ended June 30,		Half year ended June 30,	
	Notes	2019	2018	2019	2018
		(Rupees)			
Net insurance premium	22	12,002,303	11,119,992	22,907,712	22,478,520
Net insurance claims	23	(5,419,464)	(7,438,257)	(4,526,067)	(14,694,652)
Premium Deficiency	17	2,921,727	2,542,565	7,416,341	5,864,179
Net commission and other acquisition cost	24	(3,599,228)	(3,089,102)	(6,645,275)	(5,477,295)
Insurance claims and acquisition expenses		(6,096,965)	(7,984,794)	(3,755,001)	(14,307,768)
Management expenses	25	(24,978,461)	(21,557,498)	(45,639,728)	(44,734,422)
Underwriting results		(19,073,123)	(18,422,300)	(26,487,017)	(36,563,670)
Investment income	26	1,650,617	7,394,420	12,748,945	24,191,010
Other income	27	17,524,412	2,682,416	19,341,291	3,822,678
Other expenses	28	(958,649)	(1,372,345)	(2,085,289)	(2,399,870)
		18,216,380	8,704,491	30,004,947	25,613,818
Results of operating activities		(856,743)	(9,717,809)	3,517,930	(10,949,852)
Finance cost	18	(525,222)	-	(1,069,839)	-
Profit / (loss) before tax		(1,381,965)	(9,717,809)	2,448,091	(10,949,852)
Provision for taxation - current		1,195,809	(367,485)	(799,972)	(588,719)
- deferred		361,254	(725,092)	95,147	(731,633)
		1,557,063	(1,092,577)	(704,825)	(1,320,352)
Profit / (loss) after tax		175,098	(10,810,386)	1,743,266	(12,270,204)
Earnings per share	29	0.00	(0.22)	0.03	(0.25)

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

KML

  
Chief Executive Officer

  
Chairperson

  
Director

  
Director

Alpha Insurance Company Limited  
Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the six months ended June 30, 2019

	Quarter ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Rupees)			
<b>Profit / (loss) after taxation</b>	<b>175,098</b>	<b>(10,810,386)</b>	<b>1,743,266</b>	<b>(12,270,204)</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will be reclassified to profit and loss subsequently</i>				
Unrealised (loss) / gain on revaluation of available-for-sale investment	(15,474,738)	862,053	(23,383,874)	9,298,218
Reclassification adjustment relating to available-for-sale investment gain/(loss) transferred to profit & loss on disposal	-	200,234	-	(626,658)
<b>Total unrealized (loss) / gain on available-for-sale investment</b>	<b>(15,474,738)</b>	<b>1,062,287</b>	<b>(23,383,874)</b>	<b>8,671,560</b>
Deferred tax on available-for-sale investment	4,566,765	(318,686)	6,781,323	(2,601,468)
	<b>(10,907,973)</b>	<b>743,601</b>	<b>(16,602,551)</b>	<b>6,070,092</b>
<b>Total comprehensive income for the period</b>	<b>(10,732,875)</b>	<b>(10,066,785)</b>	<b>(14,859,285)</b>	<b>(6,200,112)</b>

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

KAM

  
Chief Executive Officer

  
Chairperson

  
Director

  
Director



Alpha Insurance Company Limited  
Condensed Interim Statement of Changes in Equity (Unaudited)  
For the six months ended June 30, 2019

	Issued, subscribed and paid-up capital	Capital reserve Reserve for exceptional losses *	General reserve	Revenue reserves Revaluation Reserve	Unappropriated profit	Total Share holders' equity
	(Rupees)					
Balance as at January 01, 2018 (restated)	500,000,000	3,355,000	6,820,000	84,829,919	146,047,713	741,052,632
<i>Total comprehensive income for the half year:</i>						
Loss for the half year ended June 30, 2018	-	-	-	-	(12,270,204)	(12,270,204)
Other comprehensive income	-	-	-	6,070,092	-	6,070,092
	-	-	-	6,070,092	(12,270,204)	(6,200,112)
Balance as at June 30, 2018	<u>500,000,000</u>	<u>3,355,000</u>	<u>6,820,000</u>	<u>90,900,011</u>	<u>133,777,509</u>	<u>734,852,520</u>
Balance as at January 01, 2019	500,000,000	3,355,000	6,820,000	98,714,872	96,712,303	705,602,175
<i>Total comprehensive income for the half year:</i>						
Profit for the half year ended June 30, 2019	-	-	-	-	1,743,266	1,743,266
Other comprehensive income	-	-	-	(16,602,551)	-	(16,602,551)
	-	-	-	(16,602,551)	1,743,266	(14,859,285)
Balance as at June 30, 2019	<u>500,000,000</u>	<u>3,355,000</u>	<u>6,820,000</u>	<u>82,112,321</u>	<u>98,455,569</u>	<u>690,742,890</u>

\* The reserve for exceptional losses represents amounts set aside till December 31, 1978 to avail deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of the Repealed Income Tax Ordinance, 1979, which did not permit the said deduction, the Company discontinued the setting aside of amounts thereafter as reserve for exceptional losses.

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

Kmm

  
Chief Executive Officer

  
Chairperson

  
Director

  
Director

Alpha Insurance Company Limited  
Condensed Interim Cash Flow Statement (Unaudited)  
For the six months ended June 30, 2019

	June 30, 2019	June 30, 2018
	----- (Rupees) -----	
<b>OPERATING ACTIVITIES</b>		
<b>Underwriting activities</b>		
Premiums received	34,656,379	34,367,749
Reinsurance premiums paid	(37,383,692)	(12,426,992)
Claims paid	(91,928,806)	(35,763,827)
Reinsurance and other recoveries received	72,008,970	29,299,289
Commission paid	(13,496,022)	(7,467,947)
Commission received	434,763	349,111
Other underwriting payments	(37,665,113)	(30,347,870)
<b>Net cash (used in) underwriting activities</b>	<b>(73,373,521)</b>	<b>(21,990,487)</b>
<b>Other operating activities</b>		
Income tax paid	(3,735,568)	(12,883,973)
Operating payments	(4,035,576)	(3,608,091)
Operating receipts	256,854	(1,543,725)
Loans advanced	(191,260)	(163,077)
<b>Net cash used in other operating activities</b>	<b>(7,705,550)</b>	<b>(18,198,866)</b>
<b>Net cash used in all operating activities</b>	<b>(81,079,071)</b>	<b>(40,189,353)</b>
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	29,925,119	22,599,428
Dividends received	4,691,752	4,496,752
Payments made against purchase of investment	(627,849,776)	(141,751,461)
Proceeds from disposal of investments	691,464,605	377,755,824
Fixed capital expenditure	(2,957,950)	(239,607)
<b>Net cash generated from investing activities</b>	<b>95,273,750</b>	<b>262,860,936</b>
<b>FINANCING ACTIVITIES</b>		
Unclaimed dividend paid during the period	(5,200)	-
Operating lease payments	(2,083,908)	-
<b>Net cash used in financing activities</b>	<b>(2,089,108)</b>	<b>-</b>
<b>Net cash flow from all activities</b>	<b>12,105,571</b>	<b>222,671,583</b>
Cash and cash equivalents at the beginning of the period	31,399,235	133,047,960
<b>Cash and cash equivalents at the end of the period</b>	<b>43,504,806</b>	<b>355,719,543</b>

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Alpha Insurance Company Limited  
Condensed Interim Cash Flow Statement (Unaudited)  
For the six months ended June 30, 2019

	June 30, 2019	June 30, 2018
	----- (Rupees) -----	
<b>Reconciliation to Profit and Loss account</b>		
Operating cash flows	(81,079,071)	(40,189,353)
Depreciation expense	(2,086,066)	(1,009,531)
Increase / (decrease) in assets other than cash	(93,044,354)	(20,086,763)
(Increase) / decrease in liabilities	146,693,165	20,678,819
Other investment income	23,406,263	18,549,699
Other Income	3,190,077	3,822,678
Dividend Income	4,663,252	4,151,477
Profit / (loss) on disposal of investment	-	1,186,112
Adjustment of unrealized gain / (loss) on sale of AFS investments	-	626,658
<b>Profit / (Loss) after taxation</b>	<b>1,743,266</b>	<b>(12,270,204)</b>

**Definition of cash:**

Cash comprises of cash in hand, policy stamps, bond papers, cheques in hand, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

**Cash for the purposes of the Statement of Cash Flows consists of:**

Cash and other equivalents	127,167	245,935
Current and other accounts	43,377,639	55,473,608
Deposits having maturity within 3 months (encashable on demand)	-	300,000,000
<b>Total</b>	<b>43,504,806</b>	<b>355,719,543</b>

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

15ml

  
Chief Executive Officer

  
Chairperson

  
Director

  
Director



# Alpha Insurance Company Limited

## Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months ended June 30, 2019

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited ("the Company") was incorporated in Pakistan on December 24, 1951 under the Indian Companies Act VII of 1913 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on January 23, 1952.

The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi. The Company has 13 (December 31, 2018: 13) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 95.15% (December 31, 2018: 95.15%) shares of the Company.

### 2 BASIS OF PREPARATION AND 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 as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, and Insurance Accounting Regulations, 2017. Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018.

### 3 BASIS OF MEASUREMENT

These condensed interim financial statements has been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortised cost as applicable. In addition, obligation in respect of staff retirement benefits is carried at present value.

These condensed interim financial statements has been prepared using the accrual basis of accounting.

### 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 is presented in Pakistani rupees, which is the Company's functional and presentation currency.

#### 4.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year

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

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

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

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

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

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

30-June-2019 (Un-audited)					
Financial assets	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or loss during the period	Carrying Value	Cost less Impairment	Change in unrealized gain or loss during the period
(Rupees)					
Cash and bank *	43,504,806	-	-	-	-
Investments in equity securities					
- available for sale	214,581,938	(16,602,551)	-	-	-
Investments in debt securities -					
- held to maturity	-	-	491,131,601	491,131,601	-
Loans and other receivables*	-	-	12,675,582	12,675,582	-
<b>Total</b>	<b>258,086,744</b>	<b>(16,602,551)</b>	<b>503,807,183</b>	<b>503,807,183</b>	<b>-</b>

30-June-2019 (Un-audited)				
Gross carrying amounts of debt instruments that pass the SPPI test				
AAA	AA+	A+	Unrated	
(Rupees)				
Investments in debt securities -				
held to maturity	-	-	-	491,131,601
Loans and other receivables*	-	-	-	12,675,582
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>503,807,183</b>

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

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted for the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the published annual financial statements of the Company for the year ended December 31, 2018, with the exception of the following new accounting policy adopted by the Company in accordance with the applicability of IFRS 16 - Leases, with effect from 1 January 2019.

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

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## 5.1 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policy applied in these interim financial statements are the same as those applied in the last annual financial statements.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2019.

The Company has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

### A. Definition of Lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 - Determining Whether an Arrangement contains a Lease. The Company now assess whether a contract is or contains a lease based on the new definition of a lease. Under identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-leases component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

### B. As a lessee

The Company lease only office premises which includes head office and branches.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on balance sheet.

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment, the same line item as it presents underlying assets of the same nature that it owns. Right-of-use assets that meet the definition of investment property are presented within investment property. The carrying amounts of right-of-use assets are as below.

<i>In Rupees</i>	<b>Office premises</b>
Balance at 1 January 2019	14,656,775
Balance at 30 June 2019	13,191,095

#### i. Significant accounting policies

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, are subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

## ii. Transition

Previously, the Company classified property leases as operating leases under IAS 17 which include office premises. Offices owned by the parent organization i.e. State Life, are being treated as the same as State Life's own offices and rent is charged at subsidised rates. The contract period of other offices are for short term typically run for 1 year with termination clause on both parties and option of renew for an additional period of one

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application - the Company applied this approach to its largest property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments
- the Company applied this approach to all other leases.

The Company uses the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term
- Excluded initial direct cost from measuring the right-of-use assets at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

## C. Impact on financial statements

Summary of the effect of this change in accounting policy is as follows:

	Rupees
<b>i. Impact on Statement of Financial Position</b>	
Increase in fixed assets - right of use assets	13,191,095
Increase in other liabilities - lease liability against right of use assets	13,642,706
Decrease in net asset - before tax	451,611
<b>ii. Impact on Profit and Loss Account</b>	
Increase in finance cost - lease liabilities	1,069,839
Increase / decrease in management expenses	
Increase in depreciation expense - right of use assets	1,465,680
Decrease in rent expense	2,083,908

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised Rs 13.2 million right-of-use assets and Rs 13.64 million of lease liabilities as at 30 June 2019.

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Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest cost, instead of operating lease expense. During the six months ended 30 June 2019, the Company recognise Rs 1.5 million depreciation charges and Rs 1.1 million interest cost from these leases.

## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates and that such estimates and judgments are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2018.

## 7 INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2018.

8	PROPERTY AND EQUIPMENT		(Audited)	
			(Un-audited)	(Audited)
			June 30,	December 31,
			2019	2018
			- (Rupees)	
	Operating assets	8.1	6,203,261	3,865,697
	Right-of-use assets	8.2	13,191,095	-
			<u>19,394,356</u>	<u>3,865,697</u>
8.1	Operating assets			
	Opening book value		3,865,697	5,220,926
	Add: Additions during the period		2,957,950	375,857
	Less: Deletions during the period		-	-
			<u>6,823,647</u>	<u>5,596,783</u>
	Less: Depreciation for the period		<u>(620,386)</u>	<u>(1,731,086)</u>
			<u>6,203,261</u>	<u>3,865,697</u>
8.2	Right-of-use assets			
	Balance at 1 January 2019		14,656,775	-
	Depreciation charge for the period		<u>(1,465,680)</u>	-
	Balance at 30 June 2019		<u>13,191,095</u>	-

## 9 INVESTMENTS IN EQUITY SECURITIES - Available for sale

	June 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
			(Rupees)			
Listed equity securities	125,868,299	(29,141,829)	96,726,470	125,868,299	(16,377,399)	109,490,900
Surplus on revaluation	-	-	117,855,468	-	-	141,239,342
	<u>125,868,299</u>	<u>(29,141,829)</u>	<u>214,581,938</u>	<u>125,868,299</u>	<u>(16,377,399)</u>	<u>250,730,242</u>

## 10 INVESTMENTS IN DEBT SECURITIES - Held to maturity

Note	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
			(Rupees)			
Government securities						
- Pakistan investment bonds	10.1	282,254,801	-	282,254,801	308,310,941	-
- Treasury bills	10.2	208,876,800	-	208,876,800	248,991,629	-
		<u>491,131,601</u>	<u>-</u>	<u>491,131,601</u>	<u>557,302,570</u>	<u>-</u>

10.1 Pakistan Investment Bonds carry profit at rates ranging from 7% to 9.25%.

10.2 Treasury Bills carries profit rate of 12.74%.

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	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- (Rupees) -----	
<b>11 LOANS AND OTHER RECEIVABLES - Considered good</b>		
Accrued Investment Income	8,455,735	12,075,868
Security Deposit	1,932,910	1,932,910
Advance against commission to agents	49,999	49,999
Loans To Employees	507,411	316,151
Receivable From Related Party (State life insurance corporation)	1,558,728	1,558,728
Other Receivables	170,799	419,027
	<u>12,675,582</u>	<u>16,352,683</u>
<b>12 INSURANCE / REINSURANCE RECEIVABLES</b>		
- Unsecured and considered good		
Due from insurance contract holders	104,568,488	96,244,434
Less: provision for impairment of receivables from insurance contract holders	(82,855,961)	(78,695,201)
	<u>21,712,527</u>	<u>17,549,233</u>
Due from other insurers / reinsurers	83,031,836	87,309,222
Less: provision for impairment of due from other insurers / reinsurers	(33,932,131)	(50,550,515)
	<u>49,099,705</u>	<u>36,758,707</u>
	<u>70,812,232</u>	<u>54,307,940</u>
<b>13 DEFERRED TAXATION</b>		
Deferred Debits arising in respect of :		
Accelerated tax depreciation on fixed assets	1,595,492	1,636,867
Lease liabilities	3,956,385	-
Provision against premium due but unpaid	23,944,810	22,821,608
Provision for diminution in value of investment	8,451,130	4,749,446
Provision against amount due from other insurers / reinsurers	9,840,318	14,659,649
Deferred Credits arising in respect of :		
Right-of-use assets	(3,825,418)	-
Provision for employees' benefits plan	(264,418)	(264,418)
Unrealized gain/(loss) on revaluation of AFS	(35,245,677)	(42,027,000)
	<u>8,452,622</u>	<u>1,576,152</u>
<b>14 TAXATION - Payment less provision</b>		
Opening Balance	63,293,535	47,184,173
Tax paid including deducted at source	3,735,568	17,319,138
Provision for taxation	(799,972)	(1,209,776)
Closing Balance	<u>66,229,131</u>	<u>63,293,535</u>
<b>15 PREPAYMENTS</b>		
Prepaid reinsurance premium ceded	15,726,323	18,695,490
Prepaid rent	153,751	187,916
Prepaid miscellaneous expenses	106,275	-
	<u>15,986,349</u>	<u>18,883,406</u>
<b>16 CASH AND BANK DEPOSITS</b>		
Cash and other equivalents		
- cash in hand	79,125	50,000
- stamps in hand	48,042	144,630
Current and other accounts		
- current accounts	9,619,668	1,383,745
- saving accounts	33,757,971	29,820,860
	<u>43,504,806</u>	<u>31,399,235</u>

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	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	(Rupees)	
<b>17 PREMIUM DEFICIENCY RESERVES</b>		
Opening balance	20,598,586	24,043,486
Provision for the period appreciation/(reduction)	(7,416,341)	(3,444,900)
Closing balance	<u>13,182,245</u>	<u>20,598,586</u>

#### 18 Lease Liabilities

Lease liabilities included in the statement of financial position	13,642,706	-
Current	1,253,706	-
Non current	12,389,000	-

Finance cost on lease liabilities for the six months ended 30 June 2019 was Rs 1.07 million (30 June 2018: Nil). Total cash outflow for leases was Rs 2.084 million.

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	(Rupees)	
<b>19 REINSURANCE / CO-INSURANCE PAYABLES</b>		
Due to other insurers / reinsurers	17,881,602	37,796,132
Cash margins against performance bonds	4,951,920	5,211,920
	<u>22,833,522</u>	<u>43,008,052</u>

#### 20 OTHER CREDITORS AND ACCRUALS

Agents Commission Payable	33,757,395	40,464,892
Federal Excise Duty	15,136,675	17,094,738
Federal Insurance Fee	-	-
Workers' Welfare Fund	20.1 2,197,746	2,197,746
Salaries & Wages Payable	758,477	1,134,747
Accrued Expenses	2,715,760	2,932,290
Compensated absences	2,570,094	2,570,094
Income Tax Liabilities	184,386	172,798
Other Tax Payables	3,078	1,118
Unpaid and Unclaimed Dividend	3,006,060	3,011,260
Accounts payable for goods & services	1,372,964	1,889,277
Guarantee payable to the Court against claims	10,982,992	10,982,992
Other creditors & accruals	20.2 4,321,270	4,141,611
	<u>77,006,897</u>	<u>86,593,563</u>

- 20.1** The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

In view of the above, on prudent basis the management has decided not to reverse charge for WWF recorded for the years upto 2015 amounting to Rs. 2.198 million.

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- 20.2** This includes outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- (Rupees) -----	
- More than 6 months	881,936	698,036
- 1 to 6 months	-	-

## **21 CONTINGENCIES AND COMMITMENTS**

### **21.1 Contingencies**

- 21.1.1** Various insurance claims amounting to Rs. 75.5 million (December 31, 2018: Rs. 73.9 million) were lodged by various parties against which Rs. 17.44 million (December 31, 2018: Rs. 17.2 million) were provided while Rs. 58.06 million (December 31, 2018: Rs. 56.704 million) were not provided by the Company as the management considers that the Company's liability will not exceed provisions.

- 21.1.2** The income tax assessments of the Company have been finalised upto tax year 2017. Matters of disagreement exist between the Company and the tax authorities for the tax year 2009, 2011, 2012, 2013, 2014, 2015 and 2016. In prior years, the Commissioner has passed amended assessment orders for the these tax years under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of provision for IBNR claims, non-withholding of tax on commission expenses and payment of certain expenses in cash. The management is contesting these matters with the tax authorities and has filed appeals with the Appellate Tribunal Inland Revenue (ATIR), the Honourable High Court of Sindh (the Court) and with the Commissioner Inland Revenue Appeals (CIRA) and is confident that these matters will be decided in favour of the Company. Consequently, no provision has been made in these condensed interim financial statements in respect of the above matters.

For tax years 2009 and 2014, the ACIR has passed amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001 wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. As a result of the amended assessment order for tax year 2009, demand of Rs. 4.627 million was created and for tax year 2014, demand of Rs. 18.583 million was created against which the Company has paid Rs. 9.292 million. The Company has filed appeals before CIRA and if the appeal is decided against the Company, a tax liability of Rs. 13.918 million would arise.

For tax years 2015 and 2016, the ACIR passed an amended assessment order under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of non-withholding of tax on commission expenses and payment of certain expenses in cash. Consequently, tax demand of Rs. 2.298 million and Rs. 6.825 million was created respectively. Against the amended assessment order, an appeal was filed before the CIRA, who vide combined appellate order dated 21 November 2017 allowed relief in respect chargeability of dividend at corporate tax rates and levy of Worker's Welfare Fund whereas additions on account of non-withholding of tax commission expense and cash expenses made by the Company were confirmed. The company has filed a further appeal before the ATIR on the issues confirmed by the CIRA. Moreover, the department has also filed appeal before the ATIR challenging the relief granted by the CIRA. If the appeal is decided against the Company, a tax liability of Rs. 9.123 million would arise.

During the previous year, the ACIR issued notice dated 16 May 2017, under section 122(5A) for passing an amended order on certain issues for the tax year 2011. However, the Company has filed a writ petition before the Honourable High Court of Sindh challenging the validity of the notice being barred by limitation of time. The Court has granted an interim order and the said interim order is operating. Based on tax advisor opinion the management is confident of favourable outcome of the said appeal. accordingly, no tax provision has been recorded in these condensed interim financial statements.

### **21.2 Commitments**

There are no commitments as at June 30, 2019 and December 31, 2018.

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**22 NET INSURANCE PREMIUM**

	Quarterly ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
Written Gross Premium	28,829,290	19,856,774	46,504,876	40,412,366
Add: Unearned premium reserve opening	30,108,328	41,017,724	33,943,281	44,053,707
Less: Unearned premium reserve closing	(36,021,253)	(37,401,821)	(36,021,253)	(37,401,821)
Premium earned	22,916,365	23,472,677	44,426,904	47,064,252
Less: Reinsurance premium ceded	8,981,438	10,689,441	18,550,025	22,724,983
Add: Prepaid reinsurance premium opening	17,658,947	19,226,524	18,695,490	19,424,029
Less: Prepaid reinsurance premium closing	(15,726,323)	(17,563,280)	(15,726,323)	(17,563,280)
Reinsurance expense	10,914,062	12,352,685	21,519,192	24,585,732
	<b>12,002,303</b>	<b>11,119,992</b>	<b>22,907,712</b>	<b>22,478,520</b>

**23 NET INSURANCE CLAIMS EXPENSE**

Claims paid	83,778,517	3,160,851	91,928,806	35,763,827
Add: Outstanding claims including IBNR closing	210,654,731	427,017,691	210,654,731	427,017,691
Less: Outstanding claims including IBNR opening	(311,450,144)	(410,146,588)	(318,692,780)	(430,990,074)
Claim expense	(17,016,896)	20,031,954	(16,109,243)	31,791,444
Less: Reinsurance and other recoveries received	69,658,682	447,851	72,008,970	29,299,289
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	118,999,660	313,589,703	118,999,660	313,589,703
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	(211,094,702)	(301,443,857)	(211,643,940)	(325,792,200)
Reinsurance and other recoveries revenue	(22,436,360)	12,593,697	(20,635,310)	17,096,792
	<b>5,419,464</b>	<b>7,438,257</b>	<b>4,526,067</b>	<b>14,694,652</b>

**24 NET COMMISSION / ACQUISITION COST**

Commission paid or payable	3,420,033	2,676,059	6,788,525	6,696,167
Add: Deferred commission expense opening	5,392,767	6,931,937	5,295,944	7,168,520
Less: Deferred commission expense closing	(4,973,323)	(5,231,218)	(4,973,323)	(5,231,218)
Net Commission	3,839,477	4,376,778	7,111,146	8,633,469
Less: Commission received or recoverable	160,574	106,268	434,763	349,111
Add: Unearned reinsurance commission opening	582,591	2,024,434	534,024	3,650,089
Less: Unearned reinsurance commission closing	(502,916)	(843,026)	(502,916)	(843,026)
Commission from reinsurance	240,249	1,287,676	465,871	3,156,174
	<b>3,599,228</b>	<b>3,089,102</b>	<b>6,645,275</b>	<b>5,477,295</b>

**25 MANAGEMENT EXPENSES**

Employees benefit cost	25.1	13,418,887	9,841,120	24,269,653	20,122,343
Travel expense		592,697	223,518	1,015,516	667,669
Advertisement & sales promotion		126,220	14,250	1,233,025	147,370
Printing and stationery		378,378	149,626	577,533	333,515
Depreciation expense		1,784,886	499,727	2,086,066	1,009,531
Rent, rates and taxes		65,762	1,676,196	1,248,508	3,400,236
Legal and professional charges - business related		904,131	1,870,734	1,862,285	2,598,804
Electricity, gas and water		403,822	525,054	647,980	853,576
Entertainment		212,463	756,75	405,905	336,259
Vehicle running expenses		1,383,535	1,244,314	2,815,634	2,125,076
Office repair and maintenance		90,815	166,133	174,082	1,123,457
Bank charges		95,885	28,583	140,562	28,663
Postages, telegrams and telephone		413,372	388,924	890,347	739,940
Annual supervision fee SECP		53,139	139,348	106,278	139,348
Reinsurance Balance Written-off (Net)		19,347,737	-	19,347,737	-
Bad and doubtful debts		(15,108,238)	4,141,946	(12,457,624)	10,292,134
Co-insurance service charges		271,150	126,031	690,953	291,105
Insurance charges		324,005	354,139	324,005	354,139
Miscellaneous		219,815	92,180	261,283	171,257
		<b>24,978,461</b>	<b>21,557,498</b>	<b>45,639,728</b>	<b>44,734,422</b>

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25 Employee benefit cost	Quarterly ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
Salaries, allowance and other benefits	13,188,265	9,595,270	23,830,471	19,651,118
Charges for post employment benefit	230,622	245,850	439,182	471,225
	<u>13,418,887</u>	<u>9,841,120</u>	<u>24,269,653</u>	<u>20,122,343</u>
<b>26 INVESTMENT INCOME</b>				
<b>Income from equity securities - available for sale</b>				
Dividend income	4,663,252	3,791,196	4,663,252	4,151,477
Gain on sales of investment	-	496,774	-	1,186,112
<b>Income from debt securities - held to maturity</b>				
Return on government securities	10,788,546	8,023,532	23,406,263	18,449,425
Return on term finance certificates	-	-	-	-
Amortization of (discount) / premium on government securities / term finance certificates	(1,277,344)	(1,228,241)	(2,556,140)	(2,990,654)
	<u>14,174,454</u>	<u>11,083,261</u>	<u>25,513,375</u>	<u>20,796,360</u>
<b>Income from term deposits</b>				
Return on term deposits	-	100,274	-	100,274
<b>Realised gains on investments</b>				
- Equity securities	-	(200,234)	-	626,658
Total investment income	<u>14,174,454</u>	<u>10,983,301</u>	<u>25,513,375</u>	<u>21,523,292</u>
Less: (Impairment) / Reversal in value of available for sale securities- equity securities	(12,523,837)	(3,588,881)	(12,764,430)	2,667,718
<b>Net investment income</b>	<u>1,650,617</u>	<u>7,394,420</u>	<u>12,748,945</u>	<u>24,191,010</u>
<b>27 OTHER INCOME</b>				
<b>Income from financial assets</b>				
Return on bank balances	1,116,344	2,678,416	2,927,223	3,790,678
<b>Income from non-financial assets</b>				
Exchange gain	256,854	4,000	256,854	-
Miscellaneous income / (loss)	-	-	6,000	32,000
Liabilities written back	16,151,214	-	16,151,214	-
	<u>17,524,412</u>	<u>2,682,416</u>	<u>19,341,291</u>	<u>3,822,678</u>
<b>28 OTHER EXPENSES</b>				
Auditors' remuneration	195,249	187,545	387,489	330,670
Directors' Fees	720,000	1,080,000	1,320,000	1,920,000
Directors Training and Development	-	-	290,000	-
Fees & Subscription	43,400	104,800	87,800	149,200
	<u>958,649</u>	<u>1,372,345</u>	<u>2,085,289</u>	<u>2,399,870</u>
<b>29 EARNINGS PER SHARE</b>				
Profit after tax for the period	<u>175,098</u>	<u>(10,810,386)</u>	<u>1,743,266</u>	<u>(12,270,204)</u>
	(Number of Shares)		(Number of Shares)	
Wighted average number of ordinary shares	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Basic earnings per share (Rupees)	<u>0.00</u>	<u>(0.22)</u>	<u>0.03</u>	<u>(0.25)</u>

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### 30 RELATED PARTY TRANSACTIONS

Related parties comprise State Life Insurance Corporation of Pakistan being the parent company, associated entities having directors in common, other subsidiaries of parent company, key management personnel, gratuity fund and provident fund. The transactions with related parties other than those disclosed elsewhere in the condensed interim financial statements are as follows:

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- (Rupees) -----	
<b>Transactions</b>		
Rent paid (parent company)	1,305,000	1,420,176
Contribution to provident fund	439,182	471,225
Remuneration to key management personnel	9,274,861	8,211,257
Directors' remuneration	1,320,000	1,920,000
Cash dividend received from associate companies	-	-
	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- (Rupees) -----	
<b>Balances</b>		
Receivable from State Life Insurance Corporation of Pakistan	1,558,728	1,558,728
Receivable from gratuity fund	1,410,130	1,365,397
Due to employees' provident fund	-	-

### 31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

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

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

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

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

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

June 30, 2019 (Un-audited)						
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	Level 3	Level 1	Level 2	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>						
Investments						
- Quoted equity securities	-	214,581,938	-	-	-	214,581,938
<b>Financial assets not measured at fair value</b>						
Investments						
- Government securities	-	-	491,131,601	-	-	491,131,601
Cash and bank deposits*	-	-	-	43,504,806	-	43,504,806
Loans and other receivables*	-	-	-	12,675,582	-	12,675,582
Insurance / Reinsurance receivables*	-	-	-	70,812,232	-	70,812,232
Reinsurance recoveries against outstanding claims	-	-	-	118,999,660	-	118,999,660
Salvage recoveries accrued	-	-	-	7,882	-	7,882
Deferred Commission Expense / Acquisition cost	-	-	-	4,973,323	-	4,973,323
<b>Financial liabilities not measured at fair value</b>						
Outstanding claims including IBNR*	-	-	-	-	(210,654,731)	(210,654,731)
Unearned premium reserves*	-	-	-	-	(36,021,253)	(36,021,253)
Premium deficiency reserves*	-	-	-	-	(13,182,245)	(13,182,245)
Unearned reinsurance commission*	-	-	-	-	(502,916)	(502,916)
Lease Liabilities	-	-	-	-	(13,642,706)	(13,642,706)
Premium received in advance*	-	-	-	-	(3,572,452)	(3,572,452)
Reinsurance / Co-insurance payables*	-	-	-	-	(22,833,522)	(22,833,522)
Other creditors and accruals*	-	-	-	-	(77,006,897)	(77,006,897)
	-	214,581,938	491,131,601	250,973,485	(377,416,722)	579,270,302
<b>Financial assets measured at fair value</b>						
Investments						
- Quoted equity securities	-	250,730,242	-	-	-	250,730,242
<b>Financial assets not measured at fair value</b>						
Investments						
- Government securities	-	-	557,302,570	-	-	557,302,570
Cash and bank deposits*	-	-	-	31,389,235	-	31,389,235
Loans and other receivables*	-	-	-	16,352,683	-	16,352,683
Insurance / Reinsurance receivables*	-	-	-	54,307,940	-	54,307,940
Reinsurance recoveries against outstanding claims	-	-	-	211,643,940	-	211,643,940
Salvage recoveries accrued	-	-	-	7,882	-	7,882
Deferred Commission Expense / Acquisition cost	-	-	-	5,295,944	-	5,295,944
<b>Financial liabilities not measured at fair value</b>						
Outstanding claims including IBNR*	-	-	-	-	(318,692,780)	(318,692,780)
Unearned premium reserves*	-	-	-	-	(33,943,281)	(33,943,281)
Premium deficiency reserves*	-	-	-	-	(20,598,586)	(20,598,586)
Unearned reinsurance commission*	-	-	-	-	(534,024)	(534,024)
Lease Liabilities	-	-	-	-	(7,096,895)	(7,096,895)
Premium received in advance*	-	-	-	-	(43,008,052)	(43,008,052)
Reinsurance / Co-insurance payables*	-	-	-	-	(86,593,563)	(86,593,563)
Other creditors and accruals*	-	250,730,242	557,302,570	319,007,624	(510,467,181)	616,573,255

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

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## 32 SEGMENT INFORMATION

The class wise revenues and results are as follows:

Half year ended June 30, 2019 (Unaudited)							
June 30, 2019	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes	2019 Aggregate
(Rupees)							
<b>Premium receivable</b> (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	11,011,260	6,473,047	17,017,407	10,115,319	590,109	6,656,376	51,863,518
Less : Federal excise duty / Sales Tax	1,282,892	656,750	1,752,937	-	67,782	854,221	4,614,582
Federal insurance fee	91,154	54,743	126,639	-	5,128	56,794	334,458
Others	21,792	261,524	96,477	-	4,630	25,179	409,602
<b>Gross written premium</b> (inclusive of administrative surcharge)	<b>9,615,422</b>	<b>5,500,030</b>	<b>15,041,354</b>	<b>10,115,319</b>	<b>512,569</b>	<b>5,720,182</b>	<b>46,504,876</b>
Gross direct premium	9,451,132	5,272,081	14,596,450	10,115,319	493,137	5,602,215	45,530,334
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	164,290	227,949	444,904	-	19,432	117,967	974,542
	<b>9,615,422</b>	<b>5,500,030</b>	<b>15,041,354</b>	<b>10,115,319</b>	<b>512,569</b>	<b>5,720,182</b>	<b>46,504,876</b>
Insurance premium earned	14,458,881	5,009,973	11,860,871	5,463,010	1,068,524	6,565,645	44,426,904
Reinsurance expense	(11,742,155)	(5,109,247)	(1,403,284)	-	(474,881)	(2,789,625)	(21,519,192)
<b>Net insurance premium</b>	<b>2,716,726</b>	<b>(99,274)</b>	<b>10,457,587</b>	<b>5,463,010</b>	<b>593,643</b>	<b>3,776,020</b>	<b>22,907,712</b>
Net commission	136,436	(6,832)	20,196	-	134,394	181,677	465,871
<b>Net Underwriting Income</b>	<b>2,853,162</b>	<b>(106,106)</b>	<b>10,477,783</b>	<b>5,463,010</b>	<b>728,037</b>	<b>3,957,697</b>	<b>23,373,583</b>
Insurance claims	25,251,035	828,153	(6,311,526)	(3,964,281)	-	305,862	16,109,243
Insurance claims recovered from reinsurers	(19,687,598)	(1,271,102)	693,289	-	-	(369,899)	(20,635,310)
<b>Net claims</b>	<b>5,563,437</b>	<b>(442,949)</b>	<b>(5,618,237)</b>	<b>(3,964,281)</b>	<b>-</b>	<b>(64,037)</b>	<b>(4,526,067)</b>
Commission expense	(3,042,185)	(971,084)	(1,321,853)	(273,240)	(317,302)	(1,185,482)	(7,111,146)
Management expenses	(9,436,543)	(5,397,711)	(14,761,534)	(9,927,140)	(503,033)	(5,613,767)	(45,639,728)
Premium deficiency expense	4,728,064	(153,143)	(1,113,169)	2,719,535	604,950	630,104	7,416,341
<b>Net insurance claims and expenses</b>	<b>(2,187,227)</b>	<b>(6,964,887)</b>	<b>(22,814,793)</b>	<b>(11,445,126)</b>	<b>(215,385)</b>	<b>(6,233,182)</b>	<b>(49,860,600)</b>
<b>Underwriting result</b>	<b>665,935</b>	<b>(7,070,993)</b>	<b>(12,337,010)</b>	<b>(5,982,116)</b>	<b>512,652</b>	<b>(2,275,485)</b>	<b>(26,487,017)</b>
Investment income							12,748,945
Other income							19,341,291
other expenses							(2,085,289)
							30,004,947
<b>Results of operating activities</b>							<b>3,517,930</b>
Segment Assets	74,096,299	28,199,329	49,228,708	18,156,597	8,835,843	32,002,643	210,519,419
Unallocated Assets							857,640,193
	<b>74,096,299</b>	<b>28,199,329</b>	<b>49,228,708</b>	<b>18,156,597</b>	<b>8,835,843</b>	<b>32,002,643</b>	<b>1,068,159,612</b>
Segment liabilities	200,185,197	17,082,622	36,332,147	14,521,245	8,248,548	10,397,362	286,767,121
Unallocated liabilities							90,649,601
	<b>200,185,197</b>	<b>17,082,622</b>	<b>36,332,147</b>	<b>14,521,245</b>	<b>8,248,548</b>	<b>10,397,362</b>	<b>377,416,722</b>

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## Half year ended June 30, 2018 (Unaudited)

June 30, 2018	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes	2018 Aggregate
(Rupees)							
<b>Premium receivable</b> (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	11,091,273	6,994,408	9,711,099	8,306,641	2,724,931	6,843,803	45,672,155
Less : Federal excise duty / Sales Tax	1,385,164	648,802	1,207,986	-	328,131	904,836	4,474,919
Federal insurance fee	95,897	59,655	83,733	-	23,583	58,954	321,822
Others	26,639	321,046	73,127	-	14,930	27,306	463,048
<b>Gross written premium</b> (inclusive of administrative surcharge)	<b>9,583,573</b>	<b>5,964,905</b>	<b>8,346,253</b>	<b>8,306,641</b>	<b>2,358,287</b>	<b>5,852,707</b>	<b>40,412,366</b>
Gross direct premium	9,368,378	5,706,741	8,040,051	8,306,641	2,304,111	5,732,087	39,458,009
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	215,195	258,164	306,202	-	54,176	120,620	954,357
	<b>9,583,573</b>	<b>5,964,905</b>	<b>8,346,253</b>	<b>8,306,641</b>	<b>2,358,287</b>	<b>5,852,707</b>	<b>40,412,366</b>
Insurance premium earned	15,743,293	7,053,986	8,321,596	8,171,127	2,508,672	5,265,578	47,064,252
Reinsurance expense	(14,307,731)	(5,048,787)	(2,073,483)	-	(1,187,740)	(1,967,991)	(24,585,732)
<b>Net insurance premium</b>	<b>1,435,562</b>	<b>2,005,199</b>	<b>6,248,113</b>	<b>8,171,127</b>	<b>1,320,932</b>	<b>3,297,587</b>	<b>22,478,520</b>
Net commission	2,435,865	143,796	13,775	-	347,369	215,369	3,156,174
<b>Net Underwriting income</b>	<b>3,871,427</b>	<b>2,148,995</b>	<b>6,261,888</b>	<b>8,171,127</b>	<b>1,668,301</b>	<b>3,512,956</b>	<b>25,634,694</b>
Insurance claims	(5,093,998)	(5,786,618)	(4,967,532)	(3,602,967)	(6,425,000)	(5,915,329)	(31,791,444)
Insurance claims recovered from reinsurers	3,685,989	348,954	2,554,400	-	3,855,000	6,652,449	17,096,792
<b>Net claims</b>	<b>(1,408,009)</b>	<b>(5,437,664)</b>	<b>(2,413,132)</b>	<b>(3,602,967)</b>	<b>(2,570,000)</b>	<b>737,120</b>	<b>(14,694,652)</b>
Commission expense	(4,392,036)	(1,503,587)	(1,203,474)	(408,507)	(359,976)	(765,889)	(8,633,469)
Management expenses	(10,608,525)	(6,602,845)	(9,238,875)	(9,195,027)	(2,610,503)	(6,478,647)	(44,734,422)
Premium deficiency expense	5,662,306	115,239	-	(58,550)	155,611	(10,427)	5,864,179
<b>Net insurance claims and expenses</b>	<b>(10,746,264)</b>	<b>(13,428,857)</b>	<b>(12,855,481)</b>	<b>(13,265,051)</b>	<b>(5,384,868)</b>	<b>(6,517,843)</b>	<b>(62,198,364)</b>
<b>Underwriting result</b>	<b>(6,874,837)</b>	<b>(11,279,862)</b>	<b>(6,593,593)</b>	<b>(5,093,924)</b>	<b>(3,716,567)</b>	<b>(3,004,887)</b>	<b>(36,563,670)</b>
Investment income							24,191,010
Other income							3,822,678
other expenses							(2,399,870)
							25,613,818
<b>Results of operating activities</b>							<b>(10,949,852)</b>

## December 31, 2018 (Audited)

Decemebr 31, 2018	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes	2018 Aggregate
(Rupees)							
Segment Assets	101,465,833	39,612,525	67,006,802	25,025,359	12,702,260	44,138,418	289,951,197
Unallocated Assets							926,118,159
	<b>101,465,833</b>	<b>39,612,525</b>	<b>67,006,802</b>	<b>25,025,359</b>	<b>12,702,260</b>	<b>44,138,418</b>	<b>1,216,069,356</b>
Segment liabilities	318,395,996	23,330,623	35,963,628	16,898,731	10,887,577	18,397,063	423,873,618
Unallocated liabilities							86,593,563
	<b>318,395,996</b>	<b>23,330,623</b>	<b>35,963,628</b>	<b>16,898,731</b>	<b>10,887,577</b>	<b>18,397,063</b>	<b>510,467,181</b>

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**33 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017.

**34 DATE OF AUTHORIZATION**

This condensed interim financial statements was authorized for issue on Aug 27, 19 by the Board of Directors of the Company.

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Chief Executive Officer

  
Chairperson

  
Director

  
Director