

# Independent Auditor's Review Report and Condensed Interim Financial Statements



**Alpha Insurance Company Limited**

*For the six months period ended June 30, 2020*

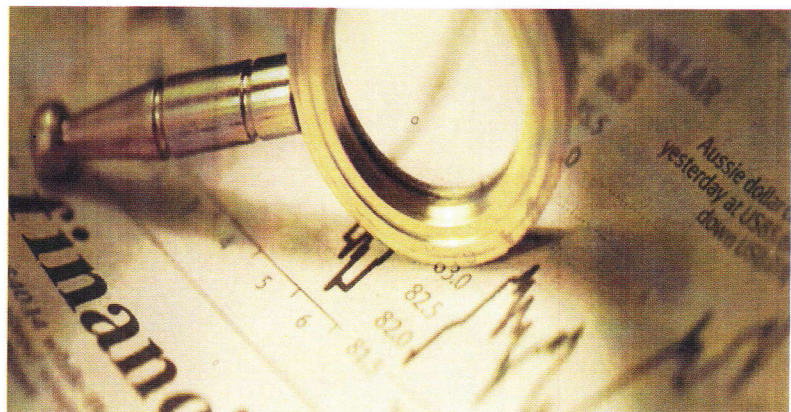


**Grant Thornton**

*An instinct for growth™*

**Grant Thornton Anjum Rahman**

*Chartered Accountants*





# Grant Thornton

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alpha Insurance Company Limited

Report on review of Interim Financial Statements

**GRANT THORNTON ANJUM RAHMAN**

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
[www.gtpak.com](http://www.gtpak.com)

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Alpha Insurance Company Limited** as at **June 30, 2020** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, and notes to the condensed interim financial statements for the six-months period 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 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.

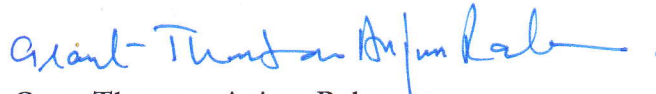
### Other Matters

- The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three-months period ended June 30, 2020 and June 30, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended June 30, 2020.
- The interim financial statements for the six-months period ended June 30, 2019 and annual financial statements of the Company for the year ended December 31, 2019 were reviewed

and audited by KPMG Taseer Hadi & Co whose review report dated August 28, 2019 and audit report dated April 30, 2020 expressed an unmodified conclusion and an unmodified opinion on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.

Yours truly



**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi

Date: August 13, 2020



**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 ended 30<sup>th</sup> June 2020.

**Business Overview:**

The summarized results for Six months are as follows:

	Quarter ended June 30,		Six Month ended June 30,	
	2020	2019	2020	2019
	----- (Rupees) -----			
Premium Written	13,105,876	28,829,290	32,201,717	46,504,876
Net premium revenue	25,312,017	12,002,303	40,458,255	22,907,712
Management expenses	27,450,777	24,978,461	46,272,010	45,639,728
Underwriting profit / (loss)	(2,271,424)	(19,073,123)	(20,178,699)	(26,487,017)
Net investment income	27,089,683	1,650,617	12,701,681	12,748,945
Other income	1,664,592	17,524,412	3,688,332	19,341,291
Profit / (loss) before tax	25,407,766	(1,381,965)	(5,879,006)	2,448,091
Profit / (loss) after tax	19,722,570	175,098	(6,247,219)	1,743,266
Earning per share (EPS)	0.39	0.00	(0.12)	0.03

It may be observed that Gross premium for the six months as well as for the quarter ended at June 30, 2020 decreased while the net premium has increased as compared to last year. Increase in net premium is mainly due to less re-insurance cost and realisation of higher quantum of unearned premium as compared to corresponding period of last year. Investment income, for the quarter has increased due to recovery of stock market which resulted reversal of impairment. This has impacted the financial position favourably and the results for quarter became positive while comparing with the corresponding period of last year.

In comparison with last year, though the Gross premium decreased by 31 percent but the net premium increased by 77 percent. Underwriting loss also decreased by 24 percent. Now the company is recovering of the economic down turn due to the epidemic situation of Covid 19.

In the end 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.

**Nadeem Bessey****Chief Executive Officer**

Karachi : Thursday, August 13, 2020

**Muhammad Rashid****Director****Head Office:**

Building No. 1-B, State Life Square,  
off. I.I. Chundrigar Road, Karachi-74000  
Tel: 021-32416041-45 Fax: 021-32419968





# Alpha

Insurance Company Limited

A subsidiary of State Life Insurance Corporation of Pakistan

30 جون 2020ء کے ختم شدہ چھ ماہ کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے آپ کے پیش نظر ہیں۔

## کمپنی کی کارکردگی

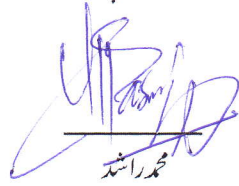
زیر جائزہ چھ ماہی کیلئے مختصراً نتائج مندرجہ ذیل ہیں

30 جون کے ختم شدہ چھ ماہ		30 جون کے ختم شدہ تین ماہ		
2019ء	2020ء	2019ء	2020ء	
روپے	روپے	روپے	روپے	
46,504,876	32,201,717	28,829,290	13,105,876	خام پریمیم
22,907,712	40,458,255	12,002,303	25,312,017	خالص پریمیم آمدنی
45,639,728	46,272,010	24,978,461	27,450,777	انتظامی اخراجات
(26,487,017)	(20,178,699)	(19,073,123)	(2,271,424)	انڈر رائٹنگ نقصان
12,748,945	12,701,681	1,650,617	27,089,683	سرمایہ کاری کی آمدنی
19,341,291	3,688,332	17,524,412	1,664,592	دیگر آمدنی
2,448,091	(5,879,006)	(1,381,965)	25,407,766	نقصان قبل از ٹیکس
1,743,266	(6,247,219)	175,098	19,722,570	نقصان بعد از ٹیکس
0.03	(0.12)	0.00	0.39	بنیادی منافع فی شیئر

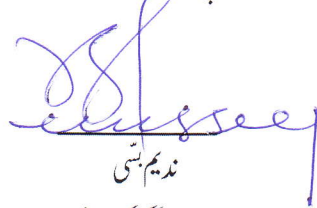
یہ مشاہدہ کیا جاسکتا ہے کہ چھ ماہی اور ساتھ ساتھ 30 جون 2020 کو ختم ہونے والی سہ ماہی میں مجموعی پریمیم میں کمی واقع ہوئی ہے جبکہ گزشتہ سال کے مقابلے میں خالص پریمیم میں اضافہ ہوا ہے۔ پچھلے سال اسی عرصے کے مقابلے میں خالص پریمیم میں اضافے کی بنیادی وجہ ری۔ انشورنس کی لاگت میں کمی اور Unearned پریمیم کے حصول میں بہترین اضافہ ہے۔ اسٹاک مارکیٹ کی بحالی کی وجہ سے کمپنی کی سہ ماہی سرمایہ کاری میں اضافہ ہوا ہے جس کے نتیجے میں خرابی درست ہوئی ہیں۔ جس نے کمپنی کی مالیاتی پوزیشن کو سازگار بنایا اور گزشتہ سال کے اسی عرصے کے مقابلے میں سہ ماہی کے نتائج مثبت ثابت ہوئے۔

پچھلے سال کے مقابلے میں انڈر رائٹنگ مجموعی پریمیم میں 31 فیصد کمی ہوئی ہے لیکن خالص پریمیم میں 77 فیصد اضافہ ہوا ہے۔ انڈر رائٹنگ نقصان میں 24 فیصد کمی ہوئی ہے۔ کووڈ 19 کی صورتحال کے پیش نظر معاشی بد حالی کے باوجود اب کمپنی بہتری کی جانب گامزن ہے۔

آخر میں ہمارے بورڈ آف ڈائریکٹرز نے اپنے کلائنٹس، کسٹمرز، شیئر ہولڈرز، سیکوریٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان، انتظامیہ اور اسٹاف کا ان کے مسلسل بھروسہ، تعاون اور انتھک محنت کیلئے شکر گزار ہے۔

  
محمد راشد

ڈائریکٹر

  
ندیم بٹ

چیف ایگزیکٹو آفیسر

کراچی: جمعرات 13 اگست 2020ء

Head Office:

Building No. 1-B, State Life Square,

off. I.I. Chundrigar Road, Karachi-74000

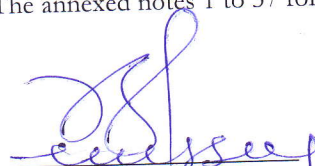
Tel: 021-32416041-45 Fax: 021-32419968

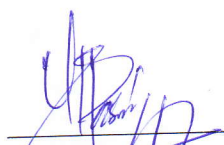
**ALPHA INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT JUNE 30, 2020**

		June 30, (Unaudited) 2020	December 31, (Audited) 2019
	Notes	-----Rupees-----	
<b>Assets</b>			
Property and equipment	7	18,828,829	23,135,280
Intangible assets	8	-	-
Investments	9	192,730,334	235,081,734
Equity securities	10	514,840,444	419,112,300
Debt securities	11	8,610,185	10,402,986
Loans and other receivables	12	44,042,617	62,547,897
Insurance / Reinsurance receivables	23	119,366,336	118,466,336
Reinsurance recoveries against outstanding claims		7,882	7,882
Salvage recoveries accrued	24	5,402,734	10,888,561
Deferred Commission Expense / Acquisition cost		321,638	321,638
Retirement benefits	13	19,807,077	5,628,476
Deferred taxation	14	66,665,094	69,571,058
Taxation - payment less provisions	15	16,082,795	14,830,483
Prepayments	16	52,908,218	141,979,813
Cash and bank		1,059,614,183	1,111,974,444
<b>Total assets</b>			
<b>Equity and Liabilities</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Authorised share capital: [51,000,000 (December 31, 2019: 51,000,000) Ordinary shares of Rs. 10 each]		510,000,000	510,000,000
Issued, subscribed and paid-up share capital [50,000,000 (2019: 50,000,000) Ordinary shares of Rs. 10 each]		500,000,000	500,000,000
Reserves	17	88,118,219	105,743,093
Unappropriated profit		93,535,377	99,782,600
<b>Total equity</b>		681,653,596	705,525,693
<b>Liabilities</b>			
<b>Underwriting provisions</b>			
Outstanding claims including IBNR	23	209,328,046	199,813,911
Unearned premium reserves	22	23,638,114	48,770,068
Premium deficiency reserves	18	12,356,758	27,251,570
Unearned Reinsurance Commission	24	187,604	228,490
Premium received in advance		6,061,444	4,901,131
Reinsurance / Insurance payables	19	31,713,204	24,545,475
Other creditors and accruals	20	94,675,417	100,938,106
<b>Total liabilities</b>		377,960,587	406,448,751
<b>Total equity and liabilities</b>		1,059,614,183	1,111,974,444

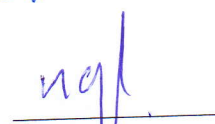
**Contingencies and commitments**

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

  
**Chief Executive Officer**

  
**Director**

  
**Director**

  
**Chairman**

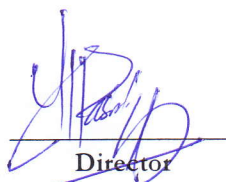


ALPHA INSURANCE COMPANY LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

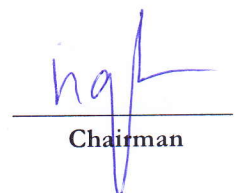
		Six Months Period Ended June 30,		Three Months Period Ended June 30,	
		2020	2019	2020	2019
		(Unaudited)		(Unaudited)	
	Notes	(Rupees)			
Net insurance premium	22	40,458,255	22,907,712	25,312,017	12,002,303
Net insurance claims	23	(18,605,295)	(4,526,067)	(8,951,716)	(5,419,464)
Premium deficiency	18	14,894,812	7,416,341	12,853,964	2,921,727
Net commission and other acquisition cost	24	(10,654,461)	(6,645,275)	(4,034,911)	(3,599,228)
Insurance claims and acquisition expenses		(14,364,944)	(3,755,001)	(132,663)	(6,096,965)
Management expenses	25	(46,272,010)	(45,639,728)	(27,450,777)	(24,978,461)
Underwriting results		(20,178,699)	(26,487,017)	(2,271,423)	(19,073,123)
Investment income	26	12,701,681	12,748,945	27,089,683	1,650,617
Other income	27	3,688,332	19,341,291	1,664,592	17,524,412
Other expenses	28	(942,400)	(2,085,289)	(517,400)	(958,649)
		15,447,613	30,004,947	28,236,875	18,216,380
Results of operating activities		(4,731,086)	3,517,930	25,965,452	(856,743)
Finance cost		(1,147,920)	(1,069,839)	(557,686)	(525,222)
(Loss)/Profit before tax		(5,879,006)	2,448,091	25,407,766	(1,381,965)
Income tax expense	29	(368,217)	(704,825)	(5,685,196)	1,557,063
(Loss)/Profit after tax		(6,247,223)	1,743,266	19,722,570	175,098
(Loss)/Earnings per share-					
Basic and Diluted	30	(0.12)	0.03	0.39	0.00

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

  
Chief Executive Officer

  
Director

  
Director

  
Chairman



ALPHA INSURANCE COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Six Months Period Ended June 30,		Three Months Period Ended June 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
	----- (Rupees) -----			
(Loss)/Profit after taxation	(6,247,223)	1,743,266	19,722,570	175,098
Other comprehensive (loss)/income for the period				
Unrealised (loss) / gain on revaluation of available for-sale investments - net of tax	(17,624,873)	(16,602,551)	3,719,468	(10,907,973)
Other comprehensive (loss)/income for the period	(17,624,873)	(16,602,551)	3,719,468	(10,907,973)
Total comprehensive (loss)/income for the period	(23,872,096)	(14,859,285)	23,442,038	(10,732,875)

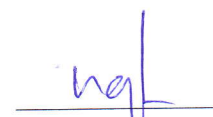
The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

*9/11/20*

  
Chief Executive Officer

  
Director

  
Director

  
Chairman

**ALPHA INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
<b>OPERATING CASH FLOWS</b>		
<b>Underwriting activities</b>		
Insurance premiums received	33,531,138	34,656,379
Reinsurance premium paid	(4,155,469)	(37,383,692)
Claims paid	(10,428,669)	(91,928,806)
Reinsurance and other recoveries received	437,509	72,008,970
Commission paid	(6,125,422)	(13,496,022)
Commission received	202,123	434,763
Management expenses paid	(38,906,648)	(37,665,113)
<b>Net cash used in underwriting activities</b>	<b>(25,445,439)</b>	<b>(73,373,521)</b>
<b>Other operating activities</b>		
Income tax paid	(4,441,960)	(3,735,568)
Other operating payments	3,015,511	(4,035,576)
Other operating receipts	-	256,854
Loans advanced	(205,991)	(191,260)
<b>Net cash used in other operating activities</b>	<b>(1,632,439)</b>	<b>(7,705,550)</b>
<b>Total Cash flow used in all operating activities</b>	<b>(27,077,878)</b>	<b>(81,079,071)</b>
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	31,382,450	29,925,119
Dividend received	4,720,117	4,691,752
Payment for investments	(295,532,912)	(627,849,776)
Proceeds from investments	200,000,000	691,464,605
Fixed capital expenditure	(94,340)	(2,957,950)
<b>Total cash (used in)/generated from investing activities</b>	<b>(59,524,685)</b>	<b>95,273,750</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	-	(5,200)
Lease payments	(2,469,031)	(2,083,908)
<b>Total cash used in financing activities</b>	<b>(2,469,031)</b>	<b>(2,089,108)</b>
<b>Net cash (used in)/generated from all activities</b>	<b>(89,071,595)</b>	<b>12,105,571</b>
Cash and cash equivalents at the beginning of the period	141,979,813	31,399,235
<b>Cash and cash equivalents at the end of the period</b>	<b>52,908,218</b>	<b>43,504,806</b>

ALPHA INSURANCE COMPANY LIMITED  
 CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020


	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
<b>Reconciliation to Profit and Loss Account</b>		
Operating cash flows	(27,077,878)	(81,079,071)
Depreciation expense	(2,776,050)	(2,086,066)
Gain on termination of right of use assets	100,841	-
Dividend Income	4,720,117	4,663,252
Other investment income	7,981,565	23,406,263
Increase / (decrease) in assets other than cash	(21,269,472)	(93,044,354)
(Increase) / decrease in liabilities other than borrowings	28,488,164	146,693,165
Other Income	3,585,491	3,190,077
<b>(Loss)/Profit after taxation</b>	<b>(6,247,223)</b>	<b>1,743,266</b>

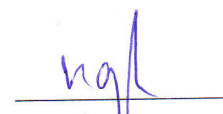
The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

*CIR*

  
 Chief Executive Officer

  
 Director

  
 Director

  
 Chairman




**ALPHA INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

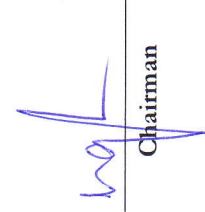
	Share Capital	Revenue reserves			Un appropriated profit	Total
		Capital reserve	General reserve	Unrealised gain/(loss) on revaluation of available for sale - net of tax		
		Reserve for exceptional losses				
----- (Rupees) -----						
Balance as at January 01, 2019	500,000,000	3,355,000	6,820,000	98,714,872	96,712,303	705,602,175
<i>Total comprehensive income/(loss) for the period ended June 30, 2019</i>						
Income for the period ended June 30, 2019	-	-	-	-	1,743,266	1,743,266
Other comprehensive loss	-	-	-	(16,602,551)	-	(16,602,551)
Balance as at June 30, 2019	500,000,000	3,355,000	6,820,000	(16,602,551)	1,743,266	(14,859,285)
Balance as at January 01, 2020	500,000,000	3,355,000	6,820,000	82,112,321	98,455,569	690,742,890
<i>Total comprehensive income/(loss) for the period ended June 30, 2020</i>						
Loss for the period ended June 30, 2020	-	-	-	-	(6,247,223)	(6,247,223)
Other comprehensive loss	-	-	-	(17,624,873)	-	(17,624,873)
Balance as at June 30, 2020	500,000,000	3,355,000	6,820,000	(17,624,873)	(6,247,223)	(23,872,096)
				77,943,219	93,535,377	681,653,596

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

GTRK

  
**Chief Executive Officer**

  
**Director**

  
**Chairman**

**ALPHA INSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

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**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 9 (December 31, 2019: 11) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 95.15% (December 31, 2019: 95.15%) shares of the Company.

**2 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.

**3 BASIS OF PREPARATION**

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, 2019.

The figures in the condensed interim profit and loss account and other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the relevant notes to the condensed interim financial statements for the six-months period ended June 30, 2020 are not audited. Further, the figures for the three-months period ended June 30, 2020 and 2019 in the condensed interim statement of profit and loss and other comprehensive income have also not been reviewed by auditors.

**3.1 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.

**3.2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS**

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and resulting in an economic slowdown.



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General economic activities in Pakistan also slowed down during the start of second quarter of the period under review for the same reasons. However, with the gradual opening up of the local Industry, economic activity in the Country is on the uptick, especially from the month of June, 2020 the Company's operations were not affected as it was operated under all necessary Standard operating procedures (SOPs) issued by the Government of Pakistan guidance issued by securities and exchange commission of Pakistan for insurance companies. However, due to this pandemic situation company has faced a impairment loss in its investment of listed equity securities amounting to Rs. 17.56 million unrealized loss on investment of listed equity securities amounting to Rs. 24.82 million owing to drastic downtrend in the PSX market in this pandemic situation in comparison with the amount of investment as at December 31, 2019 and increase in claims lodge to the company amounting to Rs. 9.5 million in the current period. Furthermore, company has faced decline in its saving account profit rates in second quarter of the period from 11.25% to 6.5%. However, the Management is of the view that with the day-to-day improvement of the PSX market, increase in demand of its policy holders and with the effective and efficient risk management strategy of the company. The company will be able recoup in the next quarter.

**3.3 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.

**3.4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS**

**3.4.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period**

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

Adoption of the above standard have no significant effect on the amounts for the period ended June 30, 2020 except for those mentioned in change in accounting policy note.

**3.4.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company**

There are no such new standards, amendments to published standards and interpretations that would be relevant but not yet effective.

**3.4.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.



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**Standard or Interpretation**

**Effective Date**  
**(Annual periods beginning**  
**on or after)**

IFRS 17 'Insurance Contracts'

January 1, 2020

IFRS 1 'First-time Adoption of International Financial Reporting Standards'

July 1, 2009

**4 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 annual financial statements of the Company for the year ended December 31, 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.

**5 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, 2019.

**6 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, 2019.

**7 PROPERTY AND EQUIPMENT**

		June 30, 2020	December 31, 2019
	Note	(Un-audited)	(Audited)
		----- (Rupees) -----	
Operating assets	7.1	6,057,363	6,923,663
Right-of-use assets	7.2	12,771,466	16,211,617
		<u>18,828,829</u>	<u>23,135,280</u>
<b>7.1 Operating assets</b>			
Opening book value		6,923,663	3,865,697
Add: Additions during the period	7.1.1	94,340	4,637,707
Less: Disposals during the period	7.1.2	-	(8)
		<u>7,018,003</u>	<u>8,503,396</u>
Less: Depreciation for the period		<u>(960,640)</u>	<u>(1,579,733)</u>
		<u>6,057,363</u>	<u>6,923,663</u>

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	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
<b>7.1.1 Addition during the period- Cost</b>	<b>----- (Rupees) -----</b>	
Office equipment	-	53,500
Computer and accessories	27,700	409,930
Motor vehicles	-	3,282,348
Electrical Installations	66,640	891,929
	<u>94,340</u>	<u>4,637,707</u>

**7.1.2 Assets disposed during the period - WDV**

Motor vehicles	-	8
	<u>-</u>	<u>8</u>

**7.2 Right-of-use assets**

Balance at 1 January 2020	16,211,617	20,384,772
Add: Additions during the period	-	-
Less: Disposals during the period -WDV	(1,624,741)	-
	<u>14,586,876</u>	<u>20,384,772</u>
Depreciation charge for the period	(1,815,410)	(4,173,155)
Balance at 30 June 2020	<u>12,771,466</u>	<u>16,211,617</u>

**8 INTANGIBLE ASSETS**

Computer Software - Cost	-	-
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- 8.1 Computer software includes GIS software and operating software licence which was purchased at cost Rs. 2,411,912 in 2009 and was fully amortized at the rate of 30% per annum.

**9 INVESTMENTS IN EQUITY SECURITIES**

- Available for sale	June 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Cost	Impairment/ provision	Carrying value	Cost	Impairment / provision	Carrying value
	----- (Rupees) -----			----- (Rupees) -----		
Listed equity securities	125,868,299	(39,236,993)	86,631,306	125,868,299	(21,709,358)	104,158,941
Unrealized gain	-	-	106,099,028	-	-	130,922,793
	<u>125,868,299</u>	<u>(39,236,993)</u>	<u>192,730,334</u>	<u>125,868,299</u>	<u>(21,709,358)</u>	<u>235,081,734</u>

**10 INVESTMENTS IN DEBT SECURITIES**

- Held to maturity	Note	June 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
		----- (Rupees) -----			----- (Rupees) -----		
Government securities							
- Pakistan investment bonds	10.1	223,586,162	-	223,586,162	338,300,450	-	338,300,450
- Treasury bills	10.2	291,254,282	-	291,254,282	80,811,850	-	80,811,850
		<u>514,840,444</u>	<u>-</u>	<u>514,840,444</u>	<u>419,112,300</u>	<u>-</u>	<u>419,112,300</u>

- 10.1 Pakistan investment bonds have face value of Rs. 240 million (market value of Rs. 223.59 million) [2019: face value of Rs. 350 million (market value of Rs. 338.30 million)]. These carry mark-up ranging from 9.5% to 10% (2019: 9.25% to 10%) per annum and will mature between 2020 and 2029.



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**10.1.1** Pakistan Investment Bonds with face value of Rs. 60 million (2019: Rs. 60 million) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

**10.2** Market treasury bills have face value of Rs. 310 million (market value of Rs. 291.26 million) [2019: face value of Rs. 90 million (market value of Rs. 80.81 million)]. These carry mark-up at 13.02% to 13.43% (2019: 13.02% to 13.43%) per annum and will mature in 2021.

<b>10.3 MOVEMENT IN INVESTMENTS</b>	<b>Held to maturity</b>	<b>Available for sale</b>	<b>Total</b>
		<b>(Rupees)</b>	
<b>At beginning of previous year</b>	557,302,570	250,730,242	808,032,812
Additions	941,014,686	-	941,014,686
Disposals (sales and redemptions)	(1,074,494,766)	-	(1,074,494,766)
Fair value net gains (Excluding net realised gains)	-	(7,206,169)	(7,206,169)
Classified as held for trading	-	-	-
Amortisation of premium	(4,710,190)	-	(4,710,190)
Impairment losses	-	(8,442,339)	(8,442,339)
<b>At end of previous year</b>	<b>419,112,300</b>	<b>235,081,734</b>	<b>654,194,034</b>
<b>At beginning of current year</b>	<b>419,112,300</b>	<b>235,081,734</b>	<b>654,194,034</b>
Additions	295,532,912	-	295,532,912
Disposals (sales and redemptions)	(200,000,000)	-	(200,000,000)
Fair value net gains (Excluding net realised gains)	-	(24,823,765)	(24,823,765)
Classified as held for trading	-	-	-
Amortisation of premium	195,232	-	195,232
Impairment losses	-	(17,527,635)	(17,527,635)
<b>At end of current year</b>	<b>514,840,444</b>	<b>192,730,334</b>	<b>707,570,778</b>
		<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>11 LOANS AND OTHER RECEIVABLES - Considered good</b>		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>(Rupees)</b>	
Accrued investment income		6,589,812	9,072,804
Security deposit		111,000	50,000
Advance against commission to agents		49,999	49,999
Loans to employees		950,019	744,028
Other receivables		909,355	486,155
		<b>8,610,185</b>	<b>10,402,986</b>



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	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees) -----	
<b>12 INSURANCE / REINSURANCE RECEIVABLES</b>		
- Unsecured and considered good		
Due from insurance contract holders	95,333,417	95,502,525
Less: provision for impairment of receivables from insurance contract holders	(86,091,877)	(86,269,882)
	9,241,540	9,232,643
Due from other insurers / reinsurers	71,629,621	83,724,303
Less: provision for impairment of due from other insurers / reinsurers	(36,828,544)	(30,409,048)
	34,801,077	53,315,255
	<u>44,042,617</u>	<u>62,547,897</u>
<b>13 DEFERRED TAXATION</b>		
Deferred debits arising in respect of :		
Accelerated tax depreciation on fixed assets	1,327,266	1,354,706
Lease liabilities	4,051,635	4,935,175
Provision against premium due but unpaid	24,966,644	25,018,266
Provision for diminution in value of investment	11,378,728	6,295,714
Provision against amount due from other insurers/reinsurers	10,680,278	8,818,624
Minimum tax	1,924,644	1,924,644
Deferred credits arising in respect of :		
Right-of-use assets	(3,703,725)	(4,701,369)
Provision for employees' benefits plan	(49,674)	(49,674)
Unrealized loss on revaluation of AFS	(30,768,719)	(37,967,610)
	<u>19,807,077</u>	<u>5,628,476</u>
<b>14 TAXATION - Payment less provision</b>		
Opening Balance	69,571,058	63,293,535
Tax paid including deducted at source	4,441,960	8,202,167
Provision for taxation	(7,347,924)	(1,924,644)
Closing Balance	<u>66,665,094</u>	<u>69,571,058</u>
<b>15 PREPAYMENTS</b>		
Prepaid reinsurance premium ceded	15,613,152	14,724,208
Prepaid rent	196,419	-
Prepaid miscellaneous expenses	273,224	106,275
	<u>16,082,795</u>	<u>14,830,483</u>
<b>16 CASH AND BANK</b>		
Cash and other equivalents		
- Cash in hand	147,810	78,665
- Policy & Revenue stamps, Bond papers	166,735	63,330
Cash at bank		
- Current accounts	7,082,779	16,374,124
- Savings accounts	45,510,894	125,463,694
	<u>52,908,218</u>	<u>141,979,813</u>

16.1 The rate of return on profit and loss savings account maintained at various banks range from 6.50% to 11.25% per annum (2019: 8.00% to 12.00% per annum).

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		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	----- (Rupees) -----	
<b>17 RESERVES</b>			
<b>Capital reserve</b>			
Reserve for exceptional losses	17.1	3,355,000	3,355,000
<b>Revenue reserves</b>			
General reserve		6,820,000	6,820,000
Unrealised appreciation on 'available for sale' investments		77,943,219	95,568,093
		<u>88,118,219</u>	<u>105,743,093</u>
<b>17.1</b> 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.			
		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	----- (Rupees) -----	
<b>18 PREMIUM DEFICIENCY RESERVES</b>			
Opening balance		27,251,570	20,598,586
Provision for the period (reduction)/appreciation		(14,894,812)	6,652,984
Closing balance		<u>12,356,758</u>	<u>27,251,570</u>
<b>19 REINSURANCE / INSURANCE PAYABLES</b>			
Due to other insurers / reinsurers		21,107,764	19,593,555
Cash margins against performance bonds		10,605,440	4,951,920
		<u>31,713,204</u>	<u>24,545,475</u>
<b>20 OTHER CREDITORS AND ACCRUALS</b>			
Agents commission payable		37,982,601	38,696,380
Federal Excise Duty / Sales tax		16,361,943	17,634,556
Lease liability	20.1	13,971,155	17,017,844
Sindh Workers' Welfare Fund	20.2	2,197,746	2,197,746
Salaries and wages payable		882,121	823,924
Accrued expenses		2,485,113	4,014,713
Compensated absences		1,782,729	1,782,729
Income tax liabilities		266,087	198,566
Other tax payables		50,051	58,368
Unpaid and Unclaimed Dividend		3,001,450	3,001,450
Accounts payable for goods & services		700,022	760,082
Guarantee payable to court against claims		10,982,992	10,982,992
Other creditors & accruals		4,011,407	3,768,756
		<u>94,675,417</u>	<u>100,938,106</u>
<b>20.1 Lease Liability</b>			
Current		3,627,396	3,277,774
Non - Current		10,343,759	13,740,070
		<u>13,971,155</u>	<u>17,017,844</u>

**20.2** 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.



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The Honorable 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.

**21 CONTINGENCIES AND COMMITMENTS**

**21.1 Contingencies**

**21.1.1** There are no material changes in the status of contingencies as same reported in note 21.1 to the financial statements of the Company for the year ended 31 December, 2019, excepts specified below:

**21.1.2** The Deputy Commissioner Inland Revenue (DCIR), Enforcement & Collection Unit-3, Range-B, Zone III, Large tax payers Unit, Karachi finalized the monitoring proceedings 161/205 of the Income Tax Ordinance, 2001. The DCIR, while passing the order, levied tax on account of rent, insurance commission, re-insurance premium, insurance claims and payment of various expenses aggregating to Rs.16.64 million including default surcharge and penalty. Against the order, the Company filed an appeal before the CIR(A), wherein the CIR(A) deleted the tax demand against rent payments, remanded back the issues of insurance commission, insurance claims and payment of various expenses. Further, the CIR(A) confirmed the levy of tax in respect of re-insurance premium. Moreover, against the order of CIR(A), the Company filed an appeal before the ATIR which is pending adjudication.

**21.1.3** During the current period, the Sindh Revenue Board through a show cause order dated 27th February 2020, raised a demand of Rs. 85.6 million on account of the short declaration of output tax amounting to Rs. 29.99 million, re-insurance services having sales tax impact of Rs. 43.5 million and commission received from re-insurance having a tax impact of Rs. 11.45 million. These issues pertain to the tax period 2012 and 2013. In response to the aforesaid notice, the Company through its legal advisor filed a Constitutional Petition # D-1890/20 in the High Court of Sindh (HCS) challenging the aforesaid notice for having been issued after expiry of the specified period. In similar cases pending before the HCS, notices have been issued to respondents who have been restrained from passing any final adverse order. The appeal is pending before Honorable High Court of Sindh, Karachi, and management of the Company is confident that the ultimate outcome of this matter will be in favour of the Company, and accordingly, no provision is required in these financial statements on account of these matters.

**21.2 Commitments**

There are no commitments as at 30 June 2020 and 31 December 2019.



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	Note	Six months period ended June 30,		Three months period ended June 30,	
		2020	2019	2020	2019
<b>22 NET INSURANCE PREMIUM</b>		<b>(Unaudited)</b>		<b>(Unaudited)</b>	
		<b>(Rupees)</b>		<b>(Rupees)</b>	
Written Gross Premium		32,201,717	46,504,876	13,105,876	28,829,290
Add: Unearned premium reserve opening		48,770,068	33,943,281	44,217,079	30,108,328
Less: Unearned premium reserve closing		(23,638,114)	(36,021,253)	(23,638,114)	(36,021,253)
Premium earned		57,333,671	44,426,904	33,684,841	22,916,365
Less: Reinsurance premium ceded		17,764,360	18,550,025	9,494,892	8,981,438
Add: Prepaid reinsurance premium opening		14,724,208	18,695,490	14,491,084	17,658,947
Less: Prepaid reinsurance premium closing		(15,613,152)	(15,726,323)	(15,613,152)	(15,726,323)
Reinsurance expense		16,875,416	21,519,192	8,372,824	10,914,062
		40,458,255	22,907,712	25,312,017	12,002,303
<b>23 NET INSURANCE CLAIMS EXPENSE</b>					
Claims paid		10,428,669	91,928,806	5,423,736	83,778,517
Add: Outstanding claims including IBNR closing		209,328,046	210,654,731	209,328,046	210,654,731
Less: Outstanding claims including IBNR opening		(199,813,911)	(318,692,780)	(205,362,707)	(311,450,144)
Claim expense		19,942,804	(16,109,243)	9,389,075	(17,016,896)
Less: Reinsurance and other recoveries received		437,510	72,008,970	437,359	69,658,682
Less: Reinsurance and other recoveries in respect of outstanding claims - opening		(118,466,336)	(211,643,940)	(119,366,336)	(211,094,702)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing		119,366,336	118,999,660	119,366,336	118,999,660
Reinsurance and other recoveries revenue		1,337,510	(20,635,310)	437,359	(22,436,360)
		18,605,295	4,526,067	8,951,716	5,419,464
<b>24 NET COMMISSION / ACQUISITION COST</b>					
Commission paid or payable		5,411,643	6,788,525	1,471,953	3,420,033
Add: Deferred commission expense opening		10,888,561	5,295,944	8,073,220	5,392,767
Less: Deferred commission expense closing		(5,402,734)	(4,973,323)	(5,402,734)	(4,973,323)
Net Commission		10,897,470	7,111,146	4,142,439	3,839,477
Less: Commission received or recoverable		202,123	434,763	185,564	160,574
Add: Unearned Reinsurance commission opening		228,490	534,024	109,568	582,591
Less: Unearned Reinsurance commission closing		(187,604)	(502,916)	(187,604)	(502,916)
Commission from reinsurance		243,009	465,871	107,528	240,249
		10,654,461	6,645,275	4,034,911	3,599,228
<b>25 MANAGEMENT EXPENSES</b>					
Employees benefit cost	25.1	25,944,066	24,269,653	14,741,059	13,418,887
Traveling expense		877,959	1,015,516	101,062	592,697
Advertisement & sales promotion		277,450	1,233,025	27,550	126,220
Printing and stationery		330,764	577,533	135,481	378,378
Depreciation		2,776,050	2,086,066	1,388,571	1,784,886
Rent, rates and taxes		67,690	1,248,508	20,070	65,762
Legal and professional charges-business related		3,740,858	1,862,285	2,150,400	904,131
Electricity, gas and water		449,341	647,980	263,789	403,822
Entertainment		709,629	405,905	354,381	212,463
Vehicle running expenses		2,861,102	2,815,634	1,437,424	1,383,535
Office repair and maintenance		414,274	174,082	126,852	90,815
Bank charges		153,782	140,562	83,157	95,885
Postages, telegrams and telephone		804,005	890,347	415,803	413,372
Annual supervision fee SECP		-	106,278	-	53,139
Reinsurance Balance Written-off (Net)		-	19,347,737	-	19,347,737
Bad and doubtful debts		6,241,491	(12,457,624)	5,740,814	(15,108,238)
Miscellaneous		623,549	1,276,241	464,364	814,970
		46,272,010	45,639,728	27,450,777	24,978,461

ALPHA INSURANCE COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Six months period ended June 30,		Three months period ended June 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
	----- (Rupees) -----		----- (Rupees) -----	
<b>25.1 Employee benefit cost</b>				
Salaries, allowance and other benefits	25,379,797	23,830,471	14,454,290	13,188,265
Charges for post employment benefit	564,269	439,182	286,769	230,622
	<u>25,944,066</u>	<u>24,269,653</u>	<u>14,741,059</u>	<u>13,418,887</u>
<b>26 INVESTMENT INCOME</b>				
<b>Income from equity securities - available for sale</b>				
Dividend income	4,720,117	4,663,252	4,219,329	4,663,252
<b>Income from debt securities - held to maturity</b>				
Return on government securities	25,313,967	23,406,263	14,789,455	10,788,546
Amortization of premium/(discount) on government securities	195,232	(2,556,140)	588,697	(1,277,344)
	<u>30,229,316</u>	<u>25,513,375</u>	<u>19,597,481</u>	<u>14,174,454</u>
Total investment income	30,229,316	25,513,375	19,597,481	14,174,454
Less: (Impairment) / Reversal in value of available for sale securities- equity securities	(17,527,635)	(12,764,430)	7,492,202	(12,523,837)
<b>Net investment income</b>	<u>12,701,681</u>	<u>12,748,945</u>	<u>27,089,683</u>	<u>1,650,617</u>
<b>27 OTHER INCOME</b>				
<b>Income from financial assets</b>				
Return on bank balances	3,585,491	2,927,223	1,563,751	1,116,344
<b>Income from non-financial assets</b>				
Gain on termination of Right of use assets	100,841	-	100,841	-
Exchange gain	-	256,854	-	256,854
Miscellaneous income	2,000	6,000	-	-
Liabilities written back	-	16,151,214	-	16,151,214
	<u>3,688,332</u>	<u>19,341,291</u>	<u>1,664,592</u>	<u>17,524,412</u>
<b>28 OTHER EXPENSES</b>				
Auditors' remuneration	194,400	387,489	194,400	195,249
Directors' Fees	700,000	1,320,000	320,000	720,000
Directors Training and Development	-	290,000	-	-
Fees & Subscription	48,000	87,800	3,000	43,400
	<u>942,400</u>	<u>2,085,289</u>	<u>517,400</u>	<u>958,649</u>
<b>29 INCOME TAX EXPENSE</b>				
<b>For the period</b>				
- Current	(7,347,924)	(799,972)	(6,930,897)	1,195,809
- Deferred	6,979,707	95,147	1,245,701	361,254
	<u>(368,217)</u>	<u>(704,825)</u>	<u>(5,685,196)</u>	<u>1,557,063</u>
<b>30 EARNINGS PER SHARE</b>				
(Loss)/Profit after tax for the period	<u>(6,247,223)</u>	<u>1,743,266</u>	<u>19,722,570</u>	<u>175,098</u>
	----- (Number of Shares) -----		----- (Number of Shares) -----	
Weighted 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/Diluted (loss)/earnings per share (Rupees)	<u>(0.12)</u>	<u>0.03</u>	<u>0.39</u>	<u>0.00</u>



**ALPHA INSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
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**31 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:

	Six Months Period ended June 30,		Three Months Period ended June 30,	
	2020	2019	2019	
	(Unaudited)		(Unaudited)	
	----- (Rupees) -----			
Transactions and balances with related parties				
Parent company				
Rent paid (parent company)	<u>1,877,016</u>	<u>1,305,000</u>	<u>938,508</u>	<u>1,431,408</u>
Employees' funds				
Contribution to provident fund	<u>564,269</u>	<u>439,182</u>	<u>287,084</u>	<u>230,622</u>
Others				
Remuneration to key management personnel	<u>7,998,900</u>	<u>8,211,257</u>	<u>4,333,710</u>	<u>4,594,408</u>
Directors' remuneration	<u>700,000</u>	<u>1,920,000</u>	<u>360,000</u>	<u>720,000</u>

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees) -----	

**Balances as at 30 June 2020**

**Parent Company**

Receivable from State Life Insurance Corporation of Pakistan	-	1,558,728
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**Others**

Receivable from gratuity fund	321,638	1,410,130
Due to employees' provident fund	-	134,572

**32 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).



ALPHA INSURANCE COMPANY LIMITED

## 33 FINANCIAL INSTRUMENTS

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, 2020 (Unaudited)					
	Held for trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	(Rupees)					
<b>Financial assets measured at fair value</b>						
Investments						
- Equity securities	-	192,730,334	-	-	-	192,730,334
<b>Financial assets not measured at fair value</b>						
Investments						
- Debts securities	-	-	514,840,444	-	-	514,840,444
Cash and bank*	-	-	-	52,908,218	-	52,908,218
Loans and other receivables*	-	-	-	7,610,167	-	7,610,167
Insurance / Reinsurance receivables*	-	-	-	44,042,617	-	44,042,617
Reinsurance recoveries against outstanding claims	-	-	-	119,366,336	-	119,366,336
Salvage recoveries accrued	-	-	-	7,882	-	7,882
<b>Financial liabilities not measured at fair value</b>						
Outstanding claims including IBNR*	-	-	-	-	(209,328,046)	(209,328,046)
Lease Liabilities	-	-	-	-	-	-
Reinsurance / Co-Insurance payables*	-	-	-	-	(31,713,204)	(31,713,204)
Other creditors and accruals*	-	-	-	-	(75,799,590)	(75,799,590)
-	-	192,730,334	514,840,444	223,935,220	(316,840,840)	614,665,158

**ALPHA INSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
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	December 31, 2019 (Audited)				
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities
	(Rupees)				
<b>Financial assets measured at fair value</b>					
Investments					
- Equity securities	-	235,081,734	-	-	235,081,734
<b>Financial assets not measured at fair value</b>					
Investments					
- Debts securities	-	-	419,112,300	-	419,112,300
Cash and bank*	-	-	-	141,979,813	141,979,813
Loans and other receivables*	-	-	-	9,608,959	9,608,959
Insurance / Reinsurance receivables*	-	-	-	62,547,897	62,547,897
Reinsurance recoveries against outstanding claims	-	-	-	118,466,336	118,466,336
Salvage recoveries accrued	-	-	-	7,882	7,882
<b>Financial liabilities not measured at fair value</b>					
Outstanding claims including IBNR*	-	-	-	-	(199,813,911)
Lease Liabilities	-	-	-	-	-
Reinsurance / Co-Insurance payables*	-	-	-	-	(24,545,475)
Other creditors and accruals*	-	-	-	-	(80,848,870)
	-	235,081,734	419,112,300	332,610,888	(305,208,256)
					681,596,665

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

**33.1** The table below analyses assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	As at June 30, 2020	Level 1	Level 2	Level 3	As at December 31, 2019	Level 1	Level 2	Level 3
		Rupees in '000				Rupees in '000		
<b>Financial assets measured at fair value</b>								
Available-for-sale - Listed equity securities	192,730,334	192,730,334	-	-	235,081,734	235,081,734	-	-
<b>Financial assets not measured at fair value</b>								
Held-to-maturity - Government securities	514,840,444	-	514,840,444	-	419,112,300	-	419,112,300	-
	192,730,334	192,730,334	514,840,444	-	419,112,300	235,081,734	419,112,300	-



**ALPHA INSURANCE COMPANY LIMITED**  
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**34 SEGMENT INFORMATION**

The class wise revenues and results are as follows:

June 30, 2020 (Unaudited)	Six Months Period Ended June 30, 2020 (Unaudited)					2020 Aggregate
	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes
<b>Premium receivable</b> (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	9,326,553	10,592,303	11,392,827	923,487	1,818,682	2,930,515
Less : Federal excise duty / Sales Tax	1,085,139	948,039	1,332,861	-	221,962	378,394
Federal insurance fee	74,995	81,393	98,350	-	15,749	23,125
Others	20,319	441,526	40,982	-	5,932	13,884
<b>Gross written premium</b> (inclusive of administrative surcharge)	<b>8,146,100</b>	<b>9,121,345</b>	<b>9,920,634</b>	<b>923,487</b>	<b>1,575,039</b>	<b>2,515,112</b>
Gross direct premium	7,277,046	7,799,229	9,501,181	923,487	1,563,090	2,269,374
Facultative inward premium	691,099	982,191	95,912	-	-	202,765
Administrative surcharge	221,770	339,925	323,541	-	11,949	42,973
	<b>8,189,915</b>	<b>9,121,345</b>	<b>9,920,634</b>	<b>923,487</b>	<b>1,575,039</b>	<b>2,515,112</b>
Insurance premium earned	17,308,257	12,975,088	14,206,779	5,550,543	1,609,152	5,683,852
Reinsurance expense	(9,203,889)	(4,197,097)	(1,723,542)	-	(48,516)	(1,702,372)
<b>Net insurance premium</b>	<b>8,104,368</b>	<b>8,777,991</b>	<b>12,483,237</b>	<b>5,550,543</b>	<b>1,560,636</b>	<b>3,981,480</b>
Net commission	141,261	7,418	51,964	-	9,846	32,520
<b>Net Underwriting income</b>	<b>8,245,629</b>	<b>8,785,409</b>	<b>12,535,201</b>	<b>5,550,543</b>	<b>1,570,482</b>	<b>4,014,000</b>
Insurance claims	(2,032,546)	(8,574,994)	(1,622,988)	(4,081,852)	-	(3,630,424)
Insurance claims recovered from reinsurers	15,789	623	1,320,000	-	-	1,098
<b>Net claims</b>	<b>(2,016,757)</b>	<b>(8,574,371)</b>	<b>(302,988)</b>	<b>(4,081,852)</b>	<b>-</b>	<b>(3,629,326)</b>
Commission expense	(3,634,819)	(4,326,816)	(1,570,453)	(276,893)	(109,028)	(979,461)
Management expenses	(11,847,035)	(13,265,353)	(14,427,775)	(1,343,045)	(2,290,610)	(3,098,192)
Premium deficiency expense	5,119,554	3,420,331	1,980,313	3,315,919	-	1,058,695
<b>Net insurance claims and expenses</b>	<b>(12,379,057)</b>	<b>(22,746,209)</b>	<b>(14,320,903)</b>	<b>(2,385,871)</b>	<b>(2,399,638)</b>	<b>(6,648,284)</b>
<b>Underwriting result</b>	<b>(4,133,428)</b>	<b>(13,960,800)</b>	<b>(1,785,702)</b>	<b>3,164,672</b>	<b>(829,156)</b>	<b>(2,634,284)</b>
Investment income						12,701,681
Other income						3,688,332
Other expenses						(942,400)
<b>Results of operating activities</b>						<b>15,447,613</b>
						<b>(4,731,085)</b>

**ALPHA INSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

June 30, 2020 (Unaudited)	Six Months Period Ended June 30, 2020 (Unaudited)					2020 Aggregate
	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes
Segment Assets						
Unallocated Assets	59,290,150	37,571,163	47,412,076	13,010,787	604,129	26,544,418
	<b>59,290,150</b>	<b>37,571,163</b>	<b>47,412,076</b>	<b>13,010,787</b>	<b>604,129</b>	<b>26,544,418</b>
Segment liabilities						
Unallocated liabilities	193,060,220	21,724,620	37,423,287	6,990,310	8,606,862	13,815,595
	<b>193,060,220</b>	<b>21,724,620</b>	<b>37,423,287</b>	<b>6,990,310</b>	<b>8,606,862</b>	<b>13,815,595</b>
						<b>184,432,723</b>
						<b>875,181,461</b>
						<b>1,059,614,184</b>
						<b>281,620,894</b>
						<b>96,339,692</b>
						<b>377,960,586</b>

June 30, 2019 (Unaudited)	Six Months Period Ended June 30, 2019 (Unaudited)					2019 Aggregate
	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes
<b>Premium receivable</b> (inclusive of federal excise duty, federal insurance fee and administrative surcharge)						
Less : Federal excise duty / Sales Tax	11,011,260	6,473,047	17,017,407	10,115,319	590,109	6,656,376
Federal insurance fee	1,282,892	656,750	1,752,937	-	67,782	854,221
Others	91,154	54,743	126,639	-	5,128	56,794
	21,792	261,524	96,477	-	4,630	25,179
<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>
Gross direct premium	9,451,132	5,272,081	14,596,450	10,115,319	493,137	5,602,215
Facultative inward premium	-	-	-	-	-	-
Administrative surcharge	164,290	227,949	444,904	-	19,432	117,967
	<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>
Insurance premium earned	14,458,881	5,009,973	11,860,871	5,463,010	1,068,524	6,565,645
Reinsurance expense	(11,742,155)	(5,109,247)	(1,403,284)	-	(474,881)	(2,789,625)
<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>
Net commission	136,436	(6,832)	20,196	-	134,394	181,677
<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>
Insurance claims	25,251,035	828,153	(6,311,526)	(3,964,281)	-	305,862
Insurance claims recovered from reinsurers	(19,687,598)	(1,271,102)	693,289	-	-	(369,899)
<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>
balance carried forward	8,416,599	(549,055)	4,859,546	1,498,729	728,037	3,893,660
						<b>18,847,516</b>



**ALPHA INSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

June 30, 2019 (Unaudited)	Six Months Period Ended June 30, 2019 (Unaudited)					2019 Aggregate
	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes
	(Rupees)					
<i>balance brought forward</i>	8,416,599	(549,055)	4,859,546	1,498,729	728,037	3,893,660
Commission expense	(3,042,185)	(971,084)	(1,321,853)	(273,240)	(317,302)	(1,185,482)
Management expenses	(9,436,543)	(5,397,711)	(14,761,534)	(9,927,140)	(503,033)	(5,613,767)
Premium deficiency expense	4,728,064	(153,143)	(1,113,169)	2,719,535	604,950	630,104
<b>Net insurance claims and expenses</b>	<b>(7,750,664)</b>	<b>(6,521,938)</b>	<b>(17,196,556)</b>	<b>(7,480,845)</b>	<b>(215,385)</b>	<b>(6,169,145)</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>
Investment income						
Other income						
other expenses						
						12,748,945
						19,341,291
						(2,085,289)
						30,004,947
						3,517,930

**Results of operating activities**

December 31, 2019	December 31, 2019 (Audited)					2019 Aggregate
	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes
	(Rupees)					
Segment Assets	65,748,662	43,004,030	52,153,236	14,564,644	501,779	29,677,174
Unallocated Assets	65,748,662	43,004,030	52,153,236	14,564,644	501,779	29,677,174
						205,649,525
						903,332,684
						1,108,982,209
Segment liabilities	204,530,356	19,453,490	44,055,328	14,123,536	8,209,218	15,138,716
Unallocated liabilities	204,530,356	19,453,490	44,055,328	14,123,536	8,209,218	15,138,716
						305,510,644
						100,938,107
						406,448,751

ALPHA INSURANCE COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

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35 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. However, there were no material reclassifications to report.

36 GENERAL

Figures in the condensed interim financial statements are rounded off to the nearest rupee.

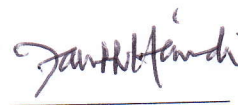
37 DATE OF AUTHORIZATION

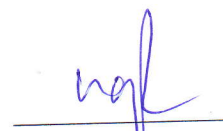
This condensed interim financial statements was authorized for issue on 13 AUG 2020 by the Board of Directors of the Company.

STAR

  
Chief Executive Officer

  
Director

  
Director

  
Chairman