

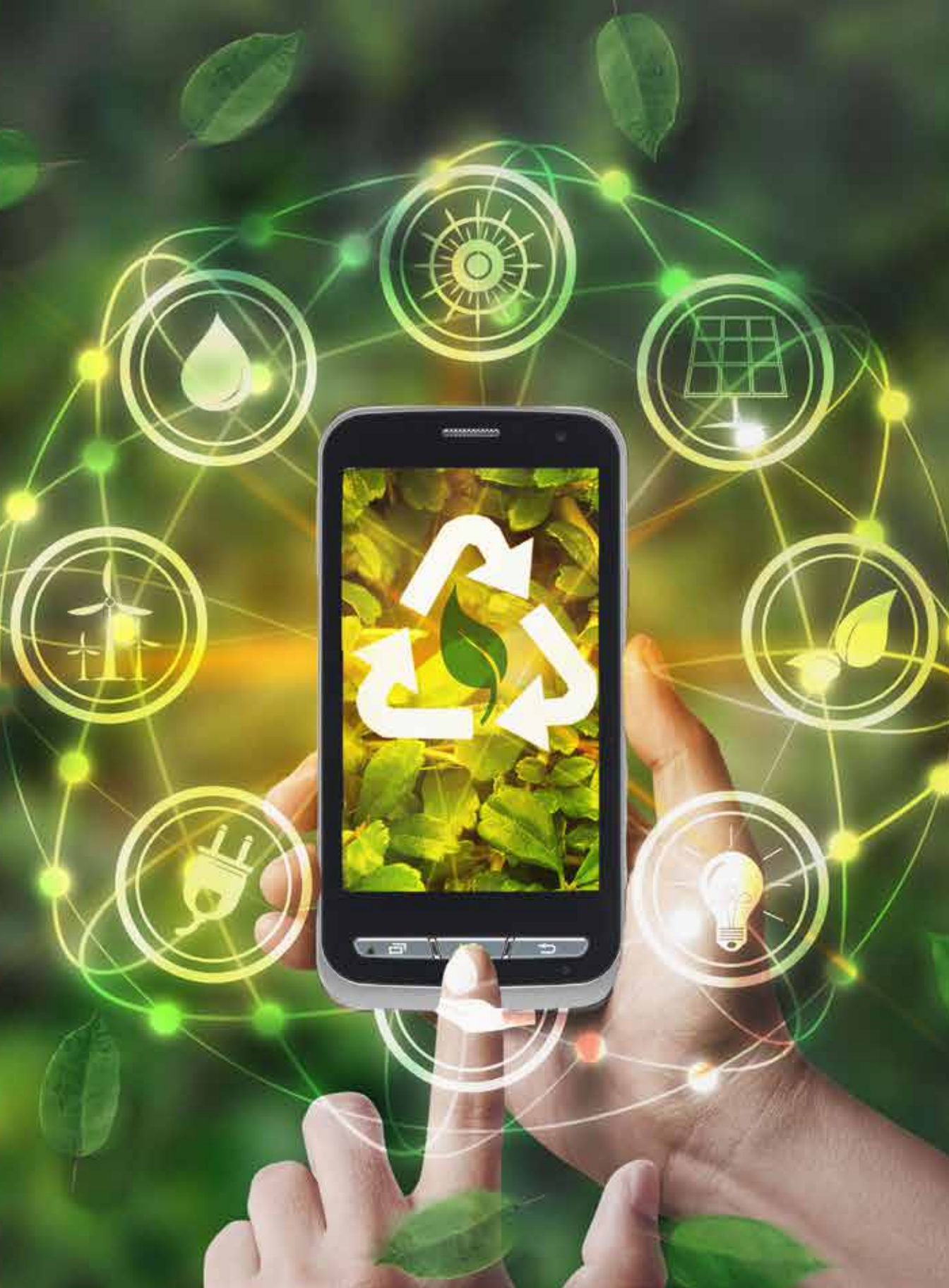


**Innovate. Inform. Inspire.**

HALF YEARLY REPORT  
30<sup>TH</sup> JUNE 2020 (UNAUDITED)







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# COMPANY INFORMATION

## Directors

Mr. Salim Habib Godil (Chairman)  
Syed Rizwan Hussain  
Mr. Ahmed Shuja Kidwai  
Mr. Shahzad Salim Godil  
Syed Salman Hussain  
Mr. Faisal Moorad\*  
Dr. Irum Saba

Syed Rizwan Hussain

## Managing Director & CEO

## Chief Financial Officer

## Company Secretary

Ms. Naheed Shiraz Merchant

## Shariah Advisor

Mufti Sajjad Ashraf Usmani

## Shariah Supervisor & Consultant

Usmani & Co

## Statutory Auditor

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Internal Auditor

EY Ford Rhodes Sidat Hyder and Co.  
Chartered Accountants

## Business Process Consultants

Deloitte Yousuf Adil & Co.  
Chartered Accountants

## Legal Advisors

Mohsin Tayebaly & Co.  
Haidermota & Co. Advocates

## Corporate Advisor

RS Corporate Advisory

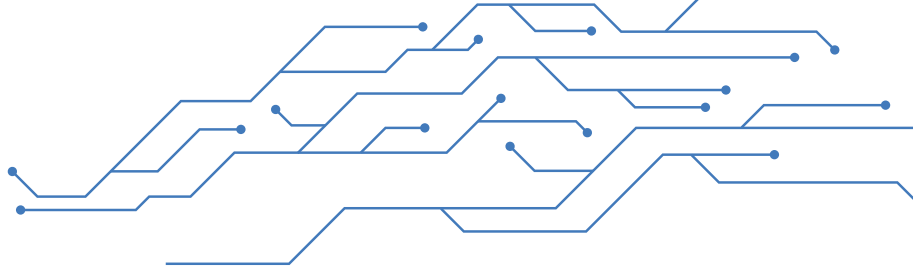
## Head Office

6th Floor, Business Centre,  
Plot No 19-1-A, Block -6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi-75400,  
Pakistan.

\*Represents changes during the 2nd Quarter 2020

• Mr. Faisal Moorad appointed as Director on May 20, 2020





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## BANKERS:

- Meezan Bank Limited
- Bank Islami Pakistan Limited
- Dubai Islamic Bank Limited
- Al Baraka Bank (Pakistan) Limited
- Habib Bank Limited  
(Islamic Banking Division)
- Faysal Bank Limited  
(Islamic Banking Division)
- Askari Bank Limited  
(Islamic Banking Division)
- Bank Alfalah Limited  
(Islamic Banking Division)
- Habib Metropolitan Bank  
(Islamic Banking Division)
- National Bank of Pakistan  
(Islamic Banking Division)
- Bank of Khyber  
(Islamic Banking Division)
- UBL (Islamic Banking Division)
- NRSP Micro Finance Bank Limited  
(Islamic Banking Division)

# BOARD COMMITTEES

## AUDIT COMMITTEE

- **Chairperson** — Dr. Irum Saba (Independent Director)
- **Member** — Salim Habib Godil (Non-Executive Director)
- **Member** — Ahmed Shuja Kidwai (Non-Executive Director)
- **Member** — Shahzad Salim Godil (Non-Executive Director)
- **Member** — Syed Salman Hussain (Non-Executive Director)

## BOARD INVESTMENT COMMITTEE

- **Chairman** — Syed Salman Hussain (Non-Executive Director)
- **Member** — Rizwan Hussain (Managing Director & CEO)
- **Member** — Shahzad Salim Godil (Non-Executive Director)
- **Member & Secretary** — Muhammad Irfan (Chief Financial Officer & Chief Investment Officer)

## ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

- **Chairman** — Salim Habib Godil (Non-Executive Director)
- **Member** — Syed Rizwan Hussain (Managing Director & CEO)
- **Member** — Shahzad Salim Godil (Non-Executive Director)
- **Member** — Syed Salman Hussain (Non-Executive Director)

# MANAGEMENT COMMITTEES

## UNDERWRITING AND RETAKAFUL & CO-TAKAFUL COMMITTEE

- **Chairman** — Syed Rizwan Hussain (Managing Director & CEO)
- **Member & Secretary** — Umair Ismail (Executive Vice President, Head of Operation - Non-Motor)
- **Member** — Kamran M. Hanif (Executive Vice President, Head of Operations - Motor)
- **Member** — Muhammad Irfan (Chief Financial Officer)
- **Member** — Raheel Shaikh (Head of Health underwriting & Product)

## BENEFIT (CLAIM) SETTLEMENT COMMITTEE

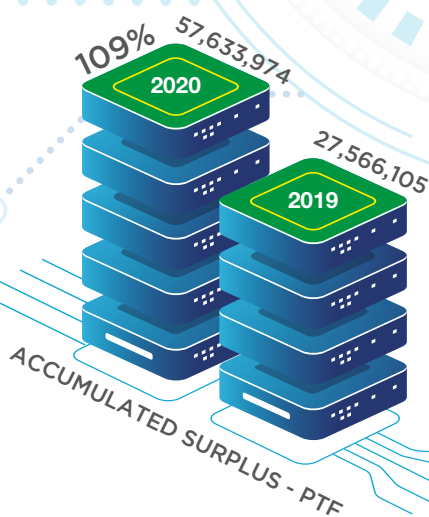
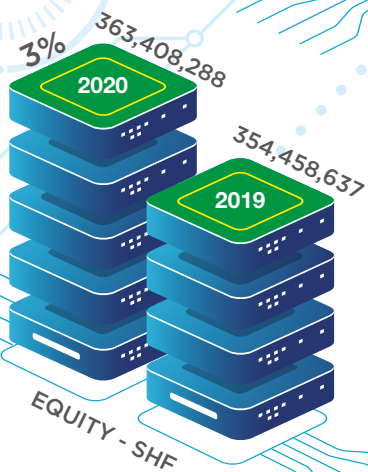
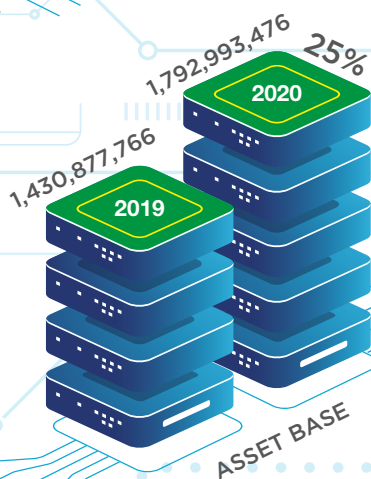
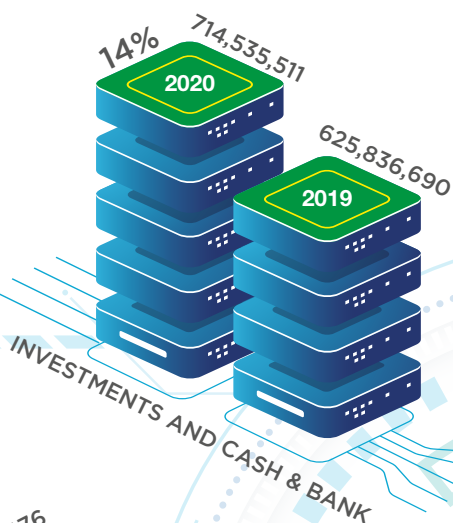
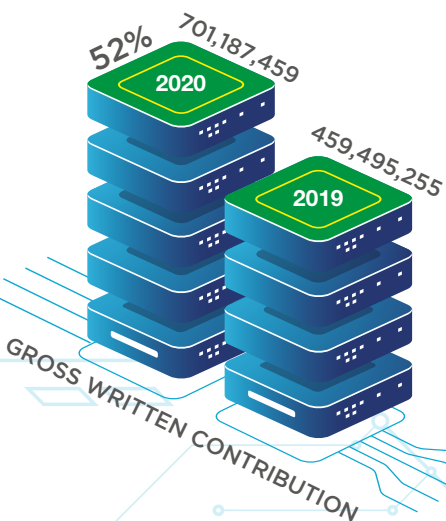
- **Chairman** — Syed Rizwan Hussain (Managing Director & CEO)
- **Member & Secretary** — Faheem Darss (Head of Claims - South Region)
- **Member** — Dr. Omair Saeed (Head of Health- Benefits & Network)
- **Member** — Shoaib Hussain (Manager Claims- Non-Motor)

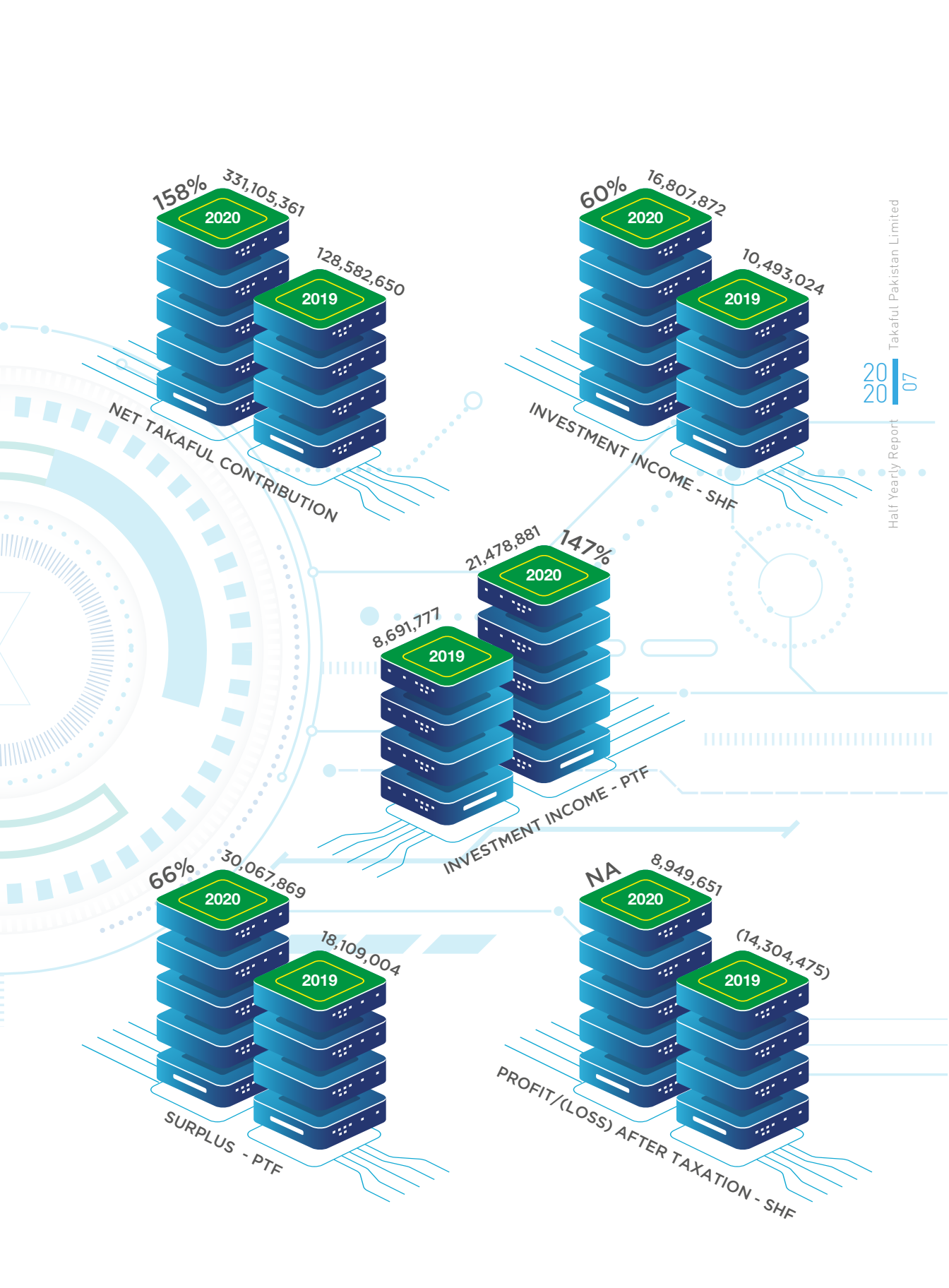
## RISK MANAGEMENT & COMPLIANCE COMMITTEE

- **Chairman** — Syed Rizwan Hussain (Managing Director & CEO)
- **Member** — Waqas Ahmed (Executive Director - Strategy & Planning)
- **Member** — Kamran M. Hanif (Executive Vice President, Head of Operations - Motor)
- **Member** — Umair Ismail (Executive Vice President, Head of Operations- Non-Motor)
- **Member** — Naheed Shiraz Merchant (Head of Legal, Compliance & Company Secretary)
- **Member** — Muhammad Irfan (Chief Financial Officer)
- **Member & Secretary** — Syed Muhammad Ali Zaidi (Manager, Risk Management)



## KEY FINANCIAL FIGURES (HALF YEARLY JAN-JUNE)





# THE DIRECTORS' REPORT TO THE MEMBERS ON CONDENSED INTERIM FINANCIAL INFORMATION

The Directors of your Company are pleased to present before you the Reviewed Financial Statements of the

Company for the six months period ended June 30, 2020.

## Financial Highlights

The summarized results of the Company's takaful business for the six months period ended June 30,

2020 are as under:

### PARTICIPANTS' TAKAFUL FUND (PTF):

	YTD 30th June 2020	YTD 30th June 2019	% Change
Gross Written Contribution	701,187,459	459,495,255	53%
Net takaful contribution	558,273,696	265,674,948	110%
Underwriting Results	26,245,595	15,399,598	70%
Gross Investment Income (before impairment)	21,478,881	8,691,777	147%
Surplus	45,105,008	18,109,005	149%

### SHAREHOLDERS' FUND (SHF):

Wakala Fee	227,122,511	137,092,298	66%
Gross Investment Income (before impairment)	16,807,872	12,488,279	34%
Profit & (Loss) before taxation	5,807,806	(12,825,964)	145%
Profit & (Loss) after taxation	2,400,969	(14,304,475)	117%

## Performance Review

During the half year ended June 30, 2020, Takaful Pakistan Limited (hereinafter referred to as "the Company") has aggressively focused on building its business volume despite going through world worst hit pandemic Covid-19 situation including Pakistan. By the end of 1st half of the year 2020, the Company showed significant growth of 53% in the Gross Written Contribution and 110% in the Net Takaful Contribution vis-à-vis same period last year.

Total investment income before impairment recorded at Rs. 38 million (2019: Rs. 21.1 million) depicts an increase of 79.8% over the same period last year. This increase is mainly attributable to increase in cash flow because of increased business volume as compare to

same period last year and prudent management of excess fund availability. While at the same time elimination of equity investment portfolio was exist as at 31st December 2019 that increased and reflect the income from only bank deposits and Sukuk Certificates.

The Shareholders' Fund topline income is derived from the Wakala fees earned. During the first half of the year 2020, the Company managed to earn Wakala Fees of Rs. 227.12 million (2019: 137.1 million), which depict a healthy increase of 66% over same period last year.

## Outlook:

### Pakistan's Economy

The COVID-19 pandemic has brought to an Economic Crisis unlike any before as The IMF projects the global real GDP growth in 2020 to fall to -3.0%. This makes the coronavirus pandemic lock down the worst recession since the Great Depression of the 1930s and far worse than the Global Financial Crisis of 2008.

The pandemic poses unprecedented health, economic, and financial stability challenges across the globe. Emerging market economies experienced the sharpest reversal of portfolio flows on record. Equity Prices have declined by 15%-20% across the globe and there has been huge capital outflows.

To ease the economic fallout and protect financial stability, Central banks globally have taken pivotal actions by easing monetary policy and providing liquidity to the financial system. Also, the government authorities across the globe have introduced and implemented large and timely fiscal & economic stimulus packages.

Although Pakistan's economy is in better shape than before, nevertheless owing to COVID-19 pandemic, the economic growth is expected to contract sharply, by -1.5% in FY 2020, as the economy is buffeted by demand and supply shocks. Exports and remittances are expected to decline sharply, which together with a temporary loss of market access create an urgent balance of payments need.

The State Bank of Pakistan considering reduction in growth and inflation expectations, cut the policy rate to 7.0%. The SBP Monetary Policy Committee believes that this action would cushion the impact of the Coronavirus shock on growth and employment and help in maintaining financial stability.

The government also introduced a massive Rs. 1.2 trillion relief packages aimed at supporting the underprivileged as well as bolstering sectors of the economy that have been battered by the pandemic.

The IMF Executive Board also approved a US\$1.386 Billion disbursement to Pakistan to address the pandemic.

Going forward, there could be a sizeable rebound and recovery across the globe as pandemic subsides though clouded by uncertainty, the priority action for the government is to contain the spread of the virus, minimize the economic loss and protect the vulnerable and the poorest.

The worst situation of pandemic in the country going towards better as cases of corona virus effected people is decreasing sharply day by day in the country as compare to world other countries. Government of Pakistan also allowed and permitted to perform economic activities with full pace to almost all area of businesses and relaxed the strict lock down situation prevailed in the country, which resulting in boost back momentum and recovery of pandemic hit economy losses. Company is expecting the increase in business volume specially in motor class lost business in last months of the instant years and optimistic that it will be benefited from restarting of business activities in the country.

### Business Challenges and Opportunities

The coronavirus pandemic is tremendously dampening economy, consumer demand & behavior, exporters, businesses and industries. Deteriorating economic condition would likely subdue the business activity that will impact Marine, Fire & Engineering and Miscellaneous line of businesses. Furthermore, with falling policy rates due to monetary easing by the central bank in order to cushion the impact of pandemic shock on growth and employment, there could be a rise in Ijarah and consumer lending businesses being favorable for Motor segment but that too could be outweighed by pandemic battered businesses causing disruption in consumer spending and income levels. In-addition to it, owing to declining fixed income yields and globally volatile equity market, investment returns would also be affected negatively.

There's severe uncertainty about the duration and intensity of the economic shock, and stimulating economic activity is more challenging given the required social distancing and isolation policies. In such recessions, there is always unfortunately tremendous loss of income for people at the lower end of the income scale, causing poverty and inequality to rise. Financial security becomes crucial as deteriorating businesses and potential rise in unemployment will cause a higher probability of decline in premium payments going forward.

The government has introduced timely and large financial stimulus package to bolster economy and support the vulnerable. The topmost priority is to contain the virus spread, protect people and limit economic damage.

The pandemic would cause people to reconsider their individual health insurance needs. Furthermore, it would propel organizations to embark on rapid technological development and become more agile, connected and responsive.



The organizations are rapidly assessing their operations, business disruption plans are being assessed and updated. The pandemic has led to a dire need and significant importance of digital transformation, integrating systems, servers and workforce amid social distancing enabling workforce to access servers and communicate remotely. Perhaps coronavirus crisis could

These are extremely challenging times for individuals, families, businesses and indeed whole societies and economies. With dedicated workforce under prudent leadership working tirelessly to best serve the participants and society at large, we strive to be the top of the mind playing a vital role in supporting participants and societies through the crisis and the recovery.

The Company intends to enter in the large un-tapped retail market through digitalization and customized customer portals. Moreover, through efficient underwriting, robust retakaful arrangements and competent workforce, our Company also aims to take advantage from available opportunities and progress rapidly

### Acknowledgment

The Directors would like to express their deep appreciation to shareholders who have shown continued confidence in the Company.

We would also like to pay our gratitude to the Securities and Exchange Commission of Pakistan, our Re-Takaful operators and all our participants for their continued guidance and support.

Lastly, we would like to place on record our sincere appreciation for the commitment, dedication and innovative thinking put in by each member of our Takaful family and are confident that they will continue to do so in the future.

On behalf of the Board of Directors



**Syed Rizwan Hussain**  
Managing Director & CEO



**Shahzad Salim Godil**  
Director

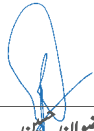
حکومت نے معاشی استحکام اور کمزوریوں کی مدد کے لئے بروقت اور بڑے مالی محرک پیچ کو متعارف کرایا ہے۔ اولین ترجیح وائرس کے پھیلاؤ پر قابو پانا، لوگوں کی حفاظت کرنا اور معاشی نقصان کو محدود کرنا ہے۔ وبائی مرض سے لوگوں کو انفرادی صحت کی انشورنس کی ضروریات پر نظر ثانی کرنے کا سبب بنتا ہے۔

مزید برآں، یہ تنظیموں کو تیز رفتار تکنیکی ترقی پر گامزن ہو جائے گا اور زیادہ فرہنگی، بڑے ہوئے اور ذمہ دار بننے کی تحریک کرے گا۔

تنظیمیں اپنے کاموں کا تیزی سے جائزہ لے رہی ہیں، کاروبار میں خلل ڈالنے کے منصوبوں کا اندازہ اور تازہ کاری کی جارہی ہے۔ وبائی مرض نے ڈیجیٹل ٹرانسفارمیشن، انٹیگریٹنگ سسٹمز، سرورز اور انفرادی قوت کی اشد ضرورت اور اہم اہمیت کا باعث بنا ہے جس کے نتیجے میں معاشرتی فاصلے سے انفرادی قوت کو سرور تک رسائی حاصل کرنے اور دور سے بات چیت کرنے میں مدد ملتی ہے۔

یہ افراد، کنبہ، کاروبار اور واقعی پوری معاشروں اور معیشتوں کے لئے انتہائی مشکل وقت ہیں۔ سمجھدار قیادت میں سرشار انفرادی قوت بڑے پیمانے پر شرکاء اور معاشرے کی بہترین خدمت کے لئے انتھک محنت کر رہی ہے، ہم جدوجہد اور بحالی کے ل امیدوار شرکاء اور معاشروں کی مدد کرنے میں ایک اہم کردار ادا

نیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیس



سید ضوان

نیجنگ ڈائریکٹر و سی ای او

کرنے کی کوشش کرتے ہیں۔

کمپنی کا ارادہ ہے کہ ڈیجیٹلائزیشن اور کسٹمر ڈکسٹر پور ملز کے توسط سے بڑے غیر ٹیپ خوردہ بازار میں داخلہ لیا جائے۔ مزید یہ کہ موثر انڈور ٹیگ، مضبوط ردک انتظامات اور اہل انفرادی قوت کے ذریعہ، ہماری کمپنی کا مقصد بھی دستیاب مواقع سے فائدہ اٹھانا اور تیزی سے ترقی کرنا ہے۔

سپاس

ڈائریکٹر زان حصص یافتگان سے گہری تعریف کا اظہار کرنا چاہیں گے جنہوں نے کمپنی پر مسلسل اعتماد ظاہر کیا ہے۔

ہم سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اپنے دوبارہ تکافل آپریٹرز اور اپنے تمام شرکاء کو ان کی مسلسل رہنمائی اور مدد کے لئے بھی شکریہ ادا کرنا چاہیں گے۔

آخر میں، ہم اپنے تکافل خاندان کے ہر فرد کی طرف سے رکھی گئی وابستگی، لگن اور جدید سوچ کے لئے اپنی مخلصانہ تعریف کو ریکارڈ کرنا چاہتے ہیں اور انہیں یقین ہے کہ آئندہ بھی وہ یہ کام جاری رکھیں گے۔



شہزاد سلیم گوہیل

ڈائریکٹر

باب ہو سکتی ہے کیونکہ اگرچہ غیر یقینی صورتحال کی وجہ سے وبائی امراض میں کمی آرہی ہے، حکومت کے لئے ترجیحی اقدام یہ ہے کہ وائرس کے پھیلاؤ پر قابو پایا جائے، معاشی نقصان کو کم کیا جا۔ اور کمزور اور غریب ترین لوگوں کی حفاظت کی جاسکے۔

ملک میں وبائی امراض کی بدترین صورتحال بہتری کی طرف جارہی ہے کیونکہ دنیا کے دوسرے ممالک کے مقابلے میں ملک میں کورونا وائرس سے متاثرہ افراد میں روز بروز تیزی سے کمی آرہی ہے۔ حکومت پاکستان کو بھی تقریباً کاروبار تمام شعبوں میں معاشی سرگرمیاں پوری رفتار کے ساتھ انجام دینے کی اجازت دی اور اجازت دی اور ملک میں پائے جانے والے سخت تالے والی صورتحال کو کم کیا، جس کے نتیجے میں معاشی نقصان کی وبائی رفتار اور وبائی امراض کو متاثر کیا گیا۔

کچنی فوری سالوں کے آخری مہینوں میں موٹر کلاس کے کھوئے ہوئے کاروبار میں خاص طور پر کاروباری حجم میں اضافے کی توقع کر رہی ہے اور امید ہے کہ اس سے ملک میں کاروباری سرگرمیاں دوبارہ شروع کرنے سے فائدہ ہوگا۔

## کاروباری چیلنجز اور مواقع

کورونا وائرس وبائی مرض معیشت، صارفین کی مانگ کو انتہائی گھٹا رہا ہے مزید یہ کہ ترقی اور ملازمت پر وبائی صدمے کے اثرات کو کم کرنے کے لئے مرکزی بینک کے ذریعہ مانیٹرنگ میں نرمی کی وجہ سے پالیسیوں کے نرخوں میں کمی کے ساتھ، اجارہ میں اضافہ ہو سکتا ہے اور صارفین کے قرض دینے والے کاروبار موٹر سیکلر کے لئے سازگار ہیں لیکن اس میں بھی کمی کی جاسکتی ہے۔ وبائی مرض سے متاثرہ کاروبار کے ذریعہ جس سے صارفین کے اخراجات اور آمدنی کی سطح میں خلل پڑتا ہے۔

اس کے علاوہ، مقررہ آمدنی میں کمی اور عالمی سطح پر اتار چڑھاؤ والے لیکویٹی مارکیٹ میں کمی کی وجہ سے، سرمایہ کاری کی واپسی پر بھی منفی اثر پڑے گا۔

معاشی جھٹکے کی مدت اور اس کی شدت کے بارے میں سخت بے یقینی ہے، اور معاشرتی دوری اور الگ تھلک پالیسیوں کی وجہ سے معاشی سرگرمی کو متحرک کرنا زیادہ مشکل ہے۔ اس طرح کی کساد بازاری میں، بد قسمتی سے آمدنی کے پیمانے کے نچلے سرے پر لوگوں کے لئے آمدنی کا زبردست نقصان ہوتا ہے، جس کی وجہ سے غربت اور عدم مساوات میں اضافہ ہوتا ہے۔

مالی سیوریٹی بہت اہم ہو گئی ہے کیونکہ بگڑتے ہوئے کاروبار اور بے روزگاری میں ممکنہ اضافے کے باعث پرمیم ادائیگیوں میں کمی کا امکان زیادہ ہو جائے گا۔

آئی ایم ایف نے 2020 میں عالمی جی ڈی پی کی نمو 3.0- فیصد تک گرنے کا منصوبہ پیش کیا ہے، اس سے پہلے کوویڈ 19 وبائی بیماری ایک اقتصادی بحران کا شکار ہو گئی ہے۔ اس کی وجہ سے 1930 کی دہائی کے بڑے افسردگی اور 2008 کے عالمی مالیاتی بحران سے کہیں زیادہ خراب صورتحال میں کورونا وائرس وبائی امراض کا سامنا ہے۔

وبائی مرض سے پوری دنیا میں صحت، معاشی اور مالی استحکام کے بے مثال چیلنجز ہیں۔ ابھرتی ہوئی مارکیٹ کی معیشتوں نے ریکارڈ میں موجود پورٹ فولیو کے بہاؤ کو تیز ترین الٹا لیا۔ لیکویٹی کی قیمتوں میں پوری دنیا میں 15% - 20% کی کمی واقع ہوئی ہے اور سرمائے کے بہت بڑے اخراج ہو چکے ہیں۔

معاشی بحران کو آسان بنانے اور معاشی استحکام کے تحفظ کے لئے Central، بین الاقوامی سطح پر مالیاتی پالیسی کو آسان بنانے اور مالیاتی نظام کو لیکویڈیٹی فراہم کر کے مرکز کی بینکوں نے اہم اقدامات اٹھائے ہیں۔ نیز، پوری دنیا کے سرکاری حکام نے بڑے اور بروقت مالی سال کو متعارف کروایا ہے اور ان پر عمل درآمد کیا ہے۔

اگرچہ پاکستان کی معیشت پہلے کی نسبت بہتر حالت میں ہے، اس کے باوجود کوویڈ 19 وبائی امراض کی وجہ سے، مالی سال 2020 میں معاشی نمو 1.5- فیصد تک بہتری کے ساتھ متوقع ہونے کی امید ہے، کیونکہ معیشت کی طلب اور رسد کے جھکوں سے دوچار ہے۔ توقع ہے کہ برآمدات اور ترسیلات زر میں تیزی سے کمی واقع ہوگی، جو مارکیٹ تک رسائی کے عارضی نقصان کے ساتھ ادائیگیوں کی اشد ضرورت کا ایک فوری توازن پیدا کرتے ہیں۔

اسٹیٹ بینک آف پاکستان نے نمو اور افراط زر کی توقعات میں کمی پر غور کرتے ہوئے پالیسی کی شرح کو 7.0 فیصد تک کم کر دیا۔ اسٹیٹ بینک مانیٹرنگ پالیسی کمیٹی کا ماننا ہے کہ اس کارروائی سے کورونا وائرس کے جھٹکے کے اثرات اور ملازمت پر اثر انداز ہوں گے اور مالی استحکام برقرار رکھنے میں مدد ملے گی۔

حکومت نے بڑے پیمانے پر 50 لاکھ روپے بھی متعارف کروائے۔ 1.2 ٹریلین ریلیف بینکوں کا مقصد معاشرے کے پسماندہ اور مستحکم شعبوں کی حمایت کرنا ہے جو وبائی امراض سے دوچار ہیں۔

آئی ایم ایف کے ایگزیکٹو بورڈ نے وبائی امراض سے نمٹنے کے لئے پاکستان کو 1.386 بلین امریکی ڈالر کی فراہمی کی بھی منظور دی ہے۔ آگے بڑھنے پر، پوری دنیا میں ایک قابل قدر صحت مندی لوٹنے لگی اور صحت

# کنڈسٹ عبوری مالی معلومات سے متعلق ممبروں کو ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے نصف سال کے لئے آپ کے سامنے کمپنی کے جائزہ مالیاتی بیانات پیش کرنے پر خوش ہیں۔

## مالیاتی جھلکیاں

جون 2020 کو ختم ہونے والی چھ ماہ کی مدت کے لئے کمپنی کے تکلف کاروبار کے خلاصہ نتائج اس طرح ہیں:

%	YTD 30th June 2019	YTD 30th June 2020
	----- (Rupees) -----	

53%	459,495,255	701,187,459
110%	265,674,948	558,273,696
70%	15,399,598	26,245,595
147%	8,691,777	21,478,881
149%	18,109,005	45,105,008

## شرکت دار کا فنڈ (PTF)

مجموعی تحریری تعاون

خالص شرکت

تحریری نتائج

مداریب فیس سے پہلے مجموعی سرمایہ کاری کی آمدنی  
مدت کے لئے زائد / (خسارہ)

## شرکت دار کا فنڈ (SHF)

واقا فیس

سرمایہ کاری کی آمدنی

فیکس لگانے سے پہلے منافع

فیکس لگانے کے بعد منافع

66%	137,092,298	227,122,511
34%	12,488,279	16,807,872
145%	12,825,964	5,807,806
117%	14,304,475	2,400,969

## کارکردگی کا جائزہ

دسمبر 2019 کو ایکویٹی سرمایہ کاری کے پورٹ فولیو کا خاتمہ موجود تھا جس میں صرف بینک کے ذخائر اور سکوک سرٹیفیکیشن سے ہونے والی آمدنی میں اضافہ ہوتا ہے۔

شینئر ہولڈرز کی فنڈ ٹاپ لائن اکم و اکیلا فیس سے حاصل کی گئی ہے۔ سال 2020 کی پہلی ششماہی کے دوران، کمپنی نے واکالا فیس کو 500 روپے کمانے میں کامیابی حاصل کی۔ 227.12 ملین (2019: 137.1 ملین)، جو پچھلے سال کے اسی عرصے کے مقابلے میں 66 فیصد کا صحت مند اضافہ دکھایا گیا ہے۔

30 جون، 2020 کو ختم ہونے والے نصف سال کے دوران، تکافل پاکستان لیمنڈ (اس کے بعد "کمپنی" کے طور پر جانا جاتا ہے) نے پاکستان سمیت دنیا کے سب سے زیادہ متاثرہ و بائی مرض کوویڈ 19 کی صورتحال سے گزرنے کے باوجود جارحانہ طور پر اپنے کاروباری حجم کی تعمیر پر توجہ مرکوز کی ہے۔ سال 2020 میں، کمپنی نے مجموعی تحریری شرکت میں 53 فیصد اور گزشتہ سال اسی عرصے کے دوران خالص تکافل شرکت میں 110 فیصد کی نمایاں نمود کھائی۔

خرابی سے قبل مجموعی سرمایہ کاری کی آمدنی Rs.38 ملین (2019: 21.1 ملین روپے) میں پچھلے سال کی اسی مدت کے مقابلے میں 79.8 فیصد کا اضافہ دکھایا گیا ہے۔ یہ اضافہ بنیادی طور پر نقد بہاؤ میں اضافے کا سبب ہے کیوں کہ کاروباری حجم میں اضافہ ہوا ہے کیونکہ پچھلے سال کے اسی عرصے کے مقابلے میں اور اضافی فنڈ کی دستیابی میں تدبیر کا انتظام۔ جبکہ ایک ہی وقت میں 31





## KPMG Taseer Hadi & Co.

Chartered Accountants Sheikh Sultan Trust Building  
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# INDEPENDENT AUDITORS' REVIEW REPORT

## To the members of Takaful Pakistan Limited

### Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Takaful Pakistan Limited ("the Company") 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 funds and notes to the condensed interim financial statements for the six-month period then ended 30 June 2020 (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 condensed 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### Emphasis of matter

We draw attention to the following notes to the interim financial statements:

- Notes 21.1.1 and 21.1.2 to the interim financial statements which describe the status of pending litigations against the Company. The management of the Company is expecting a favorable outcome and accordingly no provision has not been recognized against the pending cases.



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- Note 21.1.4 to the interim financial statements which describes the matter relating to the status of levy of sales tax on health takaful by Punjab Revenue Authority. The final outcome of the matter is currently pending and the Company is currently not charging sales tax on health takaful policies written in the province of Punjab based on a legal opinion obtained by the Company.

Our conclusion is not modified in respect of the above matters.

**Other Matter**

The figures for the three months period ended 30 June 2020 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Ameen Pirani.

Date: September 4, 2020

Karachi

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


# TAKAFUL PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 June 2020

	Note	Shareholders' Fund		Participant's Takaful Fund	
		30 June 2020 (Un-audited)	31 Dec. 2019 (Audited)	30 June 2020 (Un-audited)	31 Dec. 2019 (Audited)
		(Rupees)			
<b>ASSETS</b>					
Property and equipment	7	60,731,103	44,193,686	-	-
Intangible assets	8	-	4,667	-	-
<b>Investments</b>					
Debt securities	9	88,000,000	88,000,000	-	-
Term deposit	10	157,600,000	192,200,000	381,000,000	321,000,000
Qard-e-hasna - receivable	11	56,479,565	91,479,565	-	-
Long term deposits	12	12,645,863	12,073,240	-	-
Loans, advances and other receivables	13	21,525,014	42,700,140	7,093,214	15,442,469
Takaful / co-takaful receivables	14	-	-	284,062,019	254,742,978
Re-takaful recoveries against outstanding claims		-	-	55,406,209	45,739,312
Salvage recoveries accrued		-	-	28,129,000	4,506,786
Deferred wakala fees		-	-	251,452,216	147,035,841
Deferred commission expense	26	75,796,646	33,609,160	-	-
Taxation-payment less provisions		14,480,779	13,986,143	-	-
Accrued investment income		5,984,743	6,022,517	9,073,299	1,822,979
Receivable from SHF/PTF	15	136,140,956	19,183,236	-	1,538,758
Prepayments	16	6,227,760	2,191,091	53,229,579	68,568,508
Cash and Bank	17	45,423,870	3,085,775	42,511,641	21,750,915
<b>TOTAL ASSETS</b>	<b>Rupees</b>	<b>681,036,300</b>	<b>548,729,220</b>	<b>1,111,957,176</b>	<b>882,148,546</b>

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Dr. Irum Saba**  
Director



**Ahmed Shuja Kidwai**  
Director


# TAKAFUL PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 June 2020

		Shareholders' Fund		Participant's Takaful Fund	
		30 June 2020 (Un-audited)	31 Dec. 2019 (Audited)	30 June 2020 (Un-audited)	31 Dec. 2019 (Audited)
SHARE CAPITAL AND RESERVES		(Rupees)			
Authorised share capital 150,000,000 (31 December 2019: 70,000,000 ordinary shares of Rs. 10 each	1.3	1,500,000,000	700,000,000	-	-
Issued, subscribed and paid-up share capital	1.4 & 18	612,989,050	612,989,050	-	-
Discount on issuance of shares		(112,989,050)	(112,989,050)	-	-
Accumulated losses		(136,591,712)	(145,541,363)	-	-
		363,408,288	354,458,637	-	-
WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)					
Ceded money		-	-	500,000	500,000
Accumulated surplus		-	-	57,133,974	27,066,104
		-	-	57,633,974	27,566,104
Qard-e-hasna - payable	11	-	-	56,479,565	91,479,565
Underwriting provisions					
Outstanding claims including IBNR	24	-	-	201,103,722	152,283,379
Unearned contribution reserves	22	-	-	578,265,617	504,543,197
Unearned re-takaful rebate		-	-	4,036,131	3,851,294
Contribution deficiency reserve		-	-	1,211,778	-
Contributions received in advance		-	-	2,398,248	6,710,261
Takaful / re-takaful payables	19	-	-	51,166,957	51,365,917
Unearned wakala fees		251,452,216	147,035,841	-	-
Accrued expenses		17,992,855	8,703,263	-	-
Payable to staff gratuity fund - defined benefit plan		9,744,651	6,592,612	-	-
Payable to Shareholder's Fund	15	-	1,538,757	136,140,956	19,183,236
Deferred tax liability		1,365,515	928,289	-	-
Other creditors and accruals	20	37,072,775	29,471,821	23,520,230	25,165,594
Total Liabilities		317,628,012	194,270,583	997,843,637	763,102,877
TOTAL EQUITY AND LIABILITIES	Rupees	681,036,300	548,729,220	1,111,957,176	882,148,546
Contingencies and Commitments	21				

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Dr. Irum Saba**  
Director



**Ahmed Shuja Kidwai**  
Director




# TAKAFUL PAKISTAN LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the six months period ended 30 June 2020

		Six months ended 30 June		Three months ended 30 June	
PARTICIPANTS' TAKAFUL FUND (PTF)		2020	2019	2020	2019
Note		(Rupees)			
Contribution earned		391,490,735	180,223,144	167,926,363	99,937,289
Less: Contribution ceded to Retakaful		(60,385,374)	(51,640,494)	(31,694,446)	(30,277,002)
Net takaful contribution	22	331,105,361	128,582,650	136,231,917	69,660,287
Retakaful rebate earned	23	7,398,589	6,601,510	3,720,017	3,068,683
		338,503,950	135,184,160	139,951,934	72,728,970
Net takaful claims expense	24	(274,644,088)	(100,834,808)	(49,189,953)	(53,341,111)
Incurred But Not Reported (IBNR) claims expense		(15,720,627)	(9,305,192)	(15,720,627)	(4,652,596)
Contribution deficiency expense		(1,211,778)	-	(1,211,778)	-
		(291,576,493)	(110,140,000)	(66,122,358)	(57,993,707)
Other direct expenses	25	(35,112,826)	(9,644,562)	(35,112,826)	(5,878,858)
Surplus before investment Income		11,814,631	15,399,598	38,716,750	8,856,405
Investment income	29	21,478,881	8,691,777	9,372,204	6,022,529
Other income		2,956,550	7,365,715	2,088,057	4,808,833
Impairment loss on available for sale equity securities		-	(9,488,010)	-	(5,687,631)
Mudarib's share		(6,039,535)	(892,530)	(2,836,029)	(694,910)
Net investment income		18,395,896	5,676,952	8,624,232	4,448,820
Bank charges		(142,658)	(73,649)	(89,679)	(20,670)
Surplus before taxation		30,067,869	21,002,901	47,251,303	13,284,555
Provision for taxation - current	30	-	(2,893,896)	-	(544,996)
Surplus after taxation		30,067,869	18,109,004	47,251,303	12,739,559
SHAREHOLDERS' FUND (SHF)					
Wakala fee income		235,974,304	137,092,298	144,179,984	89,683,378
Commission expense / acquisition cost	26	(52,630,579)	(43,839,311)	(36,266,289)	(30,659,929)
Management expenses	27	(191,283,342)	(118,129,536)	(108,697,094)	(68,932,521)
		(243,913,922)	(161,968,847)	(144,963,382)	(99,592,450)
		(7,939,617)	(24,876,549)	(783,398)	(9,909,072)
Mudarib's share of PTF investment income		6,039,535	892,530	2,836,029	694,910
Investment income	29	16,807,872	12,488,279	7,833,313	6,290,997
Impairment (loss) / reversal on available for sale equity securities		-	(1,995,255)	-	(1,045,386)
Profit on bank balances		340,962	346,074	265,771	115,074
Other income		114,179	318,957	72,796	38,957
Finance cost		(2,000,692)	-	(1,657,138)	-
Profit / (loss) before taxation		13,362,238	(12,825,964)	8,567,373	(3,814,520)
Provision for taxation	30	(4,412,588)	(1,478,511)	(1,789,352)	(178,806)
Profit / (loss) after taxation		8,949,651	(14,304,475)	6,778,020	(3,993,327)
Earnings (after tax) per share	32	0.15	(0.23)	0.11	(0.07)

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Dr. Irum Saba**  
Director



**Ahmed Shuja Kidwai**  
Director

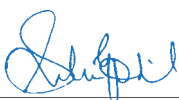
# TAKAFUL PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six months period ended 30 June 2020

	Six months ended 30 June		Three months period ended	
	2020	2019	2020	2019
	(Rupees)			
<b>Shareholders' Fund (SHF)</b>				
Gain / (loss) after taxation for the period	8,949,651	(14,304,475)	6,778,020	(3,993,327)
<b>Other comprehensive income for the period</b>				
<i>Item to be reclassified to profit and loss account in subsequent period</i>				
- Net unrealised loss arising during the period on revaluation of available-for-sale investments	-	(11,582,207)	-	(932,946)
- Reclassification adjustment for net gain on sale of available-for-sale investments included in profit and loss account	-	-	-	4,469,169
	-	(11,582,207)	-	3,536,223
<b>Total comprehensive income for the period</b>	<b>8,949,651</b>	<b>(25,886,682)</b>	<b>6,778,020</b>	<b>(457,104)</b>
<b>Participant Takaful Fund (PTF)</b>				
Surplus after taxation for the period	30,067,869	18,109,004	47,251,303	12,739,559
<b>Other comprehensive income for the period</b>				
<i>Item to be reclassified to profit and loss account in subsequent period</i>				
- Net unrealised loss arising during the period on revaluation of available-for-sale investments	-	(31,332,565)	-	(15,555,027)
- Reclassification adjustment for net gain on sale of available-for-sale investments included in profit and loss account	-	-	-	9,565,832
	-	(31,332,565)	-	(5,989,195)
<b>Total comprehensive income for the period</b>	<b>30,067,869</b>	<b>(13,223,561)</b>	<b>47,251,303</b>	<b>6,750,364</b>

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.




**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Dr. Irum Saba**  
Director



**Ahmed Shuja Kidwai**  
Director

# TAKAFUL PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY / FUND (UN-AUDITED)

For the six months period ended 30 June 2020

### Balance as at 1 January 2019

Total comprehensive income for the six months period ended 30 June 2019

Loss for the six months period ended 30 June 2019

### Other comprehensive income

Net unrealized loss on available for sale investments during the six months period ended 30 June 2019

Total comprehensive income for the period

### Balance as at 30 June 2019

### Balance as at 1 January 2020

Total comprehensive income for the six months ended 30 June 2020

Profit after tax for the six months period ended 30 June 2020

### Other comprehensive income

Total comprehensive income for the period

### Balance as at 30 June 2020

Rupees


#### SHAREHOLDERS' FUND

Issued, subscribed and paid up share capital	Discount on issue of shares	Accumulated loss	Fair value reserve	Total
(Rupees)				
612,989,050	(112,989,050)	(161,051,131)	(6,638,666)	332,310,203
-	-	(14,304,475)	-	(14,304,475)
-	-	-	(4,943,541)	(4,943,541)
-	-	(14,304,475)	(4,943,541)	(19,248,016)
612,989,050	(112,989,050)	(175,355,606)	(11,582,207)	313,062,187
612,989,050	(112,989,050)	(145,541,363)	-	354,458,637
-	-	8,949,651	-	8,949,651
-	-	-	-	-
-	-	8,949,651	-	8,949,651
612,989,050	(112,989,050)	(136,591,712)	-	363,408,288

#### WAQF / PARTICIPANTS' TAKAFUL FUND

Cede money	Discount on issue of shares	Accumulated Surplus / (deficit)	Fair value reserve	Total
500,000	-	(1,196,271)	(20,788,553)	(21,484,824)
-	-	18,109,005	-	18,109,005
-	-	-	(10,544,012)	(10,544,012)
-	-	18,109,005	(10,544,012)	7,564,993
500,000	-	16,912,734	(31,332,565)	(13,919,831)
500,000	-	27,066,105	-	27,566,105
-	-	30,067,869	-	30,067,869
-	-	-	-	-
-	-	30,067,869	-	30,067,869
500,000	-	57,133,974	-	57,633,974

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



Salim Habib Godil  
Chairman



Syed Rizwan Hussain  
Managing Director & CEO



Dr. Irum Saba  
Director



Ahmed Shuja Kidwai  
Director

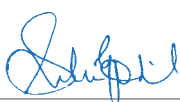
# TAKAFUL PAKISTAN LIMITED

## CASH FLOW STATEMENT

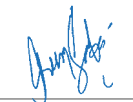
For the six months period ended 30 June 2020


	30 June 2020			30 June 2019
	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate
<b>OPERATING ACTIVITIES</b>				
<b>a) Takaful activities</b>				
Contributions received	-	663,123,734	663,123,734	407,570,216
Re-takaful payments	-	(68,470,297)	(68,470,297)	(45,714,366)
Claims paid	-	(320,074,838)	(320,074,838)	(115,605,721)
Retakaful and other Recoveries received	-	45,241,355	45,241,355	27,911,816
Commissions paid	(103,298,582)	-	(103,298,582)	(61,372,923)
Retakaful rebate received	-	7,583,426	7,583,426	7,131,409
Wakala fee paid	-	(223,818,470)	(223,818,470)	(168,428,397)
Wakala fee received	223,818,470	-	223,818,470	168,428,397
Other takaful receipts/(payments)	-	1,941,462	1,941,462	2,504,018
Net cash flows from takaful activities	120,519,887	105,526,373	226,046,260	222,424,449
<b>b) Other operating activities</b>				
advances from/to employees and agents received/(paid)	(4,845,470)	-	(4,845,470)	(2,803,424)
Security deposits return/(paid)	(572,623)	-	(572,623)	(4,258,473)
Payment of retirement benefits	818,702	-	818,702	-
General administrative and management expenses paid	(152,314,015)	-	(152,314,015)	(95,326,474)
Other operating receipt/(payments)	(16,863,671)	7,505,791	(9,377,881)	(5,992,740)
Ijarah rentals paid	(11,792,630)	-	(11,792,630)	(3,065,221)
Advances from/to employees and agents received/(paid)	25,315,683	-	25,315,683	(1,054,355)
Net cash used in other operating activities	(160,274,025)	7,505,791	(152,768,234)	(112,500,687)
<b>Total cash (used in) / flows from all operating activities</b>	(39,754,138)	113,032,163	73,278,026	109,923,762
<b>INVESTING ACTIVITIES</b>				
Profit / return received	17,186,608	14,228,561	31,415,169	22,914,932
Investment made	-	-	-	(97,045,514)
Proceeds from disposal of investments	-	-	-	45,078,419
Investment in term deposits	-	(60,000,000)	(60,000,000)	(710,810,236)
Proceeds from encashment of term deposits	34,600,000	-	34,600,000	617,020,209
Fixed capital expenditure	(16,194,376)	-	(16,194,376)	(7,076,049)
Mudarib fee received	11,500,000	-	11,500,000	-
Mudarib fee paid	-	(11,500,000)	(11,500,000)	-
Proceeds from disposal of property and equipment	-	-	-	34,200
<b>Total cash used in all investing activities</b>	47,092,233	(57,271,439)	(10,179,207)	(129,884,039)
<b>FINANCING ACTIVITIES</b>				
Qarda-e-Hasana received back/(contributed)	35,000,000	-	35,000,000	-
Qarda-e-hasana (returned back)/received	-	(35,000,000)	(35,000,000)	-
<b>Total cash used in all financing activities</b>	35,000,000	(35,000,000)	-	-
<b>Net cash (used in) / flows from all activities</b>	42,338,095	20,760,724	63,098,819	(19,960,277)
Cash and cash equivalents at the beginning of the period	3,085,775	21,750,917	24,836,692	88,305,476
<b>Cash and cash equivalents at end of the period</b>	45,423,870	42,511,641	87,935,511	68,345,198
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(39,754,138)	113,032,163	73,278,026	109,923,761
Depreciation and amortization	(13,964,838)	-	(13,964,838)	(1,711,011)
Gain /(loss) on disposal of fixed assets	-	-	-	(10,467)
Provision for taxation	(4,412,588)	-	(4,412,588)	(4,372,407)
Provision for staff retirement benefits	(3,152,039)	-	(3,152,039)	(1,886,486)
Increase/(decrease) in assets other than cash	89,968,985	209,047,905	299,016,890	362,519,973
(Increase)/decrease in liabilities other than borrowings	(19,735,732)	(292,012,199)	(311,747,931)	(460,658,833)
Profit / (loss) / surplus after taxation for the period	8,949,651	30,067,869	39,017,520	3,804,530
<b>Definition of cash</b>				
Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.				
Cash for the purpose of the statement of cash flows consists of:				
Cash and other equivalents	148,901	240,586	389,487	391,393
Current and other accounts	45,274,970	42,271,055	87,546,025	67,953,805
	45,423,870	42,511,641	87,935,511	68,345,198

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

  
Salim Habib Godil  
Chairman

  
Syed Rizwan Hussain  
Managing Director & CEO

  
Dr. Irum Saba  
Director

  
Ahmed Shuja Kidwai  
Director

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

### 1. LEGAL STATUS AND NATURE OF BUSINESS

**1.1** Takaful Pakistan Limited ("the Company / Takaful operator") is an unlisted public limited company incorporated in Pakistan on 02 June 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is established with the objective to carry out General Takaful Business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012, and Insurance Rules, 2017. The Company commenced commercial operations from 12 March 2007. The registered office of the Company is at 6th Floor, Business Centre, 19-1-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, in the province of Sindh. The Company operates with 4 (31 December 2019: 4) branches in Pakistan.

**1.2** For the purpose of carrying on the takaful business, the Company has formed a Waqf for Participants' equity. The Waqf, namely Takaful Pakistan Waqf (hereinafter referred to as the Participants' Takaful Fund or PTF) was formed on 22 January 2007 under the Trust deed executed by the Company with a ceded money of Rs. 500,000. The cede money is required to be invested in Shariah compliant investments and profit thereon is utilized to pay benefits to participants or defray PTF expenses. As required by Takaful Rules 2012 the accounts of the Waqf are maintained by the Company in a manner that the assets and liabilities of the Waqf remain separately identifiable. These financial statements have been prepared such that the financial position and results of operations of the Waqf and the Company are shown separately. Waqf deed also governs the relationship of shareholders and participants for the management of takaful operations, investment of participants' funds (PTF) and investment of shareholders' funds (SHF) approved by the Shariah Board established by the Company.

**1.3** During the period, the authorised capital of the Company was increased from Rs. 700 million to Rs. 1,500 million.

**1.4** As per the SRO notification no 825 (1) 2015 dated 18 August 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital (net of discount on the issue of shares) of a non-life Insurance / Takaful Company shall be Rs. 500 million by 31 December 2017. At 31 December 2017, the Company's issued, subscribed and paid up capital was Rs. 300 million, i.e. it was short of the required amount by Rs. 200 million. The Company issued 31,298,905 shares of the face value of Rs. 10 each at a price of Rs. 6.39 per share i.e. at a discount of Rs. 3.61 per share without the issue of right shares under section 82 and 83 of the Companies Act, 2017 (the "Act"). SECP on the basis of a special resolution passed by the members of the Company in their general meeting held on 02 March 2018 allowed the Company under section 82 and 83 of the Act to issue 31,298,905 shares at Rs. 6.39 per share i.e. at a discount of Rs. 3.61 per share, without the issue of right share. The approval, however, was subject to the following conditions:

- i) 31.299 million shares shall be issued within sixty days of the letter.
- ii) The issuance of the shares shall be in cash and a copy of bank account statement maintained for the receipt of the subscription money, evidencing the receipt of all subscription money, shall be submitted to the Commission within thirty days of the receipt of subscription money.
- iii) On the receipt of subscription money, the Company will first meet the statutory deposit requirement maintaining minimum statutory deposits with the State Bank of Pakistan and submit the documentary evidence to the commission within thirty days of receipt of subscription money.

The Company has complied with all aforesaid conditions and return of allotment for the issue of additional shares was filed with SECP in June 2018 and a certified true copy of SECP has also been received. Accordingly the Company's capital as of 31 December 2018 and 31 December 2019 was as follows:

Issued, subscribed and paid up capital  
Discount on issue of shares  
Minimum paid up capital (as required)

**30 June 2019  
Aggregate**

612,989,050  
(112,989,050)  
**500,000,000**



# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

- 1.5** A novel strain of coronavirus (COVID -19) was classified as a pandemic by the world health organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various businesses. However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. As per the initial assessment by the management, operation are not likely to have an impact as the sale of takaful cover in Pakistan was on going even during the period in which business activities were suspended by government of Pakistan. Furthermore, the management has also made assessment of future profitability and as per the projections the funds continues to earn profit.

## **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.
- Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules 2012 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations 2019 and Takaful Rules 2012, have been followed.

- 2.2** These condensed interim financial statements reflect the financial position and results of operations of both the Shareholders' Fund and Participants' Takaful Fund in a manner that the assets, liabilities, income and expenses of the Shareholders' Fund and PTF remain separately identifiable.
- 2.3** 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 31 December 2019.

### **2.4 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention.

## **3. FUNCTIONAL AND PRESENTATION CURRENCY**

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

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with accounting and reporting standards as applicable in Pakistan which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Operator's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2019.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of condensed interim financial statements are consistent with those followed in preparation of the annual financial statements of the Operator for the year ended '31 December 2019 except as stated in note 5.1 to these condensed interim financial statements.

##### 5.1 Application of General Takaful Accounting Regulations, 2019

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 1416 (1)/2019 dated 20 November 2019 has issued General Takaful Accounting Regulations, 2019. Accordingly, the Company has changed format for preparation and presentation of these condensed interim financial statements to comply with the requirements of these regulations. The application of these regulations for the purpose of preparation and presentation of the condensed interim financial statements are effective from 01 January 2020. Accordingly, corresponding figures have been presented in accordance with the new regulations. However, the change have had no impact on the profit / loss of the Operators' Fund, surplus/ deficit of the Participants' Takaful Fund or of their equities.

#### 6. Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

6.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the operations of Operator and therefore not stated in these condensed interim financial statements except for adoption of General Takaful Accounting Regulations as mentioned in note 5.1.

##### 6.2 Standards, Interpretations and Amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
  - Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
  - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

### Annual Improvements to IFRS standards 2018-2020:

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

'illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

IFRS 9 'Financial Instruments' was effective for reporting period / year ending on or after 30 June 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

The Operator has determined that it is eligible for the temporary exemption option since the operator 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 operator can defer the application of IFRS 9 until the application IFRS 17.

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

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

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

- 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 trad.

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

B) all other financial assets.

	30 June 2020 (Un-audited)				31 December 2019 (Audited)			
	Fail the SPPI test		Pass the SPPI test		Pass the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealized gain or loss during the period	Fair value	Change in unrealized gain or loss during the period	Fair value	Change in unrealized gain or loss during the period	Fair value	Change in unrealized gain or loss during the period
	(Rupees)				(Rupees)			
<b>Financial assets - Shareholders' Fund</b>								
Investments - Term deposits *	-	-	157,600,000	-	-	-	192,200,000	-
Investments in debt securities - held to maturity*	-	-	88,000,000	-	-	-	88,000,000	-
Loans and other receivables *	-	-	21,525,014	-	-	-	42,700,140	-
Accrued investment income *	-	-	5,984,743	-	-	-	6,022,517	-
Receivable from SHF/PTF *	-	-	136,140,956	-	-	-	11,315,701	-
Qard-e-hasna *	-	-	56,479,565	-	-	-	91,479,565	-
Cash and bank *	-	-	45,274,970	-	-	-	2,980,927	-
	-	-	511,005,248	-	-	-	434,698,850	-
<b>Financial assets - Participants' Takaful Fund</b>								
Investments - Term deposits *	-	-	381,000,000	-	-	-	321,000,000	-
Loans and other receivables *	-	-	7,093,214	-	-	-	16,981,227	-
Accrued investment income *	-	-	9,073,299	-	-	-	1,822,979	-
Cash and bank *	-	-	42,271,055	-	-	-	21,464,370	-
Takaful / co-takaful receivables*	-	-	284,062,019	-	-	-	254,742,978	-
Re-takaful recoveries against outstanding claims*	-	-	55,406,209	-	-	-	45,739,312	-
	-	-	778,905,796	-	-	-	661,750,866	-

30 June 2020						
Gross carrying amounts of financial assets that pass the SPPI test						
AAA	AA+	A+	AA	A	A-	Not rated
(Rupees)						
-	-	62,300,000	95,300,000	-	-	-
-	30,000,000	-	-	-	-	58,000,000
-	-	-	-	-	-	21,525,014
-	-	-	-	-	-	5,984,743
-	-	-	-	-	-	136,140,956
-	-	-	-	-	-	56,479,565
-	9,974,821	34,619	35,265,454	-	-	76
-	39,974,821	62,334,619	130,565,454	-	-	278,130,353

31 December 2019						
Gross carrying amounts of financial assets that pass the SPPI test						
AAA	AA+	A+	AA	A	A-	Not rated
(Rupees)						
-	-	61,900,000	95,300,000	35,000,000	-	-
-	30,000,000	-	-	-	-	58,000,000
-	-	-	-	-	-	42,700,140
-	-	-	-	-	-	6,022,517
-	-	-	-	-	-	11,315,701
-	-	-	-	-	-	91,479,565
-	55,187	50,211	2,761,592	-	76	-
-	30,055,187	61,950,211	98,061,592	35,000,000	76	209,517,923



# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020`

### Financial assets - Participants' Takaful Fund

Investments - Term deposits \*  
Loans and other receivables \*  
Accrued investment income \*  
Cash and bank \*  
Takaful / co-takaful receivables\*  
Re-takaful recoveries against outstanding claims\*

30 June 2020						
Gross carrying amounts of financial assets that pass the SPPI test						
AAA	AA+	A+	AA	A	A-	Not rated
(Rupees)						
-	-	188,400,000	192,600,000	-	-	-
-	-	-	-	-	-	7,093,214
-	-	-	-	-	-	9,073,299
732,443	3,843,702	36,928,999	719,828	46,083	-	-
-	-	-	-	-	-	284,062,019
-	-	-	-	-	-	55,406,209
732,443	3,843,702	225,328,999	193,319,828	46,083	-	355,634,741

### Financial assets - Participants' Takaful Fund

Investments - Term deposits \*  
Loans and other receivables \*  
Accrued investment income \*  
Cash and bank \*  
Takaful / co-takaful receivables\*  
Re-takaful recoveries against outstanding claims\*

31 December 2019						
Gross carrying amounts of financial assets that pass the SPPI test						
AAA	AA+	A+	AA	A	A-	Not rated
(Rupees)						
-	30,000,000	136,500,000	122,500,000	32,000,000	-	-
-	-	-	-	-	-	16,981,227
-	-	-	-	-	-	1,822,979
450,400	1,851,052	237,626	14,489,970	-	4,528,797	-
-	-	-	-	-	-	254,742,978
-	-	-	-	-	-	45,739,312
450,400	31,851,052	136,737,626	136,989,970	32,000,000	4,528,797	319,286,496

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

## 7. PROPERTY AND EQUIPMENT - Shareholder's Fund

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Tangible assets	7.1	26,469,510	24,111,763
Capital work in progress	7.2	6,300,000	-
Right of use assets	7.3	27,961,593	20,081,923
		60,731,103	44,193,686

### 7.1 Tangible assets

	30 June 2020 - (Unaudited)							
	Cost			Accumulated depreciation			Book value	Depreciation Rate %
	As at 1 January 2020	Additions / (disposal) during the period	As at 30 June 2020	As at 1 January 2020	Charge for the period / (disposal)	As at 30 June 2020	As at 30 June 2020	
	(Rupees)							
ILeasehold improvements	11,691,801	268,360	11,960,161	5,397,729	1,715,852	7,113,581	4,846,580	33.33
Furniture and fixtures	15,235,573	12,000 (338,020)	14,909,553	12,723,769	648,954 (338,020)	13,034,703	1,874,850	33.33
Office equipment	9,996,168	55,300	10,051,468	5,988,046	810,979	6,799,025	3,252,443	20.00
Computers	32,113,726	787,003 (165,635)	32,735,094	21,230,499	2,361,646 (72,121)	23,520,024	9,215,070	33.33
Vehicles	704,606	7,129,528	7,834,134	290,068	263,499	553,567	7,280,567	20.00
	69,741,874	8,252,191 (503,655)	77,490,410	45,630,111	5,800,930 (410,141)	51,020,900	26,469,510	

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

31 December 2019 - (Audited)							
Cost		Accumulated depreciation			Book value	Depreciation Rate %	
As at 1 January 2019	Additions / (disposal) during the year	As at 31 December 2019	As at 1 January 2019	Charge for the year / (disposal)	As at 31 December 2019		As at 31 December 2019
----- (Rupees) -----							
4,582,141	7,109,660	11,691,801	3,894,944	1,502,785	5,397,729	6,294,072	33.33
12,713,001	3,241,932 (719,360)	15,235,573	12,361,943	1,043,506 (681,680)	12,723,769	2,511,804	33.33
6,794,416	3,439,516 (237,764)	9,996,168	5,261,289	956,912 (230,155)	5,988,046	4,008,122	20.00
20,615,939	11,497,787	32,113,726	18,198,167	3,032,332	21,230,499	10,883,227	33.33
647,737	382,900 (326,031)	704,606	366,129	88,311 (164,372)	290,068	414,538	20.00
45,353,234	25,671,795 (1,283,155)	69,741,874	40,082,472	6,623,846 (1,076,207)	45,630,111	24,111,763	

### 7.2 Capital Work in Progress

	Shareholders' Fund (SHF)		Participant's takaful fund (PTF)	
	30 June 2020	31 Dec. 2019	30 June 2020	31 Dec. 2019
	(Rupees)			
Civil Works	1,100,000	-	-	-
Software development	5,200,000	-	-	-
	6,300,000	-	-	-

### 7.3 Right of use assets

	30 June 2020 - (Unaudited)						
	As at 1 January 2020	Additions during the period	As at 30 June 2020	As at 1 January 2020	Charge for the period	As at 30 June 2020	As at 30 June 2020
	(Rupees)						
Right of use assets	30,122,885	17,160,324	47,283,209	10,040,962	9,280,654	19,321,616	27,961,593

	31 December 2019 - (Audited)						
	As at 1 January 2019	Additions / (disposal) during the year	As at 31 December 2019	As at 1 January 2019	Charge for the year / (disposal)	As at 31 December 2019	As at 31 December 2019
	(Rupees)						
Right of use assets	29,191,502	931,383	30,122,885	-	10,040,962	10,040,962	20,081,923

## 8 INTANGIBLE ASSETS

30 June 2020 - (Unaudited)								
Computer software	Cost			Accumulated amortization			Book value	Depreciation
	As at 1 January 2020	Additions during the period	As at 30 June 2020	As at 1 January 2020	Charge for the period	As at 30 June 2020	As at 30 June 2020	Rate %
	(Rupees)							
	14,263,181	-	14,263,181	14,258,514	4,667	14,263,181	-	33.33
31 December 2019 - (Audited)								
Computer software	Cost			Accumulated amortization			Book value	Depreciation
	As at 1 January 2019	Additions during the year	As at 31 December 2019	As at 1 January 2019	Charge for the year	As at 31 December 2019	As at 31 December 2019	Rate %
	(Rupees)							
	14,263,181	-	14,263,181	14,117,837	140,677	14,258,514	4,667	33.33

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### (UN-AUDITED)

For the six months period ended 30 June 2020

#### 9. INVESTMENT IN DEBT SECURITIES - held to maturity

##### 9.1 Sukuk Certificates - Shareholders' Fund

Performing Assets	Note	Number of certificates	Maturity date	Effective yield	Profit Payment	Principal payment	Market value	Face value	30 June 2020	31 December 2019	Security
Dubai Islamic Bank Pakistan Limited	9.1.1	6,000	Perpetual	3 months KIBOR + 1.75%	Quarterly	Perpetual	-	30,000,000	30,000,000	30,000,000	Unsecured
Hub Power Company Limited (HUBCO) - listed		300	22-Aug-23	3 months KIBOR + 1.90%	Quarterly	25% on February 2022 25% on August 2022 25% on February 2023 25% on August 2023	30,643,440	30,000,000	30,000,000		Revolving Cross Corporate Guarantee ("RCOG") from National Energy United ("NEL") for the Issue Amount (with 25% margin) and profit & principal payments, Subordinate hypothecation charge over NEL's receivables including but not limited to any amounts receivable under the GoP Guarantee, Subordinate charge over all present and future movable fixed assets of NEL for PKR 9,333.33 million (Issue Amount along with 25% margin), Subordinate charge over all present and future movable fixed assets of HUBCO for PKR 4,000 million, Pledge of 100% Shares of NEL with a book value of PKR 3,500 million.
Bank Islami Pakistan Ltd	9.1.1	5,600	Perpetual	3 months KIBOR + 2.75%	Monthly	Perpetual	-	28,000,000	28,000,000	28,000,000	Unsecured
<b>Non - Performing Assets (fully provided)</b>											
AgriTech Limited	9.1.2	3,000	06 August 2019	3 months KIBOR + 2%	Semi-annually	Non performing	-	15,000,000	15,873,883	15,873,883	Secured against pari passu charge over property, plant and equipment of the Company.
Quetta Textile Mills Limited	9.1.3	2,000	26 March 2020	3 months KIBOR + 1.75%	Quarterly	Non performing	-	10,000,000	3,965,520 19,839,403	3,965,520 19,839,403	Secured against first pari passu Rs. 1,846 billion on all fixed assets of the Company.
Less: Provision held (against the non-performing sukuk certificates)								107,839,403	107,839,403		
									(19,839,403)	(19,839,403)	
									88,000,000	88,000,000	

9.1.1 Market value of the security is not yet quoted on MUFAP, however the profit is being received. Market value of other instruments, except for those which have been provided, are based on the rates quoted by MUFAP (i.e. of HUBCO which is of level 1 fair value).

9.1.2 This represents investments aggregating to Rs. 15 million (31 December 2019: Rs. 15 million) in sukuk issued by AgriTech Limited (the investee company) against which the investee company had not made payments on the contractual dates. In 2011, a restructuring agreement was signed between the investee company and the Investment Agent of the sukuk certificates, whereby, certain terms included in the original trust deed dated 22 July 2008 were amended, including the repayment period which was extended from 06 August 2015 to 06 August 2019. Further, in lieu of accrued overdue profit, zero coupon Term Finance Certificates (TFCs) were issued by AgriTech Limited on 17 October 2011 which were to be repaid by the investee company within three and a half years from the date of issuance of such TFCs. However, the investee company defaulted on the instalment due based on the restructuring agreement as well as in making payments in respect of zero coupon term finance certificates. Therefore, the management has neither recorded TFCs issued in lieu of profit in the books of accounts nor accrued any profit on the outstanding balance of the principal amount and has fully provided the outstanding principal.

9.1.3 An agreement for the restructuring of these sukuk was executed between the Investment Agent of these sukuk and Quetta Textile Mills Limited on 24 June 2013. According to the restructuring terms, repayment of principal of Rs. 8 million will be made to the Company over a period of 7 years till 26 March 2020 in twenty nine quarterly instalments whereas the profit shall be received by the Company at the rate of 6 monthly KIBOR and a spread of 1.75% with effect from 26 March 2013.

However, the investee company defaulted on the instalment on due dates under restructuring agreement. Therefore, the management has not accrued any profit on outstanding principal amount and has fully provided for the outstanding principal.

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

### 10. INVESTMENT IN TERM DEPOSITS

	30 June 2020 (Un-audited)			31 December 2019 (Audited)		
	Shareholders' Fund (10.1)	Participants' Takaful Fund (10.2)	Aggregate	Shareholders' Fund	Participants' Takaful Fund	Aggregate
	(Rupees)					
Held to Maturity						
Deposits maturing within 12 months	157,600,000	381,000,000	538,600,000	192,200,000	321,000,000	513,200,000

**10.1** These have been invested in Islamic Banks in Pakistan and have maturity between December 2020 to February 2020 and carries profit rates ranging between 8.75% to 12.50% per annum.

**10.2** These have also been invested in Islamic banks and are due to mature between December 2020 and March 2021 and carries profit rates ranging between 8.75% to 12.50% per annum.

### 11. QARD-E-HASNA RECEIVABLE

This represents the amount receivable by the Shareholders Fund from Participants' Takaful Fund / amount payable by the Participants' Takaful Fund to the Shareholders Fund.

	30 June 2020 (Un-audited)	31 December 2019 (Audited)
	(Rupees)	
Opening balance	91,479,565	109,479,565
Qard-e-hasna contributed to the Waqf (PTF) during the year	-	50,000,000
Qard-e-hasna refunded by PTF during the period / year	(35,000,000)	(68,000,000)
Closing balance	56,479,565	91,479,565

Under the Takaful Rules, 2012 in the event of surplus in Participants' Takaful Fund, Qard-e-Hasna shall be paid to the Shareholders' Fund prior to distributing surplus to the Participants. Subsequent to 30 June 2020, the entire balance was paid off by the Participants' Takaful Fund to the Shareholders Fund.

### 12. LONG TERM DEPOSITS - Shareholders Fund

Ijarah	6,966,733	7,071,120
Rental	2,019,190	1,963,871
Hospitals security deposit	3,025,000	2,475,000
Others	634,940	563,249
	12,645,863	12,073,240

### 13. LOANS, ADVANCES AND OTHER RECEIVABLES - considered good

	Shareholders' Fund (SHF)		Participant's takaful fund (PTF)	
	30 June 2020 (Un-audited)	31 Dec. 2019 (Audited)	30 June 2020 (Un-audited)	31 Dec. 2019 (Audited)
	(Rupees)			
Advances to employees (unsecured and interest free) 13.1	7,028,303	3,535,293	-	-
Advance payment to takaful agents	-	28,808,693	-	-
Advance against expenses	14,000,000	5,491,005	-	-
Earnest money receivable	496,711	-	3,333,861	-
Service charges receivable	-	-	3,759,353	4,400,378
Refundable input tax	-	-	-	-
Investment proceeds receivable	-	4,283,745	-	11,042,090
Others	-	581,404	-	-
	21,525,014	42,700,140	7,093,214	15,442,468

**13.1** The eligible employees are entitled to two months salaries repayable within one year.

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

### 14. TAKAFUL / CO-TAKAFUL RECEIVABLES - unsecured - Participants' Takaful Fund

		30 June 2020 (Un-audited)	31 December 2019 (Audited)
		----- (Rupees) -----	
Due from takaful participant holders		278,014,204	244,754,999
Less: Provision for impairment against the balance due from the takaful participant holders	14.1	(13,161,034)	(3,876,948)
		264,853,170	240,878,051
Due from other takaful companies		19,208,849	15,881,477
Less: Provision for impairment against the due from other takaful companies	14.2	-	(2,016,550)
		19,208,849	13,864,927
		284,062,019	254,742,978

#### 14.1 Movement in provision for impairment - due from policy holders

Balance as on 1 January 2020	3,876,948	2,689,398
Add: Provision made during the period / year	13,161,034	1,187,550
Less: Reversal during the year	(3,876,948)	-
Balance on at 30 June 2020 / 31 December 2019	13,161,034	3,876,948

#### 14.2 Movement in provision for impairment - due from other takaful companies

Balance as on 1 January	2,016,550	2,016,550
Less: Reversal during the period / year	(2,016,550)	-
Balance on at 30 June 2020 / 31 December 2019	-	2,016,550

### 15. RECEIVABLE / PAYABLE (Current account between OPF and PTF)

		Shareholders' Fund (SHF)		Participant's takaful fund (PTF)	
		30 June 2020	31 Dec. 2019	30 June 2020	31 Dec. 2019
		----- (Rupees) -----			
Wakala fee		124,439,744	7,867,535	124,439,744	7,867,535
Mudarib fee		5,855,236	11,315,701	5,855,236	11,315,701
Other receivable / payable	15.1	5,845,976	-	5,845,976	-
		136,140,956	19,183,236	136,140,956	19,183,236

15.1 This represents tax deductions by PTF, paid by SHF on its behalf and was subsequently settled to SHF.

### 16. PREPAYMENTS

		Shareholders' Fund		Participants' Takaful Fund	
		30 June 2020	31 Dec. 2019	30 June 2020	31 Dec. 2019
		----- (Rupees) -----			
Prepaid takaful contribution		4,967,173	-	-	-
Other prepaid expenses		1,260,587	2,191,091	-	-
Prepaid re-takaful ceded		-	-	27,550,707	46,956,918
Prepaid tracker installation expense		-	-	25,678,873	21,611,590
		6,227,760	2,191,091	53,229,579	68,568,508

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

### 17. CASH AND BANK

	Shareholders' Fund		Participant's takaful fund	
	30 June 2020	31 Dec. 2019	30 June 2020	31 Dec. 2019
	(Rupees)			
Cash and cash equivalents				
- Cash in hand	148,901	104,848	-	-
- Policy and revenue stamps, bond papers	-	-	240,586	286,545
	148,901	104,848	240,586	286,545
Cash and bank				
- Current account	10,921	20,920	48,604	836,290
- Savings accounts	45,264,049	5,039,450	42,222,451	62,057,145
	45,423,870	5,165,218	42,511,641	63,179,980

17.1 These represent balances maintained with Islamic commercial banks under profit and loss sharing basis carrying expected profit rates ranging between 3.9% to 9.038% (2019: 6.5% to 11.0%) per annum

### 18. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	30 June 2020	31 December 2019		30 June 2020	31 December 2019
	(Number of shares)				
	61,298,905	61,298,905	Rupees	612,989,050	612,989,050
				Number of shares	Percentage
House Building Finance Company Limited				8,699,500	14.19%
Al Baraka Bank (Pakistan) Limited				5,099,000	8.32%
Sitara Chemical Industries Limited				2,999,500	4.89%
Mal Al Khaleej Investment LLC				2,550,000	4.16%
Mr. Salim Habib Godil				10,485,602	17.11%
Syed Rizwan Hussain				10,485,601	17.11%
Mr. Shahzad Salim Godil				10,485,601	17.11%
Syed Salman Hussain				10,485,601	17.11%
Others				8,500	0.01%
				61,298,905	100.00%

### 19. TAKAFUL / RE-TAKAFUL PAYABLES

	30 June 2020	31 December 2019
	(Rupees)	
Due to other takaful companies	13,203,342	501,755
Due to re-takaful entities	37,963,615	50,864,162
	51,166,957	51,365,917

### 20. OTHER CREDITORS AND ACCRUALS

	Shareholders' Fund (SHF)		Participant's takaful fund (PTF)	
	30 June 2020	31 Dec. 2019	30 June 2020	31 Dec. 2019
	(Rupees)			
Commission payable to agents	530,030	9,010,547	-	-
Federal excise duty	-	-	4,056,335	7,533,590
Federal Takaful fee	-	-	937,315	1,872,730
Tax deducted at source	436,211	374,458	688,816	522,919
Provision for staff compensated absences	1,155,712	337,010	-	-
Security deposit (held in separate bank account)	939,041	918,876	-	-
Tracker installation fee payable	-	-	12,164,853	10,598,209
Liabilities against assets subject to leases	25,066,563	26,659,955	-	-
Creditors	3,412,595	-	-	-
Other payables	5,532,622	1,950,002	5,672,911	4,618,146
	37,072,775	39,250,848	23,520,230	25,145,594

20.1 This includes Rs. 6.55 million (2019: Rs. 4.36 million) payable to a related party.

20.1 The SHF balance includes Rs. 4.73 million representing deductions from the employees' monthly salaries on account of proposed employee share option scheme. The scheme is operative only after the approval of Securities and Exchange Commission of Pakistan (SECP). In case, the scheme is not approved by SECP, the same shall be refunded to the employees. The scheme is proposed to be effective from 27 April 2020.

This balance also includes stale cheques amounting to Rs. 0.39 million in SHF and Rs. 4.93 million in PTF.



# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

### 21. CONTINGENCIES AND COMMITMENTS

#### 21.1 Contingencies

**21.1.1** Travel Agents Association of Pakistan (TAAP) had filed a case against the Company on 10 October 2012 in the Takaful Tribunal of Sindh for the recovery of Rs. 546.534 million (31 December 2019 Rs : 546.534 million) inclusive of compensation / damages for premature termination and mark up accrued thereon in respect of Amaan Travel and Health Takaful Package. A commissioner has been appointed for recording evidences of the parties which is yet to issue its report to Tribunal along-with evidence based on which the case shall be disposed off by the Tribunal. The matter is at the stage of evidence of the parties before the Commissioner appointed by the Court. The management, based on the advice of its legal counsel, is confident that the Company has reasonable defence in the case and as such no loss is likely to arise from this litigation and accordingly, no provision has been made in these condensed interim financial information. The legal advisor has opined that the company has a reasonable defence in this matter and there is less likelihood of any potential loss being suffered by the Company, however, final outcome would depend on the conclusion of the evidence led by the respective parties in support of their case.

**21.1.2** The Company was issued a show-cause notice (SCN) on 25 April 2016 by the Sindh Revenue Board (SRB) alledging that the Company had received re-insurance services liable to Sindh Sales Tax at 16% during the period from July 2011 to June 2014 and required the Company to show cause as to why tax of Rs. 31.561 million should not be levied and recovered from the Company (apart from the default surcharge and penalty). Based on the SCN, the Company had filed a stay application and obtained a stay order at the Honourable Sindh High Court to keep the proceedings in abeyance against the said SCN.

Thereafter, based on the judgement of Supreme Court where C.P. petition shall be valid based on the payment of 50% of the disputed amount, management of the Company has withdrawn the suit (earlier filed). The Company through the Insurance Association of Pakistan (IAP), as representatives decided to take the matter to the Chairman SRB and requested to keep the proceedings in abeyance till the matter is decided for the industry.

Furthermore SRB, vide its order dated 18 April 2020, passed an order to recover the sales tax on reinsurance services amounting to Rs. 31.561 million along with penalty of Rs. 9.86 million. Thereafter, SRB issued recovery notice under section 66(1)C of Sales tax on Services Act 2011 for the attachment and recovery of Sindh sales tax from the Company's bank account for Rs. 65.705 million which comprises of principal, penalty and default surcharge of Rs. 31.5 million, 9.8 million and 24.28 million respectively.

The company filed a constitutional petition D-2726 of 2019 under article 199 of the Constitution of Pakistan to keep the recovery proceedings in abeyance till next date of hearing. Furthermore, on 22 April 2019 the Company had filed an appeal before commissioner (appeals) under section 57 of Sindh Sales Tax on Services Act 2011 for the suspension of order in respect of sales tax on Re Takaful Services.

The Company's management is view that an insurance company on issuing policy and receiving contribution, charges sales tax on the ultimate user. The same risk is transferred / shared by an insurance company with a reinsurance entity and SRB is charging sales tax on service which was already taxed and paid by the end consumer. Furthermore, sales tax is always levied as value added tax. However, in reinsurance services there is no element of value addition.

The same matter has been raised for certain other insurance companies also. Therefore, there is a likely chance for the settlement of issue on a prospective basis. Nonetheless, the management is also of the view that the said input tax shall be admissible (against the output tax being collected by the Company on insurance policies), although the department may dispute such input tax mainly on the restriction placed by Rule 22 of the Sindh Sales Tax Rules, 2011 which bars claim of input tax over six month's time. However, the management also consider that normally the courts have considered such matters as procedural issues as right to claim cannot be denied. With respect to the default surcharge and penalty under the Sindh Sales Tax Act, 2011, management is of the view that since no willful intension to contravene the statutory provisions of the law has been made, chances of the recovery of the same appears to be remote.

Accordingly, for the reasons explained above, provision for the above balance has not been made in these condensed interim financial statements.

**21.1.3** Securities and Exchange Commission of Pakistan (SECP) on 13 October 2017 passed an order for alleged contravention of Section 11(1) and Section 28 of the Insurance Ordinance 2000, in respect of minimum paid up capital requirement and imposed a fine of Rs. 1,200,000, earning Rs. 500,000 imposed on the Company and Rs. 100,000 on each of the directors of Company. The Company had filed an appeal before the Appellate Bench of SECP for setting aside the order and the matter is at the stage of hearing. Company's legal advisor has opined that the Company has a good arguable case and there is no likelihood of an unfavorable outcome, however, if the appeal fails the Company would have an opportunity to file before the High Court. Nonetheless the Company's management is hoping that since now the Company has met the minimum paid up capital requirement, the Commission may take a lenient view.

**21.1.3** With effect from November 1, 2018, the Punjab Revenue Authority (PRA), withdrew the exemption on health takaful. This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) had taken up the matter with the Punjab Revenue Authority (PRA) for restoration of the exemptions that were withdrawn. The management of the Company sought a legal opinion from their legal advisors, who confirmed the Company's contention that health

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takaful is not a service, but infact, an underwriter's promise to pay to its contract holders in the future, as is also clearly defined in the definition of the term "insurance" under the Insurance Ordinance, 2000. Such contention of the Company and the insurance industry has also been upheld in the superior courts of foreign jurisdiction, where, in a majority of jurisdictions it has been widely held that insurance is not a service.

Based on the above contentions, certain insurance companies have challenged the levy of Punjab Sales Tax (PST) on health takaful in the Hon'ble Lahore High Court (LHC) in the month of September 2019. The Hon'ble LHC, in their order dated 3 October 2019, has granted all petitioners against any coercive measures for recovery by the PRA. The hearing of the petition is currently in progress. In view of the pending adjudication, the Operator, has not charged PST to its clients, nor recognized the contingent amount of PST liability in these financial statements as the management is confident that the final outcome will be in favor of the Operator. However we are not party to the petition.

Furthermore, PRA vide its notification SO(Tax) 1-11012020 (Covid-19) dated 2 April 2020 exempted PST on health takaful for the period from April 2 2020 till 30 June 2020.

In view of the above, the Company has not yet billed its participants, nor recognized the contingent liability for PST. The total amount involved for the period 01 January 2020 to 01 April 2020 is Rs.9.13 million and till 31st December 2019 was Rs. 5.5 million. Cumulative amount is Rs. 14.64 million.

### 21.2 Commitments

21.2.1 Commitments under Ijarah arrangements and the year in which these payments will become due are:

	30 June 2020	31 December 2019
	(Rupees)	
Not later than one year	21,982,622	22,891,690
Later than one year but not later than five years	44,299,483	56,707,287
	66,282,105	79,598,977

The company has vehicle financing facility of Rs. 100 million (Dec 2019: Rs 100 million) from two Islamic Bank (facilities amount being the cost of vehicles) out of which Rs. 80.2 million (31 Dec; Rs 70.11 million) had been utilized by the period end. The facilities are valid up to December 2023.

21.2.2 Commitment in respect of capital work in progress amount to rupees 1.17 million relating to leasehold improvements and Rupees 6.8 million relating to software development.

### 22. NET CONTRIBUTION

	Six months ended 30 June		Three months ended 30 June	
	Participants' Takaful Fund (PTF)			
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	(Rupees)			
Written Gross Contribution	701,187,459	459,495,255	198,392,253	167,606,826
Less: Wakala Fee	(235,974,304)	(137,092,298)	(144,179,983)	(89,683,378)
Contribution Net of Wakala Fee	465,213,155	322,402,957	54,212,270	77,923,448
Add: Unearned Contribution reserve opening	504,543,197	216,589,851	691,979,710	380,783,505
Less: Unearned Contribution reserve closing	(578,265,617)	(358,769,664)	(578,265,617)	(358,769,664)
Contribution earned	391,490,735	180,223,144	167,926,363	99,937,290
Retakaful Contribution ceded	40,979,163	83,388,967	12,892,651	16,394,215
Add: Prepaid retakaful contribution opening	46,956,918	14,445,719	46,352,502	60,076,979
Less: Prepaid retakaful contribution closing	(27,550,707)	(46,194,192)	(27,550,707)	(46,194,192)
Retakaful Expense	60,385,374	51,640,494	31,694,446	30,277,002
Net Contribution	331,105,361	128,582,650	136,231,917	69,660,288

### 23. RETAKAFUL REBATE

Retakaful rebate/commission received	7,583,426	7,131,409	2,977,648	2,957,104
Add: Unearned retakaful rebate / commission opening	3,851,294	4,237,040	4,778,500	4,878,518
Less: Unearned retakaful rebate / commission closing	(4,036,131)	(4,766,939)	(4,036,131)	(4,766,939)
<b>Retakaful rebate/commission Income</b>	7,398,589	6,601,510	3,720,017	3,068,683

### 24. TAKAFUL BENEFITS / CLAIMS EXPENSE

<b>Benefits Claim Paid</b>	320,074,838	115,605,721	159,251,408	78,628,566
Add: Outstanding benefits / claims including IBNR closing	201,103,722	135,116,291	201,103,722	135,116,291
Less: Outstanding benefits / claims including IBNR opening	(152,283,379)	(79,393,141)	(227,468,933)	(124,777,667)
<b>Claim Expense</b>	368,895,181	171,328,871	132,886,197	88,967,190

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For the six months period ended 30 June 2020

	Six months ended 30 June		Three months ended 30 June	
	Participants' Takaful Fund (PTF)			
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	----- (Rupees) -----			
Retakaful and other recoveries received	45,241,355	27,911,816	24,426,255	7,347,749
Add: Retakaful and other recoveries in respect of outstanding claims closing	83,535,209	55,028,318	83,535,209	55,028,318
Less: Retakaful and other recoveries in respect of outstanding claims opening	(50,246,098)	(21,751,263)	(24,265,220)	(31,402,584)
Retakaful and other recoveries revenue	78,530,466	61,188,871	83,696,244	30,973,483
Net Claim Expense	290,364,715	110,140,000	49,189,953	57,993,707

### 25. OTHER DIRECT EXPENSES - Participant's takaful fund

Tracker installation charges	16,481,781	9,429,160	8,240,891	5,765,658
Provision against FED refundable	10,567,765	-	10,567,765	-
Provision against doubtful debts - net	7,267,536	-	7,267,536	-
Service charges on co-takaful acceptance	319,477	215,402	159,739	113,200
Others	476,267	-	-	-
	<b>35,112,826</b>	<b>9,644,562</b>	<b>26,235,930</b>	<b>5,878,858</b>

### 26. COMMISSION EXPENSE

Commission Paid or payable	94,818,066	51,528,646	52,445,336	28,940,958
Add: Deferred commission expense opening	33,609,160	34,652,031	59,617,599	44,060,337
Less: Deferred commission expense closing	<b>(75,796,646)</b>	(42,341,366)	<b>(75,796,646)</b>	(42,341,366)
Commission Expense	<b>52,630,579</b>	<b>43,839,311</b>	<b>36,266,289</b>	<b>30,659,929</b>

### 27. MANAGEMENT EXPENSES - Shareholder's fund

	30 June 2020	31 December 2019
	(Rupees)	
Employee Benefit cost	131,186,722	74,122,599
Travelling expenses	3,513,393	2,305,515
Advertisements and sales promotion	4,566,187	7,010,798
Printing and stationery	4,315,435	2,153,620
Depreciation	15,088,912	6,813,212
Amortization	4,667	58,584
Rent, rates and taxes	1,920,057	769,694
Legal and professional charges	5,787,005	5,366,439
Electricity, gas and water	1,374,223	976,318
Vehicle running expenses	826,409	2,275,912
Office repairs and maintenance	2,132,172	2,097,805
Bank charges	1,720	15,928
Communications	2,463,629	2,073,455
Shariah advisor's honorarium	600,000	2,250,000
Takaful contribution	437,588	276,963
Fees and subscription	4,125,314	490,648
Ijarah rentals	11,792,630	3,065,221
Auditors' remuneration	975,120	700,000
Other expenses	172,159	5,306,825
	<b>191,283,342</b>	<b>118,129,536</b>

### 28. WAKALA FEES

The wakala fees was charged at the gross contribution from the Participants ' Takaful Fund. The rate of wakala fees as approved by Shariah Advisor were as follows:

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
Fire and property damage	45.0%	40.0%
Marine, aviation and transport	45.0%	40.0%
Motor	77.5%	60.0%
Health	17.0%	25.0%
Miscellaneous	77.5%	38.0%

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### 29. INVESTMENT INCOME

	Shareholders' Fund (SHF)		Participants' Takaful Fund (PTF)	
	Six months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
<b>Income from equity securities-Available for sale</b>				
Dividend Income	-	684,681	-	2,167,882
<b>Income from debt securities-Held to maturity</b>				
Return on Sukuk	6,362,317	4,982,738	-	(2,088)
Gain on Disposal of Sukuk	-	875,148	-	-
	6,362,317	5,857,886	-	(2,088)
<b>Income from Deposits</b>				
Return on term deposit-held to maturity	10,460,555	5,991,717	21,478,881	6,551,383
<b>Total Investment Income</b>	<b>16,822,872</b>	<b>12,534,284</b>	<b>21,478,881</b>	<b>8,717,177</b>
Less: Investment related expenses	(15,000)	(22,405)	-	-
Less: Charity on dividend purification	-	(23,600)	-	(25,400)
<b>Net investment income</b>	<b>16,807,872</b>	<b>12,488,279</b>	<b>21,478,881</b>	<b>8,691,777</b>

### 30. PROVISION FOR TAXATION

	(Shareholders' Fund)			
	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
For the period				
- Current	3,975,362	1,478,511	1,352,126	178,806
- Deferred	437,226	-	437,226	-
	4,412,588	1,478,511	1,789,352	178,806

Upto 2018, the Company had filed a consolidated return of Shareholders' fund (SHF) and Participants' Takaful Fund (PTF). However, management is of the view that PTF should not be taxable. Accordingly, the tax liability against the income of PTF has not been computed in these condensed interim financial statements, which practice is also consistent with the practice followed by other takaful operators.

### 31. MUDARIB'S FEE

Mudarib fee is charged at the rate of 25% on investment income and return on bank balance during the period ended 30 June 2020.

### 32. EARNINGS (AFTER TAX) PER SHARE - BASIC

	Shareholders' Fund (SHF)			
	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
Net profit / (loss) after tax for the year - attributable to the ordinary shareholders	8,949,651	(14,304,475)	6,778,020	(3,993,327)
	(Number)		(Number)	
Weighted average number of ordinary shares	61,298,905	61,298,905	61,298,905	61,298,905
	(Rupees)		(Rupees)	
Basic earnings per share	0.15	(0.23)	0.11	(0.07)

32.1 The Company has not issued any instrument which would dilute its basic earnings per share when exercised.

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### 33. RELATED PARTIES TRANSACTIONS AND BALANCES

The definition of related parties as given in IAS 24 - Related parties has been followed. Related parties comprises the associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Company. Details of the transactions and balances with related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

Transactions with related parties during the period are as follows:

		30 June 2020 (Un-audited)	30 June 2019 (Un-audited)
Contribution written	Associate	73,535,867	76,285,455
Contribution written	Director	1,000	17,061
Contribution received	Associate	73,896,194	68,825,901
Contribution received	Director	-	65,061
Claims paid	Associate	30,946,718	24,800,956
Profit on bank deposit	Associate	518,857	2,934,288
Contribution to provident fund	Associate	7,610,432	2,612,067
Contribution to gratuity fund	Associate	3,152,039	1,200,000
Annual monitoring fee for vehicle tracking devices	Associate	3,923,438	1,505,587
Software Development fee	Associate	4,400,000	-
<b>Key management personnel</b>			
Compensation		35,678,096	40,802,559

Balances with related parties as at 30 June 2020 are as follows:

Contribution receivable	Associate	22,636,779	20,593,442
Claims outstanding	Associate	-	15,645,255
Payable to Gratuity fund	Associate	9,744,651	3,216,009
Bank balances and deposits	Associate	36,050,077	63,668,157
Annual monitoring fee for vehicle tracking devices	Associate	6,552,355	-

Contribution to the defined contribution plan (provident fund) is made as per the terms of employment / service rules, while charge for the defined benefit plan (gratuity) is as per the actuarial advice. Remuneration of key management personnel are in accordance with the terms of employment. Claim payments are as advised by the surveyors / as agreed / determined. Other transactions are at agreed rates.

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### 34. SEGMENT INFORMATION - PARTICIPANTS' TAKAFUL FUND (PTF)

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and General Takaful Accounting Regulations, 2019 for class of business wise revenues, results, assets and liabilities.

	Half Year ended 30 June 2020					
	Fire, and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Takaful / re-takaful receivables	20,486,984	13,305,935	353,518,309	323,025,857	47,990,159	758,327,244
Less: Federal Excise Duty	(2,119,631)	(1,139,913)	(40,326,418)		(5,574,977)	(49,160,940)
Federal Takaful Fee	(181,805)	(111,636)	(3,100,419)	(3,198,227)	(419,787)	(7,011,874)
Stamp duty	(5,052)	(890,757)	(49,585)	(4,884)	(16,694)	(966,972)
Tracker charges recovered	-	-	-	-	-	-
Gross written contribution	18,180,496	11,163,629	310,041,887	319,822,746	41,978,701	701,187,459
Wakala fee	(7,084,670)	(5,252,430)	(154,968,972)	(30,720,921)	(37,947,311)	(235,974,304)
Takaful contribution earned	16,758,334	12,025,823	290,721,033	232,185,770	75,774,079	627,465,039
Takaful contribution ceded expense	(15,739,265)	(8,707,282)	(9,494,100)	-	(26,444,727)	(60,385,374)
Net Takaful contribution	(6,065,601)	(1,933,889)	126,257,961	201,464,849	11,382,041	331,105,361
Retakaful rebate earned	4,059,223	2,700,549	-	-	638,817	7,398,589
Net Underwriting Income/(Loss)	(2,006,378)	766,660	126,257,961	201,464,849	12,020,858	338,503,950
Takaful claims	1,587,818	(4,350,204)	(145,467,936)	(194,923,790)	(8,598,386)	(351,752,498)
Takaful claims recovered from retakaful operators & salvage recovery	(5,680,772)	2,568,496	79,048,642	-	1,172,044	77,108,410
Net Takaful claims expense	(4,092,954)	(1,781,708)	(66,419,294)	(194,923,790)	(7,426,342)	(274,644,088)
Incurred But Not Reported (IBNR) claims expense	(770,270)	(249,975)	(1,028,587)	(12,575,987)	(1,095,808)	(15,720,627)
Contribution deficiency expense / (reversal)	-	-	-	(1,211,778)	-	(1,211,778)
Other direct expenses	1,436,219	1,568,518	(19,588,969)	(17,753,350)	(775,244)	(35,112,825)
<b>Underwriting results</b>	<b>(5,433,383)</b>	<b>303,495</b>	<b>39,221,111</b>	<b>(25,000,056)</b>	<b>2,723,464</b>	<b>11,814,632</b>
Investment income						21,478,881
Profit on bank balances						2,679,260
Less: Mudarib's share						(6,039,535)
Net investment income						18,118,606
Other income						277,290
Bank charges						(142,658)
Total surplus - before tax						30,067,870
Provision for taxation - current						-
Total surplus - after tax						30,067,870
Segment Assets	28,310,509	18,742,284	345,519,489	206,132,649	49,844,634	648,549,567
Unallocated Assets						463,407,610
						1,111,957,177
Segment Liabilities	32,727,337	15,782,269	492,692,095	334,287,179	80,156,680	955,645,560
Unallocated Liabilities						98,677,643
						1,054,323,202



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	Half Year ended 30 June 2019					
	Fire, and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Takaful / re-takaful receivables	11,980,868	13,323,754	326,199,938	77,622,042	85,504,304	514,630,906
Less: Federal Excise Duty	(1,360,060)	(1,320,688)	(37,225,817)	-	(9,750,179)	(49,656,744)
Federal Takaful Fee	(103,095)	(109,409)	(2,858,268)	(768,520)	(749,964)	(4,589,256)
Stamp duty	(4,180)	(826,975)	(49,455)	(905)	(8,136)	(889,651)
Tracker charges recovered	-	-	-	-	-	-
Gross written contribution	10,513,533	11,066,682	286,066,398	76,852,617	74,996,025	459,495,255
Wakala fee	(4,952,301)	(4,600,311)	(105,965,628)	(8,081,515)	(13,492,543)	(137,092,298)
Takaful contribution earned	13,472,065	11,223,310	223,146,602	33,950,197	35,523,268	317,315,442
Takaful contribution ceded expense	(10,612,263)	(7,840,927)	(9,396,000)	-	(23,791,304)	(51,640,494)
Net Takaful contribution	(2,092,499)	(1,217,928)	107,784,974	25,868,682	(1,760,579)	128,582,650
Retakaful rebate earned	3,056,840	2,471,922	-	-	1,072,748	6,601,510
Net Revenue	964,341	1,253,994	107,784,974	25,868,682	(687,831)	135,184,160
Takaful claims	(17,262,208)	(100,000)	(111,409,001)	(26,659,561)	(15,898,101)	(171,328,871)
Takaful claims recovered from retakaful operators & salvage recovery	16,182,306	40,000	35,828,367	-	9,138,198	61,188,871
Net Takaful claims expense	(1,079,902)	(60,000)	(75,580,634)	(26,659,561)	(6,759,903)	(110,140,000)
Contribution Deficiency Expense	-	-	-	-	-	-
Other direct expenses	(57,780)	(60,015)	(9,193,519)	-	(333,248)	(9,644,562)
Underwriting results	(173,341)	1,133,979	23,010,821	(790,879)	(7,780,982)	15,399,598
Investment income						8,691,777
Impairment Loss on Available for Sale Equity Securities						(9,488,010)
Profit on bank balances						4,366,355
Less: Mudarib's share						(892,530)
Net investment income						2,677,592
Other income						2,999,360
Bank charges						(73,649)
Total surplus - before tax						21,002,901
Provision for taxation - current						(2,893,896)
Total surplus - after tax						18,109,005
Segment Assets	33,181,895	16,616,226	199,096,510	157,490,282	114,322,051	520,706,964
Unallocated Assets						361,441,582
						882,148,546
Segment Liabilities	35,478,506	13,110,861	389,031,065	147,749,738	87,230,787	672,600,957
Unallocated Liabilities						181,981,484
						854,582,441

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### 35. SEGMENT INFORMATION - SHAREHOLDERS' FUND (SHF)

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and General Takaful Accounting Regulations, 2019 for class of business wise revenues, results, assets and liabilities.

	Half Year ended 30 June 2020					
	Fire, and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Wakala fee	7,084,670	5,252,430	154,968,972	30,720,921	37,947,310	235,974,304
Less: Commission expense	(2,295,249)	(1,790,474)	(30,505,131)	(15,514,820)	(2,524,904)	(52,630,579)
Management expense	(4,959,623)	(3,045,428)	(84,579,163)	(87,247,373)	(11,451,755)	(191,283,342)
	(170,202)	416,527	39,884,679	(72,041,272)	23,970,651	(7,939,617)
Mudarib share of PTF investment income	16,758,334	12,025,823	290,721,033	232,185,770	75,774,079	6,039,535
Other charges / income	-	-	-	-	-	15,262,320
Profit before taxation	(4,082,519)	(4,497,321)	279,090,499	81,768,509	118,598,959	13,362,238
Taxation	-	-	-	-	-	(4,412,588)
<b>Profit after taxation</b>	<b>(4,082,519)</b>	<b>(4,497,321)</b>	<b>279,090,499</b>	<b>81,768,509</b>	<b>118,598,959</b>	<b>8,949,651</b>
Corporate segment assets	4,383,318	4,129,289	115,343,254	50,553,004	25,827,525	200,236,390
Corporate unallocated assets	-	-	-	-	-	480,799,910
Total assets						
Corporate segment liabilities	8,644,537	3,538,446	190,010,585	38,614,337	11,174,339	251,982,245
Corporate unallocated liabilities	-	-	-	-	-	65,645,767
Total Liabilities						317,628,012

	Half Year ended 30 June 2019					
	Fire, and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Wakala fees	4,952,301	4,600,311	105,965,628	8,081,515	13,492,543	137,092,298
Less: Commission expense	(1,303,262)	(1,471,305)	(38,365,409)	(1,169,090)	(1,530,244)	(43,839,310)
Management expenses	(2,662,753)	(2,802,848)	(72,451,770)	(19,464,391)	(18,994,173)	(116,375,935)
	986,286	326,158	(4,851,551)	(12,551,966)	(7,031,874)	(23,122,947)
Mudarib share of PTF investment income	-	-	-	-	-	892,530
Other charges / income	-	-	-	-	-	9,404,453
Profit before taxation	-	-	-	-	-	(12,825,964)
Taxation	-	-	-	-	-	(1,478,511)
<b>Profit after taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,304,475)</b>
Corporate segment assets	(17,262,208)	(100,000)	(111,409,001)	(26,659,561)	(15,898,101)	(171,328,871)
Corporate unallocated assets	16,182,306	40,000	35,828,367	-	9,138,198	61,188,871
Total assets	(1,079,902)	(60,000)	(75,580,634)	(26,659,561)	(6,759,903)	(110,140,000)
Corporate segment liabilities	(4,952,301)	(4,600,311)	(105,965,628)	(8,081,515)	(13,492,543)	(137,092,298)
Corporate unallocated liabilities	-	-	-	-	-	-
Total Liabilities	(57,780)	(60,015)	(9,193,519)	-	(333,248)	(9,644,562)
Segment assets	1,509,826	1,539,762	52,924,051	(17,814,944)	3,318,001	41,476,696
Unallocated assets						507,252,524
						548,729,220
Segment liabilities	6,711,379	3,726,035	112,434,301	13,278,758	19,895,915	156,046,388
Unallocated liabilities						38,224,195
						194,270,583

### 36. MOVEMENT IN INVESTMENTS - Shareholders' Fund

	Held to Maturity	Available for sale	Total
Balance as at 01 January 2020	192,200,000	-	192,200,000
Additions	52,400,000	-	52,400,000
Disposals	87,000,000	-	87,000,000
Balance as at 30 June 2020	331,600,000	-	331,600,000

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

### 36.1 MOVEMENT IN INVESTMENTS - Participants' Takaful Fund

	Held to Maturity	Available for sale	Total
Balance as at 01 January 2020	321,000,000	-	321,000,000
Additions	143,000,000	-	143,000,000
Disposals	83,000,000	-	83,000,000
Balance as at 30 June 2020	547,000,000	-	547,000,000

### 37 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 June 2020 (Un-audited)							
	Carrying amount			Fair value			
	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees) -----							
<b>Financial assets not measured at fair value</b>							
Cash and bank*	-	87,546,025	-	87,546,025	-	-	-
Investments in debt securities**	88,000,000	-	-	88,000,000	-	-	-
Investments in term deposits*	538,600,000	-	-	538,600,000	-	-	-
Takaful / Co-takaful receivables*	-	284,062,019	-	284,062,019	-	-	-
Loans and receivables*	-	28,618,228	-	28,618,228	-	-	-
Long term deposits*	-	12,645,863	-	12,645,863	-	-	-
Re-takaful recoveries against outstanding claims*	-	55,406,209	-	55,406,209	-	-	-
	626,600,000	468,278,344	-	1,094,878,344	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Provision for outstanding claims (including IBNR)*	-	-	(201,103,722)	(201,103,722)	-	-	-
Takaful / Re-takaful payables*	-	-	(51,166,957)	(51,166,957)	-	-	-
Other creditors and accruals*	-	-	(37,072,775)	(37,072,775)	-	-	-
	-	-	(289,343,453)	(289,343,453)	-	-	-
	626,600,000	468,278,344	(289,343,453)	805,534,891	-	-	-
31 December 2019 (Audited)							
	Carrying amount			Fair value			
	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees) -----							
<b>Financial assets not measured at fair value</b>							
Cash and bank*	-	24,643,619	-	24,643,619	-	-	-
Investments in debt securities*	88,000,000	-	-	88,000,000	-	-	-
Investments in term deposits*	513,200,000	-	-	513,200,000	-	-	-
Takaful / Re-takaful receivables*	-	254,742,978	-	254,742,978	-	-	-
Loans and receivables*	-	27,571,710	-	27,571,710	-	-	-
Long term deposits*	-	12,073,240	-	12,073,240	-	-	-
Re-takaful recoveries against outstanding claims*	-	45,739,312	-	45,739,312	-	-	-
	601,200,000	364,770,859	-	965,970,859	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Provision for outstanding claims (including IBNR)*	-	-	(152,283,379)	(152,283,379)	-	-	-
Takaful / Re-takaful payables*	-	-	(51,365,917)	(51,365,917)	-	-	-
Other creditors and accruals*	-	-	(52,679,971)	(52,679,971)	-	-	-
	-	-	(256,329,266)	(256,329,266)	-	-	-
	601,200,000	364,770,859	(256,329,266)	709,641,593	-	-	-

# TAKAFUL PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2020

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

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).

\*\* Refer note 9.1.1

### 38. CORRESPONDING FIGURES

The General Takaful Accounting Regulations 2019 have introduced certain presentation and classification requirements for the elements of condensed interim financial statements. Accordingly, the following corresponding figures have been rearranged and reclassified to comply with the requirement of these regulations.

<u>Reclassified from</u>	<u>Reclassified to</u>	<u>SHF</u>	<u>PTF</u>
		----- (Rupees) -----	
Loans and other receivables	Accrued investment income	6,022,517	6,022,517
Mudarib fee receivable / payable	Receivable from Participants' Takaful Fund (PTF) and payable to	11,315,701	11,315,701
Wakala fee receivable / payable	Shareholders' Fund (SHF)	7,867,535	7,867,535

### 39. GENERAL

**39.1** Figures have been rounded off to nearest Rupee unless otherwise mentioned.

**39.2** Figures in these condensed interim financial statements for the quarter ended 30 June 2020 and 30 June 2019 have not been subjected to limited scope review of auditors.

**39.3** These condensed interim financial statements were approved by the Board of Directors in their meeting held on August 27, 2020.



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