

# SINDH INSURANCE LIMITED

CONDENSED INTERIM FINANCIAL  
INFORMATION FOR THE HALF YEAR ENDED  
JUNE 30, 2020

# Directors' Review

On behalf of the Board of Directors, I am pleased to present the results of your Company for the half year period ended June 30, 2020.

## COMPANY PERFORMANCE REVIEW

During the half year period ended June 30, 2020, the company net insurance premium of Rs. 194.943 million as compared to the corresponding period of Rs. 182.977 million. The investment income generated was Rs. 198.614 million during the period under review as compared to the Rs. 176.497 million in corresponding period in last year. The increase in investment income was due to increase in profit rates. Profit before tax stood at Rs. 238.428 million as on June 30, 2020 as compared to Rs. 247.473 million of the corresponding period last year. The Company posted a profit after tax of Rs. 169.386 million for the half year period ended June 30, 2020 as compared with profit of Rs. 174.714 million in corresponding period. Retained earnings increased from Rs. 805.182 million as at the year ended December 31, 2019 to Rs. 974.568 million for the half year period ended June 30, 2020.

The total assets of the company reached at Rs. 4,561.146 million. Total equity of the Company stands over Rs. 2,094.546 million.

## INDUSTRY OVERVIEW

Days after Moody's, Fitch Ratings has also confirmed Pakistan's long-term foreign credit rating at B (-) with a stable outlook on the basis of the projected a surge in foreign exchange reserves to a four year high at US\$ 16 billion under the ongoing IMF loan program. Fitch expects economic revival by the financial year 2021, expecting GDP growth of 1.2% compared to a contraction of 0.38% in 2020. Similarly, Standards & Poor's Global Rating has also affirmed Pakistan's long-term credit rating at B (-) and short-term sovereign rating at B while maintaining a stable long-term outlook.

Foreign remittances flowing into Pakistan has reached an all-time record level of US\$ 2.768 billion in July 2020. This is the highest one-month inflow in the history of the country.

Despite challenges posed by the COVID-19 pandemic and the locust infestation in southern part of the country, Pakistani exports in July 2020 increased by 14.4% compared to July 2019.

## FUTURE OUTLOOK

Our strategy for future is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain a growing position in the industry. We continue to invest in our people and making Sindh Insurance Limited a great place to build their career. Our business module is to focus to increase captive business of government to make the company's footing stronger. Your Company, due to a strong balance sheet, liquidity and above all a competent and proactive management will be able to explore and write any business that meets its criteria for safe and sustainable growth without compromising our high standards in future.

## ACKNOWLEDGEMENT

The Board would like to thank its shareholder for the confidence reposed in the company and expresses its sincere thanks to the strategic partners, vendors, suppliers and customers. As always the support and guidance provided by the Securities and Exchange Commission of Pakistan and the commitment and dedication of our staff is appreciated.

Further, the Board also wishes to record its appreciation for the Insurance Association of Pakistan (IAP) for its valuable support and contribution to the insurance industry.

For and on behalf of  
Board of Directors

M. Faisal Siddiqui  
Chief Executive Officer

Karachi.

August 31, 2020



CONDENSED INTERIM  
FINANCIAL INFORMATION  
OF  
SINDH INSURANCE LIMITED  
FOR THE SIX MONTHS PERIOD ENDED  
JUNE 30, 2020

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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Pakistan

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of SINDH INSURANCE LIMITED ("the Company") as at June 30, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information 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 information as at and for the six month period ended June 30, 2020 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matters

The figures for the quarter ended June 30, 2020 and June 30, 2019 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 31 AUG 2020

CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

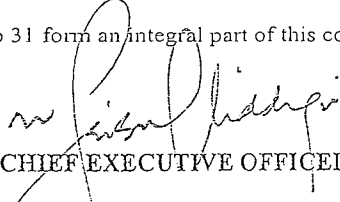
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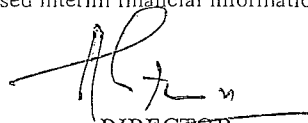
SINDH INSURANCE LIMITED  
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
 AS AT JUNE 30, 2020

		June 30 2020 (Unaudited)	December 31 2019 (Audited)
	Note	----- Rupees-----	
<b>ASSETS</b>			
Property and equipment	6	25,209,472	27,412,082
Intangible assets	7	2,108,629	2,694,276
Investments			
Debt securities	8	3,268,884,342	2,900,226,190
Term deposit receipts	9	200,000,000	396,000,000
Loans and other receivables	10	116,894,741	79,782,914
Insurance / reinsurance receivables	11	632,848,304	784,409,117
Reinsurance recoveries against outstanding claims		23,091,456	33,671,939
Deferred commission expense		42,726	40,969
Prepayments	12	117,707,495	281,744,747
Cash and bank	13	109,314,007	66,870,278
		4,496,101,172	4,572,852,512
Total assets of Window takaful operations - Operator's Fund		65,045,181	67,525,420
<b>TOTAL ASSETS</b>		4,561,146,353	4,640,377,932
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		1,000,000,000	1,000,000,000
Revaluation reserve on available for sale investments		119,977,957	13,562,528
Unappropriated profit		974,568,325	805,182,302
<b>TOTAL EQUITY</b>		2,094,546,282	1,818,744,830
<b>LIABILITIES</b>			
Underwriting provisions			
Outstanding claims including IBNR	19	2,098,651,265	2,018,435,227
Unearned premium reserves	18	171,040,523	508,573,604
Premium deficiency reserves		9,977,456	25,120,906
Unearned reinsurance commission	20	3,930,681	6,544,444
		2,283,599,925	2,558,674,181
Premium received in advance		2,129,722	3,145,329
Insurance / reinsurance payables	14	82,284,439	219,575,469
Other creditors and accruals	15	18,942,729	15,147,380
Lease liabilities	16	2,780,862	3,281,886
Deferred taxation		47,893,258	5,407,282
Taxation - net		23,923,595	6,103,613
<b>TOTAL LIABILITIES</b>		2,461,554,530	2,811,335,140
Total liabilities of Window takaful operations - Operator's Fund		5,045,541	10,297,962
<b>TOTAL EQUITY AND LIABILITIES</b>		4,561,146,353	4,640,377,932
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 DIRECTOR

SINDH INSURANCE LIMITED  
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Note	Six months period ended		Three months period ended	
		June 30 2020	June 30 2019	June 30 2020	June 30 2019
		----- Rupees-----		----- Rupees-----	
Net insurance premium	18	194,943,419	182,977,116	99,540,231	91,345,752
Net insurance claims	19	(146,671,867)	(85,698,805)	(69,006,052)	(10,087,715)
Premium deficiency		15,143,450	21,198,534	6,906,753	21,198,539
Net commission	20	7,754,012	(47,894,632)	3,988,616	(58,394,058)
Insurance claims and acquisition expenses		(123,774,405)	(112,394,903)	(58,110,683)	(47,283,234)
Management expenses	21	(40,084,280)	(25,917,643)	(21,912,963)	(14,001,370)
Underwriting results		31,084,734	44,664,569	19,516,585	30,061,149
Investment income	22	198,614,018	176,497,405	114,746,929	88,606,938
Other income	23	8,982,894	26,054,575	5,134,669	23,159,872
Other expenses		(3,223,406)	(1,203,188)	(2,515,328)	(1,101,094)
General Insurance Operations		235,458,240	246,013,361	136,882,854	140,726,865
Profit before tax from					
Window Takaful Operations		2,970,468	1,459,468	1,469,516	1,023,701
Profit before tax		238,428,708	247,472,829	138,352,370	141,750,566
Income tax expense		(69,042,685)	(72,758,646)	(33,704,997)	(43,155,559)
Profit after taxation		169,386,023	174,714,183	104,647,373	98,595,007
Earnings per share - basic and diluted	24	1.69	1.75	1.05	0.99

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

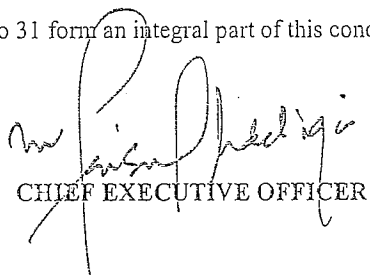
DIRECTOR

SINDH INSURANCE LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
 FOR THE PERIOD ENDED JUNE 30, 2020

	Six months period ended		Three months period ended	
	June 30 2020	June 30 2019	June 30 2020	June 30 2019
	----- Rupees-----		----- Rupees-----	
Profit after taxation	169,386,023	174,714,183	104,647,373	98,595,007
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss account				
Unrealised gain on available for sale investments	150,160,163	-	45,302,120	-
Deferred tax on available for sale investments	(43,546,448)	-	(13,137,615)	-
	106,613,715	-	32,164,505	-
Net unrealised loss from window takaful operations - Operator's Fund (net of deferred tax)	(198,286)	-	(198,286)	-
Total comprehensive income for the period	<u>275,801,452</u>	<u>174,714,183</u>	<u>136,613,592</u>	<u>98,595,007</u>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

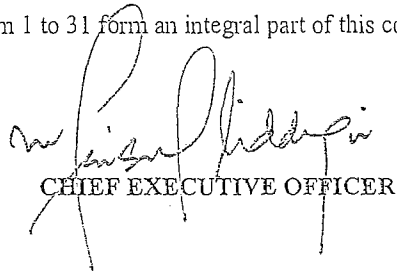
  
 DIRECTOR

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

	Share capital Issued, subscribed and paid-up	Revaluation reserve on available for sale investments	Unappropri- ated profit	Total
-----Rupees-----				
Balance as at 1 January 2019	1,000,000,000	-	479,355,722	1,479,355,722
Total comprehensive income for the period				
Profit after tax	-	-	174,714,183	174,714,183
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	174,714,183	174,714,183
Balance as at June 30, 2019	1,000,000,000	-	654,069,905	1,654,069,905
Balance as at January 01, 2020	1,000,000,000	13,562,528	805,182,302	1,818,744,830
Total comprehensive income for the period				
Profit after tax	-	-	169,386,023	169,386,023
Other comprehensive income	-	106,415,429	-	106,415,429
Total comprehensive income for the period	-	106,415,429	169,386,023	275,801,452
Balance as at June 30, 2020	1,000,000,000	119,977,957	974,568,325	2,094,546,282

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

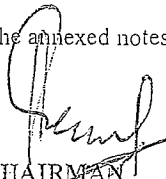
  
 DIRECTOR

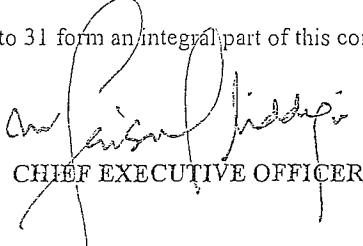



SINDH INSURANCE LIMITED  
 CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	June 30 2020	June 30 2019
	----- Rupees -----	
<b>OPERATING CASH FLOWS</b>		
<b>(a) Underwriting activities</b>		
Insurance premium received	195,769,128	113,331,706
Reinsurance premium paid	(162,892,913)	(26,488,947)
Claims paid	(71,226,456)	(60,538,965)
Reinsurance and other recoveries received	15,351,110	25,222,928
Commission paid	(62,269)	(157,180)
Commission received	5,194,417	5,050,553
Underwriting payments	(36,683,825)	(41,947,276)
Net cash (outflows) / inflows from underwriting activities	(54,550,808)	14,472,820
<b>(b) Other operating activities</b>		
Income tax paid	(52,283,175)	(23,699,165)
Compensated absences paid	(50,234)	-
Other operating receipts / (payments)	1,555,501	(2,407,739)
Net cash used in other operating activities	(50,777,908)	(26,106,904)
Total cash used in all operating activities	(105,328,716)	(11,634,084)
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	140,515,441	29,008,616
Other income	8,982,894	3,908,642
Payment against investments	(294,514,500)	(664,492,015)
Proceeds from investment	97,471,600	791,665,085
Proceeds from sale of property and equipment	6,860	1,508,400
Fixed capital expenditure	(689,850)	(3,932,480)
Total cash (used in) / generated from investing activities	(48,227,555)	157,666,248
Net cash (used in) / generated from all activities	(153,556,271)	146,032,164
Cash and cash equivalents at beginning of the period	462,870,278	53,916,001
Cash and cash equivalents at end of the period	309,314,007	199,948,165

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

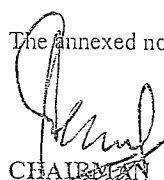
  
 DIRECTOR

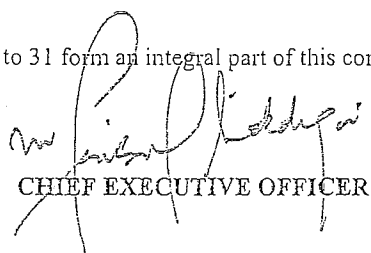
  
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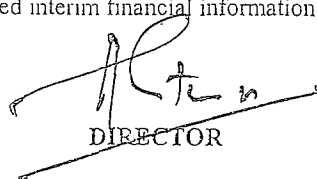
SINDH INSURANCE LIMITED  
 CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	June 30 2020	June 30 2019
	----- Rupees-----	
Reconciliation to profit and loss account		
Operating cash flows	(105,328,716)	(11,634,084)
Depreciation expense	(2,892,460)	(2,131,046)
Amortization of intangible	(585,647)	(343,160)
(Increase)/ decrease in current assets other than cash	(331,325,830)	37,583,094
Increase / (decrease) in operating liabilities	415,710,806	(3,712,588)
Investment income	198,614,018	176,497,405
Other income	8,982,894	26,054,575
Profit for the period	<u>183,175,065</u>	<u>222,314,196</u>
Other adjustments:		
Income tax paid	<u>52,283,175</u>	<u>23,699,165</u>
Profit before taxation	<u>235,458,240</u>	<u>246,013,361</u>
Provision for taxation	<u>(69,042,685)</u>	<u>(72,758,646)</u>
Profit after taxation from conventional insurance operations	<u>166,415,555</u>	<u>173,254,715</u>
Profit from Window Takaful Operations	<u>2,970,468</u>	<u>1,459,468</u>
Profit after tax	<u>169,386,023</u>	<u>174,714,183</u>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 DIRECTOR

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

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Sindh Insurance Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as an unlisted public company on December 20, 2013 and obtained the certificate of commencement of business on September 22, 2014. All shares of the Company are held beneficially by Government of Sindh, directly and through nominee directors. The Company is engaged in the non-life insurance business comprising of fire, marine, motor, aviation, engineering, transportation, accidental and health etc.
- 1.2 The Company was granted authorisation on September 22, 2016 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations (WTO) in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and, subsequently, the Company commenced Window Takaful Operations.
- 1.3 SECP carried out an onsite inspection of the Company under Section 59A of the Insurance Ordinance, 2000. Based on the inspection, SECP highlighted various non-compliances with the insurance Ordinance, 2000 and various SROs of SECP in its letter of findings of the Company dated January 4, 2019. These non-compliances (among other compliance, risk management and internal control issues) mainly pertain to accounting treatment of Universal Accident Insurance and Social Benefit Scheme (the Scheme) of the Government of Sindh (GoS). Whereby, the recognition and measurement of premium, claims and commission relating to the Scheme under the Insurance Contract has been challenged on account of the immunity given by GoS to the Company where the Company will not suffer any loss under the Scheme if claims and other related expenditures exceed the revenue of the Company from the Scheme. The management of the Company vide its letter to SECP dated February 4, 2019 conveyed that the said accounting treatment was adopted based on a legal opinion and strongly believes that the adopted treatment is in line with the Insurance Ordinance, 2000. Further, the management assured in its response that most of the issues highlighted by SECP have been complied whereas the management is fully committed to ensure compliance with rest of the non-compliances in due course. No further correspondence has been made by SECP in this regard.

**2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

The registered office and principal place of business of the Company is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

### 3 BASIS OF PREPARATION

#### 3.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by the auditors as required under Code of Corporate Governance for Insurers, 2016. This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2019 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial information has been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Regulation, 2019.

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

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated February 9, 2017 has prescribed the format of the presentation of annual financial statements for the general insurance companies. These condensed interim financial statements have been prepared in accordance with the format prescribed by the SECP.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2019, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2019.

In terms of the requirement of the Takaful Rules 2012, read with SECP circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit and loss of the Operator's fund of the General Takaful Operations of the Company have been presented as single line item in the condensed interim statement of financial position and condensed interim statement of profit or loss account of the Company respectively.

### 3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

### 3.3 Functional and presentation currency

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

## 4 USE OF ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimate about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

## 5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted by the Company in the preparation of this condensed interim financial information are same as those applied in the preparation of the preceding annual audited financials statements for the year ended December 31, 2019 except as disclosed below.

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after January 01, 2020. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 5.1 below.

## 5.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2020.

IFRS 9 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 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce 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 July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

### Temporary Exemption from Application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

As at reporting date, the fair value of the financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

### Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (Rupees)	New carrying amount under IFRS 9 (Rupees)
<b>Financial Assets</b>				
<b>Investments</b>				
Debt securities	Held to maturity	Amortised cost	855,587,740	855,587,740
Debt securities	Available for sale	Fair value through OCI	2,413,296,602	2,413,296,602
Term deposit receipts	Loans and receivables	Amortised cost	200,000,000	200,000,000
Other receivables	Loans and receivables	Amortised cost	1,425,276	1,425,276
Insurance / reinsurance receivables	Loans and receivables	Amortised cost	632,848,304	632,848,304
Reinsurance recoveries against outstanding claims	Loans and receivables	Amortised cost	23,091,456	23,091,456
Cash at bank	Loans and receivables	Amortised cost	108,440,475	108,440,475
<b>Financial Liabilities</b>				
Outstanding claims including IBNR	Other financial liabilities	Amortised cost	2,098,651,265	2,098,651,265
Insurance / reinsurance payables	Other financial liabilities	Amortised cost	82,284,439	82,284,439
Other creditors and accruals	Other financial liabilities	Amortised cost	18,942,729	18,942,729

### Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Company is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

		June 30 2020 (Unaudited)	December 31 2019 (Audited)	
	Note	----- Rupees -----		
6	<b>PROPERTY AND EQUIPMENT</b>			
	Operating fixed assets	6.1	22,786,076	24,419,234
	Right-of-use assets - Office premises	6.2	2,423,396	2,992,848
			<u>25,209,472</u>	<u>27,412,082</u>

		June 30 2020 (Unaudited)	December 31 2019 (Audited)
	Note	----- Rupees -----	
<b>6.1 Operating fixed assets</b>			
Opening balance as at January 01		24,419,234	18,229,032
Additions during the period / year			
Furniture and fixtures		-	15,000
Office equipment		335,650	486,900
Computers		354,200	2,206,692
Vehicles		-	8,824,760
		689,850	11,533,352
Less:			
Written down value of assets disposed off during the period / year		-	(786,673)
Depreciation charge for the period / year		(2,323,008)	(4,556,477)
		<u>22,786,076</u>	<u>24,419,234</u>
<b>6.2 Right-of-use assets - Office premises</b>			
Office premises		<u>2,423,396</u>	<u>2,992,848</u>
Balance as at January 01		2,992,848	4,131,752
Depreciation charge during the period / year		(569,452)	(1,138,904)
		<u>2,423,396</u>	<u>2,992,848</u>
<b>7 INTANGIBLE ASSETS</b>			
Intangible assets		<u>2,108,629</u>	<u>2,694,276</u>
Opening balance as at		2,694,276	1,070,781
Additions during the period / year		-	2,273,231
Less: Amortization charge for the period / year		(585,647)	(649,736)
		<u>2,108,629</u>	<u>2,694,276</u>
<b>8 INVESTMENTS IN DEBT SECURITIES</b>			
<b>Held To Maturity</b>			
Government Securities			
Pakistan Investment Bonds	8.1 & 8.3	110,637,450	109,689,379
Treasury bills	8.1 & 8.2	726,200,290	529,157,390
Others			
Corporate sukuk			
TPL Trakker Limited	8.1 & 8.4	18,750,000	18,750,000



		June 30 2020 (Unaudited)	December 31 2019 (Audited)
	Note	Rupees	
<b>Available for sale</b>			
<b>Government Securities</b>			
Pakistan Investment Bonds	8.1	1,838,296,602	1,667,629,421
<b>Others</b>			
Term Finance Certificates	8.1 & 8.5	575,000,000	575,000,000
		<u>3,268,884,342</u>	<u>2,900,226,190</u>

### 8.1 Detail of investments in debt securities is as follows

	June 30, 2020 (Unaudited)				December 31, 2019 (Audited)			
	Cost	Impairment / provision	Surplus on revaluation	Carrying value	Cost	Impairment / Provision	Surplus on revaluation	Carrying value
Rupees								
<b>Held in maturity</b>								
<b>Government securities</b>								
Pakistan Investment Bonds	110,637,450	-	-	110,637,450	109,689,379	-	-	109,689,379
Treasury Bills	726,200,290	-	-	726,200,290	529,157,390	-	-	529,157,390
	836,837,740	-	-	836,837,740	638,846,769	-	-	638,846,769
<b>Others</b>								
<b>Corporate Sukuk</b>								
TPL Tracker Limited	18,750,000	-	-	18,750,000	18,750,000	-	-	18,750,000
	855,587,740	-	-	855,587,740	657,596,769	-	-	657,596,769
<b>Available for sale</b>								
<b>Government securities</b>								
Pakistan Investment Bonds	1,669,034,284	-	169,262,318	1,838,296,602	1,648,527,269	-	19,102,152	1,667,629,421
<b>Others</b>								
<b>Term Finance Certificate - Unquoted</b>								
Meezan Bank Limited	143,000,000	-	-	143,000,000	143,000,000	-	-	143,000,000
Bank Al Habb Limited	132,000,000	-	-	132,000,000	132,000,000	-	-	132,000,000
Soneri Bank Limited	150,000,000	-	-	150,000,000	150,000,000	-	-	150,000,000
United Bank Limited	150,000,000	-	-	150,000,000	150,000,000	-	-	150,000,000
	575,000,000	-	-	575,000,000	575,000,000	-	-	575,000,000
	2,244,034,284	-	169,262,318	2,413,296,602	2,223,527,269	-	19,102,152	2,242,629,421
	3,099,622,024	-	169,262,318	3,268,884,342	2,881,124,038	-	19,102,152	2,900,226,190

- 8.2 These represent Market Treasury Bills (MTBs) having a face value of Rs. 780 million (December 31, 2019: Rs. 580 million) and carrying purchase yield of 7.98% to 12.84% per annum (December 31, 2019: 8.5% to 10.29% per annum).
- 8.3 This represents Pakistan Investment Bonds having carrying value amounting to Rs. 110.637 million (December 31, 2019: Rs. 109.689 million) which are pledged with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.
- 8.4 These represent Sukuk of TPL Tracker Limited having face value of Rs. 18.750 million (December 31, 2019: Rs. 18.750 million) and carry interest yield of 14.70% per annum (December 31, 2019: 14.70% per annum).
- 8.5 These represent Term Finance Certificates issued by various banks having face value of Rs. 575 million (December 31, 2019: Rs. 575 million) and carry interest yield of 7.68% to 13.56% per annum (December 31, 2019: 14.89% to 15.50%) per annum. These term finance certificates have maturities upto January 29, 2039.

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
Note	----- (Rupees) -----	
<b>9 TERM DEPOSIT RECEIPTS</b>		
Deposits maturing within 12 months	200,000,000	396,000,000
Opening balance	396,000,000	2,827,101,841
Add: Purchased during the period / year	-	396,000,000
Less: Matured during the period / year	(196,000,000)	(2,827,101,841)
Closing balance	200,000,000	396,000,000

9.1 These represent term deposit receipts (TDRs) in local currency with different microfinance banks carrying markup ranging from 13.00% to 14.25% (December 31, 2019: 13.30% to 14.25%) per annum.

#### 10 LOANS AND OTHER RECEIVABLES

(Unsecured - considered good)

Accrued investment income	108,441,022	68,827,063
Loan to employees	399,619	717,891
Other receivables	8,054,100	10,237,960
	116,894,741	79,782,914

#### 11 INSURANCE / REINSURANCE RECEIVABLES

(Unsecured - considered good)

Due from insurance contract holders	11.1	568,436,069	722,168,467
Provision for impairment of receivables from insurance contract holders		-	-
		568,436,069	722,168,467
Due from other insurers / reinsurers		64,412,235	62,240,650
		632,848,304	784,409,117

11.1 This includes gross amount of Rs. 573.224 million (December 31, 2019: Rs. 612.472 million) due from related parties.

#### 11.2 Movement of provision for impairment of receivables from insurance contract holders

Opening balance	-	31,486,545
Written off during the period / year	-	(8,069,503)
Reversal during the period / year	-	(23,417,042)
Closing balance	-	-

	Note	June 30 2020 (Unaudited)	December 31 2019 (Audited)
----- (Rupees) -----			
<b>12 PREPAYMENTS</b>			
Prepaid reinsurance premium ceded		114,591,665	276,803,366
Prepaid rent		952,833	882,998
Prepaid insurance expense		1,974,303	2,181,473
Others		188,694	1,876,910
		<u>117,707,495</u>	<u>281,744,747</u>
<b>13 CASH AND BANK</b>			
Cash and cash equivalents			
Cash in hand		46,519	17,733
Policy stamps		827,013	733,232
Cash at bank			
Savings accounts	13.1	108,440,475	66,119,313
		<u>109,314,007</u>	<u>66,870,278</u>
13.1	These accounts carry interest rates ranging from 6.65% to 11.30% (December 31, 2019: 8% to 11.30%) per annum.		
<b>14 INSURANCE / REINSURANCE PAYABLES</b>			
Due to other insurers / reinsurers			
Foreign		9,822,655	140,402,996
Local		72,461,784	79,172,473
		<u>82,284,439</u>	<u>219,575,469</u>
<b>15 OTHER CREDITORS AND ACCRUALS</b>			
Agent commission payable		143,755	150,099
Federal excise duty / sales tax		506,343	448,067
Federal insurance fee		-	38,280
Accrued expenses		7,087,924	8,035,407
Other tax payables		2,063,879	476,905
Provision for compensated leave absences		3,024,608	2,202,001
Auditors' remuneration		529,281	306,875
Provision for gratuity	15.1	5,586,939	3,489,746
		<u>18,942,729</u>	<u>15,147,380</u>

15.1 Gratuity was approved by the Board of Directors of Sindh Insurance Limited in 24th Board of Director meeting dated 02 October 2019. As per the gratuity rules, gratuity is payable to eligible employees on retirement on the basis of product of last drawn basic salary and number of years of service. Gratuity fund approval is under process therefore company has accounted for the provision on the basis of current employees.

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
Note	----- (Rupees) -----	
<b>16 LEASE LIABILITY</b>		
Lease liabilities recognized as at January 1	3,281,886	4,131,752
Interest accrued	185,226	356,134
Less: Repayment of lease liabilities	(686,250)	(1,206,000)
	<u>2,780,862</u>	<u>3,281,886</u>
<b>16.1 Break up of lease liabilities</b>		
Lease liabilities	3,196,255	3,281,886
Less: Current portion	(1,083,749)	(85,631)
	<u>2,112,506</u>	<u>3,196,255</u>
Maturity analysis - contractual undiscounted cash flows:		
Less than one year	1,081,875	1,282,500
One to five year	2,220,003	2,705,625
Total undiscounted lease liability	<u>3,301,878</u>	<u>3,988,125</u>

16.2 When measuring lease liabilities, the Company discounted lease payments using incremental borrowing rate which is 10.51%.

## 17 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 (December 31, 2019: Nil).

	Six months period ended		Three months period ended	
	June 30 2020 (Unaudited)	June 30 2019 (Unaudited)	June 30 2020 (Unaudited)	June 30 2019 (Unaudited)
	----- (Rupees) -----		----- (Rupees) -----	
<b>18 NET INSURANCE PREMIUM</b>				
Written gross premium	43,052,337	213,879,441	24,120,967	184,841,423
Add: Unearned premium reserve - opening	508,573,604	271,787,924	338,487,492	165,782,457
Less: Unearned premium reserve - closing	(171,040,523)	(196,387,735)	(171,040,523)	(196,387,735)
Premium earned	380,585,418	289,279,630	191,567,936	154,236,145
Less: Reinsurance premium ceded	(23,430,298)	(181,044,572)	(12,441,900)	(163,934,938)
Prepaid reinsurance premium- opening	(276,803,366)	(77,784,627)	(194,177,470)	(51,482,140)
Prepaid reinsurance premium- closing	114,591,665	152,526,685	114,591,665	152,526,685
Reinsurance expense	(185,641,999)	(106,302,514)	(92,027,705)	(62,890,393)
	<u>194,943,419</u>	<u>182,977,116</u>	<u>99,540,231</u>	<u>91,345,752</u>

Six months period ended		Three months period ended	
June 30	June 30	June 30	June 30
2020	2019	2020	2019
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
----- (Rupees) -----		----- (Rupees) -----	

## 19 NET INSURANCE CLAIMS EXPENSE

Claims paid	71,226,456	60,538,965	26,512,020	30,302,492
Add: Outstanding claims including IBNR - closing	2,098,651,265	1,944,115,517	2,098,651,265	1,944,115,517
Less: Outstanding claims including IBNR - opening	(2,018,435,227)	(1,935,311,565)	(2,055,883,434)	(1,985,142,614)
Claims expense	151,442,494	69,342,917	69,279,851	(10,724,605)
Less: Reinsurance and other recoveries received	(15,351,110)	(25,222,928)	(7,788,060)	(11,708,042)
Reinsurance and other recoveries in respect of outstanding claims - opening	33,671,939	56,158,251	30,605,717	47,099,795
Less: Reinsurance and other recoveries in respect of outstanding claims - closing	(23,091,456)	(14,579,434)	(23,091,456)	(14,579,434)
Reinsurance and other recoveries revenue	(4,770,627)	16,355,889	(273,799)	20,812,320
	146,671,867	85,698,805	69,006,052	10,087,715

19.1 This includes Provision for incurred but not reported claims (IBNR) amounting to 2.002 million (2019: Rs 1.012 million).

## 20 NET COMMISSION

Commission paid or payable	55,925	55,956,955	(42,862)	62,140,018
Add: Deferred commission expense - opening	40,969	119,779	75,808	137,133
Less: Deferred commission expense - closing	(42,726)	(93,565)	(42,726)	(93,565)
Net commission	54,168	55,983,169	(9,780)	62,183,586
Less: Commission received or recoverable	(5,194,417)	(5,050,553)	(3,978,836)	(3,789,528)
Add: Unearned reinsurance commission - closing	3,930,681	4,119,823	6,544,444	7,157,807
Less: Unearned reinsurance commission - opening	(6,544,444)	(7,157,807)	(6,544,444)	(7,157,807)
Commission from reinsurers	(7,808,180)	(8,088,537)	(3,978,836)	(3,789,528)
	(7,754,012)	47,894,632	(3,988,616)	58,394,058

	Six months period ended		Three months period ended	
	June 30 2020 (Unaudited)	June 30 2019 (Unaudited)	June 30 2020 (Unaudited)	June 30 2019 (Unaudited)
	----- (Rupees) -----		----- (Rupees) -----	
<b>21 MANAGEMENT EXPENSES</b>				
Salaries, allowance and other benefits	20,674,358	14,740,964	11,835,356	8,383,093
Travelling expense	853,311	284,325	226,265	274,675
Advertisement and sales promotion	453,794	138,724	372,244	133,724
Printing and stationery	1,014,018	378,171	145,390	158,132
Depreciation	2,892,460	2,131,046	1,407,981	1,035,355
Amortization	585,647	343,160	292,824	161,440
Rent, rates and taxes	1,187,171	1,107,467	510,553	568,628
Interest expense	185,226	-	97,856	-
Legal and professional charges	1,161,577	1,111,037	340,218	492,489
Electricity, gas and water	430,869	539,260	204,642	328,914
Entertainment	458,849	425,529	188,092	210,182
Vehicle running expense	7,380	82,922	2,820	32,450
Insurance expense	1,113,904	526,683	453,015	288,224
Office repairs and maintenance	2,377,799	585,919	967,031	320,640
Office expense	261,404	202,948	221,254	141,845
Bank charges	63,858	17,764	28,269	8,544
Postage, telegrams and telephones	484,177	499,908	252,931	230,155
Annual supervision fee SECP	243,872	-	121,936	-
Service charges (Health Econnex)	2,966,215	2,146,147	1,933,233	726,611
Gratuity expense	2,097,193	-	2,097,193	-
Miscellaneous	571,198	655,669	213,860	506,269
	<u>40,084,280</u>	<u>25,917,643</u>	<u>21,912,963</u>	<u>14,001,370</u>
<b>22 INVESTMENT INCOME</b>				
Return on investments classified at held to maturity				
Return on Treasury bills	33,676,902	12,950,726	21,135,326	6,401,225
Return on sukuk	1,374,349	1,226,088	687,175	616,431
Return on term deposits receipt	18,650,605	162,320,591	5,055,454	81,589,282
Return on debt securities (PIBs)	6,947,215	-	515,616	-
Return on investments classified as available for sale				
Return on debt securities (PIBs)	98,667,289	-	67,704,529	-
Return on term finance certificates	39,297,658	-	19,648,829	-
	<u>198,614,018</u>	<u>176,497,405</u>	<u>114,746,929</u>	<u>88,606,938</u>

	Six months period ended		Three months period ended	
	June 30	June 30	June 30	June 30
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	----- (Rupees) -----		----- (Rupees) -----	
<b>23 OTHER INCOME</b>				
Interest on savings accounts	6,981,216	2,561,572	3,393,507	1,240,313
Income on generator sharing	218,430	218,430	109,215	109,214
Other	1,783,248	23,274,574	1,631,947	21,810,345
	<u>8,982,894</u>	<u>26,054,575</u>	<u>5,134,669</u>	<u>23,159,872</u>

#### 24 EARNINGS PER SHARE - basic and diluted

Profit for the period	169,386,023	174,714,183	104,647,373	98,595,007
Weighted average number of ordinary shares of Rs. 10 each	100,000,000	100,000,000	100,000,000	100,000,000
Earnings per share - rupees	1.69	1.75	1.05	0.99

24.1 There is no dilutive effect on basic earnings per share of the Company.

#### 25 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, entities under common control, entities with common Directors, shareholder and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices except for compensation to key management personnel which is carried out on basis of employment terms and conditions. The transactions with related parties are as follows:

Transactions during

Name of related party	Nature of relationship	Nature of transaction	Six months period ended		Three months period ended	
			June 30	June 30	June 30	June 30
			2020	2019	2020	2019
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			-----Rupees-----		-----Rupees-----	
Sindh Bank Limited	Companies having common directorship	Income on saving accounts	6,955,921	2,452,695	3,368,212	1,131,436
		Premium written	1,316,979	699,705	849,930	471,177
		Claim paid	15,863,367	19,044,284	9,125,361	9,167,170
Sindh Modarba Management Limited	Companies having common directorship	Premium written	16,350	23,107	-	-
		Claim paid	-	-	-	-
		Income on sharing of generator	218,430	218,430	109,215	109,215
Sindh Leasing Company	Companies having common directorship	Premium written	317,054	842,525	-	-
		Claim paid	214,225	176,422	10,200	49,169
Sindh Microfinance Bank Limited Directors	Companies having common directorship Directors	Premium written	2,046,012	3,019,397	2,256,469	2,934,364
		Claim paid	59,352	693,306	-	663,480
		Premium written	176,609	386,361	17,500	69,429
Provident fund	Employees' fund	Claim paid	26,545	89,614	-	15,060
		Meeting Fee	3,000,000	1,000,000	2,400,000	1,000,000
		Contribution to provident fund	643,780	603,234	367,847	332,711
Shareholder	Government of Sindh	Claim paid	33,262,500	15,810,500	8,410,500	7,898,500

Balances outstanding			June 30	December 31
			2020	2019
			(Unaudited)	(Audited)
			-----Rupees-----	
Sindh Bank Limited	Companies having common directorship	Bank accounts	107,721,186	65,211,761
		Due from insurance contract holder	2,988,108	49,708,336
		Claim payable	15,162,954	14,864,180
		Payable to Sindh Bank Limited	-	135,000
Sindh Modarba Management Limited	Companies having common directorship	Premium received in advance	16,514	-
		Claim payable	250,000	-
		Amount receivable for sharing of generator	220,930	218,430
Sindh Leasing Company Limited	Companies having common directorship	Due from insurance contract holder	6,264	-
		Claims payable	120,089	165,000
Sindh Microfinance Bank Limited	Companies having common directorship	Due from insurance contract holder	1,556,574	49,826
		Claim (receivable) / payable	483,372	104,412
Directors	Directors	Claim payable	25,000	45,000
Receivable From Sindh Insurance Limited - Window Takaful Operations			1,622,127	6,297,111



## 26 SEGMENT REPORTING

Following are the segment assets, liabilities, revenue and expenses of the Company:

Segment Current Period	Fire and property damage	Marine, Aviation & Transport	Motor	Accident and health	Miscellaneous	Treaty	TOTAL
	June 30, 2020						
Rupees							
Premium receivable	6,075,495	12,649,363	21,473,086	3,155,476	(467,702)	-	42,885,718
Less: Federal exercise duty	523,728	1,437,347	2,449,515	-	(4,594,578)	-	(183,988)
Federal insurance fee	39,731	111,010	188,430	31,389	(353,191)	-	17,369
Gross written premium	5,512,036	11,101,006	18,835,141	3,124,087	4,480,067	-	43,052,337
Direct premium earned	19,189,996	13,737,815	21,373,444	157,348,609	167,815,070	-	379,464,934
Facultative inward premium earned	552,752	65,543	-	-	-	-	618,295
Administrative surcharge earned	38,289	34,692	341,205	11,291	76,712	-	502,189
Insurance premium earned	19,781,037	13,838,050	21,714,649	157,359,900	167,891,782	-	380,585,418
Insurance premium ceded to reinsurers	17,554,769	10,817,540	10,551,590	-	146,718,100	-	185,641,999
Net insurance premium	2,226,268	3,020,510	11,163,059	157,359,900	21,173,682	-	194,943,419
Commission income	2,518,918	596,672	3,273,369	-	1,419,221	-	7,808,180
Net underwriting income	4,745,186	3,617,182	14,436,428	157,359,900	22,592,903	-	202,751,599
Insurance claims	452,964	(527,835)	9,637,134	149,750,589	(7,870,357)	-	151,442,494
Insurance claims recovered from reinsurers	346,101	(113)	4,507,766	33,740	(116,863)	-	4,770,631
Net claims	106,863	(527,722)	5,129,367	149,716,849	(7,753,494)	-	146,671,863
Commission expense	38,316	740	15,112	-	-	-	54,168
Management expense	4,338,869	8,738,298	14,882,310	8,597,949	3,526,858	-	40,084,284
Premium deficiency expense	-	263,832	-	10,595,834	4,283,784	-	(15,143,450)
Net insurance claims and expenses	4,484,048	8,475,148	20,026,790	168,910,632	57,148	-	171,666,865
Underwriting result	261,138	(4,857,966)	(5,590,362)	(11,550,732)	22,535,755	-	31,084,734
Net investment income							198,614,018
Other income							8,982,894
Other expenses							(3,223,406)
Profit from Window Takaful Operation							2,970,468
Profit before tax							238,428,708
Segment assets	113,614,451	228,814,671	388,231,174	64,393,888	85,200,800	-	880,254,984
Un-allocated assets	-	-	-	-	-	3,680,891,369	3,680,891,369
							4,561,146,353
Segment liabilities	314,960,912	634,317,878	1,076,250,807	178,512,131	236,192,857	-	2,440,234,585
Un-allocated liabilities	-	-	-	-	-	2,120,911,768	2,120,911,768
							4,561,146,353

Segment Prior Period	Fire and property damage	Marine, Aviation & Transport	Motor	Accident and health	Miscellaneous	Treaty	TOTAL
----- June 30, 2019 -----							
----- Rupees -----							
Premium receivable	12,058,100	45,717,127	29,195,480	4,321,404	129,918,786	-	221,210,897
Less: Federal exercise duty	196,242	630,303	3,331,425	447,639	572,535	-	5,178,144
Federal insurance fee	117,442	446,404	256,262	52,545	1,280,659	-	2,153,312
Gross written premium	11,744,416	44,640,420	25,607,793	3,821,220	128,065,592	-	228,542,353
Direct premium earned	9,120,817	16,533,904	25,503,589	155,607,140	81,859,158	-	288,624,608
Facultative inward premium earned	26,732	-	27,179	-	-	-	53,911
Administrative surcharge earned	42,138	17,753	380,001	9,417	151,802	-	601,111
Insurance premium earned	9,189,687	16,551,657	25,910,769	155,616,557	82,010,960	-	289,279,630
Insurance premium ceded to reinsurers	8,115,438	14,843,087	13,461,196	-	69,882,793	-	106,302,514
Net insurance premium	1,074,249	1,708,570	12,449,573	155,616,557	12,128,167	-	182,977,116
Commission income	1,025,955	359,722	3,834,267	-	2,868,593	-	8,088,537
Net underwriting income	2,100,204	2,068,292	16,283,840	155,616,557	14,996,760	-	191,065,653
Insurance claims	4,702,817	(15,498,010)	13,777,133	61,607,803	4,753,174	-	69,342,917
Insurance claims recovered from reinsurers	748,968	(16,486,291)	5,761,898	-	(6,380,464)	-	(16,355,889)
Net claims	3,953,849	988,281	8,015,235	61,607,803	11,133,638	-	85,698,806
Commission expense	140,665	29,857	28,912	55,782,317	1,418	-	55,983,169
Management expense	1,289,902	4,902,909	2,812,533	2,846,712	14,065,589	-	25,917,645
Premium deficiency expense	-	-	-	(21,198,534)	-	-	(21,198,534)
Net insurance claims and expenses	5,384,416	5,921,047	10,856,680	99,038,298	25,200,645	-	146,401,086
Underwriting result	(3,284,212)	(3,852,755)	5,427,160	56,578,259	(10,203,885)	-	44,664,567
Net investment income							176,497,405
Other income							26,054,575
Other expenses							(1,203,188)
Profit from Window Takaful Operation							1,459,468
Profit before tax							247,472,828
							4,640,377,932
							As at December 31, 2019 Audited
Segment assets	59,121,918	69,311,714	61,030,277	408,769,159	566,237,274	-	1,164,470,342
In-allocated assets	-	-	-	-	-	3,475,907,590	3,475,907,590
							4,640,377,932
Segment liabilities	140,532,245	164,753,293	145,068,394	971,640,452	1,345,940,681	-	2,767,935,065
In-allocated liabilities	-	-	-	-	-	1,872,442,867	1,872,442,867
							4,640,377,932

## 27 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the Condensed interim financial information are appropriate to their fair values except for non-trading investments. Fair value is determined on the basis of the objective evidence at each required date.

### 27.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at June 30, 2020.

	As at June 30, 2020 (Unaudited)		As at December 31, 2019 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----		-----Rupees-----	
<b>Financial Assets</b>				
Investments				
Debt securities	3,099,622,024	3,268,884,342	2,881,124,035	2,900,226,190
Term deposit receipts	200,000,000	200,000,000	396,000,000	396,000,000
Insurance / reinsurance receivables	632,848,304	632,848,304		
Reinsurance recoveries against outstanding claims	23,091,456	23,091,456	33,671,939	33,671,939
Cash at bank	108,440,475	108,440,475	66,870,278	66,870,278
<b>Financial Liabilities</b>				
Outstanding claims including IBNR	2,098,651,265	2,098,651,265	2,018,435,227	2,018,435,227
Insurance / reinsurance payables	82,284,439	82,284,439	219,575,469	219,575,469
Other creditors and accruals	18,942,729	18,942,729	15,147,380	15,147,380

### 27.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

27.3 Fair value of financial instruments

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

As at 30 June 2020 (Unaudited)									
Carrying amount						Fair Value			
Held-to-maturity	Available for sale	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	
(Rupees)						(Rupees)			
<b>Financial Assets Not Measured At Fair Value</b>									
Investments									
- Debt securities	855,587,740	2,413,296,602	-	-	3,268,884,342	-	1,838,296,602	575,000,000	2,4
- Term deposits	-	-	200,000,000	-	200,000,000	-	-	-	-
<b>Financial assets not measured at fair value</b>									
Loans and other receivable*	-	-	116,894,741	-	116,894,741	-	-	-	-
Insurance / reinsurance receivable*	-	-	632,848,304	-	632,848,304	-	-	-	-
Re-insurance recoveries- outstanding claims*	-	-	23,091,456	-	23,091,456	-	-	-	-
Deferred commission expense*	-	-	42,726	-	42,726	-	-	-	-
Prepayments*	-	-	117,707,495	-	117,707,495	-	-	-	-
Cash and bank*	-	-	-	109,314,007	109,314,007	-	-	-	-
Window Takazful Operations - Operator's Fund*	-	-	65,045,181	-	65,045,181	-	-	-	-
	855,587,740	2,413,296,602	1,155,629,903	109,314,007	4,533,828,252	-	1,838,296,602	575,000,000	2,4
<b>Financial Liabilities Not Measured At Fair Value</b>									
Outstanding claims including IBNR*	-	-	-	(2,098,651,265)	(2,098,651,265)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	(82,284,439)	(82,284,439)	-	-	-	-
Other creditors and accruals*	-	-	-	(10,785,568)	(10,785,568)	-	-	-	-
	855,587,740	2,413,296,602	1,155,629,903	109,314,007	(2,191,721,272)	-	1,838,296,602	575,000,000	2,4
As at 31 December 2019 (Audited)									
Carrying amount						Fair Value			
Held-to-maturity	Available for sale	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	T
(Rupees)						(Rupees)			
<b>Financial Assets Measured At Fair Value</b>									
Investments									
Debt securities	657,596,769	2,242,629,421	-	-	2,900,226,190	-	1,667,629,421	575,000,000	2,24
Term deposits	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>									
Investments									
Term deposits	-	-	396,000,000	-	396,000,000	-	-	-	-
Loans and other receivable*	-	-	79,782,914	-	79,782,914	-	-	-	-
Insurance / reinsurance receivable*	-	-	784,409,117	-	784,409,117	-	-	-	-
Re-insurance recoveries - outstanding claims*	-	-	33,671,939	-	33,671,939	-	-	-	-
Cash and bank*	-	-	-	66,870,278	66,870,278	-	-	-	-
	657,596,769	2,242,629,421	897,863,971	462,870,278	4,260,960,438	-	1,667,629,421	575,000,000	2,24
<b>Financial Liabilities Not Measured At Fair Value</b>									
Outstanding claims including IBNR*	-	-	-	(2,018,435,227)	(2,018,435,227)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	(219,575,469)	(219,575,469)	-	-	-	-
Other creditors and accruals*	-	-	-	(10,694,382)	(10,694,382)	-	-	-	-
	657,596,769	2,242,629,421	897,863,971	462,870,278	(2,248,705,078)	-	1,667,629,421	575,000,000	2,24

\* The company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable parties in an arm's length transaction. Consequently differences may arise between the carrying values and the fair value estimates.

28 OTHER NON FINANCIAL INFORMATION

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the period ended June 30, 2020 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Company, government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Company is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassifications have been made during the period.

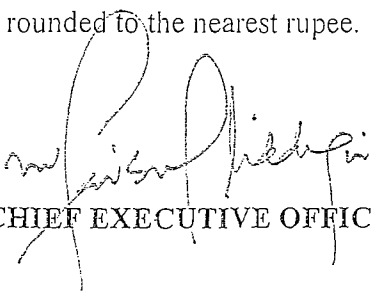
30 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting of the Company held on 31 AUG 2020

31 GENERAL

Figures have been rounded to the nearest rupee.

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR



CONDENSED INTERIM  
FINANCIAL INFORMATION  
OF  
SINDH INSURANCE LIMITED  
(WINDOW TAKAFUL OPERATIONS)  
FOR THE SIX MONTHS PERIOD ENDED  
JUNE 30, 2020

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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Pakistan

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF SINDH INSURANCE LIMITED (WINDOW TAKAFUL OPERATIONS)

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of SINDH INSURANCE LIMITED (WINDOW TAKAFUL OPERATIONS) ("the Operator") as at June 30, 2020 and condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim financial information performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standard 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarter ended June 30, 2020 and June 30, 2019 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: **31 AUG 2020**

CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT JUNE 30, 2020

	Note	Operator's Fund		Participant's Takaful Fund	
		June 30, 2020 (Unaudited)	December 31, 2019 (Audited)	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees		Rupees	
<b>ASSETS</b>					
Property and equipment	6	36,453	40,849	-	-
Intangible assets	7	457,501	766,612	-	-
Investments					
Equity securities	8	12,814,596	41,556,128	1,752,402	1,696,521
Debt securities	9	-	9,628,373	-	-
Term deposits	10	25,000,000	-	25,000,000	-
		37,814,596	51,184,501	26,752,402	1,696,521
Loan and other receivables	11	303,821	653,891	224,730	35,062
Takaful / retakaful receivables	12	-	-	1,080,813	955,662
Qard-e-Hasna to Participants' Takaful Fund (PTF)	13	18,000,000	-	-	-
Receivable from PTF	14	2,209,941	732,219	-	-
Deferred taxation		155,860	-	-	-
Deferred wakala fee expense		-	-	1,935,523	2,845,180
Deferred commission expense	22	23,804	34,442	-	-
Prepayments	15	-	-	618,678	758,346
Taxation - payment less provision		-	-	467,807	374,351
Cash and bank	16	6,043,205	14,047,271	7,160,704	16,975,390
<b>TOTAL ASSETS</b>		<b>65,045,181</b>	<b>67,459,785</b>	<b>38,240,657</b>	<b>23,640,512</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Operator's fund</b>					
Statutory fund		50,000,000	50,000,000	-	-
Revaluation reserve on available for sale investment		906,565	1,104,850	-	-
Accumulated profit		9,093,075	6,122,607	-	-
<b>Total Operators Fund</b>		<b>59,999,640</b>	<b>57,227,457</b>	<b>-</b>	<b>-</b>
<b>Participants' takaful fund</b>					
Ceded money		-	-	500,000	500,000
Revaluation reserve on available for sale investment		-	-	(9,525)	85,124
Accumulated surplus		-	-	4,759,114	123,143
<b>Balance of Participant Takaful Fund</b>		<b>-</b>	<b>-</b>	<b>5,249,589</b>	<b>708,267</b>
Qard-e-Hasna from Operator's Fund	13	-	-	18,000,000	-
<b>LIABILITIES</b>					
<b>Underwriting provisions</b>					
Outstanding claims including IBNR	21	-	-	3,277,197	2,843,968
Unearned contribution reserve	20	-	-	5,693,071	8,713,210
Unearned retakaful rebate	22	-	-	72,286	174,421
		-	-	9,042,554	11,731,599
Unearned wakala fee		1,935,523	2,845,180	-	-
Contribution received in advance		-	-	4,945	4,825,658
Takaful / re-takaful payables	17	-	-	1,926,457	3,512,717
Payable to OPF	14	-	-	2,209,941	732,219
Other creditors and accruals	18	1,074,161	5,929,408	1,794,887	2,117,768
Deferred taxation		-	338,245	12,284	12,284
Taxation - payment less provision		2,035,857	1,119,495	-	-
<b>TOTAL LIABILITIES</b>		<b>5,045,541</b>	<b>10,232,328</b>	<b>14,991,068</b>	<b>22,932,245</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>65,045,181</b>	<b>67,459,785</b>	<b>38,240,657</b>	<b>23,640,512</b>
<b>CONTINGENCIES AND COMMITMENTS</b>					
	19				

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

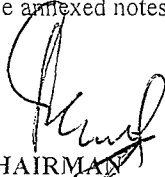
DIRECTOR

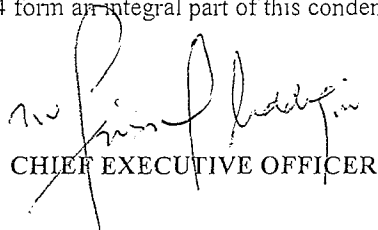


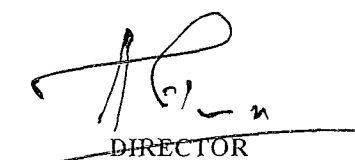
**SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020**

		Six months period ended		Three months period ended	
	Note	June 30 2020	June 30 2019	June 30 2020	June 30 2019
		-----Rupees-----		-----Rupees-----	
<b>Participants' Takaful Fund</b>					
Contributions earned	20	5,931,948	4,619,340	3,011,784	2,406,956
Less: Contributions ceded to retakaful	20	(626,820)	(1,648,126)	(1,190,396)	(862,524)
Net contributions revenue		5,305,128	2,971,214	1,821,388	1,544,432
Retakaful rebate	22	56,750	113,226	93,780	65,927
Net underwriting income		5,361,878	3,084,440	1,915,168	1,610,359
Net claims - reported / settled - IBNR	21	(1,704,573)	(2,414,594)	(752,801)	(1,788,791)
Other direct expenses		(1,411)	(116,729)	(1,011)	7,196
Surplus before investment income		3,655,894	553,117	1,161,356	(171,236)
Investment income	24	143,582	899,934	487,430	577,818
Other income	25	836,495	206,769	83,485	22,241
Surplus transferred to accumulated surplus		4,635,971	1,659,820	1,732,271	428,823
<b>Operator's Fund</b>					
Wakala fee		2,894,382	2,215,936	1,472,815	1,150,477
Commission expense	22	(33,654)	(33,469)	17,373	21,402
Management expenses	23	(1,703,853)	(1,770,941)	(805,892)	(1,018,014)
		1,156,875	411,526	684,296	153,865
Modarib's share of PTF investment income		188,453	245,348	121,858	144,455
Investment income	24	2,260,600	2,166,379	1,798,195	1,206,870
Other expenses	26	(152,991)	(222,451)	(76,091)	(222,450)
Other income		797,745	7,000	172,637	7,000
Profit before taxation		4,250,682	2,607,802	2,700,895	1,289,740
Taxation		(1,280,213)	(1,148,335)	(1,231,379)	(1,136,628)
Profit after taxation		2,970,468	1,459,467	1,469,516	153,112

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

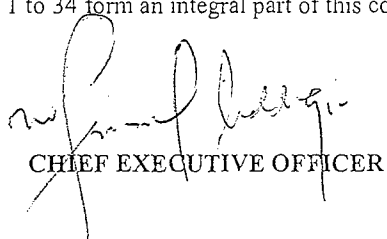
  
**DIRECTOR**

SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
 FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020

	Six months period ended		Three months period ended	
	June 30 2020	June 30 2019	June 30 2020	June 30 2019
	-----Rupees-----		-----Rupees-----	
<b>Participants' Takaful Fund</b>				
Surplus for the period	4,635,971	1,659,820	1,732,271	428,823
Other comprehensive loss				
<b>Items that may be reclassified subsequently to profit and loss account</b>				
Unrealised loss on 'available for sale' investments	(94,649)	(56,012)	(160,055)	(56,012)
Deferred tax on available for sale investment	-	-	-	-
	(94,649)	(56,012)	(160,055)	(56,012)
Total comprehensive income for the period	<u>4,541,322</u>	<u>1,603,808</u>	<u>1,572,216</u>	<u>372,811</u>
<b>Operator's Fund</b>				
Profit after taxation	2,970,468	1,459,467	1,469,516	153,112
Other comprehensive loss				
<b>Items that may be reclassified subsequently to profit and loss account</b>				
Unrealised loss on 'available for sale' investments	(725,322)	-	(725,322)	-
Deferred tax on available for sale investment	527,036	-	527,036	-
	(198,286)	-	(198,286)	-
Total comprehensive income for the period	<u>2,772,182</u>	<u>1,459,467</u>	<u>1,271,230</u>	<u>153,112</u>

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 DIRECTOR

SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
 CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS (UNAUDITED)  
 FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020

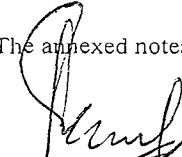
Operator's Funds			
Statutory fund	Unrealised loss on revaluation of available for sale investments - net	Accumulated profit	Total

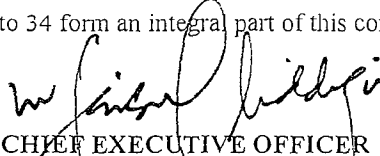
Rupees				
Balance as at January 01, 2019 (Audited)	50,000,000	-	3,375,135	53,375,135
Total comprehensive income for the period				
Profit for the period	-	-	1,459,467	1,459,467
Other comprehensive income	-	-	-	-
Balance as at June 30, 2019 (Unaudited)	50,000,000	-	4,834,602	54,834,602
Balance as at January 01, 2020 (Audited)	50,000,000	1,104,851	6,122,607	57,227,458
Total comprehensive income for the period				
Profit for the period	-	-	2,970,468	2,970,468
Other comprehensive loss	-	(198,286)	-	(198,286)
Balance as at June 30, 2020 (Unaudited)	50,000,000	906,565	9,093,075	59,999,640

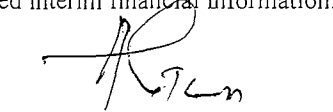
Participants' Takaful Fund			
Ceded Money	Unrealised loss on revaluation of available for sale investments - net	Accumulated (deficit) / surplus	Total

Rupees				
Balance as at January 01, 2019 (Audited)	500,000	30,074	(3,543,480)	(3,013,406)
Total comprehensive income for the period				
Surplus for the period	-	-	1,659,820	1,659,820
Other comprehensive loss	-	(56,012)	-	(56,012)
Balance as at June 30, 2019 (Unaudited)	500,000	(25,938)	(1,883,660)	(1,409,598)
Balance as at January 01, 2020 (Audited)	500,000	85,124	123,143	708,267
Total comprehensive income for the period				
Surplus for the period	-	-	4,635,971	4,635,971
Other comprehensive loss	-	(94,649)	-	(94,649)
Balance as at June 30, 2020 (Unaudited)	500,000	(9,525)	4,759,114	5,249,589

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 DIRECTOR

SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
 CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
 FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020

	Operator's Fund		Participant's Takaful Fund	
	June 30, 2020 ( Unaudited )	June 30, 2019 ( Audited )	June 30, 2020 ( Unaudited )	June 30, 2019 ( Audited )
-----Rupees-----				
<b>OPERATING CASH FLOWS</b>				
a) Takaful activities				
Contribution received	-	-	693,635	3,258,659
Retakaful contribution paid	-	-	(1,835,384)	(22,225)
Wakala fee received / (paid)	-	(245,348)	-	245,348
Claims paid	-	-	(1,270,405)	(2,009,705)
Re-takaful and other recoveries received	-	-	12,565	-
Commission paid	(23,016)	(17,310)	-	25,975
Rebate received	-	-	(45,385)	-
Other underwriting payments	(5,200,067)	(2,842,403)	-	-
Net cash flows (used in) / generated from takaful activities	(5,223,083)	(3,105,061)	(2,444,974)	1,498,052
b) Other operating activities				
Income tax paid	(857,956)	(319,047)	(93,456)	(319,048)
Direct Expense	-	-	(1,411)	(116,729)
Other operating payment	(152,991)	-	(1,078,234)	(505,457)
Other operating receipts	-	(222,448)	9,897	(658,306)
Net cash used in other operating activities	(1,010,947)	(541,495)	(1,163,204)	(1,599,540)
Total cash flow from all operating activities	(6,234,030)	(3,646,556)	(3,608,178)	(101,488)
<b>INVESTMENT ACTIVITIES</b>				
Profit / return received on investment	2,260,600	2,173,379	750,991	1,106,703
Other income receipt	797,745	-	-	-
Payment for investment	(55,000,000)	-	(25,000,000)	-
Proceeds from disposal of investments	68,214,120	-	-	-
Modarib fee (paid) / received	(42,501)	-	42,501	-
Total cash flow from investing activities	16,229,964	2,173,379	(24,206,508)	1,106,703
<b>FINANCING ACTIVITIES</b>				
Inter fund Qard-e-Hasna Transfer	(18,000,000)	-	18,000,000	-
Total cash flow from financing activities	(18,000,000)	-	18,000,000	-
Net cash flow from all activities	(8,004,066)	(1,473,177)	(9,814,686)	1,005,215
Cash and cash equivalents at the beginning of period	14,047,271	43,277,412	16,975,390	21,438,264
Cash and cash equivalents at end of the period	6,043,205	41,804,235	7,160,704	22,443,479
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(6,234,030)	(3,646,557)	(3,608,178)	(101,488)
Depreciation	(4,396)	(9,548)	-	-
Amortization	(309,111)	(311,166)	-	-
Income tax paid	857,956	319,048	93,456	319,048
Other income	986,198	252,348	836,495	84,938
Increase / (decrease) in assets other than cash	868,664	2,497,138	(887,858)	(2,751,522)
Increase in liabilities	5,824,801	1,340,160	7,870,020	3,127,451
Investment income	2,260,600	2,166,379	332,035	981,393
Profit before taxation for the period	4,250,682	2,607,802	4,635,971	1,659,820

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Sindh Insurance Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as an unlisted public company on December 20, 2013 and obtained the certificate of commencement of business on September 22, 2014. All shares of the Company are held beneficially by Government of Sindh, directly and through nominee directors. The Company is engaged in the non-life insurance business comprising of fire, marine, motor, aviation, engineering, transportation, accidental and health etc.
- 1.2 The Company was granted authorization on September 22, 2016 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and, subsequently, the Company commenced Window Takaful Operations.
- 1.3 For the purpose of carrying on the takaful business, the Operator has formed a Participants' Takaful Fund (PTF) under the Waqf deed with the ceded money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund are approved by the Shari'ah Advisor of the Operator.
- 1.4 The registered office and principal place of business of the Operator is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

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

This condensed interim financial information has been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.  
and

Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

In case requirements differ, the provision of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting regulation, 2019 shall prevail.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Operator as at and for the year ended December 31, 2019 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Operator for the year ended December 31, 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in funds are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2019.

## **2.1 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention except that certain investments are stated at their fair values.

This condensed interim financial information has been prepared following the accrual basis of accounting except for the cash flow information.

## **2.2 Functional and presentation currency**

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Operator's functional and presentation currency.

## **3 USE OF JUDGEMENTS AND ESTIMATES**

The preparation of this condensed interim financial information in conformity with approved accounting standards 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 this condensed interim financial information, the significant judgments made by management in applying the Operators' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of the Operator as at and for the year ended December 31, 2019.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same and are consistent with those followed in the preparation of the annual audited financial statements of the Operator for the year ended December 31, 2019 except as stated in note 4.1 to this condensed interim financial information.

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after January 01, 2020. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 4.2 below.

##### 4.1 Application Of General Takaful Accounting Regulations, 2019

The Securities and Exchange Commission of Pakistan vide SRO 1416 (I)/2019 dated 20 November 2019 has issued General Takaful Accounting Regulations, 2019. Accordingly, the Operator has changed format for preparation and presentation of this condensed interim financial information 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 information 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 of the Operators' Fund, surplus of the Participants' Takaful Fund or of their equities.

##### 4.2 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2020.

IFRS 9 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 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce 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 July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

## Temporary Exemption from Application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

As at reporting date, the fair value of the financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

### **Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.



OPERATOR'S FUND	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (Rupees)	New carrying amount under IFRS 9 (Rupees)
<b>Financial assets</b>				
Equity securities	Available for sale	Fair value through OCI	12,814,596	12,814,596
Term deposits	Loans and receivables	Amortised cost	25,000,000	25,000,000
Qard-e-Hasna to Participants' Takaful Fund (PTF)	Loans and receivables	Amortised cost	18,000,000	18,000,000
Loan and other receivables	Loans and receivables	Amortised cost	303,821	303,821
Receivable from PTF	Loans and receivables	Amortised cost	2,209,941	2,209,941
Cash at bank	Loans and receivables	Amortised cost	6,043,205	6,043,205
<b>Financial Liabilities</b>				
Other creditors and accruals	Other financial liabilities	Amortised cost	779,119	779,119
<b>PARTICIPANTS' TAKAFUL FUND</b>				
<b>Financial assets</b>				
Equity securities	Available for sale	Fair value through OCI	1,752,402	1,752,402
Term deposits	Loans and receivables	Amortised cost	25,000,000	25,000,000
Takaful / retakaful receivable	Loans and receivables	Amortised cost	1,080,813	1,080,813
Loan and other receivables	Loans and receivables	Amortised cost	224,730	224,730
Cash at bank	Loans and receivables	Amortised cost	7,160,704	7,160,704
<b>Financial Liabilities</b>				
Outstanding claims including (IBNR)	Other financial liabilities	Amortised cost	3,277,197	3,277,197
Qard-e-Hasna from Operator's Fund	Other financial liabilities	Amortised cost	18,000,000	18,000,000
Payable to OPF	Other financial liabilities	Amortised cost	2,209,941	2,209,941
Takaful / re-takaful payables	Other financial liabilities	Amortised cost	1,926,457	1,926,457
Other creditors and accruals	Other financial liabilities	Amortised cost	1,794,887	1,794,887

## Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Company is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

## 5 INSURANCE AND FINANCIAL RISK MANAGEMENT

The insurance and financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Operator for the year ended December 31, 2019.

## 6 PROPERTY AND EQUIPMENT - OPERATOR'S FUND

There are no additions or disposal during the six month period ended June 30, 2020 (2019:Nil).

7 INTANGIBLE ASSETS - OPERATOR'S FUND

There are no additions or disposal during the six month period ended June 30, 2020 (2019: Nil).

8 INVESTMENTS IN EQUITY SECURITIES

	June 30, 2020 (Unaudited)			December 31, 2019 (Audited)				
	Cost	Impairment / provision	Deficit on revaluation	Carrying value	Cost	Impairment / provision	Surplus on revaluation	Carrying value
	-----Rupees-----			-----Rupees-----				
Operator's Fund								
Available for sale								
Others - Mutual fund								
ABL Islamic Income Fund	13,539,918	-	(725,322)	12,814,596	40,000,000	-	1,556,128	41,556,128
Participants' Takaful Fund								
Available for sale								
Others - Mutual fund								
Meezan Sovereign Fund	1,847,051	-	(94,649)	1,752,402	1,641,472	-	55,050	1,696,521

9 INVESTMENTS IN DEBT SECURITIES

	June 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	-----Rupees-----			-----Rupees-----		
Operator's Fund						
Held to maturity (note 9.1)						
Commercial Paper						
TPL Trakker Limited	-	-	-	9,628,373	-	9,628,373

9.1 Investment in debt securities - government securities

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	June 30, 2020 (Unaudited)
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Operator's Fund					
Held to maturity					
Commercial Paper					
TPL Trakker Limited	2020	15.90%	On maturity	10,000,000	-

10 INVESTMENTS IN TERM DEPOSITS

	Operator's Fund		Participants Takaful Fund	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	-----Rupees-----			
Held to maturity				
Term deposits (note 10.1)	25,000,000	-	25,000,000	-

10.1 These represented term deposit receipts (TDRs) in local currency, issued by local banks, that carried profit ranging from 7.50% to 11% per annum (2019: Nil).

11 LOANS AND OTHER RECEIVABLES

(Unsecured - considered good)

Advance salary	110,831	233,332	-	-
Advance against bonus	42,662	-	-	-
Accrued investment income	58,054	331,233	58,055	-
Sales tax on services refund	75,921	52,131	164,506	9,575
Receivable from Sindh Insurance Limited	7,568	28,410	2,169	25,487
Other receivables	8,785	8,785	-	-
	303,821	653,891	224,730	35,062

	June 30, 2020 ( Unaudited )	December 31, 2019 ( Audited )
	----- Rupees -----	
<b>12 TAKAFUL / RE-TAKAFUL RECEIVABLES</b>		
Participants' Takaful Fund		
Due from takaful participant holders	1,471,950	1,180,107
Less: provision for impairment of receivables from takaful participant holders	(631,389)	(702,724)
	<u>840,561</u>	<u>477,383</u>
Due from other takaful / re-takaful operators	240,252	478,279
	<u>1,080,813</u>	<u>955,662</u>

12.1 Due from takaful contract holders includes Rs 253,721 due from related parties (December 31, 2019: Rs 189,391).

**13 QARD-E-HASNA TO PARTICIPANT'S TAKAFUL FUND (PTF)**

Opening balance as at January 01, 2020 / 2019	-	11,000,000
Qard-e-hasna transferred from OPF during the period / year	18,000,000	-
Qard-e-hasna returned by PTF during the period / year	-	(11,000,000)
Closing balance	<u>18,000,000</u>	<u>-</u>

**14 RECEIVABLE FROM PTF / PAYABLE TO OPF**

	Operator's Fund		Participants Takaful Fund	
	June 30, 2020 ( Unaudited )	December 31, 2019 ( Audited )	June 30, 2020 ( Unaudited )	December 31, 2019 ( Audited )
Note	----- Rupees -----			
Wakala fee receivable / payable	1,984,725	-	(1,984,725)	-
Modarib share receivable / payable	230,954	42,501	(230,954)	(42,501)
Other receivable / payable	(5,738)	689,718	5,738	(689,718)
	<u>2,209,941</u>	<u>732,219</u>	<u>(2,209,941)</u>	<u>(732,219)</u>

**15 PREPAYMENTS**

Prepaid retakaful contribution ceded	-	-	618,678	758,346
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**16 CASH AND BANK**

Cash and cash equivalent				
Policy and revenue stamps	-	-	9,050	-
Cash at bank				
Saving accounts	16.1	6,043,205	14,047,271	7,151,654
		<u>6,043,205</u>	<u>14,047,271</u>	<u>7,160,704</u>
			<u>16,975,390</u>	<u>16,975,390</u>

16.1 These saving accounts carry profit ranging from 3.6% to 6.75% per annum (December 31, 2019: 3.53% to 5.51%) per annum.

	June 30, 2020 ( Unaudited )	December 31, 2019 ( Audited )
	----- Rupees -----	
<b>17 TAKAFUL / RETAKAFUL PAYABLE</b>		
Participants' Takaful Fund		
Due to other takaful / re-takaful		
Local	1,516,087	1,852,610
Foreign	410,370	1,660,107
	<u>1,926,457</u>	<u>3,512,717</u>

	Note	Operator's Fund		Participants Takaful Fund	
		June 30, 2020 ( Unaudited )	December 31, 2019 ( Audited )	June 30, 2020 ( Unaudited )	December 31, 2019 ( Audited )
-----Rupees-----					
<b>18 OTHER CREDITORS AND ACCRUALS</b>					
Provincial sales tax on services		4,758	-	25,403	225,825
Federal insurance fee		-	-	1,919	17,260
Tax deducted / collected at source		-	214	4,200	501
Commission payable		265,743	248,465	-	-
Payable to Sindh Insurance Limited	18.1	159,298	5,074,803	1,603,865	1,425,682
Sundry creditors		74,738	8,427	159,500	448,500
Accrued expenses		295,042	208,690	-	-
Provision for compensated leave absences		189,258	139,736	-	-
Gratuity payable		85,324	249,073	-	-
		<u>1,074,161</u>	<u>5,929,408</u>	<u>1,794,887</u>	<u>2,117,768</u>

18.1 This amount includes expenses paid by Sindh Insurance Limited on behalf of Window Takaful Operations related to regular expenses of electricity, telephone, water, fuel charges and taxes including FED, FIF.

#### 19 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2020 (December 31, 2019: Nil).

	Six months period ended		Three months period ended	
	June 30 2020	June 30 2019	June 30 2020	June 30 2019
-----Rupees-----				
<b>20 NET TAKAFUL CONTRIBUTION</b>				
Written gross contribution	5,806,191	2,373,091	303,428	967,086
Less: wakala fee	(2,894,382)	(2,215,936)	(1,472,815)	(1,150,477)
Contribution net of wakala fee	2,911,809	157,155	(1,169,387)	(183,391)
Add: unearned contribution reserve - opening	8,713,210	8,619,640	9,874,242	6,747,802
Less: unearned contribution reserve - closing	(5,693,071)	(4,157,455)	(5,693,071)	(4,157,455)
Contribution earned	<u>5,931,948</u>	<u>4,619,340</u>	<u>3,011,784</u>	<u>2,406,956</u>
Less: Re-takaful contribution ceded	(487,151)	(1,215,459)	(688,808)	(657,998)
Prepaid re-takaful contribution ceded - opening	(758,346)	(522,208)	(1,120,265)	(294,067)
Prepaid re-takaful contribution ceded - closing	618,677	89,541	618,677	89,541
Re-takaful contribution expense	(626,820)	(1,648,126)	(1,190,396)	(862,524)
	<u>5,305,128</u>	<u>2,971,214</u>	<u>1,821,388</u>	<u>1,544,432</u>

	Note	Six months period ended		Three months period ended	
		June 30 2020	June 30 2019	June 30 2020	June 30 2019
		-----Rupees-----		-----Rupees-----	
<b>21 NET TAKAFUL CLAIMS EXPENSE</b>					
Claim paid		1,270,405	2,009,705	475,861	1,590,062
Outstanding claims including IBNR - opening		(2,843,968)	(907,918)	(3,000,259)	(1,114,717)
Outstanding claims including IBNR - closing	21.1	3,277,197	1,313,446	3,277,197	1,313,446
Claim expense		1,703,634	2,415,233	752,799	1,788,791
Less: Re-takaful and other recoveries received		(12,565)	(4,389)	-	-
Re-takaful and other recoveries in respect of outstanding claims - opening		88,500	3,750	74,998	-
Re-takaful and other recoveries in respect of outstanding claims - closing		(74,996)	-	(74,996)	-
Re-takaful and other recoveries revenue		939	(639)	2	-
		<u>1,704,573</u>	<u>2,414,594</u>	<u>752,801</u>	<u>1,788,791</u>
21.1 This includes provision for incurred but not reported (IBNR) amounting to Rs. 1.5 million (December 31, 2019: Rs. 1.055 million).					
<b>22 NET COMMISSION EXPENSE</b>					
Commission paid or payable		23,016	17,310	-	17,310
Deferred commission expense - opening		34,442	19,569	41,177	7,502
Deferred commission expense - closing		(23,804)	(3,410)	(23,804)	(3,410)
Net commission		33,654	33,469	17,373	21,402
Less: Retakaful rebate received or recoverable		158,885	200,477	175,380	107,307
Unearned retakaful rebate - opening		(174,421)	(104,883)	(153,886)	(59,012)
Unearned retakaful rebate - closing		72,286	17,632	72,286	17,632
Rebate from takaful operator		56,750	113,226	93,780	65,927
		<u>(23,096)</u>	<u>(79,757)</u>	<u>(76,407)</u>	<u>(44,525)</u>
<b>23 MANAGEMENT EXPENSES</b>					
Employee benefit cost	23.1	1,099,403	1,278,712	575,917	718,825
Depreciation	6	4,396	9,548	2,198	4,774
Amortisation	7	309,111	311,166	153,528	155,583
Miscellaneous		282,055	171,515	74,249	138,832
Gratuity expenses		8,888	-	-	-
		<u>1,703,853</u>	<u>1,770,941</u>	<u>805,892</u>	<u>1,018,014</u>
23.1 Employee benefit cost					
Salaries, allowance and other benefits		1,059,249	1,233,612	555,693	693,333
Charges for post employment benefit		40,154	45,100	20,224	25,492
		<u>1,099,403</u>	<u>1,278,712</u>	<u>575,917</u>	<u>718,825</u>
<b>24 INVESTMENT INCOME</b>					
24.1 Operator's Fund					
Income from equity securities					
Available for sale					
Dividend income		1,019,913	-	1,019,913	-
Capital gain on sale of investment		1,116,864	-	279,685	-
Income from debt securities					
Held to maturity					
Return on debt securities		49,298	-	8,904	-
Income from term deposits					
Return on term deposits		74,525	2,090,323	65,484	1,173,063
		<u>2,260,600</u>	<u>2,090,323</u>	<u>1,373,986</u>	<u>1,173,063</u>

	Note	Six months period ended		Three months period ended	
		June 30 2020	June 30 2019	June 30 2020	June 30 2019
		-----Rupees-----		-----Rupees-----	
<b>24.2 Participants' Takaful fund</b>					
Income from equity securities					
Available for sale					
Dividend income		177,094	105,346	177,094	39,434
Income from term deposits					
Return on term deposits		154,941	1,039,936	58,055	583,598
		332,035	1,145,282	235,149	623,032
Investment related expenses - modarib fee		(188,453)	(245,348)	(121,858)	(144,455)
		<u>143,582</u>	<u>899,934</u>	<u>113,291</u>	<u>478,577</u>
<b>24.3</b>					
The operator manages the participants' investments as a Modarib and charge 20% Modarib's share of the investment income and profit on bank deposits earned by PTF.					
<b>25 OTHER INCOME</b>					
<b>25.1 Operator's Fund</b>					
Profit on bank deposits		625,108	76,056	424,209	33,807
Others		172,637	7,000	172,637	7,000
		<u>797,745</u>	<u>83,056</u>	<u>596,846</u>	<u>40,807</u>
<b>25.2 Participants' Takaful Fund</b>					
Profit on bank deposits		610,229	121,831	374,139	99,241
Others		226,266	84,938	83,485	22,241
		<u>836,495</u>	<u>206,769</u>	<u>457,624</u>	<u>121,482</u>
<b>26 OTHER EXPENSES</b>					
Auditors' remuneration		103,469	94,063	51,735	47,032
Employee health insurance		-	51,206	-	19,202
Compensated leave absences		49,522	77,181	24,356	(165,022)
		<u>152,991</u>	<u>222,450</u>	<u>76,091</u>	<u>(98,788)</u>

## 27 TRANSACTIONS WITH RELATED PARTIES

Related parties comprises, associated companies, companies under common control, companies with common directors, shareholder, employees' retirement benefit plans, directors and key management personnel of the management. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Balances and transaction with related party are disclosed in relevant notes to the financial statements.

### Transactions during the period

Name of related party	Nature of relationship	Nature of transaction	Six months period ended		Three months period ended	
			June 30	June 30	June 30	June 30
			2020	2019	2020	2019
			-----Rupees-----		-----Rupees-----	
Sindh Bank Limited	Common directorship	Income on saving accounts	1,163,831	197,887	728,423	133,048
		Net contribution	2,527	30,331	168	15,188
		Gross contribution	2,527	30,331	168	15,188
		Claims paid	20,125	272,388	-	99,206
Sindh Modarba Management Limited	Common directorship	Net contribution	95,416	80,380	33,905	34,810
		Gross contribution	91,254	76,550	32,303	33,150
		Claims paid	240,172	23,050	202,500	-

Balances outstanding as at			June 30, 2020 (Unaudited) Rupees	December 31, 2019 (Audited) Rupees
Sindh Bank Limited	Common directorship	Bank accounts Due from takaful contract holder Claims payable	1,098,264 236,798 20,125	28,945,819 182,980 127,875
Sindh Modarba Management	Common directorship	Due from takaful contract holder Claims payable	16,923 86,288	6,411 100,000

28 SEGMENT REPORTING

28.1 Operator's Fund

Six months period ended June 30, 2020 (Unaudited)							
Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Treaty	Total	
Rupees							
Wakala fee	(134,537)	(18,328)	(2,457,295)	(208,593)	(75,629)	-	(2,894,382)
Management expenses	(19,789)	-	(1,603,955)	(15,430)	(64,679)	-	(1,703,853)
Commission expenses	(391)	-	(31,681)	(305)	(1,278)	-	(33,654)
Net commission and expenses	(20,180)	-	(1,635,636)	(15,734)	(65,957)	-	(1,737,507)
	(154,717)	(18,328)	(4,092,931)	(224,327)	(141,586)	-	(4,631,889)
Modarib's share of PTF investment income							188,453
Net investment income							2,260,600
Other income							797,745
Other expenses							(152,991)
Profit before tax							(1,538,082)
							As at June 30, 2020 (Unaudited)
Corporate segment assets	685,278	-	55,542,649	534,303	2,239,745	-	59,001,976
Corporate un-allocated assets							6,043,205
Total assets							65,045,181
Corporate segment liabilities	46,126	-	3,738,535	35,964	150,756	-	3,971,380
Corporate un-allocated liabilities							1,074,161
Total liabilities							5,045,541



Six months period ended June 30, 2019 (Unaudited)							
Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Treaty	Total	
-----Rupees-----							
Wakala fee	96,616	3,098	1,845,296	-	270,926	-	2,215,936
Management expenses	(99,865)	-	(1,647,662)	(21,515)	(1,898)	-	(1,770,941)
Commission expenses	(1,887)	-	(31,139)	(407)	(36)	-	(33,469)
Net commission and expenses	(101,753)	-	(1,678,801)	(21,922)	(1,934)	-	(1,804,410)
	(5,137)	3,098	166,495	(21,922)	268,992	-	411,526
Modarib's share of PTF investment income							-
Net investment income							2,411,727
Other income							7,000
Other expenses							(222,451)
Profit before tax							<u>2,607,802</u>
							As at December 31, 2019
Corporate segment assets	4,690,907	562,426	39,762,677	5,943,632	2,518,507	-	53,478,149
Corporate un-allocated assets							14,047,271
Total assets							<u>67,525,420</u>
Corporate segment liabilities	403,721	48,405	3,422,156	511,536	216,754	-	4,602,571
Corporate un-allocated liabilities							5,995,043
Total liabilities							<u>10,597,614</u>

## 28.2 Participants' Takaful Fund

	Six months period ended June 30, 2020 (Unaudited)						Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Treaty	
Rupees							
<b>Segment results</b>							
Contribution receivable	84,788	-	6,230,978	52,579	221,885	-	6,590,230
Less: Federal exercise duty	(16,111)	-	(710,550)	-	(1,372)	-	(728,033)
Federal insurance fee	(1,241)	-	(54,658)	-	(107)	-	(56,006)
Gross written contribution	67,436	-	5,465,770	52,579	220,406	-	5,806,191
Direct contribution	117,956	-	5,376,801	52,579	10,554	-	5,557,890
Facultative inward contribution	(56,419)	-	55,464	-	209,852	-	208,897
Administrative surcharge	5,899	-	33,505	-	-	-	39,404
	67,436	-	5,465,770	52,579	220,406	-	5,806,191
Wakala expense	(134,537)	(18,328)	(2,457,295)	(208,593)	(75,629)	-	(2,684,216)
Takaful contribution earned	409,525	54,985	4,598,681	(57,808)	926,565	-	5,931,948
Re-takaful expense	(247,117)	(65,981)	(149,418)	-	(164,304)	-	(626,820)
Net takaful contribution	162,408	(10,996)	4,449,263	(57,808)	762,261	-	5,305,128
Rebate from re-takaful operators	73,109	15,176	(69,322)	-	37,787	-	56,750
Net underwriting income	235,517	4,180	4,379,941	(57,808)	800,048	-	5,361,878
Takaful claims	(19,781)	(458)	(1,450,774)	(227,039)	(5,582)	-	(1,703,634)
Re-takaful and other recoveries	(939)	-	-	-	-	-	(939)
Net claims	(20,720)	(458)	(1,450,774)	(227,039)	(5,582)	-	(1,704,573)
Direct expenses							(1,411)
Surplus before investment income	214,797	3,722	2,929,167	(284,847)	794,466	-	3,655,894
Investment Income							143,582
Other Income							836,495
Surplus for the period							4,635,972
							As at June 30, 2019 (unaudited)
Corporate segment assets	360,978	-	29,257,714	281,450	1,179,811	-	31,079,953
Corporate un-allocated assets							7,160,704
Total assets							38,240,657
Corporate segment liabilities	153,267	-	12,422,480	119,500	500,934	-	13,196,181
Corporate un-allocated liabilities							1,794,887
Total liabilities							14,991,068

Six months period ended June 30, 2019 ( Unaudited )							
Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total	
-----Rupees-----							
<b>Segment results</b>							
Contribution receivable	136,403	-	2,517,001	32,338	2,901	-	2,688,643
Less: Federal exercise duty	(2,396)	-	(287,026)	(3,219)	(206)	-	(292,847)
Federal insurance fee	(186)	-	(22,080)	(288)	(151)	-	(22,705)
Gross written contribution	133,821	-	2,207,895	28,831	2,544	-	2,373,091
Direct contribution	305,802	316	5,253,733	913,284	170,266	-	6,643,401
Facultative inward contribution	73,375	11,975	-	-	-	-	85,350
Administrative surcharge	11,711	120	78,095	12,500	4,099	-	106,525
	390,888	12,411	5,331,828	925,784	174,365	-	6,835,276
Wakala expense	(96,616)	(3,098)	(1,845,296)	-	(270,926)	-	(2,215,936)
Takaful contribution earned	294,272	9,313	3,486,532	925,784	(96,561)	-	4,619,340
Re-takaful expense	(344,279)	(11,152)	(1,156,614)	-	(136,081)	-	(1,648,126)
Net takaful contribution	(50,007)	(1,839)	2,329,918	925,784	(232,642)	-	2,971,214
Rebate from re-takaful operators	73,608	2,564	5,757	-	31,297	-	113,226
Net underwriting income	23,601	725	2,335,675	925,784	(201,345)	-	3,084,440
Takaful claims	4,288	1,201	(2,148,649)	(276,157)	4,084	-	(2,415,233)
Re-takaful and other recoveries	-	-	(639)	-	-	-	(639)
Net claims	4,288	1,201	(2,148,010)	(276,157)	4,084	-	(2,414,594)
Direct expenses							(116,729)
Commission expense							-
Management expense							-
contribution deficiency expense							-
Surplus before investment income	27,889	1,926	187,665	649,627	(197,261)	-	553,117
Net investment income							1,021,765
Investment Income							84,938
Other Income							1,659,820
Surplus for the period							As at Dec 31, 2019 (Audited)
Corporate segment assets	590,397	70,787	5,004,528	748,064	316,979	-	6,730,755
Corporate un-allocated assets							16,975,392
Total assets							23,706,147
Corporate segment liabilities	1,766,670	211,818	14,975,258	2,238,467	948,509	-	20,140,722
Corporate un-allocated liabilities							2,857,158
Total liabilities							22,997,880

## 29 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Total
	-----Rupees-----		
Operator's Fund			
As at January 01, 2019	-	-	-
Additions	9,628,373	40,000,000	49,628,373
Fair Value net loss	-	1,556,128	1,556,128
As at December 31, 2019	9,628,373	41,556,128	51,184,501
Deletion	(9,628,373)	(28,016,210)	(37,644,583)
Additions	25,000,000	-	25,000,000
Fair value net gains (excluding net realised gains)	-	(725,322)	(725,322)
	15,371,627	(28,741,532)	(13,369,905)
As at June 30, 2020	25,000,000	12,814,596	37,814,596
Participants' Takaful fund			
As at January 01, 2019	-	1,551,927	1,551,927
Additions	-	89,545	89,545
Fair Value net loss	-	55,050	55,050
As at December 31, 2019	-	1,696,522	1,696,522
Additions	25,000,000	150,530	25,150,530
Fair value net gains (excluding net realised gains)	-	(94,649)	(94,649)
	25,000,000	55,881	25,055,881
As at June 30, 2020	25,000,000	1,752,403	26,752,403

## 30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Operator is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

30.1 Fair value of financial instruments

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

Operator's Fund	As at June 30, 2020 ( Unaudited )						Fair value			
	Carrying amount						Level 1	Level 2	Level 3	Total
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total				
	(Rupees)						(Rupees)			
Financial assets measured at fair value										
Investments										
Equity securities	-	12,814,596	-	-	-	12,814,596	12,814,596	-	-	12,814,596
Financial assets not measured at fair value										
Investments										
Debt securities	-	-	-	-	-	-	-	-	-	-
Term deposits	25,000,000	-	-	-	-	25,000,000	-	-	-	-
Loans and other receivable*	-	-	303,821	-	-	303,821	-	-	-	-
Qard-e-Hasna to Participants' Takaful Fund (PTF)	-	-	-	18,000,000	-	18,000,000	-	-	-	-
Takaful / re-takaful receivable*	-	-	-	-	-	-	-	-	-	-
Receivable from PTF	-	-	2,209,941	-	-	2,209,941	-	-	-	-
Cash and bank balance*	-	-	-	6,043,205	-	6,043,205	-	-	-	-
	25,000,000	12,814,596	2,513,762	24,043,205	-	64,371,563	12,814,596	-	-	12,814,596
Financial liabilities not measured at fair value										
Other creditors and accruals*	-	-	-	-	(1,074,161)	(1,074,161)	-	-	-	-
	25,000,000	12,814,596	2,513,762	24,043,205	(1,074,161)	63,297,402	12,814,596	-	-	12,814,596

Operator's Fund	As at December 31, 2019 ( Audited )						Fair value			
	Carrying amount						Level 1	Level 2	Level 3	Total
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total				
	(Rupees)						(Rupees)			
Financial assets measured at fair value										
Investments										
Equity securities	-	41,556,128	-	-	-	41,556,128	41,556,128	-	-	41,556,128
Financial assets not measured at fair value										
Investments										
Debt securities	9,628,373	-	-	-	-	9,628,373	9,628,373	-	-	9,628,373
Loans and other receivable*	-	-	1,409,244	-	-	1,409,244	-	-	-	-
Takaful / re-takaful receivable*	-	-	-	-	-	-	-	-	-	-
Wakala fee receivables	-	-	42,501	-	-	42,501	-	-	-	-
Cash and bank balance*	-	-	-	14,047,271	-	14,047,271	-	-	-	-
	9,628,373	41,556,128	1,451,745	14,047,271	-	66,683,517	51,184,501	-	-	51,184,501
Financial liabilities not measured at fair value										
Other creditors and accruals*	-	-	-	-	(5,995,043)	(5,995,043)	-	-	-	-
	9,628,373	41,556,128	1,451,745	14,047,271	(5,995,043)	60,688,474	51,184,501	-	-	51,184,501

Participants' Takaful Fund	As at June 30, 2020 ( Unaudited )						Fair value			
	Carrying amount									
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)						(Rupees)				
Financial assets measured at fair value										
Investments										
Equity securities	-	1,752,402	-	-	-	1,752,402	1,752,402	-	-	1,752,402
Term deposits	25,000,000	-	-	-	-	25,000,000	-	-	-	-
Financial assets not measured at fair value										
Loans and other receivable*	-	-	224,730	-	-	224,730	-	-	-	-
Takaful / re-takaful receivable*	-	-	1,080,813	-	-	1,080,813	-	-	-	-
Deferred wakala fee expense*	-	-	1,935,523	-	-	1,935,523	-	-	-	-
Prepayments*	-	-	618,678	-	-	618,678	-	-	-	-
Cash and bank balance*	-	-	-	7,160,704	-	7,160,704	-	-	-	-
	25,000,000	1,752,402	3,859,744	7,160,704	-	37,772,850	1,752,402	-	-	1,752,402
Financial liabilities not measured at fair value										
Outstanding claims including IBNR	-	-	-	-	(3,277,197)	(3,277,197)	-	-	-	-
Unearned contribution reserve	-	-	-	-	(5,693,071)	(5,693,071)	-	-	-	-
Qard-e-Hasna to Participants' Takaful Fund (PTF)	-	-	-	-	(18,000,000)	(18,000,000)	-	-	-	-
Payable to OPF	-	-	-	-	(2,209,941)	(2,209,941)	-	-	-	-
Takaful / retakaful payable	-	-	-	-	(1,926,457)	(1,926,457)	-	-	-	-
Wakala and modarib fee payable	-	-	-	-	(2,209,941)	(2,209,941)	-	-	-	-
Other creditors and accruals*	-	-	-	-	(1,794,887)	(1,794,887)	-	-	-	-
	25,000,000	1,752,402	3,859,744	7,160,704	(35,111,494)	2,661,356	1,752,402	-	-	1,752,402

Participants' Takaful Fund	As at December 31, 2019 ( Audited )						Fair value			
	Carrying amount									
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)						(Rupees)				
Financial assets measured at fair value										
Investments										
Equity securities	-	1,696,521	-	-	-	1,696,521	1,696,521	-	-	1,696,521
Financial assets not measured at fair value										
Loans and other receivable*	-	-	100,697	-	-	100,697	-	-	-	-
Takaful / re-takaful receivable*	-	-	955,662	-	-	955,662	-	-	-	-
Cash and bank balance*	-	-	-	16,975,390	-	16,975,390	-	-	-	-
	-	1,696,521	1,056,359	16,975,390	-	19,728,270	1,696,521	-	-	1,696,521
Financial liabilities not measured at fair value										
Outstanding claims including IBNR	-	-	-	-	(2,843,968)	(2,843,968)	-	-	-	-
Takaful / retakaful payable	-	-	-	-	(3,512,717)	(3,512,717)	-	-	-	-
Wakala and modarib fee payable	-	-	-	-	(42,501)	(42,501)	-	-	-	-
Other creditors and accruals*	-	-	-	-	(2,873,121)	(2,873,121)	-	-	-	-
	-	1,696,521	1,056,359	16,975,390	(9,272,307)	10,455,963	1,696,521	-	-	1,696,521

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

### 31 OTHER NON FINANCIAL INFORMATION

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Operator for the period ended June 30, 2020 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Operator, government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Operator is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

### 32 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison and better presentation. Accordingly, the corresponding figures have been rearranged and reclassified wherever considered necessary to comply with the requirement of these regulations.

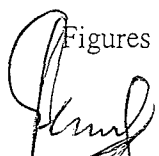
Reclassified from	Reclassified to	(Rupees)	
		OPF	PTF
Modarib share receivable / payable	Receivable from PTF / Payable to OPF	42,501	(42,501)
Other receivable / payable	Receivable from PTF / Payable to OPF	689,718	(689,718)

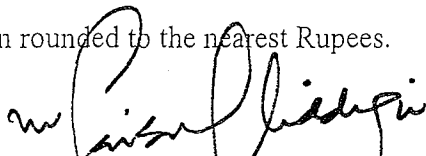
### 33 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 31 AUG 2020 by the Board of Directors of the Company.

### 34 GENERAL

Figures have been rounded to the nearest Rupees.

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



# SINDH INSURANCE

POWER TO THE PEOPLE  
**PATTERN OF SHAREHOLDINGS**  
 HELD BY THE SHAREHOLDERS OF  
**SINDH INSURANCE LIMITED**

AS AT JUNE 30, 2020

Number of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
1	From 1	To 49,999,993	49,999,993	49.999993
7	From 49,999,994	To 50,000,000	7	0.000007
1	From 50,000,001	To 100,000,000	50,000,000	50.000000
<b>8</b>			<b>100,000,000</b>	<b>100.000000</b>

Categories of Shareholders	Shareholders	Shares Held	Percentage
<u>Associated Company</u>	-	-	-
<u>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful Companies and Modarabas</u>	-	-	-
<u>Mutual Funds</u>	-	-	-
<u>Other Companies</u>	-	-	-
<u>Shareholding Above 5%</u>			
Governamet of Sindh	1	99,999,993	99.999993
<u>Directors, CEO, Executives and their Spouses and Minor Childrens</u>			
Muhammad Bilal Sheikh	1	1	0.000001
Syed Hassan Naqvi	1	1	0.000001
Mushtaq Malik	1	1	0.000001
Syed Akhtar Ul Islam	1	1	0.000001
Muhammad Aley Abid	1	1	0.000001
Zahid Hussain	1	1	0.000001
Raja Muhammad Abbas	1	1	0.000001
Individuals	-	-	-
<b>Total</b>	<b>8</b>	<b>100,000,000</b>	<b>100.000000</b>

Sindh Insurance Limited

  
 Nadeem Akhtar  
 Company Secretary  
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 Dr. Ziauddin Ahmed Road,  
 Karachi - Pakistan.