

Defined by Values




Report (Un-Audited)
FIRST QUARTER 2018





EFU GENERAL INSURANCE LTD.
INSURER FINANCIAL STRENGTH AA+

 efuinsurance.com

Contents

- 03** Company Information
- 04** Directors' Review
- 05** Directors' Review Urdu
- 06** Unconsolidated Condensed Interim Statement of Financial Position
- 07** Unconsolidated Condensed Interim Profit and Loss Account
- 08** Unconsolidated Condensed Interim Statement of Comprehensive Income
- 09** Unconsolidated Condensed Interim Statement of Cash Flows
- 10** Unconsolidated Condensed Interim Statement of Changes in Equity
- 11** Notes to the Unconsolidated Condensed Interim Financial Statements

Consolidated Condensed Interim Financial Statements

- 30** Consolidated Condensed Interim Statement of Financial Position
- 31** Consolidated Condensed Interim Profit and Loss Account
- 32** Consolidated Condensed Interim Statement of Comprehensive Income
- 33** Consolidated Condensed Interim Statement of Cash Flows
- 34** Consolidated Condensed Interim Statement of Changes in Equity
- 35** Notes to the Consolidated Condensed Interim Financial Statements

Window Takaful Operations

- 56** Condensed Interim Statement of Financial Position
- 57** Condensed Interim Profit and Loss Account
- 58** Condensed Interim Statement of Comprehensive Income
- 59** Condensed Interim Statement of Cash Flows
- 60** Condensed Interim Statement of Changes in Funds
- 61** Notes to the Condensed Interim Financial Statements

Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Abdul Rehman Haji Habib
Taher G. Sachak
Ali Raza Siddiqui
Mohammed Iqbal Mankani
Mahmood Lotia
Saad Ali Bhimjee
Daanish Bhimjee

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

Legal Advisor

Mohammad Ali Sayeed

Advisors

Jaffer Dossa
Salim Rafik Sidiki, B.A. (Hons), M.A.
S.C. (Hamid) Subjally
Shaukat Saeed Ahmed
Syed Mehdi Imam, M.A.

Shari'ah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Mohammed Iqbal Mankani
Taher G. Sachak
Ali Raza Siddiqui
Daanish Bhimjee

Investment Committee

Saifuddin N. Zoomkawala
Hasanali Abdullah
Daanish Bhimjee
Altaf Qamruddin Gokal
Atif Anwar

Ethics, Human Resource & Remuneration Committee

Saifuddin N. Zoomkawala
Hasanali Abdullah
Mohammed Iqbal Mankani

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi

Registrar

Central Depository
Company of Pakistan Limited
CDC House, 99-B, Block B
S.M.C.H.S., Shakra-e-Faisal
Karachi - 74400

Website

www.efuinsurance.com

Email

info@efuinsurance.com

Registered Office

Kamran Centre, 1st Floor
85, East, Jinnah Avenue
Blue Area
Islamabad

Main Offices

EFU House
M. A. Jinnah Road
Karachi

Co-operative Insurance Building
23, Shakra-e-Quaid-e-Azam
Lahore

Window Takaful Operations

5th Floor, EFU House
M. A. Jinnah Road
Karachi

Directors' Review

We are pleased to present the unaudited financial statements for the three months period ended 31 March 2018.

The Written Premium for the three months period grew by 9 % to Rs. 5,727 million (including Takaful Contribution of Rs. 436 million) as against Rs. 5,270 million (including Takaful Contribution of Rs. 308 million) for corresponding period of last year. The Net Premium Revenue for the three months period (including Takaful Net Contribution Revenue) was Rs. 2,225 million as against Rs. 2,056 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue remained constant as compared to the corresponding period of last year at 40 %. The underwriting profit for the three months period was Rs. 272 million as compared to Rs. 353 million in corresponding period of last year.

As required by Insurance Rules, 2017, your Company has recorded Investment in equities and fixed income securities at fair value. The unrealized gain as on 31 March 2018 (net of deferred tax) was Rs. 3,146 million.

The profit before tax for the period under review was Rs. 618 million compared to Rs. 848 million in the corresponding period last year. The after tax profit for the three months period was Rs. 431 million compared to Rs. 606 million in the corresponding period of last year.

The earning per share for the period was Rs. 2.15 against Rs. 3.03 (restated) in the corresponding period of last year.

The Board of Directors at its meeting held on 28 March 2018 has assessed its control proposition in relation to its investments in EFU Life Assurance Limited and therefore, EFU Life is a subsidiary of your Company. As per requirements of Section 228 of the Companies Act, 2017, the consolidated financial statements of the Company and EFU Life are being prepared and presented. The total assets as appearing on the Consolidated Statement of Financial Position were Rs 156 billion. Since the effective date of Consolidation is 31 March 2018, there is no difference in Consolidated and Unconsolidated Condensed Profit and Loss Accounts for the period then ended.

Your Directors have pleasure in declaring first interim cash dividend of Rs. 1.25 (12.5 %) per share for the period ended 31 March 2018.

We are hopeful to deliver sustainable, profitable growth in challenging and competitive business environment in order to maintain leading position in the industry.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

Your Directors would also like to thank the Securities & Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance and support.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

ڈائریکٹرز ریویو

(یہ انگریزی ڈائریکٹرز ریویو کا ترجمہ ہے)

ہم بمسرت آپ کی خدمت میں ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی سہ ماہی کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

تین ماہ کی مدت کے دوران تحریری پریمیکم ۹ فیصد اضافہ کے ساتھ ۷۷،۵۷۷ ملین روپے رہا (بشمول ہیکفل کنٹری بیوشن ۴۳۶ ملین روپے) ہو گیا جبکہ گزشتہ سال کی اسی مدت کے دوران یہ حجم ۵۷،۲۷۰ ملین روپے (بشمول ہیکفل کنٹری بیوشن ۳۰۸ ملین روپے) تھا۔ سہ ماہی مدت کیلئے خالص پریمیکم آمدن (بشمول خالص ہیکفل کنٹری بیوشن) ۲،۲۲۵ ملین روپے رہے جو گزشتہ سال کی اسی مدت کے لئے ۲،۰۵۶ ملین روپے رہا تھا۔ مجموعی پریمیکم ریونیو کیلئے مجموعی کلیمز کا تناسب گزشتہ سال کی اسی مدت کے ۴۰ فیصد کے مقابلے میں اسی سطح پر برقرار رہا۔ اسی سہ ماہی مدت کے دوران انڈر رائٹنگ سے کل منافع ۲۷۲ ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں یہ رقم ۳۵۳ ملین روپے تھی۔

جیسا کہ انشورنس قوانین ۲۰۱۷ء کے تحت ضروری ہے کہ آپ کی کمپنی نے ایکویٹیز اور فکسڈ انکم سیکیورٹیز میں فیئر ویلیو پر سرمایہ کاری کی۔ ۳۱ مارچ ۲۰۱۸ء کے مطابق غیر تسلیم کردہ فائدہ (بعد از ڈیفنڈیکس) ۳،۱۴۶ ملین روپے تھا۔

زیر جائزہ مدت کیلئے منافع قبل از ٹیکس ۶۱۸ ملین روپے رہا اس کے مقابلے میں گزشتہ سال کی اس مدت میں یہ حجم ۸۴۸ ملین روپے رہا تھا۔ سہ ماہی مدت کیلئے منافع بعد از ٹیکس ۴۳۱ ملین روپے حاصل کیا گیا جبکہ گزشتہ سال کی اس مدت میں ۶۰۶ ملین روپے حاصل ہوئے تھے۔

اس مدت میں آمدنی فی شیئر ۲۰۱۵ء روپے رہی جو گزشتہ سال اس مدت میں ۳۰۳ روپے تھی۔

۲۸ مارچ ۲۰۱۸ء کو منعقدہ اپنے اجلاس میں بورڈ آف ڈائریکٹرز نے ای ایف یولائف انشورنس لمیٹڈ میں اپنی سرمایہ کاری کے بارے میں اپنے کنٹرول تناسب کا جائزہ لیا لہذا ای ایف یولائف آپ کی کمپنی کا اب ایک ذیلی ادارہ ہے۔ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۸ کی شرائط کے مطابق کمپنی اور ای ایف یولائف کے مجموعی مالیاتی حسابات تیار کئے اور پیش کئے جا رہے ہیں۔ مجموعی اثاثہ جات جیسا کہ مالیاتی پوزیشن کے مجموعی حسابات میں ظاہر کئے گئے ۱۵۶ ملین روپے ہیں۔ چونکہ مجموعی حسابات کے موثر العمل ہونے کی تاریخ ۳۱ مارچ ۲۰۱۸ء ہے لہذا ختم ہونے والی مدت کے لئے مجموعی اور غیر مجموعی کنڈینسڈ نفع و نقصان کے حسابات میں کوئی فرق نہیں ہے۔

آپ کے ڈائریکٹرز بمسرت سال ۲۰۱۸ء کے لئے پہلے عبوری نفع منافع منقسمہ بشرح ۲۵ء روپے (۱۲.۵ فیصد) فی شیئر کا اعلان کر رہے ہیں۔

ہمیں امید ہے کہ ہم کاروبار کے اس چیلنج اور مسابقتی ماحول میں مستقل اور منافع بخش ترقی کی راہ پر گامزن رہیں گے تاکہ صنعت میں اپنی مرکزی حیثیت برقرار رکھ سکیں۔

آپ کے ڈائریکٹرز تہہ دل سے یہ امر ریکارڈ پر لاتے ہیں کہ ہمارے آفیسرز، فیلڈ فورس اور دیگر اسٹاف نے نہایت جانفشانی سے کمپنی کی ترقی کے لئے محنت کی ہے اور کاروبار کے اضافے اور کامیابیوں کے تسلسل کو برقرار رکھنے میں مثالی کردار ادا کیا ہے۔

آپ کے ڈائریکٹرز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور اپنے تمام ری انشوررز کا ان کی مسلسل رہنمائی اور تعاون کیلئے شکر یہ بھی ادا کرنا چاہتے ہیں۔

سیف الدین این۔ زومکا والا
چیئرمین

حسن علی عبداللہ
ٹیچنگ ڈائریکٹر و چیف ایگزیکٹو

محمود لوٹیا
ڈائریکٹر

طاہر جی۔ ساچک
ڈائریکٹر

کراچی ۲۷ اپریل ۲۰۱۸ء



Unconsolidated Condensed Interim Statement of Financial Position As at 31 March 2018 (Unaudited)

Rupees '000

(Restated)

31 March
2018

(Audited)

	Note	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Assets			
Property and equipment	7	1 244 615	1 222 290
Investment property		144 097	149 120
Investments in subsidiary / associate Investments	8	12 339 366	12 247 680
Equity securities	9	7 050 719	6 419 424
Debt securities	10	8 514 162	8 527 268
Term deposits		551 324	430 550
Loans and other receivables		138 006	118 618
Insurance / reinsurance receivables	11	3 776 705	2 819 069
Reinsurance recoveries against outstanding claims		3 040 165	3 538 572
Salvage recoveries accrued		70 550	68 458
Deferred commission expense		642 272	689 587
Taxation - Payment less provisions		114 020	95 797
Prepayments		5 345 582	5 202 181
Cash and bank		1 580 039	1 164 209
Total assets		44 551 622	42 692 823
Total assets of takaful operations - OPF		497 326	433 480
Total assets		45 048 948	43 126 303
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	12	16 158 876	15 748 091
Unappropriated profit		2 546 585	2 115 922
Total equity		20 705 461	19 864 013
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		5 023 052	5 572 347
Unearned premium reserves		8 812 802	8 496 686
Unearned reinsurance commission		526 010	461 616
Retirement benefit obligations		37 107	71 805
Deferred taxation		1 776 927	1 583 573
Premium received in advance		89 798	31 487
Insurance / reinsurance payables		6 041 465	4 992 011
Other creditors and accruals		1 761 479	1 814 387
Total liabilities		24 068 640	23 023 912
Total equity and liabilities		44 774 101	42 887 925
Total liabilities of takaful operations - OPF		274 847	238 378
Total equity and liabilities		45 048 948	43 126 303
Contingencies	13		

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

Unconsolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)
2017

	Note	2018	(Restated) 2017
Net insurance premium	15	1 865 786	1 819 791
Net Insurance claims	16	(751 282)	(725 618)
Net commission	17	(191 146)	(163 192)
Insurance claims and acquisition expenses		(942 428)	(888 810)
Management expenses		(651 817)	(577 982)
Underwriting results		271 541	352 999
Investment income	18	188 726	210 829
Rental income		19 343	12 354
Other income		25 163	24 085
Other expenses		(19 414)	(13 807)
		213 818	233 461
Results of operating activities		485 359	586 460
Finance cost		7 625	6
Share of profit of associate		91 686	251 188
Profit before tax from takaful operations - OPF	19	33 086	10 098
Profit before tax		617 756	847 752
Income tax expense	20	(187 093)	(241 561)
Profit after tax		430 663	606 191
Earning per share	Rupees 21	2.15	3.03

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018



Unconsolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)
2017

	2018	(Restated) 2017
Profit after tax	430 663	606 191
Other comprehensive income		
Fair value gain on available for sale investments during the period - net	587 420	97 967
Reclassification adjustments relating to available for sale investments disposed off in the period - net	—	(16 528)
Total items that may be reclassified subsequently to profit and loss	587 420	81 439
Deferred tax on investment available for sale	(176 226)	39 276
Net unrealized gain after deferred tax	411 194	120 715
Net unrealized (loss) / gain from WTO (net of deferred tax)	(409)	224
Total comprehensive income for the period	841 448	727 130

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

TAHER G. SACHAK
Director

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Director

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Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

Unconsolidated Condensed Interim Statement of Cash Flows For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)

2017

2018

Operating activities

a) Underwriting activities

Insurance premium received	4 388 608	5 275 717
Reinsurance premium paid	(2 155 524)	(2 467 555)
Claims paid	(1 323 616)	(1 394 246)
Reinsurance and other recoveries received	523 197	651 120
Commission paid	(363 433)	(327 400)
Commission received	281 509	220 025
Management expenses paid	(622 206)	(573 628)
Net cash inflow from underwriting activities	728 535	1 384 033

b) Other operating activities

Income tax paid	(188 013)	(173 482)
Other operating payments	(79 798)	(84 585)
Other operating receipts	(32 011)	42 618
Loans advanced	(2 377)	(907)
Loans repayments received	2 996	994
Net cash outflow from other operating activities	(299 203)	(215 362)

Total cash inflow from all operating activities

429 332 1 168 671

Investment activities

Profit / return received	175 762	205 381
Dividend received	37 137	64 545
Rental received	2 678	22 766
Payment for investments / investment properties	(10 206 292)	(2 944 793)
Proceeds from investments / investment properties	10 052 645	2 199 514
Fixed capital expenditures	(90 054)	(117 388)
Proceeds from sale of property and equipment	9 718	11 932
Total cash outflow from investing activities	(18 406)	(558 043)

Financing activities

Dividend paid	4 904	2 104
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Net cash inflow from all activities

415 830 612 732

Cash and cash equivalents at beginning of period

1 164 209 1 195 586

Cash and cash equivalents at end of period

1 580 039 1 808 318

Reconciliation to profit and loss account

Operating cash flows	429 332	1 168 671
Depreciation / amortisation expense	(72 603)	(64 586)
Finance cost	7 625	6
Profit on disposal of property and equipment	8 287	9 056
Rental income	25 683	18 709
Dividend Income	62 762	64 545
Other investment income	125 963	146 283
Share of profit from associate	91 686	251 188
Profit on deposit	16 784	14 993
Other income	92	283
Increase in assets other than cash	588 741	376 199
Increase in liabilities other than running finance	(886 775)	(1 389 254)

Profit after tax from conventional insurance operations

397 577 596 093

Profit from takaful operations - OPF

33 086 10 098

Profit after tax at the end of the period

430 663 606 191

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

TAHER G. SACHAK
DirectorMAHMOOD LOTIA
DirectorALTAF GOKAL
Chief Financial Officer &
Corporate SecretaryHASANALI ABDULLAH
Managing Director &
Chief ExecutiveSAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018



Unconsolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)

	Share capital	General reserve	Reserve for exceptional losses	Revaluation reserve	Unappropriated profit	Total
Balance as at 01 January 2017 as previously reported	2 000 000	12 500 000	12 902		2 388 169	16 901 071
Restatement due to change in accounting policies (refer note 4.1.1) - net of deferred tax				4 395 730	46 466	4 442 196
Balance as at 01 January 2017 (restated)	2 000 000	12 500 000	12 902	4 395 730	2 434 635	21 343 267
Total comprehensive income / (loss) for the period ended 31 March 2017						
Profit after tax					606 191	606 191
Other comprehensive income				120 939		120 939
				120 939	606 191	727 130
Balance as at 31 March 2017 (restated)	2 000 000	12 500 000	12 902	4 516 669	3 040 826	22 070 397
Balance as at 01 January 2018 as previously reported	2 000 000	13 000 000	12 902		2 034 319	17 047 221
Restatement due to change in accounting policies (refer note 4.1.1) – net of deferred tax				2 735 189	81 603	2 816 792
Balance as at 01 January 2018 (restated)	2 000 000	13 000 000	12 902	2 735 189	2 115 922	19 864 013
Total comprehensive income / (loss) for the period ended 31 March 2018						
Profit after tax					430 663	430 663
Other comprehensive income				410 785		410 785
				410 785	430 663	841 448
Balance as at 31 March 2018	2 000 000	13 000 000	12 902	3 145 974	2 546 585	20 705 461

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

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Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

Notes to the Unconsolidated Condensed Interim Financial Statements For the three months period ended 31 March 2018 (Unaudited)

1. Legal status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 02 September 1932. The Company is listed on the Pakistan Stock Exchange and is engaged in non-life insurance business comprising of fire and property, marine, motor, miscellaneous etc.

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Company operates through 52 (2017: 52) branches in Pakistan including a branch in Export Processing Zone (EPZ).

2. Basis of preparation and statement of compliance

2.1 These unconsolidated condensed interim financial statements of the Company for the period ended 31 March 2018 have been prepared in accordance with the requirements of the International Accounting Standard 34-'Interim Financial Reporting', provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and Insurance Rules, 2017 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and SECP Takaful Rules 2012 shall prevail.

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2017.

2.3 Separate set of financial statements of the General Takaful operations has been annexed to these unconsolidated condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012.

3. Basis measurement

The unconsolidated condensed interim financial statements have been prepared under the historical cost basis except for the available for-sale investments that have been measured at fair value.

4. Summary of significant accounting policies

The accounting policies and method of computation adopted in the preparation of the unconsolidated condensed interim financial statement are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2017 except for available for sale investment and format for preparation of financial statements as disclosed in note 4.1.1, 4.1.2 and 4.1.3 respectively.

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

4.1 Change in accounting policies

4.1.1 During the period, the Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments are taken to Other Comprehensive Income and transferred to revaluation reserves, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies.



Accordingly, retrospectively adjustments have been made in these unconsolidated condensed interim financial statements and comparatives have been revised as follows:

Rupees '000

31 December 2017 (Audited)

	Balance Previously Reported	Adjustment	Balance Restated
Investments			
Equity securities	2 505 215	3 914 209	6 419 424
Debt securities	8 533 957	(6 689)	8 527 268
Deferred taxation	376 377	1 207 196	1 583 573
Reserves	13 012 902	2 735 189	15 748 091
Unappropriated profit	2 034 319	81 603	2 115 922
Total assets from takaful operations - OPF	433 587	(107)	433 480

31 December 2016 (Audited)

	Balance Previously Reported	Adjustment	Balance Restated
Investments			
Equity securities	3 195 534	6 297 885	9 493 419
Debt securities	5 191 510	72 882	5 264 392
Deferred taxation	380 062	2 009 910	2 389 972
Reserves	12 512 902	4 395 730	16 908 632
Unappropriated profit	2 388 169	46 466	2 434 635
Total assets from takaful operations - OPF	267 353	(143)	267 210

Previously, quoted available-for-sale investments were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.

Had the accounting policy not been changed, available-for-sale investments, reserves and deferred taxation would have been lower by Rs.4,495 million, Rs.3,146 million and Rs.1,348 million (December 2017: Rs.3,908 million, Rs.2,735 million and Rs.1,172 million) respectively.

- 4.1.2 During the period, the Company has changed format for preparation of its unconsolidated condensed interim financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of unconsolidated condensed interim financial statement of the Company for the three months period ended 31 March 2018.
- 4.1.3 During the period the Companies Act, 2017 has been implemented, however there is no impact on the unconsolidated condensed interim financial statement.

5. Accounting estimates and judgements

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

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2017.

6. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2017.

7. Property and Equipment

The details of additions and disposals during the three months period ended 31 March 2018 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Tangible				
Buildings	21 406	17 242	–	–
Furniture and fixtures	19 102	6 929	–	–
Office equipments	929	897	–	–
Tracker equipments	17 685	21 448	–	–
Computers	11 509	5 208	–	–
Vehicles	19 422	63 113	1 431	2 875
Capital work-in-progress	8 550	5 800	–	–
	<u>98 603</u>	<u>120 637</u>	<u>1 431</u>	<u>2 875</u>

8. Investment in Subsidiary and Associate

	Note	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Investment in Subsidiary	8.1	12 339 366	–
Investment in Associate	8.2	–	12 247 680
8.1 Investment in Subsidiary			
Conversion of investment to Subsidiary		<u>12 339 366</u>	–
End of the period		<u>12 339 366</u>	–
8.2 Investment in Associate			
Beginning of year		12 247 680	12 016 828
Acquisition / (disposal) of investment in Subsidiary		–	73 891
Share of profit		91 686	835 661
Less: Dividend received		–	(678 700)
Transfer from associate to subsidiary		<u>(12 339 366)</u>	–
End of the period		<u>–</u>	<u>12 247 680</u>



Rupees '000

9. Investment in Equity Securities

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment/ provision	Carrying value	Cost	Impairment/ provision	Carrying value
Related Party						
Listed shares	444 664	11 662	433 002	444 664	28 753	415 911
	444 664	11 662	433 002	444 664	28 753	415 911
Others						
Listed shares	2 168 935	45 806	2 123 129	2 133 539	54 735	2 078 804
Unlisted shares	10 500	–	10 500	10 500	–	10 500
	2 179 435	45 806	2 133 629	2 144 039	54 735	2 089 304
Surplus on revaluation	4 484 088	–	4 484 088	3 914 209	–	3 914 209
	7 108 187	57 468	7 050 719	6 502 912	83 488	6 419 424

10. Investment in Debt Securities

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment/ provision	Carrying value	Cost	Impairment/ provision	Carrying value
Government securities	8 529 329	–	8 529 329	8 533 957	–	8 533 957
Term finance certificate	44 118	44 118	–	44 118	44 118	–
Surplus revaluation	–	–	(15 167)	–	–	(6 689)
	8 573 447	44 18	8 514 162	8 578 075	44 118	8 527 268

11. Insurance / Reinsurance Receivables

	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Due from insurance contract holders	3 815 985	2 829 996
Less provision for impairment of receivables from insurance contract holders	52 324	27 814
	3 763 661	2 802 182
Due from other insurer / reinsurers	13 044	16 887
	3 776 705	2 819 069

Rupees '000

12. Reserves

	Note	31 March 2018 (Unaudited)	31 December 2017 (Audited)
General reserve		13 000 000	13 000 000
Reserve for exceptional losses	12.1	12 902	12 902
Revaluation reserve - Available for sale investments		3 145 974	2 735 189
		<u>16 158 876</u>	<u>15 748 091</u>

- 12.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

13. Contingencies

- 13.1 The income tax assessment of the Company has been finalised up to tax year 2017.

The Income Tax Department have made assessment order for assessment year 1999-2000 and 2000-2001 by adding back provision for bonus to staff, provision for gratuity and excess management expense. The Company had filed appeals before Commissioner Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Company had filed appeals before Income Tax Appellate Tribunal (ITAT). If the appeals are decided against the Company a tax liability of Rs. 13 million would arise.

The Income Tax Department (Audit) has made assessment order for assessment year 2002-2003 by adding certain items. The Company had filed appeal before Commissioner Income Tax (Appeals). The appeal was decided in the favour of the Company. The Department had filed appeal before Income Tax Appellate Tribunal (ITAT) and the same was been decided in the favour of the Company. The department has filed appeal before Honourable High Court of Sindh against the order of Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company a tax liability of Rs. 76 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Company for tax year 2005 to 2007 by disallowing prorated expense. The Company has filed appeals before Commissioner Income Tax (Appeals). The appeals were decided in the favour of the Company. The Department then filed appeals before Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) had passed order in favour of the Company. The Department then filed reference before Honourable High Court of Sindh. The Honourable High Court of Sindh maintained the decision of Income Tax Appellate Tribunal (ITAT). The department has filed appeals for the tax years 2005 to 2007 before Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh in respect of proration of expense and if the appeals are decided against the Company, a tax liability of Rs. 37 million would arise.

The Department has filed appeal for tax year 2008 before Honourable High Court of Sindh against order of Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium. If the appeal is decided against the Company a tax liability of Rs. 5 million would arise.

The Department has filed appeal for tax years 2014 and 2016 before Income Tax Appellate Tribunal (ITAT) against order of Commissioner (Appeal) in respect of Dividend Income taxed at reduced rate. If the appeal is decided against the Company a tax liability of Rs. 243 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Company for tax year 2017 by disregarding the amount of capital gain worked out by the Company. The Company has filed appeals before Commissioner Income Tax (Appeals), and if the appeal is decided against the Company, a tax liability of Rs. 46 million would arise.

No provision has been made in these unconsolidated condensed interim financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Company.

- 13.2 In 2014, 2015, 2016 and 2017, the Searle Company Limited issued bonus shares (453,612, 312,993, 664,632 and 472,284 shares respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981 and 24,857 shares



respectively). In this regard, a constitutional petition had been filed by the Company in Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Company. The Honourable High Court of Sindh decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Company has not paid / provided an amount of Rs. 37.09 million being withholding tax on bonus shares.

14. Segments Information

Rupees '000

**Three months
period ended
31 March 2018**

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	
Premium Receivable (inclusive of FED, Federal Insurance Fee and Administrative Surcharge)	3 552 531	668 216	1 059 410	704 434	–	5 984 591
Less: Federal Excise Duty	330 235	70 300	128 774	80 206	–	609 515
Stamp Duty	134	29 455	404	389	–	30 382
Federal Insurance Fee	31 903	5 628	9 210	6 177	–	52 918
Gross Written Premium (inclusive of Administrative Surcharge)	3 190 259	562 833	921 022	617 662	–	5 291 776
Gross direct premium	3 180 954	550 219	836 209	611 999	–	5 179 381
Facultative inward premium	–	267	–	–	–	267
Administrative Surcharge	9 305	12 347	84 813	5 663	–	112 128
Insurance premium earned	3 180 649	578 264	852 683	364 064	–	4 975 660
Insurance premium ceded to reinsurers	2 712 469	178 161	2 679	216 565	–	3 109 874
Net insurance premium	468 180	400 103	850 004	147 499	–	1 865 786
Commission income	147 684	2 427	–	67 005	–	217 116
Net underwriting income	615 864	402 530	850 004	214 504	–	2 082 902
Insurance claims	88 760	127 690	406 468	149 312	–	772 230
Less: Insurance claims recovered from reinsurers	(52 195)	10 087	(25)	63 081	–	20 948
Net claims	140 955	117 603	406 493	86 231	–	751 282
Commission expense	240 815	69 076	70 901	27 470	–	408 262
Management expenses	171 940	128 984	299 987	50 906	–	651 817
Net insurance claims and expenses	553 710	315 663	777 381	164 607	–	1 811 361
Underwriting result	62 154	86 867	72 623	49 897	–	271 541
Net Investment income						188 726
Rental income						19 343
Other income						25 163
Other expenses						(19 414)
Finance costs						7 625
Share of profit of associates						91 686
Profit before tax from takaful operations						33 086
Profit before tax						617 756

Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	As at 31 March 2018 (Unaudited)
Corporate segment assets - conventional	9 972 350	927 306	608 619	1 228 604	–	12 736 879
Corporate segment assets - Takaful OPF	27 246	5 869	173 096	6 358	–	212 569
Corporate unallocated assets - conventional						31 814 743
Corporate unallocated assets - Takaful OPF						284 757
Consolidated total assets						<u>45 048 948</u>
Corporate segment liabilities	14 453 140	1 617 769	2 505 107	2 985 086	–	21 561 102
Corporate segment liabilities - Takaful OPF	25 469	4 225	230 261	12 502	–	272 457
Corporate unallocated liabilities						2 507 538
Corporate unallocated liabilities - Takaful OPF						2 390
Consolidated total liabilities						<u>24 343 487</u>

Location	External premium less reinsurance by geographical segments 2018
Pakistan	1 862 803
*EPZ	2 983
Total	<u>1 865 786</u>

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	As at 31 Dec. 2017 (Audited)
Corporate segment assets-conventional	9 623 292	1 020 762	579 921	1 003 794	–	12 227 769
Corporate segment assets-Takaful OPF	26 159	4 429	144 487	6 942	–	182 017
Corporate unallocated assets-conventional						30 465 054
Corporate unallocated assets-Takaful OPF						251 463
Consolidated total assets						<u>43 126 303</u>
Corporate segment liabilities	14 035 587	1 855 601	2 450 302	2 256 262	–	20 597 752
Corporate segment liabilities-Takaful OPF	22 634	4 009	194 668	15 380	–	236 691
Corporate unallocated liabilities						3 470 888
Corporate unallocated liabilities-Takaful OPF						1 687
Consolidated total liabilities						<u>24 307 018</u>

Location	External premium less reinsurance by geographical segments 2017
Pakistan	1 816 536
*EPZ	3 255
Total	<u>1 819 791</u>

* This represents US Dollar Equivalent in Pak Rupees

15. Net insurance premium

Rupees '000

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Written Gross Premium	5 291 776	4 962 076
Add: Unearned premium reserve - opening	8 496 686	7 388 680
Less: Unearned premium reserve - ending	(8 812 802)	(8 314 685)
Premium earned	4 975 660	4 036 071
Less: Reinsurance premium ceded	3 204 978	2 688 384
Add: Prepaid reinsurance premium - opening	5 112 083	4 151 674
Less: prepaid reinsurance premium - closing	(5 207 187)	(4 623 778)
Reinsurance expense	3 109 874	2 216 280
	<u>1 865 786</u>	<u>1 819 791</u>



16. Net Insurance claim expense

Rupees '000

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Claim Paid	1 321 525	1 372 098
Add: Outstanding claims including IBNR - closing	5 023 052	5 473 455
Less: Outstanding claims including IBNR - opening	(5 572 347)	(5 415 030)
Claims expense	772 230	1 430 523
Less: Reinsurance and other recoveries received	519 353	648 204
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	(3 538 572)	(3 424 617)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	3 040 167	3 481 318
Reinsurance and other recoveries revenue	20 948	704 905
	751 282	725 618

17. Net commission expense

Commission paid or payable	360 947	410 322
Add: Deferred commission expense - opening	689 587	564 645
Less: Deferred commission expense - closing	(642 272)	(632 211)
Net commission	408 262	342 756
Less: Commission received or recoverable	281 510	220 026
Add: Unearned reinsurance commission - opening	461 616	343 977
Less: Unearned reinsurance commission - closing	(526 010)	(384 439)
Commission from reinsurers	217 116	179 564
	191 146	163 192

18. Investment Income

Rupees '000

	Note	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Income from equity securities - available for sale			
– Dividend income		62 762	64 545
Income from debt securities - available for sale			
– Return on debt securities		123 605	109 081
Income from term deposits			
– Return on term deposits		3 385	3 619
		<u>189 752</u>	<u>177 245</u>
Net realised gains / (losses) on investments			
Available for sale financial assets			
Realised gains on:			
– Equity securities		273	16 654
– Debt securities		–	6 229
Realised losses on:			
– Equity securities		(1 097)	(127)
– Debt securities		–	–
		<u>(824)</u>	<u>22 756</u>
Total Investment		<u>188 928</u>	<u>200 001</u>
Less: Impairment in value of available for sale securities			
– Equity Securities		–	11 228
Less: Investment related expenses		<u>(202)</u>	<u>(400)</u>
		<u>188 726</u>	<u>210 829</u>
19. General takaful operations – OPF			
Wakala fee		107 933	60 662
Management expenses		(45 254)	(32 855)
Commission expenses		(34 767)	(19 692)
Investment income		3 836	1 141
Other income		1 538	8 52
Other expenses		(200)	(10)
Profit for the period		<u>33 086</u>	<u>10 098</u>
20. Taxation			
For the period			
Current		169 790	176 781
Deferred		17 303	64 780
		<u>187 093</u>	<u>241 561</u>



21. Earnings per share

		2018	2017
Profit after tax	(Rupees '000)	430 663	606 191
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	2.15	3.03

22. Movement in investment

Name of investment	Held to maturity	Available for sale	Fair value through P & L	Deposit maturing with 12 months	Total
At beginning of previous year	–	14 757 812	–	671 880	15 429 692
Additions	–	15 208 978	–	1 623 884	16 832 862
Disposals (sale and redemptions)	–	(12 519 296)	–	(1 865 214)	(14 384 510)
Fair value net gains (excluding net realised gains)	–	(2 447 966)	–	–	(2 447 966)
Impairment losses	–	(52 836)	–	–	(52 836)
At beginning of period	–	14 946 692	–	430 550	15 377 242
Additions	–	9 732 687	–	472 324	10 205 011
Disposals (sale and redemptions)	–	(9 701 919)	–	(351 550)	(10 053 469)
Fair value net gains (excluding net realised gains)	–	587 421	–	–	587 421
Impairment losses	–	–	–	–	–
At end of period	–	15 564 881	–	551 324	16 116 205

23. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
		Rupees '000
Transactions		
Subsidiary Company		
Premiums written	16 662	21 251
Premiums paid	8 177	13 187
Claims paid	2 389	2 571
Associated companies		
Premiums written	128 453	75 986
Premiums paid	19 741	17 262
Claims paid	108 065	14 762
Key management personnel		
Premiums written	190	121
Claims paid	–	75
Compensation	40 756	38 762
Others		
Premiums written	10 038	12 708
Premiums paid	–	–
Claims paid	1 449	552
Investments made	–	50 000
Investments sold	–	121 821
Bank deposits withdrawn	(25 000)	–
Brokerage paid	–	6
Employees' funds		
Contributions to provident fund	6 372	5 390
Contributions to gratuity fund	4 885	3 823
Contributions released pension fund	974	301



Rupees '000

	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Balances		
Others		
Balances receivable	20 860	15 131
Balances payable	–	(73 891)
Deposits maturing within 12 months	129 000	154 000
Bank balances	156 195	106 039
Employees' funds payable		
EFU gratuity fund	(4 885)	(40 509)
EFU pension fund	(32 222)	(31 295)

24 Fair value

24.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

24.2 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

Rupees '000

As at 31 March 2018 (Unaudited)

	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using			
						Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments									
Equity securities - quoted	7 040 219	-	-	-	7 040 219	7 040 219	-	-	7 040 219
Equity securities - unquoted	10 500	-	-	-	10 500	-	-	10 500	10 500
Government securities	8 514 162	-	-	-	8 514 162	-	8 514 162	-	8 514 162
Financial assets not measured at fair value									
Investments in subsidiary	12 339 366	-	-	-	12 339 366	11 260 234	-	-	11 260 234
Term deposits*	-	-	551 324	-	551 324	-	-	-	-
Loans and other receivables*	-	138 006	-	-	138 006	-	-	-	-
Insurance / reinsurance receivables*	-	3 776 705	-	-	3 776 705	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	3 040 165	-	-	3 040 165	-	-	-	-
Cash and bank*	-	-	1 580 039	-	1 580 039	-	-	-	-
Total assets of Window Takaful Operations - Operator's Fund*	29 890	139 670	240 125	-	409 685	-	29 890	-	29 890
	<u>27 934 137</u>	<u>7 094 546</u>	<u>2 371 488</u>	<u>-</u>	<u>37 400 171</u>	<u>18 300 453</u>	<u>8 544 052</u>	<u>10 500</u>	<u>26 855 005</u>
Financial liabilities not measured at fair value									
Outstanding claims including IBNR*	-	-	-	(5 023 052)	(5 023 052)	-	-	-	-
Premium received in advance*	-	-	-	(89 798)	(89 798)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	(6 041 465)	(6 041 465)	-	-	-	-
Other creditors and accruals*	-	-	-	(1 761 479)	(1 761 479)	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	(46 366)	(46 366)	-	-	-	-
	<u>27 934 137</u>	<u>7 094 546</u>	<u>2 371 488</u>	<u>(12 962 160)</u>	<u>24 438 011</u>	<u>18 300 453</u>	<u>8 544 052</u>	<u>10 500</u>	<u>26 855 005</u>



Rupees '000

As at 31 December 2017 (Audited)

	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using				
						Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value										
Investments										
Equity securities - quoted	6 408 924	-	-	-	6 408 924	6 408 924	-	-	6 408 924	
Equity securities - unquoted	10 500	-	-	-	10 500	-	-	10 500	10 500	
Government securities	8 527 268	-	-	-	8 527 268	-	8 527 268	-	8 527 268	
Financial assets not measured at fair value										
Investments in associate	12 247 680	-	-	-	12 247 680	10 999 448	-	-	10 999 448	
Term deposits*	-	-	430 550	-	430 550	-	-	-	-	
Loans and other receivables*	-	118 618	-	-	118 618	-	-	-	-	
Insurance / reinsurance receivables*	-	2 819 069	-	-	2 819 069	-	-	-	-	
Reinsurance recoveries against outstanding claims*	-	3 538 572	-	-	3 538 572	-	-	-	-	
Cash and bank*	-	-	1 164 209	-	1 164 209	-	-	-	-	
Total assets of Window Takaful Operations - Operator's Fund*	30 482	125 198	210 264	-	365 944	-	30 482	-	30 482	
	<u>27 224 854</u>	<u>6 601 457</u>	<u>1 805 023</u>	<u>-</u>	<u>35 631 334</u>	<u>17 408 372</u>	<u>8 557 750</u>	<u>10 500</u>	<u>25 976 622</u>	
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*	-	-	-	(5 572 347)	(5 572 347)	-	-	-	-	
Premium received in advance*	-	-	-	(31 487)	(31 487)	-	-	-	-	
Insurance / reinsurance payables*	-	-	-	(4 992 011)	(4 992 011)	-	-	-	-	
Other creditors and accruals*	-	-	-	(1 814 387)	(1 814 387)	-	-	-	-	
Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	(31 382)	(31 382)	-	-	-	-	
	<u>27 224 854</u>	<u>6 601 457</u>	<u>1 805 023</u>	<u>(12 441 614)</u>	<u>23 189 720</u>	<u>17 408 372</u>	<u>8 557 750</u>	<u>10 500</u>	<u>25 976 622</u>	

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

25. Corresponding Figures

During last year the SECP vide SRO 89(I)/2017 dated 09 February, 2017 has issued Insurance Rules, 2017 (the Rules), which requires every Company to prepare their financial statements as per the presentation and disclosure requirement prescribed in the format, in view of the applicability of the Rules, the Company has changed the presentation and disclosures of the unconsolidated condensed interim financial statements and recorded its investments as per IAS 39, which was further explained in note 4.1.2.

26. General

26.1 Figures have been rounded off to the nearest thousand rupees.

26.2 The effects of changes stated in note 25 have been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2018 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

27. Date of authorisation for issue of unconsolidated condensed interim financial statements

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 27 April 2018.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman















Karachi 27 April 2018



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*Where applicable, also available for download for android and ios devices

Consolidated Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2018



Consolidated Condensed Interim Statement of Financial Position As at 31 March 2018 (Unaudited)

Rupees '000

(Restated)

31 December
2017
(Audited)

	Note	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Assets			
Property and equipment	9	3 409 329	1 222 290
Intangible assets		8 328 085	–
Investment property		144 097	149 120
Investment in associate		–	12 247 680
Investments			
Equity securities	10	37 789 366	6 419 424
Debt securities	11	70 165 226	8 527 268
Term deposits		13 145 424	430 550
Loans and other receivables		1 865 040	118 618
Insurance / reinsurance receivables	12	3 846 027	2 819 069
Reinsurance recoveries against outstanding claims		3 040 165	3 538 572
Salvage recoveries accrued		70 550	68 458
Deferred commission expense		642 272	689 587
Taxation - Payment less provisions		507 641	95 797
Prepayments		5 428 218	5 202 181
Cash and bank		7 100 058	1 164 209
Total assets		155 481 498	42 692 823
Total assets of takaful operations - OPF		497 326	433 480
Total assets		155 978 824	43 126 303
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	13	16 158 876	15 748 091
Unappropriated profit		1 791 193	2 115 922
Capital and reserve attributable to Company's equity holders		19 950 069	19 864 013
Non controlling interest		3 836 651	–
Total equity		23 786 720	19 864 013
Liabilities			
Insurance liabilities		106 211 210	–
Underwriting provisions			
Outstanding claims including IBNR		5 023 052	5 572 347
Unearned premium reserves		8 812 802	8 496 686
Unearned reinsurance commission		526 010	461 616
Retirement benefit obligations		37 107	71 805
Deferred taxation		1 640 603	1 583 573
Premium received in advance		876 861	31 487
Insurance / reinsurance payables		6 221 918	4 992 011
Other creditors and accruals		2 567 694	1 814 387
Total liabilities		131 917 257	23 023 912
Total equity and liabilities		155 703 977	42 887 925
Total liabilities of takaful operations - OPF		274 847	238 378
Total equity and liabilities		155 978 824	43 126 303
Contingencies	14		

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
Director

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Director

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Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

Consolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)
2017

	Note	2018	(Restated) 2017
Net insurance premium	16	1 865 786	1 819 791
Net Insurance claims	17	(751 282)	(725 618)
Net Commission	18	(191 146)	(163 192)
Insurance claims and acquisition cost		(942 428)	(888 810)
Management expenses		(651 817)	(577 982)
Underwriting results		271 541	352 999
Investment income	19	188 726	210 829
Rental income		19 343	12 354
Other income		25 163	24 085
Other expenses		(19 414)	(13 807)
		213 818	233 461
Results of operating activities		485 359	586 460
Finance cost		7 625	6
Share of profit of associate		91 686	251 188
Profit before tax from takaful operations - OPF	20	33 086	10 098
Profit before tax		617 756	847 752
Income tax expense	21	(187 093)	(241 561)
Profit after tax		430 663	606 191
Profit attributable to:			
Equity holders of the parent		430 663	606 191
Non-controlling interest		—	—
		430 663	606 191
Earning per share	Rupees	2.15	3.03

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.

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Chairman

Karachi 27 April 2018



Consolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2018 (Unaudited)

	2018	(Restated) 2017
	Rupees '000	
Profit after tax	430 663	606 191
Other comprehensive income		
Fair value gain on available for sale investments during the period - net	587 420	97 967
Reclassification adjustments relating to available for sale investments disposed off in the period - net	-	(16 528)
Total items that may be reclassified subsequently to profit and loss	587 420	81 439
Deferred tax on investment available for sale	(176 226)	39 276
	411 194	120 715
Loss on recognition of fair value of investment on business combination	(1 079 132)	-
Related deferred tax	323 740	-
	(755 392)	-
Net unrealized (loss) / gain after deferred tax	(344 198)	120 715
Net unrealized (loss) / gain from WTO (net of deferred tax)	(409)	224
Total comprehensive income for the period	86 056	727 130

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.

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Chairman

Karachi 27 April 2018

Consolidated Condensed Interim Statement of Cash Flows For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)

2017

Operating activities

a) Underwriting activities

Insurance premium received	4 388 608	5 275 717
Reinsurance premium paid	(2 155 524)	(2 467 555)
Claims paid	(1 323 616)	(1 394 246)
Reinsurance and other recoveries received	523 197	651 120
Commission paid	(363 433)	(327 400)
Commission received	281 509	220 025
Management expenses paid	(622 206)	(573 628)
Net cash inflow from underwriting activities	728 535	1 384 033

b) Other operating activities

Income tax paid	(188 013)	(173 482)
Other operating payments	(79 798)	(84 585)
Other operating receipts	(32 011)	42 618
Loans advanced	(2 377)	(907)
Loans repayments received	2 996	994
Net cash outflow from other operating activities	(299 203)	(215 362)

Total cash inflow from all operating activities

429 332

1 168 671

Investment activities

Profit / return received	175 762	205 381
Dividend received	37 137	64 545
Rental received	2 678	22 766
Payment for investments / investment properties	(10 206 292)	(2 944 793)
Proceeds from investments / investment properties	10 052 645	2 199 514
Fixed capital expenditures	(90 054)	(117 388)
Proceeds from sale of property and equipment	9 718	11 932
Acquisition of subsidiary net of cash acquired	5 520 019	—
Total cash inflow / (outflow) from investing activities	5 501 613	(558 043)

Financing activities

Dividend paid	4 904	2 104
---------------	-------	-------

Net cash inflow from all activities

5 935 849

612 732

Cash and cash equivalents at beginning of period

1 164 209

1 195 586

Cash and cash equivalents at end of period

7 100 058

1 808 318

Reconciliation to profit and loss account

Operating cash flows	429 332	1 168 671
Depreciation / amortisation expense	(72 603)	(64 586)
Finance charges	7 625	6
Profit on disposal of property and equipment	8 287	9 056
Rental income	25 683	18 709
Dividend Income	62 762	64 545
Other investment income	125 963	146 283
Share of profit from associate	91 686	251 188
Profit on deposit	16 784	14 993
Other income	92	283
Increase in assets other than cash	588 741	376 199
Increase in liabilities other than running finance	(886 775)	(1 389 254)

Profit after tax from conventional insurance operations

397 577

596 093

Profit from takaful operations - OPF

33 086

10 098

Profit after tax at the end of the period

430 663

606 191

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
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Chairman

Karachi 27 April 2018



Consolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)

	Share capital	General reserve	Reserve for exceptional losses	Revaluation reserve	Unappropriated profit	Equity attributable to equity holder of parent	Non-controlling interest	Total
Balance as at 01 January 2017 as previously reported	2 000 000	12 500 000	12 902		2 388 169	16 901 071		16 901 071
Restatement due to change in accounting policy (refer note 6.1.1)-net of deferred tax				4 395 730	46 466	4 442 196		4 442 196
Balance as at 01 January 2017 (restated)	2 000 000	12 500 000	12 902	4 395 730	2 434 635	21 343 267		21 343 267
Total comprehensive income / (loss) for the period ended 31 March 2017								
Profit after tax				120 939	606 191	606 191		606 191
Other comprehensive income				120 939	606 191	120 939		120 939
Balance as at 31 March 2017	2 000 000	12 500 000	12 902	4 516 669	3 040 826	22 070 397		22 070 397
Balance as at 01 January 2018 as previously reported	2 000 000	13 000 000	12 902		2 034 319	17 047 221		17 047 221
Restatement due to change in accounting policy (refer note 6.1.1)-net of deferred tax				2 735 189	81 603	2 816 792		2 816 792
Balance as at 01 January 2018 (restated)	2 000 000	13 000 000	12 902	2 735 189	2 115 922	19 864 013		19 864 013
Total comprehensive income / (loss) for the period ended 31 March 2018								
Profit after tax				410 785	430 663	430 663		430 663
Other comprehensive loss				410 785	(755 392)	(344 607)		(344 607)
					410 785	86 056		86 056
Recognition of non controlling interest on business combination							3 836 651	3 836 651
Transactions with owners recorded directly in equity								
Balance as at 31 March 2018	2 000 000	13 000 000	12 902	3 145 974	1 791 193	19 950 069	3 836 651	23 786 720

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
Director

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Chairman

Karachi 27 April 2018

Notes to the Consolidated Condensed Interim Financial Statements For the three months period ended 31 March 2018 (Unaudited)

1. Status and nature of business

1.1 EFU General Insurance Limited has assessed its control position in relation to its investments in EFU Life Assurance Limited after its agreement with some shareholders of EFU Life Assurance Limited effective 31 March 2018, accordingly it has been concluded that the Company has the ability to control the composition of the Board of Directors of EFU Life Assurance Limited, therefore EFU Life Assurance Limited has become the subsidiary of the Company from 31 March 2018. The consolidated condensed interim financial statements have been prepared and are presented as per the requirements of Section 228 of the Companies Act 2017.

1.2 Holding Company

EFU General Insurance Limited ("the Holding Company") was incorporated as a public limited company on 02 September 1932. The Holding Company is listed on the Pakistan Stock Exchange and is engaged in non-life insurance business comprising of fire and property, marine, motor, miscellaneous etc.

The registered office of the Holding Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Holding Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Holding Company operates through 52 (2017: 52) branches in Pakistan including a branch in Export Processing Zone (EPZ).

1.3 Subsidiary Company

EFU Life Assurance Limited ("the Subsidiary Company") with 43.39 % effective Holding was incorporated in Pakistan on 09 August 1992 as a public limited company and started its operation from 18 November 1992. The Subsidiary Company is listed on Pakistan Stock Exchange and is engaged in life assurance business comprising of ordinary life business, pension fund business and accident and health business. The registered office of the Subsidiary Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at Plot No.112, 8th East Street, Phase 1, DHA, Karachi.

2. Business combination

2.1 Acquisition of EFU Life Assurance Limited

2.1.1 The Holding Company decided to consolidate condensed interim financial statements of EFU Life Assurance Limited with and into the Holding Company which was approved by the Board of Directors in their meeting held on 28 March, 2018.

For the purpose of these consolidated condensed interim financial statements, the Holding Company has incorporated the balances relating to EFU Life Assurance Limited at their carrying values as appearing in the approved condensed interim financial statements of EFU Life Assurance Limited for the period ended 31 March 2018. These balances are detailed below:

Rupees '000

31 March
2018

Assets

Property and equipment	2 164 714
Intangible assets	8 782
Investments	
Equity securities	30 738 647
Debt securities	61 651 064
Term deposits	12 594 100
Loans and other receivables	1 727 034
Insurance / reinsurance receivables	69 322
Taxation - payment less provisions	393 621
Prepayments	82 636
Cash & bank	5 520 019
Total assets	114 949 939



Rupees '000

31 March
2018**Liabilities**

Insurance liability
Deferred taxation
Premium received in advance
Insurance / reinsurance payables
Other creditors and accruals

106 211 210
187 416
787 063
180 453
806 215

Total Liabilities**108 172 357****Book value of net assets as on 31 March 2018****6 777 582****Percentage of net assets acquired****43.39%****Book value of net assets acquired****2 940 931****Goodwill Calculation**

Market Value of investment in EFU Life Assurance Limited
Net Assets

11 260 234

2 940 931

Goodwill**8 319 303**

- 2.1.2 International Financial Reporting Standard (IFRS) 3 “Business Combinations”, requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise determination of the fair values of the assets and liabilities and to determine the value of any intangible assets separately identified. The fair valuation exercise of the recorded assets and liabilities will be completed within the period specified under IFRS 3. The carrying values of the above balances may change as a result of the fair value exercise as required under IFRS 3.

3. Basis of Consolidation

The consolidated condensed interim financial statements include the condensed interim financial statements of the Holding Company and its Subsidiary Company. Subsidiary Company is fully consolidated from the date on which the power to control the Company is established.

The consolidated condensed interim financial statements of Subsidiary Company are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company.

The assets and liabilities of the Subsidiary Company have been consolidated with those of the Holding Company on a line by line basis and the carrying value of the Holding Company's investment in the Subsidiary Company is eliminated against the Subsidiary Company's share capital and pre-acquisition reserves in these consolidated condensed interim financial statements. Non-controlling interest represents that part of the net results of operations and of the net assets of the subsidiary that is not owned by the Group. All material intra-group balances and transactions have been eliminated. Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company.

3.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any; acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Holding Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired, the difference is recognised directly in the profit and loss account.

3.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any, for the purpose of impairment testing. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. Basis of preparation and statement of compliance

- 4.1 These consolidated condensed interim financial statements of the Company for the period ended 31 March 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34-'Interim Financial Reporting', provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and Insurance Rules, 2017 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and SECP Takaful Rules 2012 shall prevail.
- 4.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2017.

5. Basis of measurement

The consolidated condensed interim financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value.

6. Summary of significant accounting policies

The accounting policies and method of computation adopted in the preparation of the consolidated condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2017 except for the change in valuation of investments classified as available-for-sale from lower of cost or market value to fair value and change in format for preparation of financial statements as disclosed in note 6.1.1, 6.1.2 and 6.1.3 respectively.

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

6.1 Change in accounting policies

- 6.1.1 During the period, the Holding Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1)/2017 dated 09 February 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments are taken to Other Comprehensive Income and transferred to revaluation reserves, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On derecognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting policy, change in accounting estimates and error' and comparatives have been restated to conform to the changed policy.

Previously, quoted available-for-sale investments were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.



Rupees '000

31 December 2017 (Audited)

	Balance Previously Reported	Adjustment	Balance Restated
Investments			
Equity securities	2 505 215	3 914 209	6 419 424
Debt securities	8 533 957	(6 689)	8 527 268
Deferred taxation	376 377	1 207 196	1 583 573
Reserves	13 012 902	2 735 189	15 748 091
Unappropriated profit	2 034 319	81 603	2 115 922
Total assets from takaful operations - OPF	433 587	(107)	433 480

31 December 2016 (Audited)

	Balance Previously Reported	Adjustment	Balance Restated
Investments			
Equity securities	3 195 534	6 297 885	9 493 419
Debt securities	5 191 510	72 882	5 264 392
Deferred taxation	380 062	2 009 910	2 389 972
Reserves	12 512 902	4 395 730	16 908 632
Unappropriated profit	2 388 169	46 466	2 434 635
Total assets from takaful operations - OPF	267 353	(143)	267 210

Had the accounting policy not been changed, available-for-sale investments, reserves and deferred taxation would have been lower by Rs.4,495 million, Rs.3,146 million and Rs.1,348 million (December 2017: Rs.3,908 million, Rs.2,735 million and Rs.1,172 million) respectively.

- 6.1.2 During the period, the Holding Company has changed format for preparation of its consolidated condensed interim financial information to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of consolidated condensed interim financial statements of the Holding Company for the three months period ended March 31, 2018.
- 6.1.3 During the period the Companies Act, 2017 has been implemented, however there is no impact on the consolidated condensed interim financial statement.

7. Accounting estimates and judgements

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

In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying the Holding Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2017.

8. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2017.

9. Property and Equipment

The details of additions and disposals during the three months period ended 31 March 2018 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Tangible				
Buildings	21 406	17 242	–	–
Furniture and fixtures	19 102	6 929	–	–
Office equipments	929	897	–	–
Tracker equipments	17 685	21 448	–	–
Computers	11 509	5 208	–	–
Vehicles	19 422	63 113	1 431	2 875
Capital work-in-progress	8 550	5 800	–	–
	<u>98 603</u>	<u>120 637</u>	<u>1 431</u>	<u>2 875</u>

10. Investment in Equity Securities

Available for sale

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party						
Listed shares	751 134	257 823	493 311	444 664	28 753	415 911
Mutual funds	1 070	–	1 070	–	–	–
	<u>752 204</u>	<u>257 823</u>	<u>494 381</u>	<u>444 664</u>	<u>28 753</u>	<u>415 911</u>
Others						
Listed shares	2 389 239	72 298	2 316 941	2 133 539	54 735	2 078 804
Unlisted shares	21 508	–	21 508	10 500	–	10 500
Mutual funds	115 787	–	115 787	–	–	–
	<u>2 526 534</u>	<u>72 298</u>	<u>2 454 236</u>	<u>2 144 039</u>	<u>54 735</u>	<u>2 089 304</u>
Surplus on revaluation	4 655 247	–	4 655 247	3 914 209	–	3 914 209
	<u>7 933 985</u>	<u>330 121</u>	<u>7 603 864</u>	<u>6 502 912</u>	<u>83 488</u>	<u>6 419 424</u>



At fair value through profit and loss designated upon initial recognition

Rupees '000

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party						
Listed shares	1 100 276	–	1 100 276	–	–	–
Others						
Listed shares	26 103 239	–	26 103 239	–	–	–
Surplus on revaluation	2 887 745	–	2 887 745	–	–	–
	<u>30 091 260</u>	<u>–</u>	<u>30 091 260</u>	<u>–</u>	<u>–</u>	<u>–</u>

At fair value through profit and loss held for trading

	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Others						
Listed shares	48 754	–	48 754	–	–	–
Surplus on revaluation	45 488	–	45 488	–	–	–
	<u>94 242</u>	<u>–</u>	<u>94 242</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>38 119 487</u>	<u>330 121</u>	<u>37 789 366</u>	<u>6 502 912</u>	<u>83 488</u>	<u>6 419 424</u>

11. Investment in Debt Securities

	31 March 2018 (Unaudited)		
	Cost	Impairment / provision	Carrying value
Held to maturity			
Government Securities	4 232 867	–	4 232 867
Available for sale			
Government Securities	63 908 938	–	63 908 938
Others			
Term Finance Certificate	919 150	44 118	875 032
Sukuk	441 478	–	441 478
Certificate of Investment	210 000	–	210 000
Surplus revaluation	4 729 778	–	4 729 778
	<u>70 209 344</u>	<u>44 118</u>	<u>70 165 226</u>

Rupees '000

31 December 2017 (Audited)

	Cost	Impairment/ provision	Carrying value
Government Securities	8 533 957	–	8 533 957
Term Finance Certificate	44 118	44 118	–
Surplus revaluation	(6 689)	–	(6 689)
	<u>8 571 386</u>	<u>44 118</u>	<u>8 527 268</u>

12. Insurance / Reinsurance Receivables

	Note	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Due from insurance contract holders		3 885 307	2 829 996
Less provision for impairment of receivables from insurance contract holders		52 324	27 814
		<u>3 832 983</u>	<u>2 802 182</u>
Due from other insurer / reinsurers		13 044	16 887
		<u>3 846 027</u>	<u>2 819 069</u>
13. Reserves			
General reserve		13 000 000	13 000 000
Reserve for exceptional losses	13.1	12 902	12 902
Revaluation reserve - Available-for-sale investments		3 145 974	2 735 189
		<u>16 158 876</u>	<u>15 748 091</u>

13.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

14. Contingencies

The income tax assessment of the Holding Company and its Subsidiary Company has been finalised up to tax year 2017.

14.1 Holding Company

14.1.1 The Income Tax Department have made assessment order for assessment year 1999-2000 and 2000-2001 by adding back provision for bonus to staff, provision for gratuity and excess management expense. The Holding Company had filed appeals before Commissioner Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Holding Company had filed appeals before Income Tax Appellate Tribunal (ITAT). If the appeals are decided against the Holding Company a tax liability of Rs. 13 million would arise.



The Income Tax Department (Audit) has made assessment order for assessment year 2002-2003 by adding certain items. The Holding Company had filed appeal before Commissioner Income Tax (Appeals). The appeal was decided in the favour of the Holding Company. The Department had filed appeal before Income Tax Appellate Tribunal (ITAT) and the same was been decided in the favour of the Holding Company. The Department has filed appeal before Honourable High Court of Sindh against the order of Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Holding Company a tax liability of Rs. 76 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Holding Company for tax year 2005 to 2007 by disallowing prorated expense. The Holding Company has filed appeals before Commissioner Income Tax (Appeals). The appeals were decided in the favour of the Holding Company. The Department then filed appeals before Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) had passed order in favour of the Holding Company. The Department then filed reference before Honourable High Court of Sindh. The Honourable High Court of Sindh maintained the decision of Income Tax Appellate Tribunal (ITAT). The Department has filed appeals for the tax years 2005 to 2007 before Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh in respect of proration of expenses and if the appeals are decided against the Holding Company, a tax liability of Rs. 37 million would arise.

The Department has filed appeal for tax year 2008 before Honourable High Court of Sindh against order of Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium. If the appeal is decided against the Holding Company a tax liability of Rs. 5 million would arise.

The Department has filed appeal for tax years 2014 and 2016 before Income Tax Appellate Tribunal (ITAT) against order of Commissioner (Appeal) in respect of Dividend Income taxed at reduced rate. If the appeal is decided against the Holding Company a tax liability of Rs. 243 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Holding Company for tax year 2017 by disregarding the amount of capital gain worked out by the Holding Company. The Holding Company has filed appeals before Commissioner Income Tax (Appeals), and if the appeal is decided against the Holding Company, a tax liability of Rs. 46 million would arise.

14.1.2 In 2014, 2015, 2016 and 2017, the Searle Company Limited issued bonus shares (453,612, 312,993, 664,632 and 472,284 shares respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981 and 24,857 shares respectively). In this regard, a constitutional petition had been filed by the Holding Company in Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Holding Company. The Honourable High Court of Sindh decided the case against the Holding Company. Subsequently, the Holding Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Holding Company has not paid / provided an amount of Rs. 37.09 million being withholding tax on bonus shares.

14.2 Subsidiary Company

The tax department has reopened the assessment order issued under Sec 122(5A) for the tax year 2009-2016 and has raised a demand of Rs. 56.31 million against dividend income so received by the Subsidiary Company to be taxed at corporate rate instead of reduced rates available in the First schedule of Income Tax Ordinance 2001. The Subsidiary Company filed an appeal for tax year 2009-2013 before CIT appeals where the case was decided against the Subsidiary Company. The Subsidiary Company has filed an appeal before Appellate Tribunal for the same tax years and believes that the matter will

be settled in its favour. For tax year 2014 and tax year 2016, the Subsidiary Company filed an appeal before CIT appeals against the order, where the case was decided in favour of the Subsidiary Company. For the tax year 2015, the Subsidiary Company has filed an appeal before CIT appeal. No provision has been made in respect of aforementioned additional demand.

In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.13.833 million and Rs.15.014 million for Tax Years 2012 and 2013 respectively. The Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Subsidiary Company filed second appeal before the Appellate Tribunal against the order of CIT. The learned Appellate Tribunal Inland revenue has now decided the case in Subsidiary Company's favour. Subsequent to the period, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending.

- 14.2.1 In 2015 and 2016, The Searle Company Limited issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,801.55 shares and 18,707.44 shares respectively) and the IBL Healthcare Ltd. issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331.26 shares and 4,031 shares respectively). In this regard, a constitutional petition had been filed by the Subsidiary Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The Honorable High Court decided the case against the Subsidiary Company. Subsequently, the Subsidiary Company filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. The Subsidiary Company is of the view that the case will be decided in its favour and no provision has been made for the aforementioned tax.
- 14.2.2 Bank guarantees amounting to Rs.17.565 million has been given in respect of Group Life coverage. These bank guarantees will expire by 31 March 2018 and 16 January 2020.
- 14.3 No provision has been made in these consolidated condensed interim financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Company.

Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Statutory funds	As at 31 March 2018 (Unaudited)
Corporate segment assets - conventional	9 972 350	927 306	608 619	1 228 605	–	110 549 026	123 285 905
Corporate segment assets - Takaful OPF	27 246	5 869	173 096	6 358	–	–	212 569
Corporate unallocated assets - conventional							32 195 593
Corporate unallocated assets - Takaful OPF							284 757
Consolidated total assets							<u>155 978 824</u>
Corporate segment liabilities	14 453 140	1 617 769	2 505 107	2 985 086	–	107 939 716	129 500 818
Corporate segment liabilities - Takaful OPF	25 469	4 225	230 261	12 502	–	–	272 457
Corporate unallocated liabilities							2 141 592
Corporate unallocated liabilities - Takaful OPF							2 390
Consolidated total liabilities							<u>131 917 257</u>

Location	External premium less reinsurance by geographical segments 2018
Pakistan	1 862 803
*EPZ	2 983
Total	<u>1 865 786</u>

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Statutory funds	As at 31 December 2017 (Audited)
Corporate segment assets - conventional	9 623 292	1 020 762	579 921	1 003 794	-	-	12 227 769
Corporate segment assets - Takaful OPF	26 159	4 429	144 487	6 942	-	-	182 017
Corporate unallocated assets - conventional							30 465 054
Corporate unallocated assets - Takaful OPF							251 463
Consolidated total assets							<u>43 126 303</u>
Corporate segment liabilities	14 035 587	1 855 601	2 450 302	2 256 262	-	-	20 597 752
Corporate segment liabilities - Takaful OPF	22 634	4 009	194 668	15 380	-	-	236 691
Corporate unallocated liabilities							3 470 888
Corporate unallocated liabilities - Takaful OPF							1 687
Consolidated total liabilities							<u>24 307 018</u>

Location	External premium less reinsurance by geographical segments 2017
Pakistan	1 816 536
*EPZ	3 255
Total	<u>1 819 791</u>

* This represents US Dollar Equivalent in Pak Rupees



16. Net insurance premium

Rupees '000

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Written Gross Premium	5 291 776	4 962 076
Add: Unearned premium reserve - opening	8 496 686	7 388 680
Less: Unearned premium reserve - ending	(8 812 802)	(8 314 685)
Premium earned	4 975 660	4 036 071
Less: Reinsurance premium ceded	3 204 978	2 688 384
Add: Prepaid reinsurance premium - opening	5 112 083	4 151 674
Less: prepaid reinsurance premium - closing	(5 207 187)	(4 623 778)
Reinsurance expense	3 109 874	2 216 280
	<u>1 865 786</u>	<u>1 819 791</u>
17. Net Insurance claim expense		
Claim Paid	1 321 525	1 372 098
Add: Outstanding claims including IBNR - closing	5 023 052	5 473 455
Less: Outstanding claims including IBNR - opening	(5 572 347)	(5 415 030)
Claims expense	772 230	1 430 523
Less: Reinsurance and other recoveries received	519 353	648 204
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	(3 538 572)	(3 424 617)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	3 040 167	3 481 318
Reinsurance and other recoveries revenue	20 948	704 905
	<u>751 282</u>	<u>725 618</u>
18. Net commission expense		
Commission paid or payable	360 947	410 322
Add: Deferred commission expense - opening	689 587	564 645
Less: Deferred commission expense - closing	(642 272)	(632 211)
Net commission	408 262	342 756
Less: Commission received or recoverable	281 510	220 026
Add: Unearned reinsurance commission - opening	461 616	343 977
Less: Unearned reinsurance commission - closing	(526 010)	(384 439)
Commission from reinsurers	217 116	179 564
	<u>191 146</u>	<u>163 192</u>

19. Investment Income

Rupees '000

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Income from equity securities - available for sale		
– Dividend income	62 762	64 545
Income from debt securities - available for sale		
– Return on debt securities	123 605	109 081
Income from term deposits		
– Return on term deposits	3 385	3 619
	189 752	177 245
Net realised gains / (losses) on investments		
Available for sale financial assets		
Realised gains on:		
– Equity securities	273	16 654
– Debt securities	–	6 229
Realised losses on:		
– Equity securities	(1 097)	(127)
	(824)	22 756
Total Investment	188 928	200 001
Less: Impairment in value of available for sale securities		
– Equity Securities	–	11 228
Less: Investment related expenses	(202)	(400)
	188 726	210 829
20. General takaful operations - OPF		
Wakala fee	107 933	60 662
Management expenses	(45 254)	(32 855)
Commission expenses	(34 767)	(19 692)
Investment income	3 836	1 141
Other income	1 538	852
Other expenses	(200)	(10)
Profit for the period	33 086	10 098
21. Taxation		
For the period		
Current	169 790	176 781
Deferred	17 303	64 780
	187 093	241 561



22. Earnings per share

		2018	2017
Profit after tax	(Rupees '000)	430 663	606 191
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	2.15	3.03

23. Movement in investment

Name of investment	Held to maturity	Available for sale	Fair value through P & L	Deposit maturing within 12 months	Rupees '000
					Total
At beginning of previous year	–	14 757 812	–	671 880	15 429 692
Additions	–	15 208 978	–	1 623 884	16 832 862
Disposals (sale and redemptions)	–	(12 519 296)	–	(1 865 214)	(14 384 510)
Fair value net gains (excluding net realised gains)	–	(2 447 966)	–	–	(2 447 966)
Impairment losses	–	(52 836)	–	–	(52 836)
At beginning of period	–	14 946 692	–	430 550	15 377 242
Additions	7 306 213	10 186 611	125 497 000	26 015 424	169 005 248
Disposals (sale and redemptions)	(4 403 000)	(9 701 919)	(39 565 042)	(13 300 550)	(66 970 511)
Fair value net gains (excluding net realised gains)	–	622 874	3 060 967	–	3 683 841
Impairment losses	–	4 196	–	–	4 196
At end of period	2 903 213	16 058 454	88 992 925	13 145 424	121 100 016

24. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	Rupees '000	
	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Transactions		
Associated companies		
Premiums written	128 453	75 986
Premiums paid	19 741	17 262
Claims paid	108 065	14 762
Key management personnel		
Premiums written	190	121
Claims paid	–	75
Compensation	40 756	38 762
Others		
Premiums written	10 038	12 708
Claims paid	1 449	552
Investments made	–	50 000
Investments sold	–	121 821
Bank deposits withdrawn	(25 000)	–
Brokerage paid	–	6
Employees' funds		
Contributions to provident fund	6 372	5 390
Contributions to gratuity fund	4 885	3 823
Contributions released pension fund	974	301
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Balances		
Others		
Balances receivable	607 764	15 131
Balances payable	(107)	(73 891)
Claim outstanding	6 589	–
Deposits maturing within 12 months	2 279 000	154 000
Bank balances	1 025 576	106 039
Employees' funds payable		
EFU gratuity fund	(4 885)	(40 509)
EFU pension fund	(32 222)	(31 295)



25 Fair value

25.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

25.2 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

Rupees '000

As at 31 March 2018 (Unaudited)										
	Available for Sale	Held till maturity	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using			
							Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments										
Equity securities - quoted	37 767 858	-	-	-	-	37 767 858	37 767 858	-	-	37 767 858
Equity securities - unquoted	21 508	-	-	-	-	21 508	-	-	21 508	21 508
Government securities	64 815 565	4 232 867	-	-	-	69 048 432	344 106	68 626 561	-	68 970 667
Mutual funds	132 235	-	-	-	-	132 235	-	132 235	-	132 235
Sukuk Bonds	984 559	-	-	-	-	984 559	-	984 559	-	984 559
Financial assets not measured at fair value										
Term deposits*	-	-	-	13 145 424	-	13 145 424	-	-	-	-
Loans and other receivables*	-	-	1 865 040	-	-	1 865 040	-	-	-	-
Insurance / reinsurance receivables*	-	-	3 846 027	-	-	3 846 027	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	3 040 165	-	-	3 040 165	-	-	-	-
Advances*	-	-	88 756	1 057 143	-	1 145 899	-	-	-	-
Other assets*	-	-	-	1 060 613	-	1 060 613	-	-	-	-
Certificate of investment*	210 000	-	-	-	-	210 000	-	-	-	-
Cash and bank*	-	-	-	7 100 058	-	7 100 058	-	-	-	-
Total assets of Window Takaful Operations - Operator's Fund*	29 890	-	139 670	240 125	-	409 685	-	29 890	-	29 890
	103 961 615	4 232 867	8 979 658	22 603 363	-	139 777 503	38 111 964	69 773 245	21 508	107 906 717
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*	-	-	-	-	(5 023 052)	(5 023 052)	-	-	-	-
Premium received in advance*	-	-	-	-	(876 861)	(876 861)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	(6 221 918)	(6 221 918)	-	-	-	-
Other creditors and accruals*	-	-	-	-	(2 567 694)	(2 567 694)	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	-	(46 366)	(46 366)	-	-	-	-
	103 961 615	4 232 867	8 979 658	22 603 363	(14 735 891)	125 041 612	38 111 964	69 773 245	21 508	107 906 717

Rupees '000

As at 31 December 2017 (Audited)

	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using			
						Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments									
Equity securities - quoted	6 408 924	-	-	-	6 408 924	6 408 924	-	-	6 408 924
Equity securities - unquoted	10 500	-	-	-	10 500	-	-	10 500	10 500
Government securities	8 527 268	-	-	-	8 527 268	-	8 527 268	-	8 527 268
Financial assets not measured at fair value									
Investments in associate	12 247 680	-	-	-	12 247 680	10 999 448	-	-	10 999 448
Term deposits*	-	-	430 550	-	430 550	-	-	-	-
Loans and other receivables*	-	118 618	-	-	118 618	-	-	-	-
Insurance / reinsurance receivables*	-	2 819 069	-	-	2 819 069	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	3 538 572	-	-	3 538 572	-	-	-	-
Cash and bank*	-	-	1 164 209	-	1 164 209	-	-	-	-
Total assets of Window Takaful Operations - Operator's Fund*	30 482	125 198	210 264	-	365 944	-	30 482	-	30 482
	<u>27 224 854</u>	<u>6 601 457</u>	<u>1 805 023</u>	<u>-</u>	<u>35 631 334</u>	<u>17 408 372</u>	<u>8 557 750</u>	<u>10 500</u>	<u>25 976 622</u>
Financial liabilities not measured at fair value									
Outstanding claims including IBNR*	-	-	-	(5 572 347)	(5 572 347)	-	-	-	-
Premium received in advance*	-	-	-	(31 487)	(31 487)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	(4 992 011)	(4 992 011)	-	-	-	-
Other creditors and accruals*	-	-	-	(1 814 387)	(1 814 387)	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	(31 382)	(31 382)	-	-	-	-
	<u>27 224 854</u>	<u>6 601 457</u>	<u>1 805 023</u>	<u>(12 441 614)</u>	<u>23 189 720</u>	<u>17 408 372</u>	<u>8 557 750</u>	<u>10 500</u>	<u>25 976 622</u>

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



26. Corresponding Figures

During last year the SECP vide SRO 89(I)/2017 dated 09 February, 2017 has issued Insurance Rules, 2017 (the Rules), which requires every Company to prepare their consolidated condensed interim financial statements as per the presentation and disclosure requirement prescribed in the format, in view of the applicability of the Rules, the Holding Company has changed the presentation and disclosures of the consolidated condensed interim financial statements and recorded its investments as per IAS 39, which was further explained in note 6.1.1.

27. General

- 27.1 The effects of changes stated in note 26 have been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2018 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

28. Date of authorisation for issue of consolidated condensed interim financial statements

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 27 April 2018.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

Window Takaful Operations

Condensed Interim Financial Statements

For the three months period ended 31 March 2018 (Unaudited)



EFU General Insurance Limited – Window Takaful Operations Condensed Interim Statement of Financial Position As at 31 March 2018 (Unaudited)

Rupees '000

	Note	31 March 2018 (Unaudited)			(Restated) 31 December 2017 (Audited) Aggregate
		Operator's Fund	Participants' Takaful Fund	Aggregate	
Assets					
Property and equipment	9	3 354	–	3 354	3 603
Investments					
Debt securities	10	29 890	561 148	591 038	637 022
Term deposits		163 000	155 000	318 000	222 500
Loans and other receivables		2 157	6 965	9 122	17 690
Takaful / retakaful receivables	11	3 837	250 246	254 083	255 458
Retakaful recoveries against outstanding claims		–	87 515	87 515	88 944
Salvage recoveries accrued		–	36 375	36 375	30 900
Deferred commission expense		79 461	–	79 461	61 094
Wakala fees receivable		129 271	–	129 271	115 426
Modarib fees receivable		4 405	–	4 405	2 843
Deferred wakala fees		–	228 284	228 284	206 827
Taxation - payment less provisions		3 158	6 643	9 801	7 601
Prepayments		1 668	134 418	136 086	144 249
Cash and bank		77 125	164 731	241 856	241 336
Total assets		497 326	1 631 325	2 128 651	2 035 493
Equity and Liabilities					
Operator's Fund					
Statutory Fund		100 000	–	100 000	100 000
Reserves		(692)	–	(692)	(107)
Accumulated profit		82 731	–	82 731	49 645
		182 039	–	182 039	149 538
Waqf / Participants' Takaful Fund					
Cede money		–	500	500	500
Reserves		–	(10 132)	(10 132)	(1 279)
Accumulated surplus		–	167 895	167 895	140 415
		–	158 263	158 263	139 636
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR		–	365 265	365 265	340 118
Unearned contribution reserves		–	845 875	845 875	823 906
Unearned retakaful rebate		–	16 878	16 878	16 062
Retirement benefit obligations		193	–	193	169
Contribution received in advance		–	221	221	1 439
Takaful / retakaful payables		6	94 310	94 316	142 778
Unearned wakala fees		228 284	–	228 284	206 827
Wakala fees payable		–	129 271	129 271	115 426
Modarib fees payable		–	4 405	4 405	2 843
Other creditors and accruals		46 366	16 837	63 203	51 187
Payable to EFU General Insurance Limited	7	40 438	–	40 438	45 564
Total Liabilities		315 287	1 473 062	1 788 349	1 746 319
Total equity and liabilities		497 326	1 631 325	2 128 651	2 035 493
Contingencies	8				

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Profit and Loss Account
For the three months period ended 31 March 2018 (Unaudited)

	Note	2018	Rupees '000 (Restated) 2017
Participants' Takaful Fund - (PTF) Revenue Account			
Net takaful contribution	12	358 730	235 947
Wakala expense	13	(107 933)	(60 662)
Net takaful claims	14	(194 489)	(120 425)
Direct expenses		(46 157)	(38 037)
Retakaful rebate	15	10 250	6 629
Underwriting results		20 401	23 452
Investment income - net of modarib	17	5 495	3 086
Other income - net of modarib		1 584	1 222
		7 079	4 308
Results of operating activities		27 480	27 760
Surplus for the period		27 480	27 760
Operator's Fund - (OPF) Revenue Account			
Wakala fee	13	107 933	60 662
Management expenses		(45 254)	(32 855)
Commission expenses	16	(34 767)	(19 692)
		27 912	8 115
Investment income	17	3 836	1 141
Other income		1 538	852
Other expenses		(200)	(10)
		5 174	1 983
Results of operating activities		33 086	10 098
Profit for the period		33 086	10 098

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

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Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018



EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the three months period ended 31 March 2018 (Unaudited)

	2018	Rupees '000 (Restated) 2017
Participant's Fund		
Surplus for the period	27 480	27 760
Other comprehensive income / (loss)		
Fair value (loss) / gain on available for sale investments during the period - net	(514)	2 127
Reclassification adjustments relating to available for sale investments disposed off in the period - net	(8 339)	(1 144)
Total items that may be reclassified subsequently to profit and loss	(8 853)	983
Total comprehensive income for the period	<u>18 627</u>	<u>28 743</u>
Operator's Fund		
Profit for the period	33 086	10 098
Other comprehensive income / (loss)		
Reclassification adjustments relating to available for sale investments disposed off in the period - net	(585)	322
Total items that may be reclassified subsequently to profit and loss	(585)	322
Total comprehensive income for the period	<u>32 501</u>	<u>10 420</u>

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Karachi 27 April 2018

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Cash Flows
For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

(Restated)

	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate
Operating activities				
a) Takaful activities				
Contributions received	–	434 094	434 094	291 071
Retakaful contributions paid	–	(105 078)	(105 078)	(35 536)
Claims paid	–	(181 574)	(181 574)	(112 506)
Retakaful and other recoveries received	–	8 186	8 186	3 477
Commissions paid	(38 825)	–	(38 825)	(15 642)
Retakaful rebate received	–	11 065	11 065	6 182
Wakala fees received / (paid)	115 545	(115 545)	–	–
Management expenses paid	(45 015)	(46 157)	(91 172)	(70 882)
Net cash inflow from takaful activities	31 705	4 991	36 696	66 164
b) Other operating activities				
Income tax paid	(320)	(1 881)	(2 201)	(622)
Other operating payments	553	24 444	24 997	(32 115)
Other operating receipts	(4 602)	(2 969)	(7 571)	–
Net cash (outflow) / inflow from other operating activities	(4 369)	19 594	15 225	(32 737)
Total cash inflow from all operating activities	27 336	24 585	51 921	33 427
Investment activities				
Profit / return received	1 726	6 348	8 074	5 942
Modarib fee received / (paid)	798	(798)	–	–
Payments for investments	(163 000)	(205 000)	(368 000)	(190 000)
Proceeds from disposal of investments	122 508	186 024	308 532	198 083
Fixed capital expenditures	(7)	–	(7)	–
Total cash (outflow) / inflow from investing activities	(37 975)	(13 426)	(51 401)	14 025
Net cash (outflow) / inflow from all activities	(10 639)	11 159	520	47 452
Cash at the beginning of the period	87 764	153 572	241 336	151 621
Cash at the end of the period	77 125	164 731	241 856	199 073
Reconciliation to profit and loss account				
Operating cash flows	27 336	24 585	51 921	33 427
Depreciation expense	(257)	–	(257)	(256)
(Loss) / gain on disposal of investments	–	(386)	(386)	1 595
Other investment income	3 836	5 881	9 717	2 632
Other income	1 538	1 584	3 122	2 074
Increase in assets other than cash	31 977	4 937	36 914	94 214
Increase in liabilities other than running finance	(31 344)	(9 121)	(40 465)	(95 828)
Profit / surplus for the period	33 086	27 480	60 566	37 858
Attributed to				
Operator's Fund	33 086	–	33 086	10 098
Participants' Takaful Fund	–	27 480	27 480	27 760
	33 086	27 480	60 566	37 858

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

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Chairman

Karachi 27 April 2018



EFU General Insurance Limited – Window Takaful Operations Condensed Interim Statement of Changes in Funds For the three months period ended 31 March 2018 (Unaudited)

Rupees '000

	Operator's Fund			Total
	Statutory fund	Revaluation reserve	Accumulated profit	
Balance as at 01 January 2017 as previously reported	100 000	–	2 790	102 790
Restatement due to change in accounting policy (refer note 4.1.1)	–	(143)	–	(143)
Balance as at 01 January 2017 (restated)	100 000	(143)	2 790	102 647
Total comprehensive income / (loss) for the period ended 31 March 2017				
Profit for the period	–	–	10 098	10 098
Other comprehensive income	–	322	–	322
Balance as at 31 March 2017 (restated)	100 000	179	12 888	113 067
Balance as at 01 January 2018 as previously reported	100 000	–	49 645	149 645
Restatement due to change in accounting policy (refer note 4.1.1)	–	(107)	–	(107)
Balance as at 01 January 2018 (restated)	100 000	(107)	49 645	149 538
Total comprehensive income / (loss) for the period ended 31 March 2018				
Profit for the period	–	–	33 086	33 086
Other comprehensive loss	–	(585)	–	(585)
Balance as at 31 March 2018	100 000	(692)	82 731	182 039
	Participants' Takaful Fund			Total
	Cede money	Revaluation reserve	Accumulated surplus	
Balance as at 01 January 2017 as previously reported	500	–	28 309	28 809
Restatement due to change in accounting policy (refer note 4.1.1)	–	5 643	–	5 643
Balance as at 01 January 2017 (restated)	500	5 643	28 309	34 452
Surplus for the period	–	–	27 760	27 760
Other comprehensive income	–	983	–	983
Balance as at 31 March 2017 (restated)	500	6 626	56 069	63 195
Balance as at 01 January 2018 as previously reported	500	–	140 415	140 915
Restatement due to change in accounting policy (refer note 4.1.1)	–	(1 279)	–	(1 279)
Balance as at 01 January 2018 (restated)	500	(1 279)	140 415	139 636
Surplus for the period	–	–	27 480	27 480
Other comprehensive loss	–	(8 853)	–	(8 853)
Balance as at 31 March 2018	500	(10 132)	167 895	158 263

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

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Chairman

Karachi 27 April 2018

EFU General Insurance Limited – Window Takaful Operations Notes to the Condensed Interim Financial Statements For the three months period ended 31 March 2018 (Unaudited)

1. Legal status and nature of business

EFU General Insurance Limited (the Operator) has been allowed to undertake Window Takaful Operations (the Operations) on 16 April 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participants' Takaful Fund (PTF) on 06 May 2015 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2. Basis of preparation and statement of compliance

2.1 These condensed interim financial statements of the Operator for the period ended 31 March 2018 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and SECP Takaful Rules 2012 shall prevail.

2.2 These condensed interim financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator's Fund and Participants' Takaful Fund remain separately identifiable in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015.

2.3 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Operator's annual financial statements for the year ended 31 December 2017.

3. Basis of measurement

The financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value.

4. Summary of significant accounting policies

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Operator for the year ended 31 December 2017 except for available-for-sale investment and format for preparation of financial statements as disclosed in note 4.1.1, 4.1.2 and 4.1.3 respectively.

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

4.1. Change in accounting policies

4.1.1 During the period, the Operator has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1)/2017 dated 09 February 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments are taken to Other Comprehensive Income and transferred to revaluation reserves, whereas, unquoted available-for-sale investments are valued at cost less impairment in value, if any. On derecognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policy.



Accordingly, retrospectively adjustments have been made in these condensed interim financial statements and comparatives have been revised as follows.

Rupees '000

Operator's fund

	31 December 2017 (Audited)		
	Balance previously reported	Adjustment	Balance restated
Investments			
Debt securities	30 589	(107)	30 482
	31 December 2016 (Audited)		
	Balance previously reported	Adjustment	Balance restated
Investments			
Equity securities	20 590	(143)	20 447
	31 December 2017 (Audited)		
	Balance previously reported	Adjustment	Balance restated
Investments			
Debt securities	607 819	(1 279)	606 540
	31 December 2016 (Audited)		
	Balance previously reported	Adjustment	Balance restated
Investments			
Equity securities	279 085	4 869	283 954
Debt securities	100 945	774	101 719

Previously, quoted available-for-sale investments were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.

Had the accounting policy not been changed, available-for-sale investments of PTF would have been higher by Rs.10.13 million, (December 2017: Rs. 1.28 million) and available-for-sale investments of OPF would have been higher by Rs. 0.69 million, (December 2017: Rs. 0.11 million).

- 4.1.2. During the period, the Operator has changed format for preparation of its condensed interim financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1)/2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of condensed interim financial statements of the Operator for the three months period ended March 31, 2018.
- 4.1.3. During the period the Companies Act, 2017 has been implemented, however there is no impact on the condensed interim financial statement.

5. Accounting estimates and judgements

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Operator's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2017.

6. Management of takaful and financial risk

Takaful and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2017.

7. Payable to EFU General Insurance Limited

This represents payable in respect of expenses incurred by EFU General Insurance Limited on behalf of the Operator.

8. Contingencies

There are no contingency and commitment as at 31 March 2018 (31 December 2017: Nil).

9. Property and Equipment

The details of additions and disposals during the three months period ended 31 March 2018 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Tangible				
Computers	7	-	-	-
	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. Investment in Debt Securities

Rupees '000

10.1 Operator's Fund

	31 March 2018 (Unaudited)		
	Cost	Impairment / provision	Carrying value
Fixed Income Securities			
Ijara Sukuk - OPF	30 582	-	30 582
Deficit on revaluation	-	-	(692)
	<u>30 582</u>	<u>-</u>	<u>29 890</u>
	31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying value
Fixed Income Securities			
Ijara Sukuk - OPF	30 589	-	30 589
Deficit on revaluation	-	-	(107)
	<u>30 589</u>	<u>-</u>	<u>30 482</u>



Rupees '000

10.2 Participants' Takaful Fund

31 March 2018 (Unaudited)

	Cost	Impairment / provision	Carrying value
Fixed Income Securities			
Ijara Sukuk - PTF	521 280	-	521 280
Dawood Hercules Corporation Limited (Sukuk - II)	50 000	-	50 000
	571 280	-	571 280
Deficit on revaluation	-	-	(10 132)
	<u>571 280</u>	<u>-</u>	<u>561 148</u>

31 December 2017 (Audited)

	Cost	Impairment / provision	Carrying value
Fixed Income Securities			
Ijara Sukuk - PTF	607 819	-	607 819
Deficit on revaluation	-	-	(1 279)
	<u>607 819</u>	<u>-</u>	<u>606 540</u>

11. Takaful / Retakaful Receivables

	31 March 2018 (Unaudited)	31 December 2017 (Audited)
11.1 Operator's Fund		
Due from other takaful / retakaful	3 837	5 497
	<u>3 837</u>	<u>5 497</u>
11.2 Participants' Takaful Fund		
Due from takaful contract holders	250 246	249 961
	<u>250 246</u>	<u>249 961</u>

12. Net takaful contribution

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Written Gross Contribution	435 596	308 384
Add: Unearned contribution reserve opening	823 906	537 429
Less: Unearned contribution reserve ending	(845 875)	(567 027)
Contribution earned	<u>413 627</u>	<u>278 786</u>
Less: Retakaful contribution ceded	56 611	35 525
Add: Prepaid retakaful contribution opening	96 474	72 797
Less: Prepaid retakaful contribution closing	(98 188)	(65 483)
Retakaful expense	<u>54 897</u>	<u>42 839</u>
Net takaful contribution	<u>358 730</u>	<u>235 947</u>

Rupees '000

13. Net wakala fee

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Gross wakala fee	129 390	77 947
Add: Deferred wakala expense opening	206 827	112 677
Less: Deferred wakala expense closing	(228 284)	(129 962)
Net wakala fee	<u>107 933</u>	<u>60 662</u>

14. Net takaful claim expense

Claim paid	176 099	103 481
Less: Outstanding claims including IBNR opening	(340 118)	(210 412)
Add: Outstanding claims including IBNR closing	<u>365 265</u>	<u>235 450</u>
Claims expense	201 246	128 519
Less: Retakaful and other recoveries received	8 186	3 431
Less: Retakaful and other recoveries in respect of outstanding claims opening	(88 944)	(38 780)
Add: Retakaful and other recoveries in respect of outstanding claims closing	<u>87 515</u>	<u>43 443</u>
Retakaful and other recoveries revenue	6 757	8 094
Net takaful claims expense	<u>194 489</u>	<u>120 425</u>

15. Rebate from retakaful operators

Rebate received or recoverable	11 066	6 181
Add: Unearned retakaful rebate opening	16 062	12 360
Less: Unearned retakaful rebate closing	(16 878)	(11 912)
Rebate from retakaful operator	<u>10 250</u>	<u>6 629</u>

16. Commission expense

Commission paid or payable	53 134	24 165
Add: Deferred commission expense opening	61 094	38 477
Less: Deferred commission expense closing	(79 461)	(42 950)
Commission expense	<u>34 767</u>	<u>19 692</u>



Rupees '000

17. Investment income

17.1 Operator's Fund

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Income from debt securities - available for sale		
– Return on debt securities (Ijara Sukuk)	387	–
Income from term deposits		
– Return on term deposits	1 616	112
	<u>2 003</u>	<u>112</u>
Net realised gains / (losses) on investments		
Available for sale financial assets		
Realised gains on :		
– Equity securities	–	–
Add: Modarib share on PTF investment income	1 833	1 029
Investment income	<u><u>3 836</u></u>	<u><u>1 141</u></u>

17.2 Participants' Takaful Funds

Income from debt securities - available for sale		
– Return on debt securities (Ijara Sukuk)	6 639	1 338
Income from term deposits		
– Return on term deposits	1 203	650
	<u>7 842</u>	<u>1 988</u>
Net realised gains / (losses) on investments		
Available for sale financial assets		
Realised gains on :		
– Equity securities	–	2 127
– Debt securities	73	–
Realised losses on :		
– Debt securities	(587)	–
	<u>(514)</u>	<u>2 127</u>
	7 328	4 115
Less: Modarib share on PTF investment income	(1 833)	(1 029)
Investment income	<u><u>5 495</u></u>	<u><u>3 086</u></u>



18.2 Participants' Takaful Funds

Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	31 March 2018 (Unaudited)
Contribution Receivable (inclusive of FED, Federal Insurance Fee and Administrative Surcharge)	49 815	15 534	421 119	12 258	–	498 725
Less: Federal Excise Duty	5 887	1 567	49 028	1 406	–	57 887
Stamp Duty	7	834	43	1	–	885
Federal Insurance Fee	435	130	3 685	107	–	4 357
Gross Written Contribution (inclusive of Administrative Surcharge)	43 486	13 003	368 363	10 744	–	435 596
Gross direct contribution	42 922	12 394	292 515	10 718	–	358 549
Administrative Surcharge	564	609	75 848	26	–	77 047
Takaful contribution earned	35 684	10 367	345 434	22 142	–	413 627
Takaful contribution ceded to retakaful	31 319	8 190	–	15 388	–	54 897
Net contribution revenue	4 365	2 177	345 434	6 754	–	358 730
Rebate from retakaful operator	6 315	1 843	–	2 092	–	10 250
Net underwriting income	10 680	4 020	345 434	8 846	–	368 980
Insurance claims	6 690	1 557	188 858	4 141	–	201 246
Insurance claims recovered from retakaful	5 947	1 088	–	(278)	–	6 757
Net claims	743	469	188 858	4 419	–	194 489
Wakala fee	8 661	4 675	89 062	5 535	–	107 933
PTF direct expense	1	–	46 155	1	–	46 157
Net insurance claims and expenses	9 405	5 144	324 075	9 955	–	348 579
Underwriting result	1 275	(1 124)	21 359	(1 109)	–	20 401
Net Investment income						5 495
Other income						1 584
Surplus for the period						27 480
Corporate segment assets	164 850	14 316	436 647	84 795	–	700 608
Corporate unallocated assets						930 717
Total assets						1 631 325
Corporate segment liabilities	207 716	36 239	1 124 798	83 067	–	1 451 820
Corporate unallocated liabilities						21 242
Total liabilities						1 473 062

Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	31 March 2017 (Unaudited)
Contribution Receivable (inclusive of FED, Federal Insurance Fee and Administrative Surcharge)	26 887	6 107	308 152	12 021	–	353 167
Less: Federal Excise Duty	3 275	637	36 052	1 373	–	41 337
Stamp Duty	6	322	33	1	–	362
Federal Insurance Fee	234	51	2 694	105	–	3 084
Gross Written Contribution (inclusive of Administrative Surcharge)	23 372	5 097	269 373	10 542	–	308 384
Gross direct contribution	23 008	4 784	203 146	10 519	–	241 457
Administrative Surcharge	364	313	66 227	23	–	66 927
Takaful contribution earned	23 662	5 079	224 581	25 464	–	278 786
Takaful contribution ceded to retakaful	20 730	4 323	3 840	13 946	–	42 839
Net contribution revenue	2 932	756	220 741	11 518	–	235 947
Rebate from retakaful operator	4 413	973	–	1 243	–	6 629
Net underwriting income	7 345	1 729	220 741	12 761	–	242 576
Insurance claims	569	(292)	122 220	6 022	–	128 519
Insurance claims recovered from retakaful	481	(263)	3 448	4 428	–	8 094
Net claims	88	(29)	118 772	1 594	–	120 425
Wakala fee	5 915	1 778	46 602	6 367	–	60 662
PTF direct expense	1	–	38 033	3	–	38 037
Net insurance claims and expenses	6 004	1 749	203 407	7 964	–	219 124
Underwriting result	1 341	(20)	17 334	4 797	–	23 452
Net Investment income						3 086
Other income						1 222
Surplus for the period						27 760
						31 December 2017 (Audited)
Corporate segment assets	144 120	15 208	410 924	102 854	–	673 106
Corporate unallocated assets						928 907
Total assets						1 602 013
Corporate segment liabilities	202 492	27 378	1 060 658	149 200	–	1 439 728
Corporate unallocated liabilities						22 649
Total liabilities						1 462 377



19. Movement in investment

19.1 Operator's Fund

Rupees '000

Name of investment	Held to maturity	Available for sale	Fair value through P & L	Deposit maturing with 12 months	Total
At beginning of previous year	–	20 447	–	15 000	35 447
Additions	–	31 408	–	307 500	338 908
Disposals (sale and redemptions)	–	(21 410)	–	(200 000)	(221 410)
Fair value net gains (excluding net realised gains / losses)	–	37	–	–	37
Impairment losses	–	–	–	–	–
At beginning of current year	–	30 482	–	122 500	152 982
Additions	–	–	–	163 000	163 000
Disposals (sale and redemptions)	–	(7)	–	(122 500)	(122 507)
Fair value net losses (excluding net realised gains / losses)	–	(585)	–	–	(585)
Impairment losses	–	–	–	–	–
At end of current year	–	29 890	–	163 000	192 890

19.2 Participants' Takaful Fund

Name of investment	Held to maturity	Available for sale	Fair value through P & L	Deposit maturing with 12 months	Total
At beginning of previous year	–	385 673	–	94 000	479 673
Additions	–	637 777	–	777 500	1 415 277
Disposals (sale and redemptions)	–	(409 988)	–	(771 500)	(1 181 488)
Fair value net losses (excluding net realised gains / losses)	–	(6 922)	–	–	(6 922)
Impairment losses	–	–	–	–	–
At beginning of current year	–	606 540	–	100 000	706 540
Additions	–	50 000	–	155 000	205 000
Disposals (sale and redemptions)	–	(86 539)	–	(100 000)	(186 539)
Fair value net losses (excluding net realised gains / losses)	–	(8 853)	–	–	(8 853)
Impairment losses	–	–	–	–	–
At end of current year	–	561 148	–	155 000	716 148

20. Related party transactions

Related parties comprise of directors, major share holders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties are as follows:

Rupees '000

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
20.1 Participants' Takaful Fund		
Transactions		
Key management personnel		
Contributions written	-	38

21. Fair value

21.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

21.2 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

21.2.1 Operator's Fund

Rupees '000

	As at 31 March 2018 (Unaudited)								
	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using			
						Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments									
Debt Securities	29 890	-	-	-	29 890	-	29 890	-	29 890
Financial assets not measured at fair value									
Investments									
Term deposits	-	-	163 000	-	163 000	-	-	-	-
Loans and other receivables	-	2 157	-	-	2 157	-	-	-	-
Takaful / retakaful receivables	-	3 837	-	-	3 837	-	-	-	-
Wakala fees receivable	-	129 271	-	-	129 271	-	-	-	-
Modarib fees receivable	-	4 405	-	-	4 405	-	-	-	-
Cash and bank balances	-	-	77 125	-	77 125	-	-	-	-
	29 890	139 670	240 125	-	409 685	-	29 890	-	29 890
Financial liabilities not measured at fair value									
Other creditors and accruals	-	-	-	(46 366)	(46 366)	-	-	-	-
	29 890	139 670	240 125	(46 366)	363 319	-	29 890	-	29 890



Rupees '000

As at 31 December 2017 (Audited)

	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using			
						Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments									
Debt Securites	30 482	-	-	-	30 482	-	30 482	-	30 482
Financial assets not measured at fair value									
Investments									
Term deposits	-	-	122 500	-	122 500	-	-	-	-
Loans and other receivables	-	1 432	-	-	1 432	-	-	-	-
Takaful / retakaful receivables	-	5 497	-	-	5 497	-	-	-	-
Wakala fees receivable	-	115 426	-	-	115 426	-	-	-	-
Modarib fees receivable	-	2 843	-	-	2 843	-	-	-	-
Cash and bank balances	-	-	87 764	-	87 764	-	-	-	-
	<u>30 482</u>	<u>125 198</u>	<u>210 264</u>	<u>-</u>	<u>365 944</u>	<u>-</u>	<u>30 482</u>	<u>-</u>	<u>30 482</u>
Financial liabilities not measured at fair value									
Other creditors and accruals									
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31 382)</u>	<u>(31 382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>30 482</u>	<u>125 198</u>	<u>210 264</u>	<u>(31 382)</u>	<u>334 562</u>	<u>-</u>	<u>30 482</u>	<u>-</u>	<u>30 482</u>

21.2.2 Participants' Takaful Fund

Rupees '000

	As at 31 March 2018 (Unaudited)								
	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using			
						Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments									
Debt Securities	561 148	-	-	-	561 148	-	561 148	-	561 148
Financial assets not measured at fair value									
Investments									
Term deposits	-	-	155 000	-	155 000	-	-	-	-
Loans and other receivables	-	6 965	-	-	6 965	-	-	-	-
Takaful / retakaful receivables	-	250 246	-	-	250 246	-	-	-	-
Retakaful recoveries against outstanding claims	-	87 515	-	-	87 515	-	-	-	-
Cash and bank balances	-	-	164 731	-	164 731	-	-	-	-
	<u>561 148</u>	<u>344 726</u>	<u>319 731</u>	<u>-</u>	<u>1 225 605</u>	<u>-</u>	<u>561 148</u>	<u>-</u>	<u>561 148</u>
Financial liabilities not measured at fair value									
Outstanding claims including IBNR	-	-	-	(365 265)	(365 265)	-	-	-	-
Contribution received in advance	-	-	-	(221)	(221)	-	-	-	-
Takaful / retakaful payables	-	-	-	(94 310)	(94 310)	-	-	-	-
Wakala fees payable	-	-	-	(129 271)	(129 271)	-	-	-	-
Modarib fees payable	-	-	-	(4 405)	(4 405)	-	-	-	-
Other creditors and accruals	-	-	-	(16 837)	(16 837)	-	-	-	-
	<u>561 148</u>	<u>344 726</u>	<u>319 731</u>	<u>(610 309)</u>	<u>615 296</u>	<u>-</u>	<u>561 148</u>	<u>-</u>	<u>561 148</u>



Rupees '000

As at 31 December 2017 (Audited)

	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using			
						Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments									
Debt Securities	606 540	-	-	-	606 540	-	606 540	-	606 540
Financial assets not measured at fair value									
Investments									
Term deposits	-	-	100 000	-	100 000	-	-	-	-
Loans and other receivables	-	16 258	-	-	16 258	-	-	-	-
Takaful / retakaful receivables	-	249 961	-	-	249 961	-	-	-	-
Retakaful recoveries against outstanding claims	-	88 944	-	-	88 944	-	-	-	-
Cash and bank balances	-	-	153 572	-	153 572	-	-	-	-
	<u>606 540</u>	<u>355 163</u>	<u>253 572</u>	<u>-</u>	<u>1 215 275</u>	<u>-</u>	<u>606 540</u>	<u>-</u>	<u>606 540</u>
Financial liabilities not measured at fair value									
Outstanding claims including IBNR	-	-	-	(340 118)	(340 118)	-	-	-	-
Contribution received in advance	-	-	-	(1 439)	(1 439)	-	-	-	-
Takaful / retakaful payables	-	-	-	(142 778)	(142 778)	-	-	-	-
Wakala fees payable	-	-	-	(115 426)	(115 426)	-	-	-	-
Modarib fees payable	-	-	-	(2 843)	(2 843)	-	-	-	-
Other creditors and accruals	-	-	-	(19 805)	(19 805)	-	-	-	-
	<u>606 540</u>	<u>355 163</u>	<u>253 572</u>	<u>(622 409)</u>	<u>592 866</u>	<u>-</u>	<u>606 540</u>	<u>-</u>	<u>606 540</u>

22. Corresponding Figures

During last year the SECP vide S.R.O. 89(1)/2017 dated 09 February, 2017 has issued Insurance Rules, 2017 (the Rules), which requires every Company to prepare their financial statements as per the presentation and disclosure requirement prescribed in the format, in view of the applicability of the Rules, the Operator has changed the presentation and disclosures of the financial statements and recorded its investments as per IAS 39, which was further explained in note 4.1.1.

23. General

- 23.1 Figures in these condensed interim financial statements for the quarter ended 31 March 2018 and 31 March 2017 have not been subjected to limited scope review of the auditors.
- 23.2 The effects of changes stated in notes 22 have been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2018 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

24. Date of authorisation for issue of financial statements

These condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 27 April 2018.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2018

