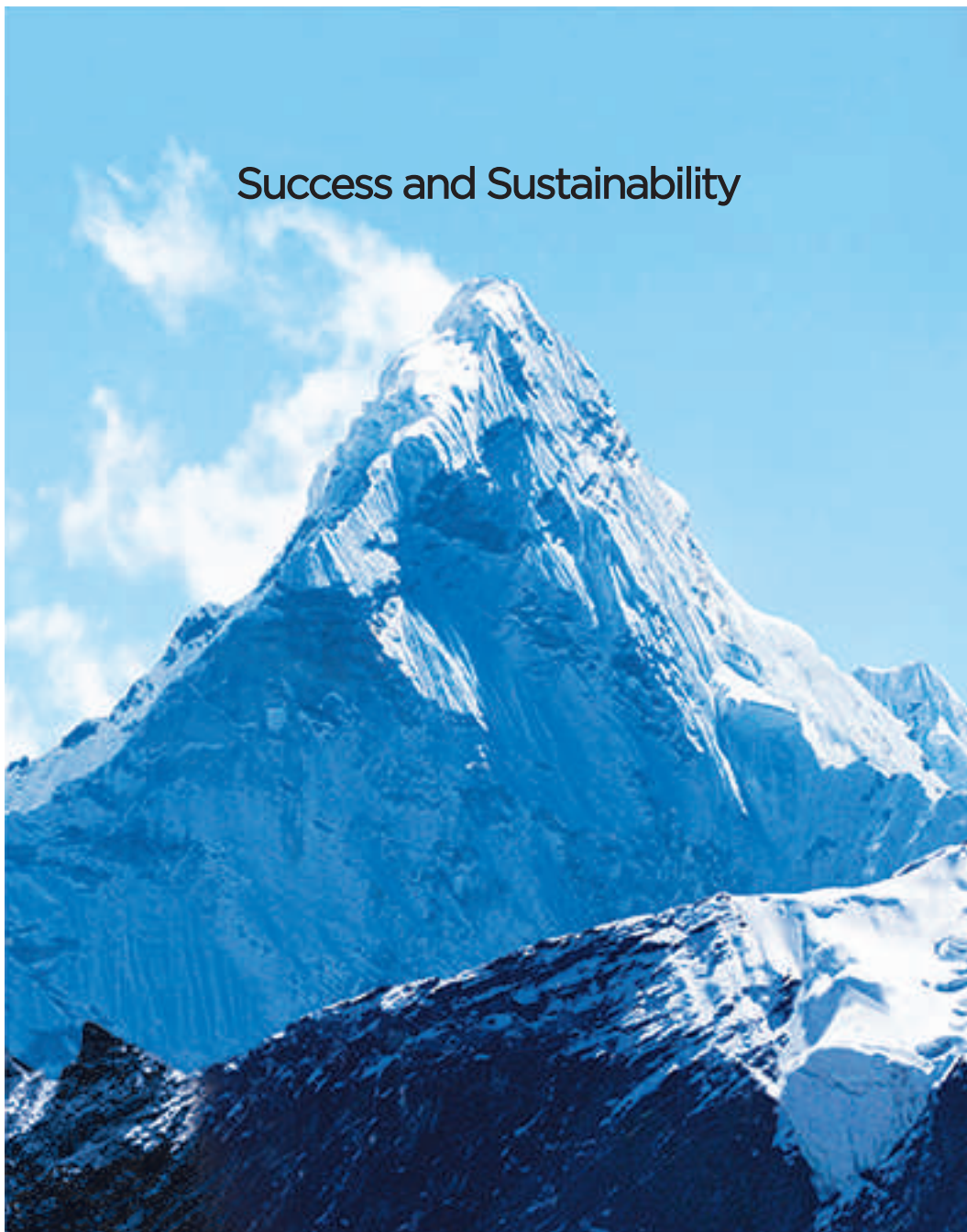


Success and Sustainability



GENERAL

Report (Un-Audited)
First Quarter 2019

EFU GENERAL INSURANCE LTD.



EFU GENERAL INSURANCE LTD.

 efuinsurance.com

INSURER FINANCIAL STRENGTH

AA+
Outlook Stable
JCR-VIS

AA+
Outlook Stable
PACRA

B+
Outlook Positive
A.M.BEST

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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 Bhimjee

Daanish Bhimjee

Chief Financial Officer

Altaf Qamruddin Gokal, F.C.A.

Company Secretary

Amin Punjani, ACA, ACCA, M.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., Shahra-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, Shahrah-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 2019.

The Written Premium (including Takaful) for the three months period grew by 7 % to Rs. 6,108 million (Takaful Contribution Rs. 562 million) as against Rs. 5,727 million (Takaful Contribution Rs. 436 million) for corresponding period of last year. The Net Premium Revenue for the three months period (including Takaful Net Contribution Revenue) was Rs. 2,280 million as against Rs. 2,225 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was 43 % as compared to 40 % for the corresponding period of last year.

The after tax profit for the three months period was Rs. 371 million compared to Rs. 372 million (restated) in the corresponding period last year.

The earning per share for the period were Rs. 1.86 against Rs. 1.86 (restated) in the corresponding period of last year.

Your Directors have pleasure in declaring first interim cash dividend of Rs. 1.50 (15 %) per share for the year 2019.

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.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

ڈائریکٹرز رپورٹ

(یہ انگریزی ڈائریکٹرز رپورٹ کا ترجمہ ہے)

ہم ہمسرت آپ کی خدمت میں ۳۱ مارچ ۲۰۱۹ء کو ختم ہونے والی سہ ماہی کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

تین ماہ کی مدت کے دوران تحریری پریمنیم ۷ فیصد اضافہ کے ساتھ ۶،۱۰۸ ملین روپے رہا (بشمول تکفل کنٹری بیوشن ۵۶۲ ملین روپے) ہو گیا جبکہ گزشتہ سال کی اسی مدت کے دوران یہ حجم ۵،۷۲۷ ملین روپے (بشمول تکفل کنٹری بیوشن ۴۳۶ ملین روپے) تھا۔ سہ ماہی مدت کے لئے خالص پریمنیم آمدن (بشمول خالص تکفل کنٹری بیوشن) ۲،۲۸۰ ملین روپے رہے جو گزشتہ سال کی اسی مدت کے لئے ۲،۲۲۵ ملین روپے رہا تھا۔ مجموعی پریمنیم ریونیو کیلئے مجموعی گلیمر کا تناسب ۴۳ فیصد رہا جو گزشتہ سال کی اسی مدت کے لئے ۴۰ فیصد تھا۔

اس سہ ماہی کی مدت کیلئے بعد از ٹیکس منافع ۳۷۱ ملین روپے رہا، جبکہ گزشتہ سال اسی مدت میں ۳۷۲ ملین (دوبارہ بیان کردہ) روپے تھا۔

اس مدت میں آمدنی فی شیئر ۱۷۸۶ روپے رہی جو گزشتہ سال اس مدت میں ۱۷۸۶ روپے (دوبارہ بیان کردہ) تھی۔

آپ کے ڈائریکٹرز ہمسرت سال ۲۰۱۹ کے لئے پہلے عبوری نقد منافع منقسمہ بشرح ۱۷۵۰ روپے (۱۵ فیصد) فی شیئر کا اعلان کر رہے ہیں۔

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 شکریہ بھی ادا کرنا چاہتے ہیں۔

سیف الدین این۔ زومکا والا
چیئر مین

حسن علی عبداللہ
ٹیچنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی۔ ساچک
ڈائریکٹر

محمود لوٹیا
ڈائریکٹر

کراچی، ۲۷ اپریل ۲۰۱۹ء

Unconsolidated Condensed Interim Statement of Financial Position As at 31 March 2019 (Unaudited)

Rupees '000

	Note	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Assets			
Property and equipment	7	2 642 552	2 615 648
Investment property	8	1 892 855	1 879 093
Investments in subsidiary	9	10 041 218	9 897 937
Investments			
Equity securities	10	4 636 208	4 970 478
Debt securities	11	8 798 009	8 228 784
Term deposits		445 532	506 607
Loans and other receivables	12	98 744	100 271
Insurance / reinsurance receivables	13	4 007 003	3 577 054
Reinsurance recoveries against outstanding claims	20	3 442 106	3 363 439
Salvage recoveries accrued		61 554	42 306
Deferred commission expense	21	652 920	600 740
Retirement benefit		17 621	–
Taxation - payments less provisions		23 520	–
Prepayments	14	5 796 374	5 198 902
Cash and bank	15	1 872 025	1 266 562
		<u>44 428 241</u>	<u>42 247 821</u>
Total assets of window takaful operations - Operator's Fund		<u>708 789</u>	<u>621 302</u>
Total assets		<u><u>45 137 030</u></u>	<u><u>42 869 123</u></u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	16	14 463 242	14 522 985
Unappropriated profit		3 145 244	2 775 470
Total equity		19 608 486	19 298 455
Surplus on revaluation of property and equipment		871 190	859 097
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	20	5 362 097	5 176 757
Unearned premium reserves	19	9 283 962	8 354 109
Unearned reinsurance commission	21	455 839	394 848
Retirement benefit obligations		–	62 704
Deferred taxation		744 739	824 875
Premium received in advance		79 906	56 514
Insurance / reinsurance payables		5 947 735	5 333 106
Other creditors and accruals	17	2 330 704	2 054 552
Taxation - provisions less payments		–	46 595
Total liabilities		<u>24 204 982</u>	<u>22 304 060</u>
		<u>44 684 658</u>	<u>42 461 612</u>
Total liabilities of window takaful operations - Operator's Fund		<u>452 372</u>	<u>407 511</u>
Total equity and liabilities		<u><u>45 137 030</u></u>	<u><u>42 869 123</u></u>
Contingencies and commitments	18		

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Unconsolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2019 (Unaudited)

	Note	2019	Rupees '000 (Restated) 2018
Net insurance premium	19	1 824 561	1 865 786
Net insurance claims	20	(778 886)	(751 282)
Net commission and other acquisition cost	21	(170 905)	(191 146)
Insurance claims and acquisition expenses		(949 791)	(942 428)
Management expenses		(666 551)	(650 795)
Underwriting results		208 219	272 563
Investment income	22	213 550	188 726
Rental income		29 443	25 681
Other income	23	48 666	32 788
Other expenses		(21 893)	(19 414)
		269 766	227 781
Results of operating activities		477 985	500 344
Profit from window takaful operations - Operator's Fund	24	53 145	33 086
Profit before tax		531 130	533 430
Income tax expense	25	(160 022)	(161 795)
Profit after tax		371 108	371 635
Earnings (after tax) per share - Rupees	26	1.86	1.86

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Unconsolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

	2019	(Restated) 2018
Profit after tax	371 108	371 635
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized (loss) / gain on available-for-sale investments during the period	(262 125)	587 420
Reclassification adjustments relating to available-for-sale investments disposed off during the period	2 543	–
Unrealized gain on available-for-sale investments during the period of subsidiary / associate company	133 272	260 787
Total unrealized (loss) / gain on available-for-sale investments	(126 310)	848 207
Deferred tax on available-for-sale investments	100 195	(176 226)
Deferred tax on available-for-sale investments of subsidiary / associate company	(33 318)	(78 236)
Net unrealized loss from window takaful operations - Operator's Fund (net off deferred tax)	(310)	(409)
	(59 743)	593 336
Item not to be reclassified to profit and loss account in subsequent periods:		
Effect of change in tax rates on actuarial losses on defined benefit plans	(1 340)	–
Effect of change in tax rates on balance of revaluation on property and equipment	12 100	–
	10 760	–
Other comprehensive income	(48 983)	593 336
Total comprehensive income for the period	322 125	964 971

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Unconsolidated Condensed Interim Cash Flow Statement
For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

(Restated)
2018

	2019	(Restated) 2018
Operating cash flow		
a) Underwriting activities		
Insurance premium received	5 141 194	4 388 608
Reinsurance premium paid	(2 739 743)	(2 155 524)
Claims paid	(1 195 855)	(1 323 616)
Reinsurance and other recoveries received	485 152	523 197
Commission paid	(368 738)	(363 433)
Commission received	246 187	281 509
Management expenses paid	(617 547)	(622 206)
Net cash flow from underwriting activities	950 650	728 535
b) Other operating activities		
Income tax paid	(216 412)	(188 013)
Other operating payments	(28 400)	(79 798)
Other operating receipts	204 483	(32 011)
Loans advanced	(264)	(2 377)
Loans repayments received	696	2 996
Net cash flow from other operating activities	(39 897)	(299 203)
Total cash flow from all operating activities	910 753	429 332
Investment activities		
Profit / return received	224 492	175 762
Dividend received	23 630	37 137
Rental received	24 033	2 678
Payment for investments / investment properties	(10 230 774)	(10 206 292)
Proceeds from investments / investment properties	9 742 977	10 052 645
Fixed capital expenditures	(109 669)	(90 054)
Proceeds from sale of property and equipment	20 697	9 718
Total cash flow from investing activities	(304 614)	(18 406)
Total cash flow from financing activities - Dividends (paid) / adjusted	(676)	4 904
Net cash flow from all activities	605 463	415 830
Cash and cash equivalents at the beginning of period	1 266 562	1 164 209
Cash and cash equivalents at the end of period	1 872 025	1 580 039
Reconciliation to profit and loss account		
Operating cash flow	910 753	429 332
Depreciation / amortization expense	(76 054)	(65 242)
Profit on disposal of property and equipment	13 986	8 287
Rental income	29 443	25 683
Dividend Income	38 318	62 762
Other investment income	175 232	125 963
Profit on deposit	31 088	16 784
Other income	3 592	7 717
Increase in assets other than cash	1 191 133	588 741
Increase in liabilities other than borrowings	(1 999 528)	(861 478)
Profit after tax from conventional insurance operations	317 963	338 549
Profit from window takaful operations - Operator's Fund	53 145	33 086
Profit after tax	371 108	371 635

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Unconsolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company						Total (Restated)
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves		Unappropri- ated profit	
				Unrealized gain / (loss) on revaluation of available- for-sale investment-net	Unrealized gain on fair value of investment property		
Balance as at 01 January 2018	2 000 000	12 902	13 000 000	1 437 933	1 188 133	3 202 317	20 841 285
Total comprehensive income for the period ended 31 March 2018							
Profit after tax				593 336		371 635	371 635
Other comprehensive income				593 336		371 635	593 336
							964 971
Balance as at 31 March 2018 (restated)	<u>2 000 000</u>	<u>12 902</u>	<u>13 000 000</u>	<u>2 031 269</u>	<u>1 188 133</u>	<u>3 573 952</u>	<u>21 806 256</u>
Balance as at 01 January 2019	2 000 000	12 902	13 500 000	(269 657)	1 279 740	2 775 470	19 298 455
Total comprehensive income for the period ended 31 March 2019							
Profit after tax				(59 743)		371 108	371 108
Other comprehensive income				(59 743)		10 760	(48 983)
						381 868	322 125
Transfer from surplus on revaluation of property and equipment - net off tax						(12 094)	(12 094)
Balance as at 31 March 2019	<u>2 000 000</u>	<u>12 902</u>	<u>13 500 000</u>	<u>(329 400)</u>	<u>1 279 740</u>	<u>3 145 244</u>	<u>19 608 486</u>

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Notes to the Unconsolidated Condensed Interim Financial Statements For the three months period ended 31 March 2019 (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 at Kamran Centre, 1st Floor 85, East, Jinnah Avenue Blue Area 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 53 (2018: 52) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

2. Basis of preparation and statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, shall prevail.

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these unconsolidated condensed interim financial statement in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these unconsolidated condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012.

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

2.1 Basis of measurement

The unconsolidated condensed interim financial statements have been prepared under the historical cost basis except for the available-for-sale investments, property and equipments and investment property that have been measured at fair value and the Company's liability under defined benefit plan (gratuity) that is determined based on present value of defined benefit obligation less fair value of plan assets.

2.2 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees which is also Company's functional currency. All the financial information presented in Pakistani Rupees has been rounded to the nearest rupees in thousand, unless otherwise stated.

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of unconsolidated condensed interim financial statements are consistent with those followed in preparation of the annual unconsolidated financial statement of the Company for the year ended 31 December 2018.

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

4. Change in accounting policies

In the preceding year the following accounting policies were changed by the Company.

- 4.1 The valuation of investment properties from cost model to fair value model as per IAS 40 investment property. Resulting in reduction of property management expense due to reversal of depreciation expense.

- 4.2 Land and building from cost model to revaluation model as per IAS 16. Resulting in reduction of management expense due to reversal of depreciation expense.
- 4.3 The policy for 'Investments in subsidiaries and associates' which were being accounted for by using the equity method of accounting was changed to fair value and classified as available-for-sale investments in accordance with the International Accounting Standards 39 'Financial instruments: Recognition and measurement'.

These changes in accounting policies were applied retrospectively in accordance with the requirement of IAS 8 Accounting Policy, Change in Accounting Estimates and Error'.

The management of the Company believes that the new policy provides more relevant information to the users of these unconsolidated condensed interim financial statements.

- 4.4 The respective comparative numbers of the preceding period have been restated accordingly.

Rupees '000

Description	Note	Before Restatement	After Restatement
Property management expenses	4.1	19 343/-	25 681/-
Management expense	4.2	651 817/-	650 795/-
Share of profit of associate	4.3	91 686/-	–
Related tax impact		187 093/-	161 795/-

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 expenses. Actual results may differ from these estimates.

In preparation of 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 unconsolidated financial statements as at and for the year ended 31 December 2018.

6. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements for the year ended 31 December 2018.

7. Property and equipment

The details of additions and disposals during the three months period ended 31 March 2019 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Buildings	31 847	21 406	–	–
Furniture and fixtures	12 083	19 102	–	–
Office equipment	866	929	–	–
Tracker equipment	13 471	17 685	–	–
Computers	1 322	11 509	–	–
Vehicles	41 657	19 422	6 710	1 431
Capital work-in-progress	8 422	8 550	–	–
	<u>109 668</u>	<u>98 603</u>	<u>6 710</u>	<u>1 431</u>

8. Investment property

Rupees '000

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Opening net book value	1 879 093	1 847 093
Additions and capital improvements	13 762	21 319
Unrealized fair value gain	–	10 681
Closing book value	<u>1 892 855</u>	<u>1 879 093</u>

9. Investment in subsidiary

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	12 870 572	–	12 870 572	12 860 562	–	12 860 562
Deficit on revaluation	–	–	(2 829 354)	–	–	(2 962 625)
	<u>12 870 572</u>	<u>–</u>	<u>10 041 218</u>	<u>12 860 562</u>	<u>–</u>	<u>9 897 937</u>

10. Investment in equity securities - available-for-sale

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party*						
Listed shares	444 664	(20 755)	423 909	444 664	(20 874)	423 790
Others						
Listed shares	1 747 390	(75 367)	1 672 023	1 782 451	(51 790)	1 730 661
Unlisted shares	15 500	–	15 500	15 500	–	15 500
	1 762 890	(75 367)	1 687 523	1 797 951	(51 790)	1 746 161
Surplus on revaluation	–	–	2 524 776	–	–	2 800 527
	<u>2 207 554</u>	<u>(96 122)</u>	<u>4 636 208</u>	<u>2 242 615</u>	<u>(72 664)</u>	<u>4 970 478</u>

*The Company has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these companies.

11. Investment in debt securities - available-for-sale

Rupees '000

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government Securities	8 601 409	-	8 601 409	8 098 470	-	8 098 470
Term Finance Certificate	144 118	(44 118)	100 000	144 118	(44 118)	100 000
Corporate Sukuks	130 000	-	130 000	80 000	-	80 000
Deficit on revaluation	-	-	(33 400)	-	-	(49 686)
	<u>8 875 527</u>	<u>(44 118)</u>	<u>8 798 009</u>	<u>8 322 588</u>	<u>(44 118)</u>	<u>8 228 784</u>

12. Loans and other receivables – considered good

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Loans to employees	4 351	4 783
Accrued investment income	54 166	23 493
Security deposits	8 896	8 746
Advances to suppliers	19 597	35 509
Advances to employees	9 398	5 245
Other receivables	2 336	22 495
	<u>98 744</u>	<u>100 271</u>

13. Insurance / reinsurance receivables – unsecured and considered good

Due from insurance contract holders	4 072 348	3 639 468
Provision for impairment of receivables from insurance contract holders	(73 802)	(69 251)
	<u>3 998 546</u>	<u>3 570 217</u>
Due from other insurer / reinsurers	8 457	6 837
	<u>4 007 003</u>	<u>3 577 054</u>

14. Prepayments

Prepaid reinsurance premium ceded	5 635 936	5 073 281
Prepaid rent	14 638	17 398
Others	145 800	108 223
	<u>5 796 374</u>	<u>5 198 902</u>

		Rupees '000	
	Note	31 March 2019 (Unaudited)	31 December 2018 (Audited)
15. Cash and bank			
Cash and cash equivalents			
Cash in hand		1 048	6
Policy and revenue stamps, bond papers		13 520	12 375
		14 568	12 381
Cash at bank			
Current accounts		403 428	260 780
Saving accounts		1 454 029	993 401
		1 857 457	1 254 181
		<u>1 872 025</u>	<u>1 266 562</u>
16. Reserves			
Capital reserve			
Reserve for exceptional losses	16.1	12 902	12 902
Revenue reserves			
General reserve		13 500 000	13 500 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(329 400)	(269 657)
Reserve for change in fair value of investment property - net		1 279 740	1 279 740
		<u>14 463 242</u>	<u>14 522 985</u>

16.1 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.

		Rupees '000	
		31 March 2019 (Unaudited)	31 December 2018 (Audited)
17. Others creditors and accruals			
Federal insurance fee payable		24 970	9 439
Federal excise duty and sales tax payable		271 904	117 355
Accrued expenses		214 441	240 272
Agent commission payable		546 796	507 253
Unearned rentals		67 847	73 257
Other deposits		909 231	826 968
Unclaimed dividends		261 662	262 338
Others		33 853	17 670
		<u>2 330 704</u>	<u>2 054 552</u>

18. Contingencies and commitments

18.1 The income tax assessment of the Company has been finalized up to tax year 2018.

The Income Tax Department has made an 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 the Commissioner, Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Company had filed appeals before the 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 an assessment order for assessment year 2002-2003 by adding certain items. The Company had filed an appeal before Commissioner Income Tax (Appeals). The appeal was decided in the favour of the Company. The Department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) and the same has been decided in the favor of the Company. The Department has filed appeal before Honourable High Court of Sindh against the order of the 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 the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) had passed an order in favour of the Company. The Department then filed reference before the 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 year 2005 to 2007 before the 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 Company, a tax liability of Rs. 37 million would arise.

The Department has filed an appeal for tax year 2008 before the Honourable High Court of Sindh against the 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 an appeal for tax years 2014 and 2016 before the Income Tax Appellate Tribunal (ITAT) against the 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 made an assessment order for tax year 2018 by adding Service charges income. The Company had filed an appeal before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) had remanded back the matter to the concerned officer. If the appeal is decided against the Company a tax liability of Rs. 6 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.

18.2 In 2014, 2015, 2016, 2017 and 2018, the Searle Company Limited issued bonus shares (453,612, 312,993, 664,632, 472,284 and 443,697 shares, respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981, 24,857 and 21,360 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 million being withholding tax on bonus shares.

18.3 There are no commitments as at 31 March 2019 (31 December 2018: Nil).

19. Net insurance premium

Rupees '000

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Written gross premium	5 546 131	5 291 776
Unearned premium reserve - opening	8 354 109	8 496 686
Unearned premium reserve - closing	(9 283 962)	(8 812 802)
Premium earned	4 616 278	4 975 660
Less:		
Reinsurance premium ceded	3 354 372	3 204 978
Prepaid reinsurance premium - opening	5 073 281	5 112 083
Prepaid reinsurance premium - closing	(5 635 936)	(5 207 187)
Reinsurance expense	2 791 717	3 109 874
	<u>1 824 561</u>	<u>1 865 786</u>
20. Net Insurance claim expense		
Claim Paid	1 176 606	1 321 525
Outstanding claims including IBNR - closing	5 362 097	5 023 052
Outstanding claims including IBNR - opening	(5 176 757)	(5 572 347)
Claims expense	1 361 946	772 230
Less:		
Reinsurance and other recoveries received	504 393	519 353
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 363 439)	(3 538 572)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 442 106	3 040 167
Reinsurance and other recoveries revenue	583 060	20 948
	<u>778 886</u>	<u>751 282</u>
21. Net commission expense		
Commission paid or payable	408 281	360 947
Deferred commission expense - opening	600 740	689 587
Deferred commission expense - closing	(652 920)	(642 272)
Net commission	356 101	408 262
Less:		
Commission received or recoverable	246 187	281 510
Unearned reinsurance commission - opening	394 848	461 616
Unearned reinsurance commission - closing	(455 839)	(526 010)
Commission from reinsurers	185 196	217 116
	<u>170 905</u>	<u>191 146</u>

22. Investment Income

Rupees '000

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Income from equity securities - available-for-sale		
Dividend income	38 318	62 762
Income from debt securities - available-for-sale		
Return on debt securities	201 718	123 605
Income from term deposits		
Return on term deposits	4 079	3 385
	244 115	189 752
Net realized gains / (losses) on investments available-for-sale financial assets		
Realized gains on:		
Equity securities	6 202	273
Realized losses on:		
Equity securities	(3 659)	(1 097)
	2 543	(824)
	246 658	188 928
Impairment in value of available-for-sale equity securities	(33 108)	-
Investment related expenses	-	(202)
Total Investment income	213 550	188 726
23. Other Income		
Gain on sale of fixed assets	13 986	8 287
Return on loans to employees	87	92
Exchange gains	3 505	7 625
Return on bank balances	31 088	16 784
	48 666	32 788
24. Window takaful operations – Operator's fund		
Wakala fee	155 547	107 933
Management expenses	(61 266)	(45 254)
Commission expense	(54 235)	(34 767)
Investment income	9 041	3 836
Other income	4 258	1 538
Other expenses	(200)	(200)
	53 145	33 086
25. Taxation		(Restated)
Current	162 555	169 790
Deferred	(2 533)	(7 995)
	160 022	161 795
26. Earnings per share - basic and diluted		(Restated)
Profit after tax	(Rupees '000) 371 108	371 635
Weighted average number of ordinary shares	(Numbers '000) 200 000	200 000
Earnings per share	(Rupees) 1.86	1.86

27. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, subsidiary company, and 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 during the period other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Rupees '000		
Transactions		
Subsidiary company		
Premium written	37 908	16 662
Premium paid	9 059	8 177
Claims paid	4 072	2 389
Associated companies		
Premium written	157 460	128 453
Premium paid	18 789	19 741
Claims paid	30 137	108 065
Bank deposit withdrawn	(25 000)	(25 000)
Key management personnel		
Premium written	185	190
Compensation	44 928	40 756
Others		
Premium written	17 843	10 038
Claims paid	1 077	1 449
Brokerage paid	39	-
Employees' funds		
Contribution to provident fund	6 334	6 372
Contribution to gratuity fund	7 258	4 885
Contribution to pension fund	(694)	974
	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Balances		
Others		
Balances receivable	25 821	24 691
Balances payable	(21)	(2 571)
Deposits maturing within 12 months	154 000	179 000
Bank balances	279 866	144 496
Employees' funds receivable / (payable)		
EFU gratuity fund	(7 258)	(86 847)
EFU pension fund	24 879	24 143

28. Segment Information

Rupees '000

For the three months period ended 31 March 2019 (Unaudited)

	Fire and property damage	Marine, aviation & transport	Motor	Misce- llaneous	Treaty	Total
Current period						
Premium receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	4 004 958	686 095	1 116 007	628 230	-	6 435 290
Less: Federal excise duty	518 806	70 270	134 157	73 258	-	796 491
Stamp duty	133	36 415	357	312	-	37 217
Federal insurance fee	34 515	5 724	9 719	5 493	-	55 451
Gross written premium (inclusive of Administrative surcharge)	3 451 504	573 686	971 774	549 167	-	5 546 131
Gross direct premium	3 442 235	559 856	896 923	541 805	-	5 440 819
Facultative inward premium	-	1 238	-	-	-	1 238
Administrative surcharge	9 269	12 592	74 851	7 362	-	104 074
Insurance premium earned	2 776 644	576 827	880 186	382 621	-	4 616 278
Insurance premium ceded to reinsurers	2 338 109	201 124	2 885	249 599	-	2 791 717
Net insurance premium	438 535	375 703	877 301	133 022	-	1 824 561
Commission income	128 754	3 674	-	52 768	-	185 196
Net underwriting income	567 289	379 377	877 301	185 790	-	2 009 757
Insurance claims	489 802	254 629	474 559	142 956	-	1 361 946
Insurance claims recovered from reinsurers	341 802	149 482	-	91 776	-	583 060
Net claims	(148 000)	(105 147)	(474 559)	(51 180)	-	(778 886)
Commission expense	(186 200)	(63 899)	(74 390)	(31 612)	-	(356 101)
Management expenses	(167 923)	(125 024)	(323 070)	(50 534)	-	(666 551)
Net insurance claims and expenses	(502 123)	(294 070)	(872 019)	(133 326)	-	(1 801 538)
Underwriting result	65 166	85 307	5 282	52 464	-	208 219
Net investment income						213 550
Rental income						29 443
Other income						48 666
Other expenses						(21 893)
Profit from window takaful operations - Operator's Fund						53 145
Profit before tax						531 130
						As at 31 March 2019 (Unaudited)
Corporate segment assets	10 787 759	1 058 787	882 797	1 341 501	-	14 070 844
Corporate segment assets - Takaful OPF	32 636	6 651	193 450	3 769	-	236 506
Corporate unallocated assets						30 357 397
Corporate unallocated assets - Takaful OPF						472 283
Total assets						45 137 030
Corporate segment liabilities	14 949 093	1 784 044	2 620 190	3 232 239	-	22 585 566
Corporate segment liabilities - Takaful OPF	36 438	7 665	347 392	6 994	-	398 489
Corporate unallocated liabilities						1 619 416
Corporate unallocated liabilities - Takaful OPF						53 883
Total liabilities						24 657 354
		External premium less reinsurance by geographical segments 2019				
Location						
Pakistan	1 823 022					
* EPZ	1 539					
Total	1 824 561					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

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

Prior period	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total (Restated)
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
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	(173 686)	(129 347)	(296 520)	(51 242)	-	(650 795)
Net insurance claims and expenses	(555 456)	(316 026)	(773 914)	(164 943)	-	(1 810 339)
Underwriting result	60 408	86 504	76 090	49 561	-	272 563
Net investment income						188 726
Rental income						25 681
Other income						32 788
Other expenses						(19 414)
Profit from window takaful operations - Operator's Fund						33 086
Profit before tax						533 430
						As at 31 December 2018 (Audited)
Corporate segment assets	9 872 846	1 065 081	566 140	1 173 896	-	12 677 963
Corporate segment assets - Takaful OPF	43 226	9 011	271 746	16 810	-	340 793
Corporate unallocated assets						29 569 858
Corporate unallocated assets - Takaful OPF						280 509
Total assets						42 869 123
Corporate segment liabilities	13 582 908	1 884 044	2 413 449	2 769 154	-	20 649 555
Corporate segment liabilities - Takaful OPF	39 704	8 149	308 033	11 345	-	367 231
Corporate unallocated liabilities						1 654 505
Corporate unallocated liabilities - Takaful OPF						40 280
Total liabilities						22 711 571
		External premium less reinsurance by geographical segments				
Location		2018				
Pakistan		1 862 803				
* EPZ		2 983				
Total		1 865 786				

* This represents US Dollar Equivalent in Pak Rupees

29. Movement in investment

Name of investment	Rupees '000			
	Held to maturity	Available for sale subsidiary	Available for sale	Total
At beginning of previous year	430 550	10 999 448	14 946 693	26 376 691
Additions	1 763 923	7 891	33 612 469	35 384 283
Disposals (sale and redemptions)	(1 687 866)	–	(34 176 036)	(35 863 902)
Fair value net gains / (losses) (excluding net realized losses)	–	(1 109 402)	(1 156 354)	(2 265 756)
Impairment losses	–	–	(27 510)	(27 510)
At beginning of year	506 607	9 897 937	13 199 262	23 603 806
Additions	445 532	10 009	9 761 470	10 217 011
Disposals (sale and redemptions)	(506 607)	–	(9 233 826)	(9 740 433)
Fair value net gains / (losses) (excluding net realized gains / (losses))	–	133 272	(259 581)	(126 309)
Impairment losses	–	–	(33 108)	(33 108)
At end of period	445 532	10 041 218	13 434 217	23 920 967

30. Fair Value

30.1 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.

30.2 All assets and liabilities for which fair value is measured or disclosed in the unconsolidated condensed interim 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 2019 (Unaudited)

	Available- for-Sale	Loans & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	4 620 708				4 620 708	4 620 708		
Equity securities - unquoted	15 500				15 500			15 500
Debt securities	8 798 009				8 798 009		8 798 009	
Investment in subsidiary	10 041 218				10 041 218	10 041 218		
Financial assets not measured at fair value								
Term deposits*			445 532		445 532			
Loans and other receivables*		98 744			98 744			
Insurance / reinsurance receivables*		4 007 003			4 007 003			
Reinsurance recoveries against outstanding claims*		3 442 106			3 442 106			
Cash and bank*			1 872 025		1 872 025			
Total assets of window takaful operations - Operator's fund*	227 318	145 014	223 176		595 508		227 318	
	23 702 753	7 692 867	2 540 733	-	33 936 353	14 661 926	9 025 327	15 500
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 362 097)	(5 362 097)			
Premium received in advance*				(79 906)	(79 906)			
Insurance / reinsurance payables*				(5 947 735)	(5 947 735)			
Other creditors and accruals*				(2 330 704)	(2 330 704)			
Total liabilities of window takaful operations - Operator's Fund*				(81 752)	(81 752)			
	23 702 753	7 692 867	2 540 733	(13 802 194)	20 134 159	14 661 926	9 025 327	15 500

Rupees '000

As at 31 December 2018 (Audited)

	Available- for-Sale	Loans & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	4 954 978				4 954 978	4 954 978		
Equity securities - unquoted	15 500				15 500			15 500
Debt securities	8 228 784				8 228 784		8 228 784	
Investment in subsidiary	9 897 937				9 897 937	9 897 937		
Financial assets not measured at fair value								
Term deposits*			506 607		506 607			
Loans and other receivables*		100 271			100 271			
Insurance / reinsurance receivables*		3 577 054			3 577 054			
Reinsurance recoveries against outstanding claims*		3 363 439			3 363 439			
Cash and bank*			1 266 562		1 266 562			
Total assets of window takaful operations - Operator's fund*	176 593	245 849	89 319		511 761		176 593	
	<u>23 273 792</u>	<u>7 286 613</u>	<u>1 862 488</u>	<u>-</u>	<u>32 422 893</u>	<u>14 852 915</u>	<u>8 405 377</u>	<u>15 500</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 176 757)	(5 176 757)			
Premium received in advance*				(56 514)	(56 514)			
Insurance / reinsurance payables*				(5 333 106)	(5 333 106)			
Other creditors and accruals*				(2 054 552)	(2 054 552)			
Total liabilities of window takaful operations - Operator's Fund*				(60 414)	(60 414)			
	<u>23 273 792</u>	<u>7 286 613</u>	<u>1 862 488</u>	<u>(12 681 343)</u>	<u>19 741 550</u>	<u>14 852 915</u>	<u>8 405 377</u>	<u>15 500</u>

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

31. Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

32. General

Figures have been rounded off to the nearest thousand rupees.

33. Date of authorization for issue of unconsolidated condensed interim financial statements

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 27 April 2019.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Consolidated Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2019

Directors' Review to the Members on Consolidated Condensed Interim Financial Information For the three months period ended 31 March 2019

We are pleased to present the consolidated condensed interim financial information of EFU General Insurance Limited and our subsidiary, EFU Life Assurance Limited.

Consolidated gross premium was Rs. 13 billion, net premium was Rs. 9 billion and profit after tax was Rs. 598 million. The consolidated total assets were Rs. 163 billion.

Sindh Revenue Board has been granting exemption for sales tax on life insurance premium on a year to year basis which had expired on 30 June 2018. However, sales tax on life insurance premium on policies written in Punjab has been made applicable from November 2018 and Balochistan Revenue Authority had imposed sales tax on life insurance premium effective 01 January 2015. The matter for the renewal of the exemption was taken up at the collective level by the Insurance Association of Pakistan (IAP) with the sales tax authorities. In view of the fact that the matter is under the process of review with the taxation authorities, EFU Life Assurance Limited has not started billing sales tax on life insurance premium to its customers. Based on the IAP's discussions with the sales tax authorities, the Company is hopeful that the exemption will be granted. Accordingly, the Company has not recorded any provision against sales tax liability in these consolidated financial statements.

EFU Life has not provided for and billed their customers for Sindh Sales Tax for the period from 1st July 2018 to 31st March 2019, Punjab Sales Tax for the period from 1st November 2018 to 31st March 2019 and Balochistan Revenue Authority for the period from 1st July 2015 to 31st March 2019 on life insurance premium.

We are of the view that the levy of sales tax on life insurance business is not fair and is unjust. The matter for the renewal of the exemption was taken up at the collective level by the Insurance Association of Pakistan (IAP) with the sales tax authorities of the provinces. Further, the Sindh Cabinet in its meeting held on 27th Feb 2019 has also deferred the levy of taxes on Health and Life Insurance premium till the next financial year. EFU Life has also sought a legal opinion from the legal counsel and based on his opinion and, in view of the fact that the matter is under the process of review with the taxation authorities, EFU Life has not billed sales tax on life insurance premium to its customers. Based on the IAP's discussions with the sales tax authorities, the decision of the Sindh Cabinet and the legal opinion, we are hopeful that the exemption will be granted. Accordingly, provision against sales tax liability has not been made by EFU Life and also in these consolidated financial statements, as the discussions are still in progress.

The following appropriation of profit has been recommended by the Board of Directors:

Rupees '000

	31 March 2019 (Unaudited)
Profit before tax	824 606
Taxation	(226 808)
Profit after tax	597 798
Profit attributable to non-controlling interest	(128 245)
Profit attributable to ordinary shares	469 553
Unappropriated profit brought forward	1 145 831
Profit available for appropriation	1 615 384
Earnings per share (Rupees)	2.35

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

مجموعی کنڈینسڈ عبوری مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کا جائزہ ۳۱ مارچ ۲۰۱۹ء کو ختم ہونے والی سہ ماہی کیلئے

ہم بسمرت ای ایف یوجزل انشورنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یولائف انشورنس لمیٹڈ کے مجموعی کنڈینسڈ عبوری مالیاتی حسابات یکجا کر کے پیش کر رہے ہیں۔ یکجا شدہ مجموعی پریمیم ۱۳ بلین روپے، خالص پریمیم ۹ بلین روپے اور منافع بعد از ٹیکس ۵۹۸ بلین روپے رہا۔ یکجا شدہ مجموعی اثاثہ جات ۱۶۳ بلین روپے تھے۔

سندھ ریونیو بورڈ نے سال بہ سال کی بنیاد پر لائف انشورنس پریمیم پر سلاز ٹیکس کے لئے اسٹینڈی کی منظوری دی تھی جو ۳۰ جون ۲۰۱۸ء کو ختم ہو گئی۔ جبکہ پنجاب میں زیر تخریر پالیسیوں پر لائف انشورنس پریمیم پر سلاز ٹیکس نومبر ۲۰۱۸ء اور بلوچستان ریونیو اتھارٹی سے لاگو کیا گیا تھا اور لائف انشورنس پریمیم پر سلاز ٹیکس یکم جنوری ۲۰۱۵ء سے نافذ العمل تھا۔ اسٹینڈی کی تجدید کے لئے معاملہ انشورنس ایسوسی ایشن آف پاکستان (آئی اے پی) کی جانب سے مشترکہ سطح پر سلاز ٹیکس حکام کو پیش کیا گیا۔ اس امر کے پیش نظر کہ معاملہ ٹیکسیشن حکام کے پاس جائزے کے عمل سے گزر رہا ہے، ای ایف یولائف انشورنس لمیٹڈ نے اپنے صارفین کیلئے لائف انشورنس پریمیم پر سلاز ٹیکس کی بلنگ کا آغاز نہیں کیا۔ سلاز ٹیکس حکام کے ساتھ آئی اے پی کے مذاکرات کے تحت کمپنی پر امید ہے کہ اسٹینڈی منظور کر لیا جائے گا۔ اس کے مطابق کمپنی نے ان مجموعی مالیاتی حسابات میں سلاز ٹیکس کی مالیاتی ذمہ داری کے تحت کوئی شق شامل نہیں کی ہے۔

ای ایف یولائف یکم جولائی ۲۰۱۸ء تا ۳۱ مارچ ۲۰۱۹ء کی مدت کے لئے سندھ سلاز ٹیکس کے ضمن میں اپنے صارفین کو اور یکم نومبر ۲۰۱۸ء تا ۳۱ مارچ ۲۰۱۹ء پنجاب سلاز ٹیکس کے ضمن میں اور یکم جولائی ۲۰۱۵ء تا ۳۱ مارچ ۲۰۱۹ء کی مدت کے لئے بلوچستان سلاز ٹیکس کے ضمن میں لائف انشورنس پریمیم پر سلاز ٹیکس کے ضمن میں صارفین کو بل فراہم نہیں کر رہی ہے۔

ہم اس رائے کا اظہار کرتے ہیں کہ لائف انشورنس بزنس پر سلاز ٹیکس کا نفاذ منصفانہ نہیں اور بلا جواز ہے۔ اسٹینڈی کی تجدید کیلئے معاملہ مشترکہ طور پر انشورنس ایسوسی ایشن آف پاکستان (آئی اے پی) کی جانب سے صوبوں کے سلاز ٹیکس حکام کے روبرو رکھا گیا ہے۔ مزید برآں سندھ کا بینہ نے اپنے اجلاس منعقدہ ۲۷ فروری ۲۰۱۹ء میں آئندہ مالی سال تک، ہیلتھ اور لائف انشورنس پریمیم پر ٹیکسیشن کے نفاذ کی مخالفت کی ہے۔ ای ایف یولائف بھی قانونی ماہرین سے قانونی مشورے کر رہی ہے اور اس کی رائے میں حقائق کے پیش نظر یہ واضح کیا جاتا ہے کہ یہ معاملہ بھی ٹیکسیشن حکام کے پاس زیر جائزہ ہے۔ ای ایف یولائف نے اسی سبب اپنے صارفین کے لئے لائف انشورنس پریمیم پر سلاز ٹیکس لاگو نہیں کیا۔ سلاز ٹیکس حکام کے ساتھ آئی اے پی کی گفت و شنید، سندھ کا بینہ کے فیصلے اور قانونی رائے کے پیش نظر ہم پر امید ہیں کہ اسٹینڈی منظور کر لیا جائے گا۔ اس کے مطابق ای ایف یولائف کی جانب سے سلاز ٹیکس کی مالیاتی ذمہ داری کی شق شامل نہیں کی گئی اور ان مجموعی مالیاتی حسابات میں بھی یہ شامل نہیں کیونکہ بات چیت کا مرحلہ ابھی جاری ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے منافع کے درج ذیل تناسب کی سفارش کی گئی:

روپے ہزاروں میں

۳۱ مارچ ۲۰۱۹ء
(غیر آڈٹ شدہ)

۸۲۳ ۶۰۶	منافع قبل از ٹیکس
(۲۲۶ ۸۰۸)	ٹیکسیشن
۵۹۷ ۷۹۸	منافع بعد از ٹیکس
(۱۲۸ ۲۳۵)	نان-کنٹرولنگ سود کیلئے قابل منسوب منافع
۴۶۹ ۵۵۳	عمومی شیئرز کیلئے قابل منسوب منافع
۱ ۱۳۵ ۸۳۱	غیر مختص کردہ منافع جو آئندہ شامل کیا جائے گا
۱ ۶۱۵ ۳۸۴	تناسب کے تحت دستیاب منافع
۲۶۳۵	آمدنی فی شیئر (روپے)

سیف الدین این۔ زومکا والا
چیئر مین

حسن علی عبداللہ
مینیجنگ ڈائریکٹر چیف ایگزیکٹو

طاہر جی۔ ساچک
ڈائریکٹر

محمود لوٹیا
ڈائریکٹر

کراچی، ۲۷ اپریل ۲۰۱۹ء

Consolidated Condensed Interim Statement of Financial Position As at 31 March 2019 (Unaudited)

Rupees '000

	Note	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Assets			
Property and equipment	8	6 934 149	6 949 650
Intangible assets		7 994 619	7 997 706
Investment property	9	1 892 855	1 879 093
Investments			
Equity securities	10	32 617 517	38 222 181
Debt securities	11	53 834 280	65 280 522
Term deposits		35 749 532	15 555 707
Loans and other receivables	12	2 309 271	3 210 709
Insurance / reinsurance receivables	13	4 224 569	3 746 654
Reinsurance recoveries against outstanding claims	21	3 442 106	3 363 439
Salvage recoveries accrued		61 554	42 306
Deferred commission expense	22	652 920	600 740
Retirement benefit		17 621	-
Taxation - payments less provisions		522 648	291 132
Prepayments	14	5 907 617	5 280 084
Cash and bank	15	6 625 879	6 052 924
		<u>162 787 137</u>	<u>158 472 847</u>
Total assets of window takaful operations - Operator's Fund		708 789	621 302
Total assets		<u>163 495 926</u>	<u>159 094 149</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	16	16 553 648	16 727 065
Unappropriated profit		1 606 849	1 145 831
Capital and reserve attributable to Company's equity holders		20 160 497	19 872 896
Non-controlling interest		4 331 401	4 223 836
Total equity		<u>24 491 898</u>	<u>24 096 732</u>
Surplus on revaluation of property and equipment		983 250	969 601
Liabilities			
Insurance liabilities	17	109 153 850	106 937 015
Underwriting provisions			
Outstanding claims including IBNR	21	5 362 097	5 176 757
Unearned premium reserves	20	9 283 962	8 354 109
Unearned reinsurance commission	22	455 839	394 848
Retirement benefit obligations		-	62 704
Deferred taxation		2 657 206	2 821 655
Premium received in advance		914 819	770 933
Insurance / reinsurance payables		6 203 605	5 526 324
Other creditors and accruals	18	3 537 028	3 575 960
		<u>28 414 556</u>	<u>26 683 290</u>
Total liabilities		<u>137 568 406</u>	<u>133 620 305</u>
		<u>163 043 554</u>	<u>158 686 638</u>
Total liabilities of window takaful operations - Operator's Fund		452 372	407 511
Total equity and liabilities		<u>163 495 926</u>	<u>159 094 149</u>
Contingencies and commitments	19		

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

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Consolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

(Restated)
2018

	Note	2019	(Restated) 2018
Net insurance premium	20	9 069 522	1 865 786
Net insurance claims	21	(5 041 008)	(751 282)
Net commission and other acquisition costs	22	(1 809 513)	(191 146)
Insurance claims and acquisition expenses		(6 850 521)	(942 428)
Management expenses		(1 059 649)	(650 795)
Investment income - statutory fund	23	2 220 159	-
Net realized fair value losses on financial assets	24	(2 689 962)	-
Net fair value loss on financial assets at fair value through profit and loss	25	1 858 465	-
Net change in insurance liabilities (other than outstanding claims)		(2 059 456)	-
Underwriting result		488 558	272 563
Investment income	26	213 550	188 726
Rental income		29 443	25 681
Other income	27	64 261	32 788
Other expenses		(24 351)	(19 414)
		282 903	227 781
Results of operating activities		771 461	500 344
Share of profit of associate		-	103 952
Profit from window takaful operations - Operator's Fund	28	53 145	33 086
Profit before tax		824 606	637 382
Income tax expense	29	(226 808)	413 894
Profit after tax		597 798	1 051 276
Profit attributable to:			
Equity holders of the parent		469 553	1 051 276
Non-controlling interest		128 245	-
		597 798	1 051 276
Earnings (after tax) per share - Rupees	30	2.35	5.26

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

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Consolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

(Restated)
2018

	2019	(Restated) 2018
Profit after tax	597 798	1 051 276
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized (loss) / gain on available-for-sale investments during the period	(306 003)	587 420
Reclassification adjustments relating to available-for-sale investments disposed off during the period	2 543	–
Total unrealized (loss) / gain for the period	(303 460)	587 420
Deferred tax on available-for-sale investments	112 481	(176 226)
Net unrealized loss from window takaful operations - Operator's Fund (net off deferred tax)	(310)	(409)
Total items that may be reclassified subsequently to profit and loss	(191 289)	410 785
Item not to be reclassified to profit and loss account in subsequent periods:		
Share of profit of associate (net off deferred tax)	–	7 538
Effect of change in tax rates on actuarial losses on defined benefit plans	(1 340)	–
Effect of change in tax rates on balance of revaluation on property and equipment	13 656	–
Loss on recognition of fair value of investment on business combination	–	(1 644 544)
	12 316	(1 637 006)
Other comprehensive income for the period	(178 973)	(1 226 221)
Total comprehensive income for the period	418 825	(174 945)
Total comprehensive income attributable to:		
Equity holders of the parent	307 572	(174 945)
Non-controlling interest	111 253	–
	418 825	(174,945)

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

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Consolidated Condensed Interim Cash Flow Statement For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

(Restated)
2018

2019

Operating cash flows**a) Underwriting activities**

Insurance premium / contribution received	12 622 762	4 388 608
Reinsurance premium / retakaful contribution paid	(2 841 171)	(2 155 524)
Claims paid	(5 391 306)	(1 323 616)
Reinsurance and other recoveries received	584 596	523 197
Commission paid	(1 714 749)	(363 433)
Commission received	246 187	281 509
Management expenses paid	(1 737 965)	(622 206)
Net cash flow from underwriting activities	1 768 354	728 535

b) Other operating activities

Income tax paid	(481 752)	(188 013)
Other operating payments	(28 400)	(79 798)
Other operating receipts	1 957 340	(32 011)
Loans advanced	(53 108)	(2 377)
Loans repayments received	51 821	2 996
Net cash flow from other operating activities	1 445 901	(299 203)

Total cash flow from all operating activities

3 214 255

429 332

Investment activities

Profit / return received	1 476 213	175 762
Dividend received	447 496	37 137
Rental received	24 033	2 678
Payment for investments / investment properties	(92 113 811)	(10 206 292)
Proceeds from investments / investment properties	107 908 913	10 052 645
Fixed capital expenditures	(168 837)	(90 054)
Proceeds from sale of property and equipment	40 269	9 718
Acquisition of subsidiary net of cash acquired	-	18 114 119
Total cash flow from investing activities	17 614 276	18 095 713

Total cash flow from financing activities - Dividends (paid) / adjusted

(676)

4 904

Net cash flow from all activities

20 827 855

18 529 949

Cash and cash equivalents at beginning of period

21 102 024

1 164 209

Cash and cash equivalents at end of period

41 929 879

19 694 158

Reconciliation to profit and loss account

Operating cash flows	3 214 255	429 332
Depreciation / amortization expense	(170 479)	(65 242)
Profit on disposal of property and equipment	23 323	8 287
Loss on disposal of investments / investment properties	(2 689 962)	-
Rental income	29 443	25 683
Dividend Income	459 531	62 762
Other investment income	2 184 888	125 963
Share of profit from associate	-	103 952
Profit on deposit	31 088	16 784
Other income	7 836	7 717
Appreciation in market value of investments	1 731 876	-
Impairment in the value of available-for-sale equity investments	(1 001)	-
(Decrease) / increase in assets other than cash	(508 739)	588 741
Increase in liabilities other than running finance	(3 767 406)	(285 789)

Profit after tax from conventional insurance operations

544 653

1 018 190

Profit from window takaful operations - Operator's Fund

53 145

33 086

Profit after tax

597 798

1 051 276

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

MAHMOOD LOTIA
DirectorTAHER G. SACHAK
DirectorALTAF GOKAL
Chief Financial OfficerHASANALI ABDULLAH
Managing Director &
Chief ExecutiveSAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Consolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company								
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves		Unappropriated profit	Equity attributable to equity holder of parent	Non-controlling interest	Total (Restated)
Unrealized gain/(loss) on revaluation of available-for-sale investment-net				Unrealized gain on fair value of investment property					
Balance as at 01 January 2018	2 000 000	12 902	13 000 000	2 735 188	1 188 133	2 567 245	21 503 468	21 503 468	
Total comprehensive income for the period ended 31 March 2018									
Profit after tax				410 785		1 051 276	1 051 276	1 051 276	
Other comprehensive income				410 785		(1 637 006)	(1 226 221)	(1 226 221)	
						(585 730)	(174 945)	(174 945)	
Transactions with owners recorded directly in equity									
Recognition of non-controlling interest on business combination							4 291 469	4 291 469	
Balance as at 31 March 2018 (Restated)	<u>2 000 000</u>	<u>12 902</u>	<u>13 000 000</u>	<u>3 145 973</u>	<u>1 188 133</u>	<u>1 981 515</u>	<u>21 328 523</u>	<u>4 291 469</u>	<u>25 619 992</u>
Balance as at 01 January 2019	2 000 000	12 902	13 500 000	1 934 423	1 279 740	1 145 831	19 872 896	4 223 836	24 096 732
Total comprehensive income for the period ended 31 March 2019									
Profit after tax				(173 417)		469 553	469 553	597 798	
Other comprehensive income				(173 417)		11 436	(161 981)	(178 973)	
						480 989	307 572	418 825	
Transfer from surplus on revaluation of property and equipment - net off tax						(12 770)	(12 770)	(880)	(13 650)
Acquisition of NCI without a change in control						(7 201)	(7 201)	(2 808)	(10 009)
Balance as at 31 March 2019	<u>2 000 000</u>	<u>12 902</u>	<u>13 500 000</u>	<u>1 761 006</u>	<u>1 279 740</u>	<u>1 606 849</u>	<u>20 160 497</u>	<u>4 331 401</u>	<u>24 491 898</u>

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

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

Notes to the Consolidated Condensed Interim Financial Statements For the three months period ended 31 March 2019 (Unaudited)

1. Legal status and nature of business

1.1 EFU General Insurance Limited (The Company) 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 The group comprises of:

1.2.1 EFU General Insurance Limited (Holding Company)

EFU General Insurance Limited was incorporated as a public limited company on 02 September 1932. The Holding Company is listed on the Pakistan Stock Exchange Limited 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 located at Kamran Centre, 1st Floor 85, East, Jinnah Avenue blue Area 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 53 (2017: 52) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

1.2.2 EFU Life Assurance Limited (Subsidiary Company)

EFU Life Assurance Limited with 43.47 % 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 Limited. 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. The Subsidiary Company is engaged in life assurance business comprising of ordinary life business, pension fund business and accident and health business and has established following funds, as required by the Insurance Ordinance, 2000.

- Investment linked business (includes individual life business)
- Conventional business (includes group life and individual life businesses)
- Pension business (unit linked)*
- Accident and health business
- Family takaful investment linked business
- Family takaful protection business

* The Subsidiary Company has discontinued pension business and accordingly no new business has been written under this fund.

2. Business combination

Acquisition of EFU Life Assurance Limited

The Holding Company decided to consolidate financial statements of the Subsidiary Company with and into the Holding Company which was approved by the Board of Directors in their meeting held on 28 March 2018.

International Financial Reporting Standard 3, (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 financial statements and any intangible assets acquired in the business combination are required to be separately recognized and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the determination of fair values of the assets acquired and liabilities assumed and to determine the value of any intangible asset separately identified.

During the preceding year, in compliance with the provisions contained in IFRS 3, the fair valuation exercise of the recorded assets and liabilities was completed by the management as a result of which new information was obtained that necessitated adjustments to the provisional amounts of assets and liabilities initially estimated. Accordingly, retrospective adjustments have been made in these consolidated condensed interim financial statements.

The details of net assets acquired and goodwill arising on acquisition of the Subsidiary Company are as follows:

	Fair values provisionally determined as at 31 March 2018	Adjustments as a result of finalization of fair value exercise	Rupees '000 Fair value finalized and adjusted retrospectively
Assets			
Property and equipment	2 164 714	1 907 019	4 071 733
Intangible assets	8 782	-	8 782
Investments			
Equity securities	30 738 647	-	30 738 647
Debt securities	61 651 064	-	61 651 064
Term deposits	12 594 100	-	12 594 100
Loans and other receivables	1 727 034	-	1 727 034
Insurance / reinsurance receivables	69 322	-	69 322
Taxation - payment less provisions	393 621	-	393 621
Prepayments	82 636	-	82 636
Cash & bank	5 520 019	-	5 520 019
Total assets	<u>114 949 939</u>	<u>1 907 019</u>	<u>116 856 958</u>
Liabilities			
Insurance liability	106 211 210	-	106 211 210
Deferred taxation	737 946	553 036	1 290 982
Premium received in advance	787 063	-	787 063
Insurance / reinsurance payables	180 453	-	180 453
Other creditors and accruals	806 215	-	806 215
Total Liabilities	<u>108 722 887</u>	<u>553 036</u>	<u>109 275 923</u>
Book value of net assets as on 31 March 2018	<u>6 227 052</u>	<u>1 353 983</u>	<u>7 581 035</u>
Percentage of net assets acquired (43 392 040 / 100 000 000)			<u>43.39%</u>
Book value of net assets acquired			<u>3 289 566</u>
Goodwill Calculation			
Market Value			11 260 234
Less: Net Assets			<u>3 289 566</u>
Goodwill			<u>7 970 668</u>

Market value of the Subsidiary Company's assets amounts to Rs. 7,581 million based on a revaluation carried out by valuer as at 31 March 2018 and revaluation has been recognized in the respective heads of account.

The market value of the Subsidiary Company was determined by external, independent property valuer having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Subsidiary Company's assets at the date of acquisition.

Valuation Techniques

The valuer has arranged enquiries and verification from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available

in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered/quoted for sale into given vicinity to determine the better estimates of the fair value.

3. Basis of preparation and statement of compliance

3.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, shall prevail.

Total assets, total liabilities and profit of the Window Takaful Operations of the Holding Company referred to as the Operator's Fund has been presented in these consolidated condensed interim financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015.

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

3.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost basis except for the available-for-sale investments, property and equipment and investment property that have been measured at fair value and the Group's liability under defined benefit plan (gratuity) that is determined based on present value of defined benefit obligation less fair value of plan assets.

3.3 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Group's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees in thousand, unless otherwise stated.

4. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of consolidated condensed interim financial statements are consistent with those followed in preparation of the annual consolidated financial statement of the Group for the year ended 31 December 2018.

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

5. Change in accounting policies

In the preceding year the following accounting policies were changed by the Holding Company

5.1 The valuation of investment properties from cost model to fair value model as per IAS 40 investment property. Resulting in reduction of property management expense due to reversal of depreciation expense.

5.2 Land and building from cost model to revaluation model as per IAS 16. Resulting in reduction of management expense due to reversal of depreciation expense.

These changes in accounting policies were applied retrospectively in accordance with the requirement of IAS 8 Accounting Policy, Change in Accounting Estimates and Error'.

The management of the Group believes that the new policy provides more relevant information to the users of these consolidated condensed interim financial statements.

5.3 The respective comparative numbers of the preceding period have been restated accordingly.

Rupees '000

Description	Note	Before Restatement	After Restatement
Property management expenses	5.1	19 343/-	25 681/-
Management expense	5.2	651 817/-	650 795/-
Share of profit of associate		91 686/-	103 952/-
Related tax impact		187 093/-	413 894/-

6. 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 expenses. Actual results may differ from these estimates.

In preparation of these consolidated condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation, uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

7. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the consolidated condensed interim financial statements for the year ended 31 December 2018.

8. Property and equipment

The details of additions and disposals during the three months period ended 31 March 2019 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Buildings	31 847	21 406	-	-
Furniture and fixtures	44 972	19 102	-	-
Office equipment	3 445	929	-	-
Tracker equipment	13 471	17 685	-	-
Computers	3 394	11 509	-	-
Vehicles	63 142	19 422	26 061	1 431
Capital work-in-progress	8 422	8 550	-	-
	<u>168 693</u>	<u>98 603</u>	<u>26 061</u>	<u>1 431</u>

9. Investment property

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Opening net book value	1 879 093	1 847 093
Additions and capital improvements	13 762	21 319
Unrealized fair value gain	-	10 681
Closing book value	<u>1 892 855</u>	<u>1 879 093</u>

10. Investment in equity securities

Rupees '000

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party*						
Listed shares	751 135	(291 823)	459 312	779 186	(307 622)	471 564
Mutual funds	25 523	–	25 523	25 523	–	25 523
	776 658	(291 823)	484 835	804 709	(307 622)	497 087
Others						
Listed shares	1 887 716	(92 079)	1 795 637	1 950 613	(51 790)	1 898 823
Unlisted shares	31 508	–	31 508	31 508	–	31 508
Mutual funds	91 793	(10 238)	81 555	100 147	(10 280)	89 867
	2 011 017	(102 317)	1 908 700	2 082 268	(62 070)	2 020 198
Surplus on revaluation	–	–	2 619 023	–	–	2 903 404
	2 787 675	(394 140)	5 012 558	2 886 977	(369 692)	5 420 689
At fair value through profit and loss - designated upon initial recognition						
Related Party*						
Listed shares	8 557	–	68 849	99 329	–	121 251
Mutual funds	444	–	444	444	–	805
	9 001	–	69 293	99 773	–	122 056
Others						
Listed shares	28 001 025	–	27 273 686	34 961 713	–	32 619 121
Mutual funds	261 980	–	261 980	59 215	–	60 315
	28 263 005	–	27 535 666	35 020 928	–	32 679 436
	28 272 006	–	27 604 959	35 120 701	–	32 801 492
	31 059 681	(394 140)	32 617 517	38 007 678	(369 692)	38 222 181

*The Group has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these companies.

11. Investment in debt securities

Rupees '000

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government Securities	3 037 426	–	3 037 426	5 132 700	–	5 122 953
Available-for-sale						
Government Securities	45 354 178	–	45 120 384	56 377 358	–	55 948 383
Fair value through profit & loss						
Term Finance Certificate	5 413 988	(44 118)	5 369 870	2 603 996	44 118	2 559 878
Corporate Sukuks	130 000	–	130 000	1 488 994	–	1 488 994
Certificate of Investment	210 000	–	210 000	210 000	–	210 000
	5 753 988	(44 118)	5 709 870	4 302 990	44 118	4 258 872
Deficit on revaluation	–	–	(33 400)	–	–	(49 686)
	54 145 592	(44 118)	53 834 280	65 813 048	44 118	65 280 522

12. Loans and other receivables – considered good		Rupees '000	
	Note		
		31 March 2019 (Unaudited)	
		31 December 2018 (Audited)	
Loans to employees		174 360	173 973
Accrued investment income		1 698 452	908 253
Security deposits		47 345	44 075
Advances to suppliers		212 718	144 119
Advances to employees		9 398	5 245
Other receivables		166 998	1 935 044
		<u>2 309 271</u>	<u>3 210 709</u>
13. Insurance / reinsurance receivables – unsecured and considered good			
Due from insurance contract holders		4 277 041	3 795 606
Provision for impairment of receivables from insurance contract holders		(73 802)	(69 251)
		<u>4 203 239</u>	<u>3 726 355</u>
Due from other insurer / reinsurers		21 330	20 299
		<u>4 224 569</u>	<u>3 746 654</u>
14. Prepayments			
Prepaid reinsurance premium ceded		5 635 936	5 073 281
Prepaid rent		52 682	73 833
Others		218 999	132 970
		<u>5 907 617</u>	<u>5 280 084</u>
15. Cash and Bank			
Cash and cash equivalents			
Cash in hand		2 667	305
Policy and revenue stamps, bond papers		24 454	18 035
		27 121	18 340
Cash at bank			
Current accounts		808 368	1 492 484
Saving accounts		5 790 390	4 542 100
		<u>6 598 758</u>	<u>6 034 584</u>
		<u>6 625 879</u>	<u>6 052 924</u>
16. Reserves			
Capital reserve			
Reserve for exceptional losses	16.1	12 902	12 902
Revenue reserves			
General reserve		13 500 000	13 500 000
Revaluation reserve for unrealized (loss) / gain on available-for-sale investments - net		1 761 006	1 934 423
Reserve for change in fair value of investment property - net		1 279 740	1 279 740
		<u>16 553 648</u>	<u>16 727 065</u>

16.1 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.

17. Insurance liabilities

		Rupees '000
	Note	31 March 2019 (Unaudited)
		31 December 2018 (Audited)
Reported outstanding claims	17.1	2 448 701
Incurring but not reported claims	17.2	544 368
Investment component of unit-linked and account value policies	17.3	104 737 250
Liabilities under individual conventional insurance contracts	17.4	872 650
Liabilities under group insurance contracts (other than investment linked)	17.5	550 881
		<u>109 153 850</u>
		<u>106 937 015</u>
17.1 Reported outstanding claims		
Payable within one year		2 075 381
Payable over a period of time exceeding one year		647 076
		<u>2 722 457</u>
Recoverable from reinsurers		
Receivable over a period of time exceeding one year		(273 756)
		<u>(273 756)</u>
Net reported outstanding claims		<u>2 448 701</u>
17.2 Incurred But Not Reported Claims		
Gross of reinsurance		663 673
Reinsurance recoveries		(119 305)
Net of reinsurance		<u>544 368</u>
17.3 Investment component of unit-linked and account value policies		
Investment component of unit linked policies		104 737 250
		<u>104 737 250</u>
17.4 Liabilities under Individual Conventional Insurance Contracts		
Gross of reinsurance		1 072 490
Reinsurance credit		(199 840)
Net of reinsurance		<u>872 650</u>
17.5 Liabilities under Group Insurance Contracts (other than investment linked)		
Gross of reinsurance		684 898
Reinsurance credit		(134 017)
Net of reinsurance		<u>550 881</u>

18. Others creditors and accruals

Rupees '000

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Federal insurance fee payable	24 970	9 439
Federal excise duty and sales tax payable	271 904	117 355
Accrued expenses	646 217	842 463
Agent commission payable	1 006 619	1 233 511
Unearned rentals	67 847	73 257
Other deposits	909 231	826 968
Unclaimed dividends	303 558	295 664
Others	306 682	177 303
	<u>3 537 028</u>	<u>3 575 960</u>

19. Contingencies and commitments

19.1 Holding Company

The income tax assessment of the Holding Company has been finalized up to tax year 2018.

- 19.1.1 The Income Tax Department has made an 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 the Commissioner, Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Holding Company had filed appeals before the 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 an assessment order for assessment year 2002-2003 by adding certain items. The Holding Company had filed an appeal before Commissioner Income Tax (Appeals). The appeal was decided in the favour of the Holding Company. The Department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) and the same has been decided in the favor of the Holding Company. The Department has filed appeal before Honourable High Court of Sindh against the order of the 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 the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) had passed an order in favour of the Holding Company. The Department then filed reference before the 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 year 2005 to 2007 before the 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 an appeal for tax year 2008 before the Honourable High Court of Sindh against the 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 an appeal for tax years 2014 and 2016 before the Income Tax Appellate Tribunal (ITAT) against the 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 made an assessment order for tax year 2018 by adding Service charges income. The Holding Company had filed an appeal before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) remanded back the matter to the concerned officer. If the appeal is decided against the Holding Company a tax liability of Rs.6 million would arise.

19.1.2 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 million being withholding tax on bonus shares.

19.2 Subsidiary Company

The Income tax assessment of the Subsidiary Company for tax year 2017 has been finalized. The tax department has reopened the assessment order issued under Section 122(5A) for the tax year 2009-2016 and has raised a demand of Rs. 56 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 where the case was decided in favour of the Subsidiary Company. 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.14 million and Rs.15 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.

Sindh Revenue Board has been granting exemption for sales tax on life insurance premium on a year to year basis which had expired on 30 June 2018. Similarly, sales tax on life insurance premium was also exempt in Punjab. However, sales tax on life insurance premium on policies written in Punjab has been made applicable from November 2018. Further, Balochistan Revenue Authority has also imposed sales tax on life insurance premium effective 01 July 2015. The matter for the renewal of the exemption was taken up at the collective level by the Insurance Association of Pakistan (IAP) with the sales tax authorities of the respective provinces. In view of the fact that the matter is under the process of review with the taxation authorities, the Subsidiary Company has not started billing sales tax on life insurance premium to its customers. At 31 March 2019, the aggregate amount of sales tax on life insurance premium not yet billed by the Subsidiary Company to its customers amounted to Rs. 2,144 million. Based on the IAP's discussions with the sales tax authorities, the Subsidiary Company is hopeful 'that the exemption will be granted. Accordingly, the Subsidiary Company has not recorded any provision against sales tax liability in these consolidated condensed interim financial statements.

19.2.1 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 (3,802 shares and 18,707 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 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 honourable high court decided the case against the Subsidiary Company. Subsequently, the 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.

19.2.2 Bank guarantees amounting to Rs.17 million has been given in respect of Group Life coverage. These bank guarantees will expire by 16th January 2020.

19.3 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.

19.4 There are no commitments as at 31 March 2019 (31 December 2018: Nil).

20. Net insurance premium

Rupees '000

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Written gross premium	12 955 759	5 291 776
Unearned premium reserve - opening	8 354 109	8 496 686
Unearned premium reserve - closing	(9 283 962)	(8 812 802)
Premium earned	12 025 906	4 975 660
Less:		
Reinsurance premium ceded	3 519 039	3 204 978
Prepaid reinsurance premium - opening	5 073 281	5 112 083
Prepaid reinsurance premium - closing	(5 635 936)	(5 207 187)
Reinsurance expense	2 956 384	3 109 874
	<u>9 069 522</u>	<u>1 865 786</u>
21. Net insurance claim expense		
Claim Paid	5 529 438	1 321 525
Outstanding claims including IBNR - closing	5 362 097	5 023 052
Outstanding claims including IBNR - opening	(5 176 757)	(5 572 347)
Claims expense	5 714 778	772 230
Less:		
Reinsurance and other recoveries received	595 103	519 353
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 363 439)	(3 538 572)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 442 106	3 040 167
Reinsurance and other recoveries revenue	673 770	20 948
	<u>5 041 008</u>	<u>751 282</u>
22. Net commission expense		
Commission paid or payable	1 867 947	360 947
Deferred commission expense - opening	600 740	689 587
Deferred commission expense - closing	(652 920)	(642 272)
Net commission	1 815 767	408 262
Less:		
Commission received or recoverable	246 187	281 510
Unearned reinsurance commission - opening	394 848	461 616
Unearned reinsurance commission - closing	(455 839)	(526 010)
Commission from reinsurers	185 196	217 116
Other acquisition cost	178 942	-
	<u>1 809 513</u>	<u>191 146</u>

23. Investment income – statutory fund

Rupees '000

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Income from equity securities		
Fair value through profit or loss		
Dividend income	420 278	–
Available-for-sale		
Dividend income	3 588	–
Income from debt securities		
Available-for-sale		
Return on debt securities	222 049	–
On government securities	1 136 273	–
Held to maturity		
On government securities	110 946	–
Income from term deposits		
Return on term deposits	327 025	–
	<u>2 220 159</u>	<u>–</u>
24. Net realized fair value gains / (losses) on financial assets at fair value through profit and loss		
Available-for-sale financial assets		
Realized gain on:		
Equity securities	2 850 699	–
Realized losses on		
Equity securities	(160 737)	–
	<u>2 689 962</u>	<u>–</u>
25. Net fair value gains / losses on financial assets at fair value through profit or loss		
Net unrealized losses on investments at fair value through profit or loss (held for trading purpose)	(1 319)	–
Net unrealized gains on investments in financial assets	167 319	–
Net unrealized gains on investments at fair value through profit or loss (designated upon initial recognition)	1 695 474	–
Total investment income	<u>1 861 474</u>	<u>–</u>
Reversal of impairment in value of available-for-sale securities	(1 001)	–
Less: investment related expenses	(2 008)	–
	<u>1 858 465</u>	<u>–</u>

26. Investment Income

Rupees '000

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Income from equity securities - available-for-sale		
– Dividend income	38 318	62 762
Income from debt securities - available-for-sale		
– Return on debt securities	201 718	123 605
Income from term deposits		
– Return on term deposits	4 079	3 385
	244 115	189 752
Net realized gains / (losses) on investments		
Available for sale financial assets		
Realized gains on:		
– Equity securities	6 202	273
Realized losses on:		
– Equity securities	(3 659)	(1 097)
	2 543	(824)
	246 658	188 928
(Impairment) / reversal in value of available for sale equity securities	(33 108)	–
Investment related expenses	–	(202)
Total Investment income	213 550	188 726
27. Other Income		
Gain on sale of fixed assets	23 323	8 287
Return on loans to employees	4 331	92
Return on bank balances	31 088	16 784
Exchange difference	3 505	7 625
Others	2 014	–
	64 261	32 788
28. Window Takaful Operations		
Wakala fee	155 547	107 933
Management expenses	(61 266)	(45 254)
Commission expense	(54 235)	(34 767)
Investment income	9 041	3 836
Other income	4 258	1 538
Other expenses	(200)	(200)
	53 145	33 086
29. Taxation		(Restated)
Current	266 493	169 790
Deferred	(39 685)	(583 684)
	226 808	(413 894)
30. Earnings per share - basic and diluted		(Restated)
Profit after tax	(Rupees '000)	469 553
Weighted average number of ordinary shares	(Numbers '000)	200 000
Earnings per share	(Rupees)	2.35
		1 051 276
		200 000
		5.26

31. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, and 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:

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Rupees '000		
Transactions		
Associated companies		
Premium written	222 418	128 453
Premium paid	40 464	19 741
Claims paid	31 317	108 065
Commission paid	82 873	–
Donation paid	537	–
Interest on bank deposit	151 892	–
Investment sold	25 558	–
Bank deposit withdrawn	(25 000)	(25 000)
Key management personnel		
Premium written	344	190
Loans recovered	900	–
Compensation	90 899	40 756
Others		
Premium written	17 843	10 038
Claims paid	1 077	1 449
Brokerage paid	39	–
Employees' funds		
Contribution to provident fund	14 987	6 372
Contribution to gratuity fund	7 258	4 885
Contribution to pension fund	7 942	974
	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Balances		
Others		
Balances receivable	48 661	49 342
Balances payable	(4 373)	(3 223)
Deposits maturing within 12 months	13 054 000	5 329 000
Investment in related party	131 414	172,190
Bank balances	1 658 388	869 823
Employees' funds receivable / (payable)		
EFU gratuity fund	(7 258)	(86 847)
EFU pension fund	24 879	24 143

32. Segment Information

For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

Current period	General Insurance				Life Assurance		Aggregate General Insurance	Shareholders' Fund	Statutory Funds	Aggregate Life Assurance	Total
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Shareholders' Fund					
Premium Receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	4 004 958	686 095	1 116 007	628 230	-	-	6 435 290	-	7 409 628	7 409 628	13 844 918
Less: Federal excise duty	5 188 806	70 270	134 157	73 258	-	-	796 491	-	-	-	796 491
Stamp duty	133	36 415	357	312	-	-	37 217	-	-	-	37 217
Federal Insurance fee	34 515	5 724	9 719	5 493	-	-	55 451	-	-	-	55 451
Gross Written Premium (inclusive of Administrative surcharge)	3 451 504	573 686	971 774	549 167	-	-	5 546 131	-	7 409 628	7 409 628	12 955 759
Gross direct premium	3 442 235	559 856	896 923	541 805	-	-	5 440 819	-	7 409 628	7 409 628	12 850 447
Facilitative inward premium	-	1 238	-	-	-	-	1 238	-	-	-	1 238
Administrative surcharge	9 269	12 592	74 851	7 362	-	-	104 074	-	-	-	104 074
Insurance premium earned	2 776 644	576 827	880 186	382 621	-	-	4 616 278	-	7 409 628	7 409 628	12 025 906
Insurance premium ceded to reinsurers	2 338 109	201 124	2 885	249 599	-	-	2 791 717	-	164 667	164 667	2 956 384
Net insurance premium	438 535	375 703	877 301	133 022	-	-	1 824 561	-	7 244 961	7 244 961	9 069 522
Commission income	128 754	3 674	-	52 768	-	-	185 196	-	-	-	185 196
Net underwriting income	567 289	379 377	877 301	185 790	-	-	2 009 757	-	7 244 961	7 244 961	9 254 718
Insurance claims	489 802	254 629	474 559	142 956	-	-	1 361 946	-	4 352 832	4 352 832	5 714 778
Insurance claims recovered from reinsurers	341 802	149 482	-	91 776	-	-	583 060	-	90 710	90 710	673 770
Net claims	(148 000)	(105 147)	(474 559)	(51 180)	-	-	(778 886)	-	(4 262 122)	(4 262 122)	(5 041 008)
Commission expense	(186 200)	(63 899)	(74 390)	(31 612)	-	-	(356 101)	-	(1 638 608)	(1 638 608)	(1 994 709)
Management expenses	(167 923)	(125 024)	(323 070)	(50 534)	-	-	(666 551)	-	(393 098)	(393 098)	(1 059 649)
Net insurance claims and expenses	(502,123)	(294,070)	(872,019)	(133,326)	-	-	(1 801 538)	-	(6 293 828)	(6 293 828)	(8 095 366)
Net investment income - statutory funds	-	-	-	-	-	-	-	-	1 388 662	1 388 662	1 388 662
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	-	(2 059 456)	(2 059 456)	(2 059 456)
Underwriting result	65 166	85 307	5 282	52 464	-	-	208 219	-	280 339	280 339	488 558
Net investment income	-	-	-	-	-	-	213 550	-	-	-	213 550
Rental income	-	-	-	-	-	-	29 443	-	-	-	29 443
Other income	-	-	-	-	-	-	48 666	-	-	-	48 666
Other expenses	-	-	-	-	-	-	(21 893)	-	-	-	(21 893)
Profit before tax from window takaful operations - Operator's Fund	-	-	-	-	-	-	53 145	-	-	-	53 145
Profit before tax	-	-	-	-	-	-	53 145	-	-	-	53 145
Corporate segment assets-conventional	10 787 759	1 058 787	882 797	1 341 501	-	-	14 070 844	-	113 819 226	113 819 226	127 890 070
Corporate segment assets - Takaful OPF	32 636	6 651	193 450	3 769	-	-	236 506	-	-	-	236 506
Corporate unallocated assets-conventional	-	-	-	-	-	-	30 357 397	4 539 670	-	4 539 670	34 897 067
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	-	472 283	-	-	-	472 283
Consolidated total assets	14 949 093	1 784 044	2 620 190	3 232 239	-	-	45 137 030	4 539 670	113 819 226	118 358 896	163 495 926
Corporate segment liabilities	36 438	7 665	347 392	6 994	-	-	22 585 566	-	112 620 663	112 620 663	135 206 229
Corporate segment liabilities - Takaful OPF	-	-	-	-	-	-	398 489	-	-	-	398 489
Corporate unallocated liabilities	-	-	-	-	-	-	1 619 416	742 761	-	742 761	2 362 177
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	-	53 883	-	-	-	53 883
Consolidated total liabilities	36 438	7 665	347 392	6 994	-	-	24 657 354	742 761	112 620 663	113 363 424	138 020 778

External premium less reinsurance by geographical segments 2019 (Unaudited)

Location	
Pakistan	9 067 983
* EPZ	1 539
Total	9 069 522

* This represents US Dollar Equivalent in Pak Rupees

33. Movement in investment

Name of investment	Rupees '000			
	Held to maturity	Available for sale	Fair value through P & L	Total
At beginning of previous year	430,550	14,946,693	–	15,377,243
Additions	114,521,821	34,150,877	224,541,423	373,214,121
Disposals (sale and redemptions)	(95,655,966)	(34,190,743)	(132,499,256)	(262,345,965)
Fair value net gains / (losses) (excluding net realized losses)	–	(1,214,917)	(5,926,218)	(7,141,135)
Impairment losses	–	(45,854)	–	(45,854)
At beginning of current year	19,296,405	13,646,056	86,115,949	119,058,410
Additions	42,784,965	11,609,555	55,130,864	109,525,384
Disposals (sale and redemptions)	(24,207,107)	(11,483,826)	(72,215,436)	(107,906,369)
Fair value net gains / (losses) (excluding net realized gains / (losses))	–	(303,459)	1,861,473	1,558,014
Impairment losses	–	(34,110)	–	(34,110)
At end of current period	<u>37,874,263</u>	<u>13,434,216</u>	<u>70,892,850</u>	<u>122,201,329</u>

34. Fair Value

34.1 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.

34.2 All assets and liabilities for which fair value is measured or disclosed in the consolidated condensed interim financial statements are categorized 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 2019 (Unaudited)

	Available- for-Sale	Fair value through profit & loss	Held till maturity	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	4 620 708	28 082 871					32 204 402	32 204 402		
Equity securities - unquoted	15 500	16 008					31 508			31 508
Government securities		39 556 401					39 556 401		39 556 401	
Mutual funds		381 607					381 607		381 607	
Sukuk Bonds		1 876 993					1 876 993		1 876 993	
Debt securities	8 798 009	3 392 877					12 190 886		12 190 886	
Financial assets not measured at fair value										
Term deposits*					35 749 532		35 749 532			
Government securities			3 037 426				3 037 426		2 969 054	
Loans and other receivables*				2 309 271			2 309 271			
Insurance / reinsurance receivables*				4 224 569			4 224 569			
Reinsurance recoveries against outstanding claims*				3 442 106			3 442 106			
Advances*					1 644 286		1 644 286			
Other assets*					662 723		662 723			
Certificate of investment*		210 000					210 000			
Cash and bank*					6 625 879		6 625 879			
Total assets of window takaful operations - Operator's fund*	227 318			145 497	222 694		595 509		227 318	
	13 661 535	73 017 580	3 037 426	10 121 443	44 905 114	-	144 743 098	32 204 402	57 202 259	31 508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*						(5 362 097)	(5 362 097)			
Premium received in advance*						(914 819)	(914 819)			
Insurance / reinsurance payables*						(6 203 605)	(6 203 605)			
Other creditors and accruals*						(3 537 028)	(3 537 028)			
Total liabilities of window takaful operations - Operator's fund*						(81 768)	(81 768)			
	13 661 535	73 017 580	3 037 426	10 121 443	44 905 114	(16 099 317)	128 643 781	32 204 402	57 202 259	31 508

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

Rupees '000

As at 31 December 2018 (Audited)

	Available- for-Sale	Fair value through profit & loss	Held till maturity	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	38 275 882	7 374					38 283 256	38 283 256		
Equity securities - unquoted	31 508						31 508			31 508
Government securities	51 909 147						51 909 147		51 909 147	
Mutual funds	177 087						177 087		177 087	
Sukuk Bonds	1 332 919						1 332 919		1 332 919	
Debt securities	10 764 737						10 764 737		10 764 737	
Financial assets not measured at fair value										
Term deposits*					15 555 707		15 555 707			
Government securities			1 063 719				1 063 719		1 047 472	
Loans and other receivables*				3 210 709			3 210 709			
Insurance / reinsurance receivables*				3 746 654			3 746 654			
Reinsurance recoveries against outstanding claims*				3 363 439			3 363 439			
Advances*				124 610	884 760		1 009 370			
Other assets*					2 695 536		2 695 536			
Certificate of investment*	210 000						210 000			
Cash and bank*	19 829 503				1 266 562		21 096 065			
Total assets of window takaful operations - Operator's fund*	176 593			245 849	89 319		511 761			
	122 707 376	7 374	1 063 719	10 691 261	20 491 884	-	154 961 614	38 283 256	65 231 362	31 508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*						(5 176 757)	(5 176 757)			
Premium received in advance*						(770 933)	(770 933)			
Insurance / reinsurance payables*						(5 526 324)	(5 526 324)			
Other creditors and accruals*						(3 575 960)	(3 575 960)			
Total liabilities of window takaful operations - Operator's fund*						(60 128)	(60 128)			
	122 707 376	7 374	1 063 719	10 691 261	20 491 884	(15 110 102)	139 851 512	38 283 256	65 231 362	31 508

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

35. Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

36. General

Figures have been rounded off to the nearest thousand rupees.

37. Date of authorization for issue of consolidated condensed interim financial statements

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 27 April 2019.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman








Karachi 27 April 2019








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Window Takaful Operations

Condensed Interim Financial Statements

For the three months period ended 31 March 2019 (Unaudited)

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Financial Position
As at 31 March 2019 (Unaudited)

Rupees '000

		31 March 2019 (Unaudited)			31 December 2018 (Audited)
	Note	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
Assets					
Property and equipment	6	2 495	–	2 495	2 740
Investments					
Debt securities	7	227 318	722 086	949 404	1 035 253
Term deposits		75 000	200 000	275 000	215 000
Loans and other receivables	8	5 508	11 908	17 416	13 687
Takaful / retakaful receivables	9	6 646	266 789	273 435	248 598
Retakaful recoveries against outstanding claims	16	–	119 420	119 420	104 603
Salvage recoveries accrued		–	60 840	60 840	45 050
Deferred commission expense	17	107 814	–	107 814	106 313
Wakala fee receivable		122 046	–	122 046	228 363
Modarib fee receivable		10 814	–	10 814	7 757
Deferred wakala fee		–	323 068	323 068	309 127
Deferred taxation		621	–	621	488
Taxation - payments less provisions		–	2 238	2 238	–
Prepayments	10	2 351	168 270	170 621	205 199
Cash and bank	11	148 176	309 044	457 220	290 075
Total assets		708 789	2 183 663	2 892 452	2 812 253
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	–	100 000	100 000
Revaluation reserve available-for-sale investments		(1 325)	–	(1 325)	(1 015)
Accumulated profit		152 908	–	152 908	114 646
		251 583	–	251 583	213 631
Waqf / Participants' Takaful Fund					
Cede money		–	500	500	500
Revaluation reserve available-for-sale investments		–	(6 983)	(6 983)	(8 918)
Accumulated surplus		–	314 467	314 467	294 859
		–	307 984	307 984	286 441
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR	16	–	487 230	487 230	396 875
Unearned contribution reserves	14	–	1 085 096	1 085 096	1 050 127
Unearned retakaful rebate		–	18 003	18 003	20 656
Unearned wakala fee	15	323 068	–	323 068	309 127
Contribution received in advance		–	4 188	4 188	2 796
Takaful / retakaful payables		1 434	123 111	124 545	169 648
Wakala fee payable		–	122 046	122 046	228 363
Modarib fee payable		–	10 814	10 814	7 757
Taxation - provision less payments		50 918	–	50 918	36 949
Other creditors and accruals	12	81 786	25 191	106 977	89 883
		457 206	1 875 679	2 332 885	2 312 181
Total liabilities		457 206	1 875 679	2 332 885	2 312 181
Total equity and liabilities		708 789	2 183 663	2 892 452	2 812 253
Contingencies and commitments	13				

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Profit and Loss Account
For the three months period ended 31 March 2019 (Unaudited)

	Note	2019	Rupees '000 (Restated) 2018
Participants' Takaful Fund - (PTF) Revenue Account			
Net takaful contribution	14	455 420	358 730
Wakala expense	15	(155 547)	(107 933)
Net takaful claims	16	(258 256)	(194 489)
Direct expenses		(53 381)	(46 157)
Retakaful rebate		13 915	10 250
Underwriting results		2 151	20 401
Investment income - net off modarib	18	12 356	5 495
Other income - net off modarib	19	5 101	1 584
		17 457	7 079
Surplus for the period		19 608	27 480
Operator's Fund - (OPF) Revenue Account			
Wakala fee		155 547	107 933
Management expenses		(61 266)	(45 254)
Commission expense	17	(54 235)	(34 767)
		40 046	27 912
Investment income	18	9 041	3 836
Other income	19	4 258	1 538
Other expenses		(200)	(200)
		13 099	5 174
Profit before tax		53 145	33 086
Income tax expense		(14 883)	(9 891)
Profit after tax		38 262	23 195

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the three months period ended 31 March 2019 (Unaudited)

Rupees '000
(Restated)
2018

	2019	(Restated) 2018
Participants' Takaful Fund		
Surplus for the period	19 608	27 480
Other comprehensive income		
Unrealized gain / (loss) on available-for-sale investments during the period - net	1 935	(514)
Reclassification adjustments relating to available-for-sale investments disposed off during the period - net	–	(8 339)
Total items that may be reclassified subsequently to profit and loss account	1 935	(8 853)
Total comprehensive income for the period	21 543	18 627
Operator's Fund		
Profit for the period	38 262	23 195
Other comprehensive income		
Fair value loss on available-for-sale investments during the period - net	(410)	–
Reclassification adjustments relating to available-for-sale investments disposed off during the period - net	–	(585)
	(410)	(585)
Deferred tax on available-for-sale investments	100	176
Total items that may be reclassified subsequently to profit and loss account	(310)	(409)
Total comprehensive income for the period	37 952	22 786

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Cash Flow Statement
For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

(Restated)

	Operator's Fund	Participants' Takaful Fund	2019 Aggregate	2018 Aggregate
Operating cash flows				
a) Takaful activities				
Takaful contribution received	–	539 721	539 721	434 094
Retakaful contribution paid	–	(97 409)	(97 409)	(105 078)
Claims paid	–	(210 690)	(210 690)	(181 574)
Retakaful and other recoveries received	–	11 266	11 266	8 186
Commission paid	(38 421)	–	(38 421)	(38 825)
Retakaful rebate received	–	11 261	11 261	11 065
Wakala fee received / (paid)	275 810	(275 810)	–	–
Management expenses paid	(60 560)	(53 381)	(113 941)	(91 172)
Net cash flow from takaful activities	176 829	(75 042)	101 787	36 696
b) Other operating activities				
Income tax paid	(947)	(2 238)	(3 185)	(2 201)
Other operating payments	(2 711)	18 319	15 608	24 997
Other operating receipts	3 642	(4 270)	(628)	(7 571)
Net cash flow from other operating activities	(16)	11 811	11 795	15 225
Total cash flow from all operating activities	176 813	(63 231)	113 582	51 921
Investment activities				
Profit / return received	6 252	19 936	26 188	8 074
Modarib fee received / (paid)	1 927	(1 927)	–	–
Payment for investments	(143 351)	(429 613)	(572 964)	(368 000)
Proceeds from disposal of investments	52 216	548 123	600 339	308 532
Fixed capital expenditure	–	–	–	(7)
Total cash flow from investing activities	(82 956)	136 519	53 563	(51 401)
Net cash flow from all activities	93 857	73 288	167 145	520
Cash and cash equivalents at the beginning of the period	54 319	235 756	290 075	241 336
Cash and cash equivalents at the end of the period	148 176	309 044	457 220	241 856
Reconciliation to profit and loss account				
Operating cash flow	176 813	(63 231)	113 582	51 921
Depreciation expense	(245)	–	(245)	(257)
(Loss) / gains on disposal of investments	–	–	–	(386)
Other investment income	9 041	12 356	21 397	9 717
Other income	4 259	5 101	9 360	3 122
(Decrease) / increase in assets other than cash	(102 073)	33 493	(68 580)	36 914
(Increase) / decrease in liabilities other than borrowings	(49 533)	31 889	(17 644)	(50 356)
Profit / surplus for the period	38 262	19 608	57 870	50 675
Attributed to				
Operator's Fund	38 262	–	38 262	23 195
Participants' Takaful Fund	–	19 608	19 608	27 480
	38 262	19 608	57 870	50 675

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Changes in Funds
For the three months period ended 31 March 2019 (Unaudited)

Rupees '000

	Operator's Fund			
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total (Restated)
Balance as at 01 January 2018	100 000	(75)	33 620	133 545
Total comprehensive income for the period ended 31 March 2018				
Profit for the period			23 195	23 195
Other comprehensive income		(409)		(409)
Balance as at 31 March 2018 (Restated)	100 000	(484)	56 815	156 331
Balance as at 01 January 2019	100 000	(1 015)	114 646	213 631
Total comprehensive income for the period ended 31 March 2019				
Profit for the period			38 262	38 262
Other Comprehensive Income		(310)		(310)
Balance as at 31 March 2019	100 000	(1 325)	152 908	251 583
	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
Balance as at 01 January 2018	500	(1 279)	140 415	139 636
Surplus for the period			27 480	27 480
Other comprehensive income		(8 853)		(8 853)
Balance as at 31 March 2018	500	(10 132)	167 895	158 263
Balance as at 01 January 2019	500	(8 918)	294 859	286 441
Surplus for the period			19 608	19 608
Other Comprehensive Income		1 935		1 935
Balance as at 31 March 2019	500	(6 983)	314 467	307 984

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019

EFU General Insurance Limited – Window Takaful Operations Notes to the Condensed Interim Financial Statements For the three months period ended 31 March 2019 (Unaudited)

1. Legal status and nature of business

EFU General Insurance Limited (the Operator) was 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 6 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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, Takaful Rules, 2012 shall prevail.

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

2.1 Basis of measurement

The 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.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees, which is also the Operator's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupees in thousand, unless otherwise stated.

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of condensed interim financial statements are consistent with those followed in preparation of the annual financial statement of the Operator for the year ended 31 December 2018.

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 accounting policies of the Operator.

4. 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 expenses. Actual results may differ from these estimates.

In preparation of 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 2018.

5. 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 2018.

6. Property and equipment

The details of additions and disposals during the three months period ended 31 March 2019 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Computers	-	7	-	-
	-	7	-	-

Rupees '000

7. Investment in debt securities - available-for-sale

Rupees '000

7.1 Operator's Fund

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	30 548	–	30 548	30 575	–	30 575
Corporate Sukuks	198 609	–	198 609	147 448	–	147 448
	229 157	–	229 157	178 023	–	178 023
Deficit on revaluation	–	–	(1 839)	–	–	(1 430)
	<u>229 157</u>	<u>–</u>	<u>227 318</u>	<u>178 023</u>	<u>–</u>	<u>176 593</u>

7.2 Participants' Takaful Fund

Fixed Income Securities

Ijara Sukuks	420 680	–	420 680	670 116	–	670 116
Corporate Sukuks	308 389	–	308 389	197 461	–	197 461
	729 069	–	729 069	867 577	–	867 577
Deficit on revaluation	–	–	(6 983)	–	–	(8 917)
	<u>729 069</u>	<u>–</u>	<u>722 086</u>	<u>867 577</u>	<u>–</u>	<u>858 660</u>

8. Loans and other receivables - considered good

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
8.1 Operator's Fund		
Accrued investment income	5 152	3 087
Security deposits	301	301
Other receivables	55	224
	<u>5 508</u>	<u>3 612</u>
8.2 Participants' Takaful Fund		
Accrued investment income	11 375	9 285
Other receivables	533	790
	<u>11 908</u>	<u>10 075</u>
9. Takaful / retakaful receivables - unsecured and considered good		
9.1 Operator's fund		
These represents amount due from other takaful / retakaful of Operator's Fund		
9.2 Participants' Takaful Funds		
Due from takaful contract holders	265 874	249 961
Amounts due from other takaful / retakaful operator	915	–
	<u>266 789</u>	<u>249 961</u>

10. Prepayments

10.1 Operator's Fund

These represents amount paid for annual supervision fees.

Rupees '000

10.2 Participants' Takaful Funds

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Prepaid re-takaful contribution ceded	110 125	129 407
Prepaid charges for vehicle tracking devices	58 145	75 792
	<u>168 270</u>	<u>205 199</u>

11. Cash and other accounts

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
Cash and cash equivalent						
Policy stamps	22	811	833	–	649	649
Cash at bank						
Current accounts	30	3 450	3 480	30	2 802	2 832
Saving accounts	148 124	304 783	452 907	54 289	232 305	286 594
	<u>148 176</u>	<u>309 044</u>	<u>457 220</u>	<u>54 319</u>	<u>235 756</u>	<u>290 075</u>

12. Other creditors and accruals

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
12.1 Operator's Fund		
Accured expenses	2566	1906
Agent balances	73986	56923
Others creditors	366	1297
Retirement benefit obligations	34	128
Payable to EFU General Insurance Limited	4834	160
	<u>81786</u>	<u>60414</u>
12.2 Participants' Takaful Fund		
Federal excise duty payable	19 726	20 972
Federal insurance fee payable	1 507	1 905
Other creditors	3 958	6 592
	<u>25 191</u>	<u>29 469</u>

13. Contingencies and commitments

There are no contingencies and commitments as at 31 March 2019 (31 December 2018: Nil).

Rupees '000

14. Net takaful contribution

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Written gross contribution	561 722	435 596
Unearned contribution reserve opening	1 050 127	823 906
Unearned contribution reserve closing	(1 085 096)	(845 875)
Contribution earned	<u>526 753</u>	<u>413 627</u>
Less:		
Retakaful contribution ceded	52 052	56 611
Prepaid retakaful contribution opening	129 406	96 474
Prepaid retakaful contribution closing	(110 125)	(98 188)
Retakaful expense	<u>71 333</u>	<u>54 897</u>
Net contribution	<u>455 420</u>	<u>358 730</u>
15. Net wakala expense		
Gross wakala expense	169 488	129 390
Deferred wakala expense opening	309 127	206 827
Deferred wakala expense closing	(323 068)	(228 284)
Wakala expense	<u>155 547</u>	<u>107 933</u>
16. Net takaful claim expense		
Claims paid	194 900	176 099
Outstanding claims including IBNR opening	(396 875)	(340 118)
Outstanding claims including IBNR closing	487 230	365 265
Claims expense	<u>285 255</u>	<u>201 246</u>
Less:		
Retakaful and other recoveries received	12 182	8 186
Retakaful and other recoveries in respect of outstanding claims opening	(104 603)	(88 944)
Retakaful and other recoveries in respect of outstanding claims closing	119 420	87 515
Retakaful and other recoveries revenue	<u>26 999</u>	<u>6 757</u>
Net takaful claims expense	<u>258 256</u>	<u>194 489</u>
17. Commission expense		
Commission paid or payable	55 736	53 134
Deferred commission expense opening	106 313	61 094
Deferred commission expense closing	(107 814)	(79 461)
Net commission	<u>54 235</u>	<u>34 767</u>

Rupees '000

18. Investment income

18.1 Operator's Fund

31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
-----------------------------------	-----------------------------------

Income from debt securities - available-for-sale		
– Return on debt securities (Sukuk)	4 141	387
Income from term deposits		
– Return on term deposits	781	1 616
	<u>4 922</u>	<u>2 003</u>
Add: Modarib share on PTF investment income	4 119	1 833
Investment income	<u>9 041</u>	<u>3 836</u>
18.2 Participants' Takaful Funds - net off modarib		
Income from debt securities - available-for-sale		
– Return on debt securities (Sukuk)	13 102	6 639
Income from term deposits		
– Return on term deposits	3 373	1 203
	<u>16 475</u>	<u>7 842</u>
Net realized gains / (losses) on investments		
Available-for-sale financial assets		
Realised gains on :		
– Debt securities	–	73
Realised losses on :		
– Debt securities	–	(587)
	<u>–</u>	<u>(514)</u>
	16 475	7 328
Less: Modarib share on PTF investment income	(4 119)	(1 833)
Investment income	<u>12 356</u>	<u>5 495</u>
19. Other income		
19.1 Other income - OPF		
Profit on bank deposits	2 550	1 010
Mudarib share of profit on bank deposit	1 708	528
	<u>4 258</u>	<u>1 538</u>
19.2 Other income - PTF		
Profit on bank deposits	6 809	2 112
Mudarib share on profit on bank deposit	(1 708)	(528)
	<u>5 101</u>	<u>1 584</u>

20. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employees 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:

	31 March 2019 (Unaudited)	Rupees '000 31 March 2018 (Unaudited)
Participants' Takaful Funds		
Others		
Contributions written	3 404	2 515
Claim paid	1 385	1 440
	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Balance		
Receivable	951	747

21. Segment reporting

21.1 Operator's Fund

	For the three months period ended 31 March 2019 (Unaudited)					Rupees '000
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	12 638	5 920	132 570	4 419	-	155 547
Management expenses	1 203	901	58 433	729	-	61 266
Commission expense	7 303	3 124	43 495	313	-	54 235
Net commission and expenses	<u>(8 506)</u>	<u>(4 025)</u>	<u>(101 928)</u>	<u>(1 042)</u>	<u>-</u>	<u>(115 501)</u>
	<u>4 132</u>	<u>1 895</u>	<u>30 642</u>	<u>3 377</u>	<u>-</u>	<u>40 046</u>
Net Investment income						9 041
Other income						4 258
Other expenses						(200)
Profit before tax						<u>53 145</u>
						As at 31 March 2019 (Unaudited)
Corporate segment assets	32 636	6 651	193 450	3 769	-	236 506
Corporate unallocated assets						<u>472 283</u>
Total assets						<u>708 789</u>
Corporate segment liabilities	36 438	7 665	347 392	6 993	-	398 488
Corporate unallocated liabilities						<u>58 718</u>
Total liabilities						<u>457 206</u>

Rupees '000

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

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	8 661	4 675	89 062	5 535	–	107 933
Management expenses	2 867	1 016	40 089	1 282	–	45 254
Commission expense	4 973	1 839	27 377	578	–	34 767
Net commission and expenses	(7 840)	(2 855)	(67 466)	(1 860)	–	(80 021)
	821	1 820	21 596	3 675	–	27 912
Net Investment income						3 836
Other income						1 538
Other expenses						(200)
Profit before tax						33 086
						As at 31 December 2018 (Audited)
Corporate segment assets	43 226	9 011	271 746	16 810	–	340 793
Corporate unallocated assets						280 509
Total assets						621 302
Corporate segment liabilities	39 704	8 149	308 033	11 345	–	367 231
Corporate unallocated liabilities						40 440
Total liabilities						407 671

21.2 Participants' Takaful Fund

Rupees '000

For the three months period ended 31 March 2019 (Unaudited)

	Fire and property damage	Marine, aviation & transport	Motor	Misce- llaneous	Treaty	Total
Contribution receivable (inclusive of FED Federal insurance fee and Administrative surcharge)	49 075	22 608	569 800	1 785	–	643 268
Less: Federal excise duty	5 979	2 353	66 098	168	–	74 598
Stamp duty	8	1 269	52	1	–	1 330
Federal insurance fee	427	188	4 987	16	–	5 618
Gross written contribution (inclusive of Administrative surcharge)	42 661	18 798	498 663	1 600	–	561 722
Gross direct contribution	41 911	17 856	421 875	1 559	–	483 201
Administrative surcharge	750	942	76 788	41	–	78 521
Takaful contribution earned	50 213	18 780	439 189	18 571	–	526 753
Takaful contribution ceded to retakaful	43 630	14 301	664	12 738	–	71 333
Net contribution revenue	6 583	4 479	438 525	5 833	–	455 420
Rebate from retakaful operator	8 804	3 218	–	1 893	–	13 915
Net underwriting income	15 387	7 697	438 525	7 726	–	469 335
Insurance claims	23 461	655	250 587	10 552	–	285 255
Insurance claims recovered from retakaful	20 947	536	–	5 516	–	26 999
Net claims	(2 514)	(119)	(250 587)	(5 036)	–	(258 256)
Wakala expense	(12 638)	(5 920)	(132 570)	(4 419)	–	(155 547)
PTF direct expense	(3)	(2)	(53 374)	(2)	–	(53 381)
Net insurance claims and expenses	(15 155)	(6 041)	(436 531)	(9 457)	–	(467 184)
Underwriting result	232	1 656	1 994	(1 731)	–	2 151
Net Investment income						12 356
Other income						5 101
Surplus for the period						19 608
						As at 31 March 2019 (Unaudited)
Corporate segment assets	204 755	20 652	622 264	89 801	–	937 472
Corporate unallocated assets						1 246 191
Total assets						2 183 663
Corporate segment liabilities	274 620	59 505	1 399 858	105 690	–	1 839 674
Corporate unallocated liabilities						36 005
Total liabilities						1 875 679

Rupees '000

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

	Fire and property damage	Marine, aviation & transport	Motor	Misce- llaneous	Treaty	Total
Contribution receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	49 815	15 534	421 119	12 258	-	498 726
Less: Federal excise duty	5 887	1 567	49 028	1 406	-	57 888
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 expense	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
						As at 31 December 2018 (Unaudited)
Corporate segment assets	206 304	22 346	562 024	100 569		891 243
Corporate unallocated assets						1 299 708
Total assets						2 190 951
Corporate segment liabilities	306 098	56 869	1 344 796	159 521		1 867 284
Corporate unallocated liabilities						37 226
Total liabilities						1 904 510

22. Movement in investment

22.1 Operator's Fund

Rupees '000

Name of investment	Available for sale	Held to maturity	Total
At beginning of previous year	30 481	122 500	152 981
Additions	153 404	586 000	739 404
Disposals (sale and redemptions)	(5 969)	(673 500)	(679 469)
Fair value net gains (excluding net realized gains)	(1 323)	–	(1 323)
At beginning of current year	176 593	35 000	211 593
Additions	68 351	75 000	143 351
Disposals (sale and redemptions)	(17 216)	(35 000)	(52 216)
Fair value net gains (excluding net realized gains)	(410)	–	(410)
At end of period	227 318	75 000	302 318

22.2 Participants' Takaful Fund

Name of investment	Available for sale	Held to maturity	Total
At beginning of previous year	606 540	100 000	706 540
Additions	372 528	470 000	842 528
Disposals (sale and redemptions)	(112 769)	(390 000)	(502 769)
Fair value net gains (excluding net realized gains)	(7 639)	–	(7 639)
At beginning of current year	858 660	180 000	1 038 660
Additions	129 613	300 000	429 613
Disposals (sale and redemptions)	(268 122)	(280 000)	(548 122)
Fair value net gains (excluding net realized gains)	1 935	–	1 935
At end of period	722 086	200 000	922 086

23 Fair value

23.1 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.

23.2 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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:

23.3 Operator's Fund

Rupees '000

As at 31 March 2019 (Unaudited)								
	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securities	227 318				227 318		227 318	
Financial assets not measured at fair value								
Investments								
Term deposits*			75 000		75 000			
Loans and other receivables*		5 508			5 508			
Takaful / retakaful receivables*		6 646			6 646			
Wakala fee receivable*		122 046			122 046			
Modarib fee receivable*		10 814			10 814			
Cash and bank balances*			148 176		148 176			
	227 318	145 014	223 176		595 508		227 318	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(81 752)	(81 752)			
	227 318	145 014	223 176	(81 752)	513 756	-	227 318	-

As at 31 December 2018 (Audited)								
	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securities	176 593				176 593		176 593	
Financial assets not measured at fair value								
Investments								
Term deposits*			35 000		35 000			
Loans and other receivables*		3 612			3 612			
Takaful / retakaful receivables*		6 117			6 117			
Wakala fee receivable*		228 363			228 363			
Modarib fee receivable*		7 757			7 757			
Cash and bank balances*			54 319		54 319			
	176 593	245 849	89 319		511 761		176 593	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(60 414)	(60 414)			
	176 593	245 849	89 319	(60 414)	451 347	-	176 593	-

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

23.4 Participants' Takaful Fund

Rupees '000

As at 31 March 2019 (Unaudited)								
	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securities	722 086				722 086		722 086	
Financial assets not measured at fair value								
Investments								
Term deposits*			200 000		200 000			
Loans and other receivables*		11 908			11 908			
Takaful / retakaful receivables*		266 789			266 789			
Retakaful recoveries against outstanding claims*		119 420			119 420			
Cash and bank balances*			309 044		309 044			
	722 086	398 117	509 044		1 629 247		722 086	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(487 230)	(487 230)			
Contributions received in advance*				(4 188)	(4 188)			
Takaful / retakaful payable*				(123 111)				
Wakala fee payable*				(122 046)				
Modarib fee payable*				(10 814)				
Other creditors and accruals*				(25 191)				
	722 086	398 117	509 044	(772 580)	1 137 829	-	722 086	-

As at 31 December 2018 (Audited)								
	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securities	858 660				858 660		858 660	
Financial assets not measured at fair value								
Investments								
Term deposits*			180 000		180 000			
Loans and other receivables*		10 075			10 075			
Takaful / retakaful receivables*		242 481			242 481			
Retakaful recoveries against outstanding claims*		104 603			104 603			
Cash and bank balances*			235 756		235 756			
	858 660	357 159	415 756		1 631 575		858 660	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(396 875)	(396 875)			
Contributions received in advance*				(2 796)	(2 796)			
Takaful / retakaful payable*				(168 467)	(168 467)			
Wakala fee payable*				(228 363)	(228 363)			
Modarib fee payable*				(7 757)	(7 757)			
Other creditors and accruals*				(29 469)	(29 469)			
	858 660	357 159	415 756	(833 727)	797 848	-	858 660	-

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

24. Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

25. General

Figures have been rounded off to the nearest thousand rupees.

26. Date of authorization for issue of condensed interim financial statements

These condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 27 April 2019.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 April 2019