

Report (Un-Audited)
First Quarter 2020



Shaping The Future



EFU GENERAL INSURANCE LTD.



EFU GENERAL INSURANCE LTD
ISO 9001: 2015 Certified

 efuinsurance.com

Insurer Financial Strength

AA+
Outlook Stable
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

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

Chief Financial Officer

Altaf Qamruddin Gokal, F.C.A.

Company Secretary

Amin Punjani, A.C.A., A.C.C.A., M.A.

Legal Advisor

Mohammad Ali Sayeed

Advisors

S.C. (Hamid) Subjally
Syed Mehdi Imam, M.A.

Shari'ah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Rafique R. Bhimjee
Mohammed Iqbal Mankani
Taher G. Sachak
Ali Raza Siddiqui

Investment Committee

Saifuddin N. Zoomkawala
Hasanali Abdullah
Rafique R. Bhimjee
Taher G. Sachak
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

CDC Share Registrar Services Limited
CDC House, 99-B, Block B
S.M.C.H.S., Shakra-e-Faisal
Karachi - 74400

Website

www.efuinsurance.com

Email

info@efuinsurance.com

Registered Office

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

Main Offices

EFU House
M. A. Jinnah Road
Karachi

Co-operative Insurance Building
23, Shakrah-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 2020.

Performance Review

The Written Premium (including Takaful) for the three months period grew by 2 % to Rs. 6,219 million (Takaful Contribution Rs. 613 million) as against Rs. 6,108 million (Takaful Contribution Rs. 562 million) for corresponding period of last year. The Net Premium Revenue for the three months period (including Takaful Net Contribution Revenue) was Rs. 2,494 million as against Rs. 2,124 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was 42 % as compared to 43 % for the corresponding period of last year.

Investment income (including rental income, profit on deposits and other income) for the three months period increased by 151 % to Rs. 734 million compared to Rs. 292 million for the corresponding period of last year.

The after tax profit for the three months period was Rs. 714 million compared to Rs. 368 million in the corresponding period last year.

The earnings per share for the period were Rs. 3.57 against Rs. 1.84 (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 2020.

Outlook

COVID-19 outbreak has caused an unprecedented economic shock to the global economy. Millions of people have been infected by the new corona virus, the outbreak threatens to plunge the world into the deepest global recession in generations.

The outbreak of COVID-19 is likely to have huge impact on consumption, production and trade flows raising concerns for Pakistan also. In this extremely uncertain and unprecedented backdrop, the insurance industry is also likely to be affected.

Acknowledgements

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

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

ڈائریکٹرز رپورٹ

(یہ انگریزی ڈائریکٹرز رپورٹ کا ترجمہ ہے)

ہم بسمرت آپ کی خدمت میں ۳۱ مارچ ۲۰۲۰ء کو ختم ہونے والی سہ ماہی کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

کارکردگی کا جائزہ

تین ماہ کی مدت کے دوران تحریری پرمیٹیم ۲ فیصد اضافہ کے ساتھ ۶،۲۱۹ ملین روپے رہا (بشمول نکافل کنٹری بیوشن ۶۱۳ ملین روپے) ہو گیا جبکہ گزشتہ سال کی اسی مدت کے دوران یہ حجم ۶،۱۰۸ ملین روپے (بشمول نکافل کنٹری بیوشن ۵۶۲ ملین روپے) تھا۔ سہ ماہی مدت کیلئے خالص پرمیٹیم آمدن (بشمول نخالص نکافل کنٹری بیوشن) ۲،۴۹۴ ملین روپے رہے جو گزشتہ سال کی اسی مدت کے لئے ۲،۱۲۴ ملین روپے رہا تھا۔ مجموعی پرمیٹیم ریونیو کیلئے مجموعی کلیمز کا تناسب ۴۲ فیصد رہا جو گزشتہ سال کی اسی مدت کے لئے ۴۳ فیصد تھا۔

سرمایہ کاری کی آمدنی (بشمول رینٹل آمدنی، ڈپازٹس پر منافع و دیگر آمدنی) برائے زیر جائزہ سہ ماہی ۱۵۱ فیصد بڑھ کر ۳۴۲ ملین روپے ہو گیا جو گزشتہ سال کی اسی مدت کے لئے ۲۹۲ ملین روپے رہا تھا۔

اس سہ ماہی کی مدت کیلئے بعد از ٹیکس منافع ۱۴ ملین روپے رہا، جبکہ گزشتہ سال اسی مدت میں ۳۶۸ ملین روپے تھا۔

اس مدت میں آمدنی فی شیئر ۵۷ روپے رہی جو گزشتہ سال اسی مدت میں ۸۴ روپے (دوبارہ بیان کردہ) تھی۔

آپ کے ڈائریکٹرز بسمرت سال ۲۰۲۰ کے لئے پہلے عبوری نقد منافع منقسمہ بشرح ۵۰ روپے (۱۵ فیصد) فی شیئر کا اعلان کر رہے ہیں۔

آڈٹ لگ

COVID-19 (کرونا وائرس) کے باعث عالمی معیشت کو بڑا معاشی جھٹکا لگا، جس کی پہلے کوئی مثال نہیں ہے۔ کرونا وائرس سے لاکھوں افراد متاثر ہوئے ہیں اور اس بات کا خطرہ موجود ہے کہ کہیں اس کا پھیلاؤ دنیا کو نہایت گہری کساد بازاری میں دھکیل دے جو نسلوں تک محسوس کی جائے گی۔

COVID-19 (کرونا وائرس) کی وبا سے ممکنہ طور پر پاکستان میں بھی کھپت، بیدار اور تجارت کو دھچکا پہنچنے کا امکان ہے۔ اس انتہائی خطرناک اور غیر یقینی صورتحال کے سبب انشورنس کی صنعت کو بھی غیر یقینی صورتحال اور خطرات کا سامنا ہے۔

اعتراف

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 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لیمیٹڈ اور اپنے تمام ری انشوررز کا ان کی مسلسل رہنمائی اور تعاون کیلئے شکریہ بھی ادا کرنا چاہتے ہیں۔

سیف الدین این۔ زومکا والا
چیرمین

حسن علی عبداللہ
ٹیچنگ ڈائریکٹر و چیف ایگزیکٹو

محمود لوٹیا
ڈائریکٹر

طاہر جی۔ ساچک
ڈائریکٹر

کراچی، ۲۵ اپریل ۲۰۲۰ء

Unconsolidated Condensed Interim Statement of Financial Position As at 31 March 2020 (Unaudited)

Rupees '000

	Note	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Property and equipment	6	2 919 989	2 967 431
Investment property	7	2 343 079	2 341 470
Investment in subsidiary	8	9 411 143	10 169 336
Investments			
Equity securities	9	2 279 956	3 271 467
Debt securities	10	10 395 524	9 654 535
Term deposits		391 985	444 352
Loans and other receivables	11	179 763	258 679
Insurance / reinsurance receivables	12	4 722 099	4 012 732
Reinsurance recoveries against outstanding claims	19	3 759 411	4 081 849
Salvage recoveries accrued		48 261	44 550
Deferred commission expense	20	600 200	598 669
Retirement benefit		25 735	29 689
Taxation - payments less provision		-	22 371
Prepayments	13	5 589 355	5 850 686
Cash and bank	14	1 302 559	1 191 688
		<u>43 969 059</u>	<u>44 939 504</u>
Total assets of window takaful operations - Operator's Fund		816 352	759 742
Total assets		<u><u>44 785 411</u></u>	<u><u>45 699 246</u></u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	15	15 241 784	15 765 886
Unappropriated profit		743 946	1 530 185
Total equity		17 985 730	19 296 071
Surplus on revaluation of property and equipment		1 000 407	1 000 414
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	19	6 435 284	6 273 372
Unearned premium reserve	18	9 756 634	9 143 972
Unearned reinsurance commission	20	358 731	430 936
Deferred taxation		280 825	667 971
Premium received in advance		32 810	68 262
Insurance / reinsurance payables		5 636 054	6 067 883
Other creditors and accruals	16	2 748 576	2 356 205
Taxation - provision less payments		142 733	-
Total liabilities		<u>25 391 647</u>	<u>25 008 601</u>
		<u>44 377 784</u>	<u>45 305 086</u>
Total liabilities of window takaful operations - Operator's Fund		407 627	394 160
Total equity and liabilities		<u><u>44 785 411</u></u>	<u><u>45 699 246</u></u>
Contingencies and commitments	17		

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Unconsolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2020 (Unaudited)

	Note	2020	Rupees '000 (Restated) 2019
Net insurance premium	18	2 179 087	1 824 561
Net insurance claims	19	(906 488)	(778 886)
Net commission and other acquisition cost	20	(218 176)	(170 905)
Insurance claims and acquisition expenses		(1 124 664)	(949 791)
Management expenses		(695 382)	(666 816)
Underwriting results		359 041	207 954
Investment income	21	646 002	213 550
Rental income		32 266	29 443
Other income	22	55 275	48 666
Other expenses		(33 403)	(25 692)
		700 140	265 967
Results of operating activities		1 059 181	473 921
Profit from window takaful operations - Operator's Fund	23	58 827	53 145
Profit before tax		1 118 008	527 066
Income tax expense	24	(404 254)	(158 803)
Profit after tax		713 754	368 263
Earnings (after tax) per share - Rupees	25	3.57	1.84

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Unconsolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

(Restated)
2019

	2020	
Profit after tax	713 754	368 263
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized loss on available-for-sale investments during the period	(517 172)	(262 125)
Reclassification adjustments relating to available-for-sale investments disposed off during the period	5 079	2 543
Unrealized (loss) / gain on available-for-sale investments during the period of subsidiary company	(791 563)	133 272
Total unrealized loss on available-for-sale investments	(1 303 656)	(126 310)
Deferred tax on available-for-sale investments	148 507	100 195
Deferred tax on available-for-sale investments of subsidiary company	229 553	(33 318)
Net unrealized gain / (loss) from window takaful operations - Operator's Fund (net of deferred tax)	1 494	(310)
	(924 102)	(59 743)
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	(924 102)	(48 983)
Total comprehensive income for the period	(210 348)	319 280

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Unconsolidated Condensed Interim Cash Flow Statement For the three months period ended 31 March 2020 (Unaudited)

Rupees '000
(Restated)
2019

	2020	2019
Operating cash flows		
a) Underwriting activities		
Insurance premium received	5 059 515	5 141 194
Reinsurance premium paid	(2 942 453)	(2 739 743)
Claims paid	(1 005 304)	(1 195 855)
Reinsurance and other recoveries received	381 905	485 152
Commission paid	(298 997)	(368 738)
Commission received	62 664	246 187
Management expenses paid	(625 439)	(605 948)
Net cash flow from underwriting activities	631 891	962 249
b) Other operating activities		
Income tax paid	(231 197)	(216 412)
Other operating payments	(22 938)	(18 991)
Other operating receipts	322 309	335 790
Loans advanced	(100)	(264)
Loans repayments received	552	696
Net cash flow from other operating activities	68 626	100 819
Total cash flow from all operating activities	700 517	1 063 068
Investment activities		
Profit / return received	436 630	224 492
Dividend received	476 231	23 630
Rentals received	1 954	24 033
Payment for investments / investment properties	(2 732 647)	(10 230 774)
Proceeds from investments / investment properties	2 300 471	9 742 977
Fixed capital expenditures	(40 955)	(261 984)
Proceeds from sale of property and equipment	3 293	20 697
Total cash flow from / (used in) investing activities	444 977	(456 929)
Total cash flow used in financing activities - Dividends paid	(1 034 623)	(676)
Net cash flow from all activities	110 871	605 463
Cash and cash equivalents at the beginning of period	1 191 688	1 266 562
Cash and cash equivalents at the end of period	1 302 559	1 872 025
Reconciliation to profit and loss account		
Operating cash flows	700 517	1 063 068
Depreciation / amortization expense	(88 326)	(87 917)
Profit on disposal of property and equipment	3 221	13 986
Profit on disposal of investments / investment properties	3 964	2 543
Rental income	32 266	29 443
Dividend Income	501 183	38 318
Other investment income	140 856	172 689
Profit on deposits	36 840	31 088
Other income	15 213	3 592
Increase in assets other than cash	52 271	1 177 924
(Increase) in liabilities other than borrowings	(743 078)	(2 129 616)
Profit after tax from conventional insurance operations	654 927	315 118
Profit from window takaful operations - Operator's Fund	58 827	53 145
Profit after tax	713 754	368 263

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

TAHER G. SACHAK Director	MAHMOOD LOTIA Director	ALTAF GOKAL Chief Financial Officer	HASANALI ABDULLAH Managing Director & Chief Executive	SAIFUDDIN N. ZOOMKAWALA Chairman
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Karachi 25 April 2020

Unconsolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company						Total (Restated)
	Share capital	Capital Reserve - Reserve for exceptional losses	Revenue reserves			Unappropri- ated profit	
			General reserve	Unrealized gain / (loss) on revaluation of available- for-sale investment-net	Unrealized gain on fair value of investment property		
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)		368 263	368 263
Other comprehensive income				(59 743)		10 760	(48 983)
Transactions with owners recorded directly in equity						379 023	319 280
Transferred from surplus on revaluation of property, and equipment - net of tax						(12 094)	(12 094)
Balance as at 31 March 2019 (Restated)	<u>2 000 000</u>	<u>12 902</u>	<u>13 500 000</u>	<u>(329 400)</u>	<u>1 279 740</u>	<u>3 142 399</u>	<u>19 605 641</u>
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	(749 729)	1 502 713	1 530 185	19 296 071
Total comprehensive income for the period ended 31 March 2020							
Profit after tax				(924 102)	-	713 754	713 754
Other comprehensive income				(924 102)	-	-	(924 102)
Transactions with owners recorded directly in equity						713 754	(210 348)
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
Transferred from surplus on revaluation of property, and equipment on account of incremental depreciation- net of tax						7	7
Other transfer within equity							
Transfer to general reserve			400 000			(400 000)	-
Balance as at 31 March 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>(1 673 831)</u>	<u>1 502 713</u>	<u>743 946</u>	<u>17 985 730</u>

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAf GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Notes to the Unconsolidated Condensed Interim Financial Statements For the three months period ended 31 March 2020 (Unaudited)

1. Legal status and nature of business

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

The Registered Office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Company operates through 54 (2019: 54) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

- 1.1 In 2018, the Company had 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 was 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.

2. Basis of preparation and statement of compliance

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

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

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 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 statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of condensed interim 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, General Takaful Accounting Regulations, 2019.

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 2019.

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 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 the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees in thousand, unless otherwise stated.

2.3 Standards, interpretations and amendments effective during the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated condensed interim financial statements. During the period, certain new standards and amendments to existing standards became effective.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

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

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

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

- financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets

Rupees '000

Financial assets	31 March 2020 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Cash and bank*	1 302 559	-	-	-	-
Investment in subsidiary - available-for-sale	9 411 143	(791 563)	-	-	-
Investments in equity securities - available-for-sale	2 279 956	(785 467)	-	-	-
Investments in debt securities - available-for-sale	-	-	10 395 524	-	273 374
Term Deposits	-	-	391 985	-	-
Loans and other receivables*	177 426	-	2 337	-	-
Total	13 171 084	(1 577 030)	10 789 846	-	273 374

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

Rupees '000

	31 March 2020 (Unaudited)					
	Gross carrying amounts of debt instruments that pass the SPPI test					
	AAA	AA+	AA	AA-	A	Unrated
Investments in debt securities - available-for-sale	–	100 000	50 656	230 513	–	10 014 355
Term deposits	176 321	102 164	–	98 500	15 000	–
Total	176 321	202 164	50 656	329 013	15 000	10 014 355

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 annual unconsolidated financial statements of the Company for the year ended 31 December 2019,

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

4. 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 2019.

5. 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 2019.

6. Property and equipment

The details of additions and disposals during the three months period ended 31 March 2020 are as follows:

Rupees '000
(Restated)

	Note	Additions (at cost)		Disposals (at net book value)	
		31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Tangible					
Buildings		18 014	31 847	–	–
Right of use assets - building	6.1	2 735	152 316	–	–
Furniture and fixtures		5 751	12 083	–	–
Office equipment		610	866	–	–
Computer equipment		1 594	1 322	–	–
Vehicles		6 993	41 657	72	6 710
Tracker equipment		5 258	13 471	–	–
Capital work in progress		–	8 422	–	–
		40 995	261 984	72	6 710

6.1. Due to adoption of IFRS-16 in the year 2019, all rental commitments were capitalized and reported under "Right of use assets-building" on adoption date i.e. 01 January 2019. As the IFRS 16 was adopted from second quarter 2019.

7. Investment property

Rupees '000

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Opening net book value	2 341 470	1 879 093
Additions and capital improvements	1 609	28 478
Unrealized fair value gain	–	433 899
Closing net book value	<u>2 343 079</u>	<u>2 341 470</u>

8. Investment in subsidiary

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 004 928	–	13 004 928	12 971 557	–	12 971 557
Deficit on revaluation	–	–	(3 593 785)	–	–	(2 802 221)
	<u>13 004 928</u>	<u>–</u>	<u>9 411 143</u>	<u>12 971 557</u>	<u>–</u>	<u>10 169 336</u>

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

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party*						
Listed shares	396 298	(170 086)	226 212	396 298	(93 998)	302 300
Others						
Listed shares	1 428 524	(212 254)	1 216 270	1 442 611	(96 385)	1 346 226
Unlisted shares	15 500	(15 500)	–	15 500	(15 500)	–
	1 444 024	(227 754)	1 216 270	1 458 111	(111 885)	1 346 226
Surplus on revaluation	–	–	837 474	–	–	1 622 941
	<u>1 840 322</u>	<u>(397 840)</u>	<u>2 279 956</u>	<u>1 854 409</u>	<u>(205 883)</u>	<u>3 271 467</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.

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

Rupees '000

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government securities	9 620 213	–	9 620 213	9 152 598	–	9 152 598
Term finance certificates	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukus	180 000	–	180 000	180 000	–	180 000
Surplus on revaluation	–	–	395 311	–	–	121 937
	<u>10 044 331</u>	<u>(44 118)</u>	<u>10 395 524</u>	<u>9 576 716</u>	<u>(44 118)</u>	<u>9 654 535</u>

11. Loans and other receivables – considered good

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Loans to employees	2 337	2 789
Accrued investment income	129 823	156 635
Security deposits	16 919	16 949
Advances to suppliers	10 920	3 265
Advances to employees	7 694	4 772
Other receivables	12 070	74 269
	<u>179 763</u>	<u>258 679</u>

12. Insurance / reinsurance receivables – unsecured and considered good

Due from insurance contract holders	4 720 094	4 206 359
Provision for impairment of receivables from insurance contract holders	(211 702)	(209 784)
	<u>4 508 392</u>	<u>3 996 575</u>
Due from other insurer / reinsurers	213 707	16 157
	<u>4 722 099</u>	<u>4 012 732</u>

13. Prepayments

Prepaid reinsurance premium ceded	5 445 597	5 750 008
Software support services	5 682	801
Group health insurance premium	14 562	–
Group life insurance premium	6 956	–
Prepaid tracker expense	85 855	92 983
Annual supervision fee	28 080	–
Others	2 623	6 894
	<u>5 589 355</u>	<u>5 850 686</u>

		Rupees '000
	Note	31 March 2020 (Unaudited) / 31 December 2019 (Audited)
14. Cash and Bank		
Cash and cash equivalents		
Cash in hand		1 633 / -
Policy and revenue stamps, bond papers		19 778 / 11 242
		21 411 / 11 242
Cash at bank		
Current accounts		233 401 / 275 325
Saving accounts		1 047 747 / 905 121
		1 281 148 / 1 180 446
		<u>1 302 559</u> / <u>1 191 688</u>

15. Reserves

Capital reserve		
Reserve for exceptional losses	15.1	12 902 / 12 902
Revenue reserves		
General reserve		15 400 000 / 15 000 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(1 673 831) / (749 729)
Reserve for change in fair value of investment property - net		1 502 713 / 1 502 713
		<u>15 241 784</u> / <u>15 765 886</u>

15.1 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.

16. Other creditors and accruals

		Rupees '000
		31 March 2020 (Unaudited) / 31 December 2019 (Audited)
Federal insurance fee payable		25 010 / 10 563
Sales tax payable		183 329 / 113 617
Accrued expenses		241 306 / 258 887
Agent commission payable		540 532 / 484 953
Unearned rentals		55 854 / 89 169
Other deposits		1 007 608 / 958 402
Unclaimed dividends		386 545 / 321 168
Lease liability		104 486 / 113 706
Others		203 906 / 5 740
		<u>2 748 576</u> / <u>2 356 205</u>

17. Contingencies and commitments

17.1 The income tax assessment of the Company has been finalized upto tax year 2019.

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 favour 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 to 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. 355 million would arise.

The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax years 2017 and 2019 on account of fair market value of motor vehicles. The Company has filed appeals before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) has confirmed the action of the Commissioner, Inland Revenue (Audit). The Company then filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeal is decided against the Company, a tax liability of Rs. 2 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.

17.2 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.

17.3 There are no commitments as at 31 March 2020 (31 December 2019: Nil).

	Rupees '000	
18. Net insurance premium	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Written gross premium	5 606 784	5 546 131
Unearned premium reserve - opening	9 143 972	8 354 109
Unearned premium reserve - closing	(9 756 634)	(9 283 962)
Premium earned	4 994 122	4 616 278
Less:		
Reinsurance premium ceded	2 510 624	3 354 372
Prepaid reinsurance premium - opening	5 750 008	5 073 281
Prepaid reinsurance premium - closing	(5 445 597)	(5 635 936)
Reinsurance expense	2 815 035	2 791 717
Net Insurance Premium	<u>2 179 087</u>	<u>1 824 561</u>
19. Net insurance claim expense		
Claims Paid	1 001 593	1 176 606
Outstanding claims including IBNR - closing	6 435 284	5 362 097
Outstanding claims including IBNR - opening	(6 273 372)	(5 176 757)
Claims expense	1 163 505	1 361 946
Less:		
Reinsurance and other recoveries received	579 455	504 393
Reinsurance and other recoveries in respect of outstanding claims - opening	(4 081 849)	(3 363 439)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 759 411	3 442 106
Reinsurance and other recoveries revenue	257 017	583 060
Net Insurance claim expense	<u>906 488</u>	<u>778 886</u>

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
20 Net commission expense		Rupees '000
Commission paid or payable	354 576	408 281
Deferred commission expense - opening	598 669	600 740
Deferred commission expense - closing	(600 200)	(652 920)
Net commission	353 045	356 101
Less:		
Commission received or recoverable	62 664	246 187
Unearned reinsurance commission - opening	430 936	394 848
Unearned reinsurance commission - closing	(358 731)	(455 839)
Commission from reinsurers	134 869	185 196
Net commission expense	<u>218 176</u>	<u>170 905</u>
21. Investment income		
Income from subsidiary - available-for-sale		
Dividend income	461 262	-
Income from equity securities - available-for-sale		
Dividend income	39 920	38 318
Income from debt securities - available-for-sale		
Return on debt securities	327 510	201 718
Income from term deposits		
Return on term deposits	5 303	4 079
	833 995	244 115
Net realized gains / (losses) on investments		
Available-for-sale financial assets		
Realized gains on:		
Equity securities	5 081	6 202
Realized losses on:		
Equity securities	(1 117)	(3 659)
	3 964	2 543
	<u>837 959</u>	<u>246 658</u>
Impairment in value of		
available-for-sale equity securities	(191 957)	(33 108)
Total investment income	<u>646 002</u>	<u>213 550</u>

Rupees '000

22. Other Income

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Gain on sale of property and equipment	3 221	13 986
Return on loans to employees	44	87
Exchange gains	15 170	3 505
Return on bank balances	36 840	31 088
	<u>55 275</u>	<u>48 666</u>

23. Window Takaful Operations - Operator's fund

Wakala fee	170 210	155 547
Commission expense	(60 812)	(54 235)
General, administrative and management expense	(74 704)	(61 266)
Modarib's share of PTF investment income	8 917	5 827
Investment income	13 495	4 922
Direct expenses	(45)	(200)
Other income	1 766	2 550
	<u>58 827</u>	<u>53 145</u>

24. Taxation**For current period**

Current	389 357	162 555
Deferred	(9 116)	(3 752)
	380 241	158 803

For prior period(s)

Prior period tax	24 013	-
	<u>404 254</u>	<u>158 803</u>

25. Earnings per share - basic and diluted

Profit (after tax) for the period	(Rupees '000)	713 754	368 263
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	3.57	1.84

26. 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:

	Rupees '000	
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Transactions		
Subsidiary company		
Premium written	22 463	37 908
Premium paid	9 329	9 059
Claims paid	2 326	4 072
Dividend received	461 262	–
Dividend paid	25 745	–
Associated companies		
Premium written	85 777	157 460
Premium paid	20 036	18 789
Claims paid	25 776	30 137
Dividend paid	361 771	371 245
Bank deposit withdrawn	–	(25 000)
Key management personnel		
Premium written	31	185
Dividend paid	4 691	–
Compensation	44 216	44 928
Others		
Premium written	27 216	17 843
Claims paid	1 959	1 077
Dividend paid	312 964	387 304
Brokerage paid	196	39
Employees' funds		
Contribution to provident fund	6 887	6 334
Contribution to gratuity fund	4 709	7 258
Contribution released to pension fund	(807)	(694)
Dividend paid	2 977	–
	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Balances		
Others		
Balances receivable	20 971	69 979
Balances payable	126	316
Deposits maturing within 12 months	83 500	83 500
Bank balances	234 522	119 518
Employees' funds receivable / (payable)		
EFU gratuity fund	(2 626)	2 084
EFU pension fund	28 361	27 605

27. Segment Information

Rupees '000

For the three months period ended 31 March 2020 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Misce-llaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 128 041	631 386	1 002 851	655 307	-	6 417 585
Less: Sales tax	453 822	66 852	122 102	81 644	-	724 420
Stamp duty	116	29 653	303	254	-	30 326
Federal insurance fee	36 377	5 283	8 718	5 677	-	56 055
Gross written premium (inclusive of administrative surcharge)	3 637 726	529 598	871 728	567 732	-	5 606 784
Gross direct premium	3 629 412	516 625	813 060	563 367	-	5 522 464
Facultative inward premium	-	1 238	-	-	-	1 238
Administrative surcharge	8 314	11 735	58 668	4 365	-	83 082
Insurance premium earned	3 035 042	669 581	860 643	428 856	-	4 994 122
Insurance premium ceded to reinsurers	(2 276 363)	(294 722)	(3 122)	(240 828)	-	(2 815 035)
Net insurance premium	758 679	374 859	857 521	188 028	-	2 179 087
Commission income	92 056	6 903	51	35 859	-	134 869
Net underwriting income	850 735	381 762	857 572	223 887	-	2 313 956
Insurance claims	(396 422)	(220 200)	(421 314)	(125 569)	-	(1 163 505)
Insurance claims recovered from reinsurers	66 648	127 842	480	62 047	-	257 017
Net claims	(329 774)	(92 358)	(420 834)	(63 522)	-	(906 488)
Commission expense	(180 622)	(61 650)	(75 802)	(34 971)	-	(353 045)
Management expenses	(237 825)	(110 885)	(287 728)	(58 944)	-	(695 382)
Net insurance claims and expenses	(748 221)	(264 893)	(784 364)	(157 437)	-	(1 954 915)
Underwriting result	102 514	116 869	73 208	66 450	-	359 041
Net investment income						646 002
Rental income						32 266
Other income						55 275
Other expenses						(33 403)
Profit from window takaful operations - Operator's Fund						58 827
Profit before tax						1 118 008
						As at 31 March 2020 (Unaudited)
Corporate segment assets	11 258 908	1 277 878	779 319	1 508 177	-	14 824 282
Corporate segment assets - Takaful OPF	46 440	4 566	203 142	11 335	-	265 483
Corporate unallocated assets						29 144 777
Corporate unallocated assets - Takaful OPF						550 869
Total assets						44 785 411
Corporate segment liabilities	15 742 098	2 134 574	2 478 675	3 412 306	-	23 767 653
Corporate segment liabilities - Takaful OPF	56 158	5 802	332 131	10 548	-	404 639
Corporate unallocated liabilities						1 623 994
Corporate unallocated liabilities - Takaful OPF						2 988
Total liabilities						25 799 274
						External premium less reinsurance by geographical segments 2020 (Unaudited)
Location						
Pakistan	2 174 615					
* EPZ	4 472					
Total	2 179 087					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

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

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Misce-llaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	4 004 958	686 095	1 116 007	628 230	-	6 435 290
Less: Sales tax	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	(168 058)	(125 140)	(323 043)	(50 575)	-	(666 816)
Net insurance claims and expenses	(502 258)	(294 186)	(871 992)	(133 367)	-	(1 801 803)
Underwriting result	65 031	85 191	5 309	52 423	-	207 954
Net investment income						213 550
Rental income						29 443
Other income						48 666
Other expenses						(25 692)
Profit from window takaful operations - Operator's Fund						53 145
Profit before tax						527 066
						As at 31 December 2019 (Audited)
Corporate segment assets	11 117 939	1 417 980	757 556	1 470 076	-	14 763 551
Corporate segment assets - Takaful OPF	50 093	5 656	170 040	8 374	-	234 163
Corporate unallocated assets						30 175 953
Corporate unallocated assets - Takaful OPF						525 579
Total assets						45 699 246
Corporate segment liabilities	15 298 581	2 366 260	2 430 554	3 332 385	-	23 427 780
Corporate segment liabilities - Takaful OPF	57 216	6 641	321 788	6 913	-	392 558
Corporate unallocated liabilities						1 580 821
Corporate unallocated liabilities - Takaful OPF						1 602
Total liabilities						25 402 761
Location	External premium less reinsurance by geographical segments 2019 (Unaudited)					
Pakistan	1 823 022					
* EPZ	1 539					
Total	1 824 561					

* This represents US Dollar Equivalent in Pak Rupees

28. Movement in investments

Name of investment					Rupees '000
	Held to maturity	Available-for-sale - Subsidiary	Available-for-sale - Debt securities	Available-for-sale - Equity securities	Total
At beginning of previous year	506 607	9 897 937	8 228 784	4 970 478	23 603 806
Additions	1 892 481	110 995	36 594 954	32 203	38 630 633
Disposals (sale and redemptions)	(1 954 736)	-	(35 340 826)	(496 430)	(37 791 992)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	160 404	171 623	(1 174 771)	(842 744)
Impairment losses	-	-	-	(60 013)	(60 013)
At beginning of current year	444 352	10 169 336	9 654 535	3 271 467	23 539 690
Additions	293 485	33 370	2 352 931	51 252	2 731 038
Disposals (sale and redemptions)	(345 852)	-	(1 885 316)	(65 339)	(2 296 507)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(791 563)	273 374	(785 467)	(1 303 656)
Impairment losses	-	-	-	(191 957)	(191 957)
At end of current period	<u>391 985</u>	<u>9 411 143</u>	<u>10 395 524</u>	<u>2 279 956</u>	<u>22 478 608</u>

29. Fair Value

29.1 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.

29.2 All assets and liabilities for which fair value is measured or disclosed in the unconsolidated 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 2020 (Unaudited)								
	Available-for-sale	Loans and 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	2 279 956				2 279 956	2 279 956		
Debt securities	10 395 524				10 395 524		10 395 524	
Investment in subsidiary	9 411 143				9 411 143	9 411 143		
Financial assets not measured at fair value								
Term deposits*			391 985		391 985			
Loans and other receivables*		179 763			179 763			
Insurance / reinsurance receivables*		4 722 099			4 722 099			
Reinsurance recoveries against outstanding claims*		3 759 411			3 759 411			
Cash and bank*			1 302 559		1 302 559			
Total assets of window takaful operations - Operator's fund*	248 024	191 985	282 912		722 921		248 024	
	<u>22 334 647</u>	<u>8 853 258</u>	<u>1 977 456</u>		<u>33 165 361</u>	<u>11 691 099</u>	<u>10 643 548</u>	<u>-</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(6 435 284)	(6 435 284)			
Premium received in advance*				(32 810)	(32 810)			
Insurance / reinsurance payables*				(5 636 054)	(5 636 054)			
Other creditors and accruals*				(2 748 576)	(2 748 576)			
Total liabilities of window takaful operations - Operator's Fund*				(77 085)	(77 085)			
	<u>22 334 647</u>	<u>8 853 258</u>	<u>1 977 456</u>	<u>(14 929 809)</u>	<u>18 235 552</u>	<u>11 691 099</u>	<u>10 643 548</u>	<u>-</u>

As at 31 December 2019 (Audited)								
	Available-for-sale	Loans and 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	3 271 467				3 271 467	3 271 467		
Debt securities	9 654 535				9 654 535		9 654 535	
Investment in subsidiary	10 169 336				10 169 336	10 169 336		
Financial assets not measured at fair value								
Term deposits*			444 352		444 352			
Loans and other receivables*		258 679			258 679			
Insurance / reinsurance receivables*		4 012 732			4 012 732			
Reinsurance recoveries against outstanding claims*		4 081 849			4 081 849			
Cash and bank*			1 191 688		1 191 688			
Total assets of window takaful operations - Operator's fund*	248 024	131 281	260 628		639 933		248 024	
	<u>23 343 362</u>	<u>8 484 541</u>	<u>1 896 668</u>		<u>33 724 571</u>	<u>13 440 803</u>	<u>9 902 559</u>	<u>-</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(6 273 372)	(6 273 372)			
Premium received in advance*				(68 262)	(68 262)			
Insurance / reinsurance payables*				(6 067 883)	(6 067 883)			
Other creditors and accruals*				(2 356 205)	(2 356 205)			
Total liabilities of window takaful operations - Operator's Fund*				(62 171)	(62 171)			
	<u>23 343 362</u>	<u>8 484 541</u>	<u>1 896 668</u>	<u>(14 827 893)</u>	<u>18 896 678</u>	<u>13 440 803</u>	<u>9 902 559</u>	<u>-</u>

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

30. Non-adjusting event after the unconsolidated condensed interim financial statement date

The Board of Directors in their meeting held on 25 April 2020 have announced a first interim cash dividend in respect of the year ended 31 December 2020 of Rs. 1.50 per share i.e. 15.00 % (2019: Rs. 1.50 per share i.e. 15.00 %). These unconsolidated condensed interim financial statements for the three months period ended 31 March 2020 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

31. Corresponding Figures

31.1 The effect of changes due to adoption of IFRS 16 - 'Leases' in the second quarter of 2019 was accounted for retrospectively resulting in restatement of the following comparative numbers in unconsolidated condensed interim profit and loss account. The details of the change in the policy is reported in Note 4.1 of the unconsolidated financial statements for the year ended 31 December 2019.

<u>Description</u>	Rupees'000	
	<u>Before restatement</u>	<u>After restatement</u>
Management expenses	666 551/-	666 816/-
Other expenses	21 893/-	25 692/-
Income tax expense	160 022/-	158 803/-

31.2 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 25 April 2020.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Consolidated Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2020

Directors' Review to the Members on Consolidated Condensed Interim Financial Information For the three months period ended 31 March 2020

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

Performance Review

Consolidated gross premium was Rs. 12.9 billion (2019: Rs. 13.0 billion), net premium was Rs. 9.2 billion (2019: Rs. 9.1 billion) and profit after tax was Rs. 745 million (2019: Rs. 582 million). Consolidated investment income (including rental and other income) for the three months period was Rs. 2,722 million (2019: Rs. 1,696 million). The consolidated total assets were Rs. 175 billion (31 December 2019: Rs. 174 billion) and total investments stood at Rs. 125 billion (31 December 2019: Rs. 129 billion).

Movement of Reserves

Rupees '000

	31 March 2020 (Unaudited)
Unappropriated loss brought forward	(254 638)
Profit attributable to ordinary shares	462 702
Transferred from surplus on revaluation of property and equipment	1 018
Acquisition of NCI without a change in control	(23 032)
	440 688
Profit available for appropriations	186 050
Earnings per share (Rupees)	2.31

Outlook

COVID-19 outbreak has caused an unprecedented economic shock to the global economy. Millions of people have been infected by the new corona virus, the outbreak threatens to plunge the world into the deepest global recession in generations.

The outbreak of COVID-19 is likely to have huge impact on consumption, production and trade flows raising concerns for Pakistan also. In this extremely uncertain and unprecedented backdrop, the insurance industry is also likely to be affected.

Acknowledgements

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

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

مجموعی کنڈینسڈ عبوری مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کا جائزہ ۳۱ مارچ ۲۰۲۰ء کو ختم ہونے والی سہ ماہی کیلئے

ہم، مسرت ای ایف یوجزل انشورنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یولائف ایٹورنس لمیٹڈ (ای ایف یولائف) کے مجموعی کنڈینسڈ عبوری مالیاتی حسابات کیجا کر کے پیش کر رہے ہیں۔

کارکردگی کا جائزہ

یکجا شدہ مجموعی پریمیم ۱۲.۹ بلین روپے (۲۰۱۹ء: ۱۳.۰ بلین روپے)، خالص پریمیم ۹.۲ بلین روپے (۲۰۱۹ء: ۹.۱ بلین روپے) اور منافع بعد از ٹیکس ۳.۵ بلین روپے رہا (۲۰۱۹ء: ۵.۸۲ بلین روپے)۔ یکجا شدہ انویسٹمنٹ آمدنی (بشمول ریٹیل اور دیگر آمدنی) برائے پہلی سہ ماہی مدت ۲۲.۷ بلین روپے رہی (۲۰۱۹ء: ۲۹.۶ بلین روپے)۔ یکجا شدہ مجموعی اثاثہ جات ۱.۷۵ بلین روپے (۳۱ دسمبر ۲۰۱۹ء: ۱.۷۲ بلین روپے) اور مجموعی سرمایہ کاری ۱.۳۵ بلین روپے رہی (۳۱ دسمبر ۲۰۱۹ء: ۱.۲۹ بلین روپے)۔

روپے ہزاروں میں

محفوظ اثاثہ جات کی منتقلی

۳۱ مارچ ۲۰۲۰ء
(غیر آڈٹ شدہ)

(۲۵۲ ۶۳۸)

۳۶۲ ۷۰۲

۱۰۱۸

(۲۳ ۰۳۲)

۲۳۰ ۶۸۸

۱۸۶ ۰۵۰

۲۶۳۱

غیر متنفس کردہ خسارہ جو آئندہ شامل کیا جائے گا

عمومی شیئرز کیلئے قابل منسوب منافع

چائیداد اور ایکویٹی کی ری ویلیویشن پر اضافے سے منتقل شدہ کنٹرول
کسی تبدیلی کے بغیر این سی آئی کا حصول

تناسب کے تحت دستیاب منافع

آمدنی فی شیئر (روپے)

آؤٹ لک

COVID-19 (کرونا وائرس) کے باعث عالمی معیشت کو بڑا معاشی جھٹکا لگا، جس کی پہلے کوئی مثال نہیں ہے۔ کرونا وائرس سے لاکھوں افراد متاثر ہوئے ہیں اور اس بات کا خطرہ موجود ہے کہ کہیں اس کا پھیلاؤ دنیا کو نہایت گہری کساد بازاری میں دھکیل دے جو نسلوں تک محسوس کی جائے گی۔

COVID-19 (کرونا وائرس) کی وباء سے ممکنہ طور پر پاکستان میں بھی کھپت، پیداوار اور تجارت کو دھچکا پہنچنے کا امکان ہے۔ اس انتہائی خطرناک اور غیر یقینی صورتحال کے سبب انشورنس کی صنعت کو بھی غیر یقینی صورتحال اور خطرات کا سامنا ہے۔

اعتراف

آپ کے ڈائریکٹرز کیلئے یہ امر گہرے اطمینان اور مسرت کا باعث ہے کہ وہ کمپنی کی ترقی اور اس کے آپریشنز میں مسلسل کامیابی اور بہتری کے ضمن میں افسران، فیلڈ فورس اور اسٹاف کی جانب سے کی گئی کاوشوں پر انہیں خراج تحسین پیش کرتے ہیں۔

آپ کے ڈائریکٹرز سیکورٹیز 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
چیئرمین

حسن علی عبداللہ
منیجنگ ڈائریکٹر و چیف ایگزیکٹو

محمود لوٹیا
ڈائریکٹر

طاہر جی۔ ساچک
ڈائریکٹر

کراچی، ۲۵ اپریل ۲۰۲۰ء

Consolidated Condensed Interim Statement of Financial Position As at 31 March 2020 (Unaudited)

Rupees '000

	Note	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Property and equipment	6	7 679 424	7 788 920
Intangible assets		8 018 428	8 005 650
Investment property	7	2 343 079	2 341 470
Investments			
Equity securities	8	16 057 992	13 638 413
Debt securities	9	91 529 574	95 177 568
Term deposits		17 235 275	20 103 352
Loans and other receivables	10	2 274 512	3 494 624
Insurance / reinsurance receivables	11	4 921 084	4 266 731
Reinsurance recoveries against outstanding claims		3 759 411	4 081 849
Salvage recoveries accrued		48 261	44 550
Deferred commission expense		600 200	598 669
Retirement benefit		25 735	29 689
Taxation - payments less provision		1 112 212	1 083 593
Prepayments	12	5 677 073	5 901 902
Cash and bank	13	13 398 942	6 905 236
		<u>174 681 202</u>	<u>173 462 216</u>
Total assets of window takaful operations - Operator's Fund		816 352	759 742
Total assets		<u>175 497 554</u>	<u>174 221 958</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	14	17 736 339	17 726 840
Unappropriated profit		(1 313 950)	(254 638)
Capital and reserve attributable to Company's equity holders		18 422 389	19 472 202
Non-controlling interest		3 718 876	4 071 148
Total equity		<u>22 141 265</u>	<u>23 543 350</u>
Surplus on revaluation of property and equipment		1 191 500	1 193 610
Liabilities			
Insurance liabilities	15	120 978 584	118 487 133
Underwriting provisions			
Outstanding claims including IBNR		6 435 284	6 273 372
Unearned premium reserves		9 756 634	9 143 972
Unearned reinsurance commission		358 731	430 936
Deferred taxation		2 556 037	2 778 208
Premium received in advance		974 658	1 037 616
Insurance / reinsurance payables	16	6 001 648	6 325 914
Other creditors and accruals	17	4 695 586	4 613 687
		<u>30 778 578</u>	<u>30 603 705</u>
Total liabilities		<u>151 757 162</u>	<u>149 090 838</u>
		<u>175 089 927</u>	<u>173 827 798</u>
Total liabilities of window takaful operations - Operator's Fund		407 627	394 160
Total equity and liabilities		<u>175 497 554</u>	<u>174 221 958</u>
Contingencies and commitments	18		

The annexed notes 1 to 36 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Consolidated Condensed Interim Profit and Loss Account For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

(Restated)
2019

	Note	2020	(Restated) 2019
Net insurance premium	19	9 175 749	9 069 522
Net insurance claims	20	(5 420 361)	(5 041 008)
Net commission and other acquisition costs	21	(1 760 116)	(1 812 577)
Insurance claims and acquisition expenses		(7 180 477)	(6 853 585)
Management expenses		(1 168 715)	(1 066 120)
Net change in insurance liabilities (other than outstanding claims)		(2 265 240)	(2 064 910)
Underwriting result		(1 438 683)	(915 093)
Investment income	22	3 017 055	2 433 709
Net realized fair value gain / (losses) on financial assets	23	96 938	(2 689 962)
Net fair value (loss) / gain on financial assets at fair value through profit and loss	24	(492 264)	1 858 465
Rental income		32 266	29 443
Other income	25	67 757	64 261
Other expenses		(44 200)	(28 150)
		<u>2 677 552</u>	<u>1 667 766</u>
Results of operating activities		1 238 869	752 673
Profit from window takaful operations - Operator's Fund	26	58 827	53 145
Profit before tax		1 297 696	805 818
Income tax expense	27	(552 999)	(224 227)
Profit after tax		<u>744 697</u>	<u>581 591</u>
Profit attributable to:			
Equity holders of the parent		462 702	460 905
Non-controlling interest		281 995	120 686
		<u>744 697</u>	<u>581 591</u>
Earnings (after tax) per share - Rupees	28	<u>2.31</u>	<u>2.30</u>

The annexed notes 1 to 36 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Consolidated Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

(Restated)
2019

	2020	(Restated) 2019
Profit after tax	744 697	581 591
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized loss on available-for-sale investments during the period	(608 287)	(306 003)
Reclassification adjustments relating to available-for-sale investments disposed of during the period	5 079	2 543
Total unrealized loss for the period	(603 208)	(303 460)
Deferred tax on available-for-sale investments	174 930	112 481
Net unrealized gain / (loss) from window takaful operations - Operator's Fund (net of deferred tax)	1 494	(310)
Total items that may be reclassified subsequently to profit and loss account	(426 784)	(191 289)
Item not to be reclassified to profit and loss account in subsequent periods:		
Effect of change in tax rates on defined benefit plans	-	(1 340)
Effect of change in tax rates on balance of revaluation on property and equipment	-	13 656
	-	12 316
Other comprehensive income for the period	(426 784)	(178 973)
Total comprehensive income for the period	317 913	402 618
Total comprehensive income attributable to:		
Equity holders of the parent	72 201	298 924
Non-controlling interest	245 712	103 694
	317 913	402 618

The annexed notes 1 to 36 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Consolidated Condensed Interim Cash Flow Statement For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

(Restated)
2019

	2020	2019
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	12 352 923	12 622 762
Reinsurance premium / retakaful contribution paid	(3 097 173)	(2 841 171)
Claims paid	(5 445 577)	(5 391 306)
Reinsurance and other recoveries received	536 422	584 596
Commission paid	(1 632 445)	(1 714 749)
Commission received	62 664	246 187
Management expenses paid	(1 874 174)	(1 726 366)
Net cash flow from underwriting activities	902 640	1 779 953
b) Other operating activities		
Income tax paid	(611 821)	(481 752)
Other operating payments	114 348	(18 991)
Other operating receipts	322 309	2 088 647
Loans advanced	(20 915)	(53 108)
Loans repayments received	33 999	51 821
Net cash flow (used in) / from other operating activities	(162 080)	1 586 617
Total cash flow from all operating activities	740 560	3 366 570
Investment activities		
Profit / return received	4 682 490	1 486 059
Dividend received	329 726	447 496
Rentals received	1 954	24 033
Payment for investments / investment properties	(35 982 695)	(92 123 657)
Proceeds from investments / investment properties	35 639 127	107 908 913
Fixed capital expenditures	(120 106)	(321 152)
Proceeds from sale of property and equipment	10 301	40 269
Total cash flow from investing activities	4 560 797	17 461 961
Total cash flow used in financing activities - Dividends paid	(1 623 361)	(676)
Net cash flow from all activities	3 677 996	20 827 855
Cash and cash equivalents at beginning of period	26 564 236	21 102 024
Cash and cash equivalents at end of period	30 242 232	41 929 879
Reconciliation to profit and loss account		
Operating cash flows	740 560	3 366 570
Depreciation / amortization expense	(237 956)	(182 342)
Profit on disposal of property and equipment	7 115	23 323
Gain / (loss) on disposal of investments / investment properties	100 902	(2 689 962)
Rental income	32 266	29 443
Dividend income	351 942	459 531
Other investment income	3 171 227	2 184 888
Profit on deposits	36 840	31 088
Other income	20 578	7 836
(Depreciation) / appreciation in market value of investments	(872 313)	1 731 876
Impairment in the value of available-for-sale equity investments	(22 798)	(1 001)
Decrease in assets other than cash	(334 409)	(526 974)
Increase in liabilities other than running finance	(2 308 084)	(3 905 830)
Profit after tax from conventional insurance operations	685 870	528 446
Profit from window takaful operations - Operator's Fund	58 827	53 145
Profit after tax	744 697	581 591

The annexed notes 1 to 36 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Consolidated Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company								Total (Restated)
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves	Unrealized gain/(loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property	Unappropriated profit	Equity attributable to equity holder of parent	
Balance as at 01 January 2019	2 000 000	12 902	13 500 000	1 934 423	1 279 740	1 126 031	19 853 096	4 184 692	24 037 788
Total comprehensive income for the period ended 31 March 2019									
Profit after tax				(173 417)		460 905	460 905	120 686	581 591
Other comprehensive income				(173 417)		11 436	(161 981)	(16 992)	(178 973)
	-	-	-	(173 417)	-	472 341	298 924	103 694	402 618
Transfer from surplus on revaluation of property and equipment - net of 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 (Restated)	<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>1 578 401</u>	<u>20 132 049</u>	<u>4 284 698</u>	<u>24 416 747</u>
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	1 211 225	1 502 713	(254 638)	19 472 202	4 071 148	23 543 350
Total comprehensive income for the period ended 31 March 2020									
Profit after tax				(390 501)		462 702	462 702	281 995	744 697
Other comprehensive income				(390 501)		-	(390 501)	(36 283)	(426 784)
	-	-	-	(390 501)	-	462 702	72 201	245 712	317 913
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax						1 018	1 018	1 092	2 110
Acquisition of NCI without a change in control						(23 032)	(23 032)	(10 338)	(33 370)
Transactions with owners recorded directly in equity									
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)		(1 100 000)
Final dividend for the year 2019 at the rate of Rs. 10.50 (105.00%) per share								(588 738)	(588 738)
Other transfer within equity									
Transfer to general reserve			400 000			(400 000)			-
Balance as at 31 March 2020	<u>2 000 000</u>	<u>12 902</u>	<u>15 400 000</u>	<u>820 724</u>	<u>1 502 713</u>	<u>(1 313 950)</u>	<u>18 422 389</u>	<u>3 718 876</u>	<u>22 141 265</u>

The annexed notes 1 to 36 form an integral part of these consolidated condensed interim financial statements.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Notes to the Consolidated Condensed Interim Financial Statements For the three months period ended 31 March 2020 (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 damage, marine, motor, miscellaneous etc.

The Registered Office of the Holding 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 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 54 (2019: 54) 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 44.07 % effective holding was incorporated as public limited company on 09 August 1992 and started its operation from 18 November 1992. The Subsidiary Company is listed on Pakistan Stock Exchange Limited and 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.

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 commenced Window Takaful Operations on 06 February 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012.

2. Basis of preparation and statement of compliance

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

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

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 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 consolidated condensed interim financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of condensed interim financial statements of the General Window Takaful Operations has been reported which is annexed to these consolidated condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012, General Takaful Accounting Regulations, 2019.

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 Group's annual consolidated financial statements for the year ended 31 December 2019.

2.2 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 that is determined based on present value of defined benefit obligation less fair value of plan assets.

2.3 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.

2.4 Standards, interpretations and amendments effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Group's Operations and therefore not detailed in these consolidated condensed interim financial statements.

2.5 Standards, interpretations and amendments not effective at period end

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

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Group has determined that it is eligible for the temporary exemption option since the Group has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Group doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Group can defer the application of IFRS 9 until the application of IFRS 17.

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

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

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

- financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets

Rupees ‘000

	31 March 2020 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Financial assets					
Cash and bank*	13 398 942	–	–	–	–
Investments in equity securities - available-for-sale	16 057 992	(5 305 695)	–	–	–
Investments in debt securities - available-for-sale	–	–	91 529 574	–	4 166 858
Term Deposits	–	–	17 235 275	–	–
Loans and other receivables*	2 112 263	–	162 249	–	–
Total	<u>31 569 197</u>	<u>(5 305 695)</u>	<u>108 927 098</u>	<u>–</u>	<u>4 166 858</u>

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

	31 March 2020 (Unaudited)										
	Gross carrying amounts of debt instruments that pass the SPPI test										
	AAA	AA+	AA	A+	A	A-	AA-	A-1	A-1+	BBB+	Unrated
Investments in debt securities - available-for-sale	2 457 141	550 000	4 229 391	769 645	–	11 012	453 529	–	–	60 450	10 038 299
Term deposits	176 321	102 164	–	600 000	15 000	250 000	98 500	3 250 000	12 743 290	–	210 000
Total	<u>2 633 462</u>	<u>652 164</u>	<u>4 229 391</u>	<u>1 369 645</u>	<u>15 000</u>	<u>261 012</u>	<u>552 029</u>	<u>3 250 000</u>	<u>12 743 290</u>	<u>60 450</u>	<u>10 248 299</u>

3. 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 annual consolidated financial statements of the Group for the year ended 31 December 2019,

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.

4. 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 2019.

5. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

6. Property and equipment

The details of additions and disposals during the three months period ended 31 March 2020 are as follows:

		Rupees '000 (Restated)			
		Additions (at cost)		Disposals (at net book value)	
Note		31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
	Buildings	18 014	31 847	-	-
	Right of use assets - building	2 735	152 316	-	-
	Furniture and fixtures	23 669	12 083	-	-
	Office equipment	7 050	866	-	-
	Computers	27 556	1 322	-	-
	Vehicles	13 881	41 657	3 186	6 710
	Tracker equipment	5 258	13 471	-	-
	Leasehold improvements	4 249	-	-	-
	Capital work in progress	-	8 422	-	-
		<u>102 412</u>	<u>261 984</u>	<u>3 186</u>	<u>6 710</u>

6.1 Due to adoption of IFRS-16 in the year 2019, all rental commitments were capitalized and reported under 'Right of use assets-building' on adoption date i.e. 01 January 2019. As the IFRS 16 was adopted from second quarter 2019.

7. Investment property

		Rupees '000	
		31 March 2020 (Unaudited)	31 December 2019 (Audited)
	Opening net book value	2 341 470	1 879 093
	Additions and capital improvements	1 609	28 478
	Unrealized fair value gain	-	433 899
	Closing net book value	<u>2 343 079</u>	<u>2 341 470</u>

8. Investment in equity securities

Rupees '000

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Available-for-sale						
Related Party*						
Listed shares	702 768	(440 378)	262 390	702 768	(348 264)	354 504
Mutual funds	26 596	–	26 596	26 717	–	26 717
	729 364	(440 378)	288 986	729 485	(348 264)	381 221
Others						
Listed shares	1 568 841	(232 061)	1 336 780	1 582 928	(114 597)	1 468 331
Unlisted shares	31 508	(15 500)	508	31 508	(15 500)	508
Mutual funds	122 586	(13 363)	106 223	116 235	(11 200)	105 035
	1 722 935	(260 924)	1 443 511	1 730 671	(141 297)	1 573 874
Surplus on revaluation	–	–	835 523	–	–	1 712 119
	2 452 299	(701 302)	2 568 020	2 460 156	(489 561)	3 667 214
Fair value through profit and loss (Designated upon initial recognition)						
Related Party*						
Listed shares	110 040	–	47 029	8 557	–	70 976
Mutual funds	547	–	1 033	547	–	1 033
	110 587	–	48 062	9 104	–	72 009
Others						
Listed shares	16 545 904	–	12 691 765	9 514 742	–	9 634 376
Mutual funds	1 106 164	–	750 145	253 068	–	264 814
	17 652 068	–	13 441 910	9 767 810	–	9 899 190
	17 762 655	–	13 489 972	9 776 914	–	9 971 199
	20 214 954	(701 302)	16 057 992	12 237 070	(489 561)	13 638 413

* 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 Group does not have significant influence in these companies.

9. Investment in debt securities

Rupees '000

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government securities	5 595 790	–	5 595 790	5 350 047	–	5 350 047
Available-for-sale						
Government securities	9 620 213	–	9 620 213	9 152 598	–	9 152 598
Term Finance Certificates	244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate Sukuks	180 000	–	180 000	180 000	–	180 000
Surplus / (deficit) on revaluation	–	–	395 311	–	–	121 937
	10 044 331	(44 118)	10 395 524	9 576 716	(44 118)	9 654 535
Fair value through profit and loss (Designated upon initial recognition)						
Government securities	67 154 317	–	67 154 317	70 853 495	–	70 853 495
Term Finance Certificates	3 577 386	–	3 577 386	3 796 562	–	3 796 562
Corporate Sukuks	4 572 613	–	4 572 613	4 677 570	–	4 677 570
Commercial papers	23 944	–	23 944	635 359	–	635 359
Certificates of investment	210 000	–	210 000	210 000	–	210 000
	75 538 260	–	75 538 260	80 172 986	–	80 172 986
	91 178 381	(44 118)	91 529 574	95 099 749	(44 118)	95 177 568

Rupees '000

10. Loans and other receivables - considered good

	Note	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Loans to employees		162 249	175 332
Accrued investment income		1 677 080	2 916 752
Security deposits		82 626	71 316
Advances to suppliers		153 076	42 346
Advances to employees		7 694	4 772
Other receivables		191 787	284 106
		<u>2 274 512</u>	<u>3 494 624</u>
11. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		4 915 824	4 436 944
Provision for impairment of receivables from insurance contract holders		(211 702)	(209 784)
		<u>4 704 122</u>	<u>4 227 160</u>
Due from other insurer / reinsurers		216 962	39 571
		<u>4 921 084</u>	<u>4 266 731</u>
12. Prepayments			
Prepaid reinsurance premium ceded		5 445 597	5 750 008
Software support services		5 682	801
Group health insurance premium		14 562	-
Prepaid tracker expense		85 855	92 983
Annual supervision fee		28 080	-
Others		97 297	58 110
		<u>5 677 073</u>	<u>5 901 902</u>
13. Cash and Bank			
Cash and cash equivalents			
Cash in hand		3 151	41
Policy and revenue stamps, bond papers		40 323	24 642
		<u>43 474</u>	<u>24 683</u>
Cash at bank			
Current accounts		11 390 761	4 082 929
Saving accounts		1 964 707	2 797 624
		<u>13 355 468</u>	<u>6 880 553</u>
		<u>13 398 942</u>	<u>6 905 236</u>
14. Reserves			
Capital reserve			
Reserve for exceptional losses	14.1	12 902	12 902
Revenue reserves			
General reserve		15 400 000	15 000 000
Revaluation reserve for unrealized gain on available-for-sale investments - net		820 724	1 211 225
Reserve for change in fair value of investment property - net		1 502 713	1 502 713
		<u>17 736 339</u>	<u>17 726 840</u>

14.1 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.

15. Insurance liability

Rupees '000

	Note	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Reported outstanding claims	15.1	2 953 471	2 715 505
Incurred but not reported claims	15.2	703 606	734 895
Investment component of unit-linked and account value policies	15.3	115 834 257	113 717 100
Liabilities under individual conventional insurance contracts	15.4	792 071	763 786
Liabilities under group insurance contracts (other than investment linked)	15.5	500 876	383 053
Participant's Takaful Fund Balance		194 303	172 794
		<u>120 978 584</u>	<u>118 487 133</u>
15.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		2 555 120	2 328 910
Payable over a period of time exceeding one year		673 141	648 115
		<u>3 228 261</u>	<u>2 977 025</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(274 790)	(261 520)
		<u>(274 790)</u>	<u>(261 520)</u>
Net reported outstanding claims		<u>2 953 471</u>	<u>2 715 505</u>
15.2 Incurred But Not Reported Claims			
Gross of reinsurance		812 879	863 010
Reinsurance recoveries		(109 273)	(128 115)
Net of reinsurance		<u>703 606</u>	<u>734 895</u>
15.3 Investment component of unit-linked and account value policies			
Investment component of unit linked policies		115 834 257	113 717 100
		<u>115 834 257</u>	<u>113 717 100</u>
15.4 Liabilities under Individual Conventional Insurance Contracts			
Gross of reinsurance		982 306	941 275
Reinsurance credit		(190 235)	(177 489)
Net of reinsurance		<u>792 071</u>	<u>763 786</u>
15.5 Liabilities under Group Insurance Contracts (other than investment linked)			
Gross of reinsurance		671 004	456 072
Reinsurance credit		(170 128)	(73 019)
Net of reinsurance		<u>500 876</u>	<u>383 053</u>

16. Insurance / reinsurance payable

These amounts represent amount payable to other insurers and reinsurer.

17. Others creditors and accruals

Rupees '000

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Federal insurance fee payable	25 010	10 563
Sales tax payable	183 329	113 617
Accrued expenses	834 007	1 010 171
Agent commission payable	915 320	1 280 167
Unearned rentals	55 854	89 169
Other deposits	1 007 608	958 402
Unclaimed / unpaid dividends	483 720	368 605
Lease liability	104 486	113 706
Others	1 086 252	669 287
	<u>4 695 586</u>	<u>4 613 687</u>

18. Contingencies and commitments

The income tax assessment of the Holding Company and its Subsidiary Company has been finalized up to tax year 2019.

18.1 Holding Company

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 favour 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 to 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. 355 million would arise.

The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax years 2017 and 2019 on account of fair market value of motor vehicles. The Holding Company has filed appeals before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) has confirmed the action of the Commissioner, Inland Revenue (Audit). The Holding Company then filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeal is decided against the Holding Company, a tax liability of Rs. 2 million would arise.

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 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.

18.2 Subsidiary Company

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. The Subsidiary Company expects a favourable decision.

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 17,124 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 4,016 shares respectively). In this regard, a constitutional petition had been filed by the Subsidiary Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The honorable high court decided the case against the Subsidiary Company. Subsequently, the Subsidiary Company filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgment 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. The amount involved is Rs 3 million.

During the preceding period, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 08 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance has been made taxable from 01 July 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB extended exemption on health insurance till 30 June 2020. With effect from 01 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Subsidiary Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutive petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively.

According to the grounds of the petition and legal opinion obtained by the Subsidiary Company the Insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The opinion also mentions that vast majority of premium received from a policy holder, during the life of the policy, is in fact channeled it to the policy holder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules.

In view of the above the Subsidiary Company has not started billing sales tax to its customers. The amount of sales tax involved is around Rs. 600 million computed on the basis of risk based premium, as per the advice of legal advisor, which nonetheless the Subsidiary Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA have called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales Tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax authorities and agreed in the meeting that the sales tax on Life and Health be kept exempt till 30 June 2020 however a formal notification in this regard has not yet been issued. Further the committee formed met on 05 February 2020 in Lahore at PRA office to work out the way forward.

Based on the legal opinion obtained the Subsidiary Company considers that it has a reasonably strong case on the merits in the constitution petition and the writ petition filed in the High Courts.

Bank guarantees amounting to Rs. 10 million has been given in respect of Group Life coverage. These bank guarantees will expire by 19 February 2021.

18.3 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 Group.

18.4 There are no commitments as at 31 March 2020 (31 December 2019: Nil).

19. Net insurance premium Rupees '000

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Written gross premium	12 885 887	12 955 759
Unearned premium reserve - opening	9 143 972	8 354 109
Unearned premium reserve - closing	(9 756 634)	(9 283 962)
Premium earned	12 273 225	12 025 906
Less:		
Reinsurance premium ceded	2 793 065	3 519 039
Prepaid reinsurance premium - opening	5 750 008	5 073 281
Prepaid reinsurance premium - closing	(5 445 597)	(5 635 936)
Reinsurance expense	3 097 476	2 956 384
	<u>9 175 749</u>	<u>9 069 522</u>

20. Net insurance claim expense

Claims Paid	5 668 076	5 529 438
Outstanding claims including IBNR - closing	6 435 284	5 362 097
Outstanding claims including IBNR - opening	(6 273 372)	(5 176 757)
Claims expense	5 829 988	5 714 778
Less:		
Reinsurance and other recoveries received	732 065	595 103
Reinsurance and other recoveries in respect of outstanding claims - opening	(4 081 849)	(3 363 439)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 759 411	3 442 106
Reinsurance and other recoveries revenue	409 627	673 770
	<u>5 420 361</u>	<u>5 041 008</u>

21. Net commission expense

Rupees '000

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited) (Restated)
Commission paid or payable	1 704 220	1 867 947
Deferred commission expense - opening	598 669	600 740
Deferred commission expense - closing	(600 200)	(652 920)
Net commission	1 702 689	1 815 767
Less:		
Commission received or recoverable	62 664	246 187
Unearned reinsurance commission - opening	430 936	394 848
Unearned reinsurance commission - closing	(358 731)	(455 839)
Commission from reinsurers	134 869	185 196
Other acquisition cost	192 296	182 006
	<u>1 760 116</u>	<u>1 812 577</u>

22. Investment income

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Income from equity securities		
- Available-for-sale		
Dividend income	45 525	41 906
- Fair value through profit and loss		
Dividend income	309 152	420 278
Income from debt securities		
- Available-for-sale		
Return on debt securities	327 510	201 718
- Held to maturity		
On government securities	154 416	110 946
- Fair value through profit and loss		
Return on debt securities	535 649	222 049
On government securities	1 327 593	1 136 273
Income from term deposits		
Return on term deposits	505 203	331 104
	<u>3 205 048</u>	<u>2 464 274</u>
Net realized gains / (losses) on investments		
Available-for-sale financial assets		
Realized gains on:		
Equity securities	5 081	6 202
Realized losses on:		
Equity securities	(1 117)	(3 659)
Net unrealized gains / (losses) on investments	3 964	2 543
Impairment in value of available-for-sale equity securities	(191 957)	(33 108)
Total investment income	<u>3 017 055</u>	<u>2 433 709</u>

Rupees '000

23. Net realized fair value gains / (losses) on financial assets

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Available-for-sale financial assets		
Realized gain on:		
Equity securities	44 818	160 737
Government securities	52 120	-
Realized losses on:		
Equity securities	-	(2 850 700)
	<u>96 938</u>	<u>(2 689 963)</u>
24. Net fair value gains / (losses) on financial assets at fair value through profit or loss		
Net unrealized gains on investments in financial assets - government securities and debt securities (designated upto initial recognition)	3 893 484	167 319
Net unrealized gains / (losses) on investments at fair value through profit or loss (designated upto initial recognition) - equity securities	(4 520 228)	1 705 834
Total investment income	(626 744)	1 873 153
Exchange gain	8 822	3 394
Impairment in value of available-for-sale securities	(22 979)	(1 001)
investment related expenses	(1 242)	(2 008)
	<u>(641 961)</u>	<u>1 873 538</u>
25. Other income		
Gain on sale of property and equipment	7 115	23 323
Return on loans to employees	5 409	4 331
Exchange difference	15 170	3 505
Return on bank balances	36 840	31 088
Others	3 223	2 014
	<u>67 757</u>	<u>64 261</u>

		Rupees '000	
		31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
26.	Window Takaful Operations - Operation's Fund		
	Wakala fee	170 210	155 547
	Commission expense	(60 812)	(54 235)
	General, administrative and management expense	(74 704)	(61 266)
	Modarib's share of PTF investment income	8 917	5 827
	Investment income	13 495	4 922
	Direct expenses	(45)	(200)
	Other income	1 766	2 550
		<u>58 827</u>	<u>53 145</u>
27.	Taxation		
	For current period		
	Current	576 257	266 493
	Deferred	(47 271)	(42 266)
		<u>528 986</u>	<u>224 227</u>
	For prior period(s)		
	Prior period tax	24 013	-
		<u>552 999</u>	<u>224 227</u>
28.	Earnings per share - basic and diluted		(Restated)
	Profit (after tax) for the period (Rupees '000)	<u>462 702</u>	<u>460 905</u>
	Weighted average number of ordinary shares (Numbers '000)	<u>200 000</u>	<u>200 000</u>
	Earnings per share (Rupees)	<u>2.31</u>	<u>2.30</u>

29. 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 2020 (Unaudited)	31 March 2019 (Unaudited)
Rupees '000		
Transactions		
Associated companies		
Premium written	160 319	222 418
Premium paid	42 765	40 464
Claims paid	30 512	31 317
Commission paid	74 082	82 873
Travelling expenses	1 412	–
Donation paid	1 589	537
Dividend paid	809 483	371 245
Interest on bank deposits	187 499	151 892
Purchase of vehicle	72 647	–
Investment sold	–	25 558
Bank deposit withdrawn	–	25 000
Key management personnel		
Premium written	445	344
Dividend paid	11 783	–
Loan to key employees	6 584	–
Loan recovered	1 107	900
Compensation	93 573	90 899
Others		
Premium written	27 216	17 843
Claims paid	1 959	1 077
Dividend paid	312 964	387 304
Brokerage paid	196	39
Employees' funds		
Contribution to provident fund	17 611	14 987
Contribution to gratuity fund	4 709	7 258
Contribution to pension fund	6 759	7 942
Dividend paid	2 977	–
	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Balances		
Others		
Balances receivable	51 813	71 539
Balances payable	27 757	42 420
Deposits maturing within 12 months	5 804 500	5 483 500
Investment in related party	682 814	653 525
Bank balances	1 290 744	375 797
Employees' funds receivable / (payable)		
EFU gratuity fund	(2 626)	2 084
EFU pension fund	28 361	27 605

30. Segment Information

Current period

Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)

Less: Sales tax
Stamp duty
Federal insurance fee

Gross Written Premium (inclusive of administrative surcharge)

Gross direct premium
Facultative inward premium
Administrative surcharge

Insurance premium earned
Insurance premium ceded to reinsurers

Net insurance premium
Commission income

Net underwriting income

Insurance claims
Insurance claims recovered from reinsurers

Net claims
Commission expense

Management expenses
Net insurance claims and expenses

Net Change in Insurance Liabilities
(Other than outstanding Claims)

Underwriting result

Net Investment income

Net realized fair value gains on financial assets
Net fair value loss on financial assets
at fair value through profit and loss

Rental income
Other income

Other expenses
Profit before tax from takaful operations - OPF

Profit before tax

Corporate segment assets-conventional
Corporate segment assets - Takaful OPF
Corporate unallocated assets-conventional
Corporate unallocated assets - Takaful OPF

Consolidated total assets

Corporate segment liabilities
Corporate segment liabilities - Takaful OPF
Corporate unallocated liabilities
Corporate unallocated liabilities - Takaful OPF

Consolidated total liabilities

Location:

Pakistan
* EPZ

Total

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For the three months period ended 31 March 2020 (Unaudited)

	General Insurance				Life Assurance		Aggregate General Insurance	Shareholders' Fund	Statutory Funds	Aggregate Life Assurance	Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Shareholders' Fund					
4 115 880	631 269	529 598	864 741	564 215	-	-	6 394 068	-	7 301 566	7 301 566	13 695 634
453 822	66 852	516 625	806 073	559 850	-	-	724 420	-	7 301 566	-	724 420
116	29 653	1 238	-	1 238	-	-	30 326	-	7 301 566	-	30 326
36 175	5 166	11 735	58 668	4 365	-	-	55 001	-	-	-	55 001
3 625 767	529 598	864 741	864 741	564 215	-	-	5 584 321	-	7 301 566	7 301 566	12 885 887
3 617 453	516 625	806 073	806 073	559 850	-	-	5 500 001	-	7 301 566	7 301 566	12 801 567
8 314	11 735	58 668	58 668	4 365	-	-	83 082	-	-	-	83 082
3 023 083	669 581	853 656	853 656	425 339	-	-	4 971 659	-	7 301 566	7 301 566	12 273 225
(2 276 363)	(294 722)	(3 122)	(3 122)	(240 828)	-	-	(2 815 035)	-	(282 441)	(282 441)	(3 097 476)
746 720	374 859	850 534	184 511	184 511	-	-	2 156 624	-	7 019 125	7 019 125	9 175 749
92 056	6 903	51	35 859	35 859	-	-	134 869	-	-	-	134 869
838 776	381 762	850 585	850 585	220 370	-	-	2 291 493	-	7 019 125	7 019 125	9 310 618
(396 427)	(220 200)	(418 988)	(418 988)	(125 569)	-	-	(1 161 179)	-	(4 668 809)	(4 668 809)	(5 829 988)
66 648	127 842	480	62 047	62 047	-	-	257 017	-	152 610	152 610	409 627
(329 774)	(92 358)	(418 508)	(63 522)	(63 522)	-	-	(904 162)	-	(4 516 199)	(4 516 199)	(5 420 361)
(180 622)	(61 650)	(75 802)	(34 971)	(34 971)	-	-	(353 045)	-	(1 541 940)	(1 541 940)	(1 894 985)
(231 366)	(109 454)	(285 904)	(58 035)	(58 035)	-	-	(684 759)	-	(483 956)	(483 956)	(1 168 715)
(741 762)	(263 462)	(780 214)	(156 528)	(156 528)	-	-	(1 941 966)	-	(6 542 095)	(6 542 095)	(8 484 061)
-	-	-	-	-	-	-	-	-	(2 265 240)	(2 265 240)	(2 265 240)
97 014	118 300	70 371	63 842	63 842	-	-	349 527	-	(1 788 210)	(1 788 210)	(1 438 683)
-	-	-	-	-	-	-	184 740	-	2 832 315	2 832 315	3 017 055
-	-	-	-	-	-	-	-	-	96 938	96 938	96 938
-	-	-	-	-	-	-	-	-	(492 264)	(492 264)	(492 264)
-	-	-	-	-	-	-	32 266	-	-	-	32 266
-	-	-	-	-	-	-	55 275	-	12 482	12 482	67 757
-	-	-	-	-	-	-	(33 403)	-	(10 797)	(10 797)	(44 200)
-	-	-	-	-	-	-	58 827	-	-	-	58 827
-	-	-	-	-	-	-	647 232	-	650 464	650 464	1 297 696
-	-	-	-	-	-	-	As at 31 March 2020 (Unaudited)	-	-	-	As at 31 March 2020 (Unaudited)
11 258 908	1 277 878	779 319	1 508 177	1 508 177	-	-	14 824 282	-	128 159 375	128 159 375	142 983 657
46 440	4 566	203 142	11 335	11 335	-	-	265 483	-	-	-	265 483
-	-	-	-	-	-	-	27 564 862	4 132 683	-	4 132 683	31 697 545
-	-	-	-	-	-	-	550 869	-	-	-	550 869
-	-	-	-	-	-	-	43 205 496	4 132 683	-	132 292 058	175 497 554
15 742 098	2 134 574	2 478 675	3 412 306	3 412 306	-	-	23 767 653	-	124 082 965	124 082 965	147 850 618
56 158	5 802	332 131	10 548	10 548	-	-	404 639	-	-	-	404 639
-	-	-	-	-	-	-	2 522 113	1 384 431	-	1 384 431	3 906 544
-	-	-	-	-	-	-	2 988	-	-	-	2 988
-	-	-	-	-	-	-	26 697 393	1 384 431	-	124 082 965	152 164 789
-	-	-	-	-	-	-	External premium less reinsurance by geographical segments 2020 (Unaudited)	-	-	-	External premium less reinsurance by geographical segments 2020 (Unaudited)
-	-	-	-	-	-	-	9 171 277	-	-	-	9 171 277
-	-	-	-	-	-	-	4 472	-	-	-	4 472
-	-	-	-	-	-	-	9 175 749	-	-	-	9 175 749

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

Rupees '000

Prior year	General Insurance				Life Assurance		Aggregate Life Assurance	Total (Restated)
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Shareholders' Fund		
Premium Receivable (Inclusive of sales tax, federal insurance fee and administrative surcharge)	4 004 958	686 095	1 116 007	628 230	-	-	7 409 628	13 844 918
Less: Sales tax	5 18 806	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	-	-	7 409 628	12 955 759
Gross direct premium	3 442 235	559 856	896 923	541 805	-	-	7 409 628	12 850 447
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	-	-	7 409 628	12 025 906
Insurance premium ceded to reinsurers	(2 338 109)	(201 124)	(2 885)	(249 599)	-	-	(164 667)	(2 956 384)
Net insurance premium	438 535	375 703	877 301	133 022	-	-	7 244 961	9 069 522
Commission income	128 754	3 674	-	52 768	-	-	-	185 196
Net underwriting income	567 289	379 377	877 301	185 790	-	-	7 244 961	9 254 718
Insurance claims	(489 802)	(254 629)	(474 559)	(142 956)	-	-	(4 352 832)	(5 714 778)
Insurance claims recovered from reinsurers	341 802	149 482	-	91 776	-	-	90 710	673 770
Net Claims	(148 000)	(105 147)	(474 559)	(51 180)	-	-	(4 262 122)	(5 041 008)
Commission expense	(186 200)	(63 899)	(74 390)	(31 612)	-	-	(1 641 672)	(1 997 773)
Management expenses	(168 058)	(125 140)	(323 043)	(50 575)	-	-	(399 304)	(1 066 120)
Net insurance claims and expenses	(502 258)	(294 186)	(871 992)	(133 367)	-	-	(6 303 098)	(8 104 901)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	(2 064 910)	(2 064 910)
Underwriting result	65 031	85 191	5 309	52 423	-	-	(1 123 047)	(915 093)
Net Investment income	-	-	-	-	-	-	2 220 159	2 433 709
Net realized fair value losses on financial assets	-	-	-	-	-	-	(2 689 962)	(2 689 962)
Net fair value gain on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	1 858 465	1 858 465
Other income	-	-	-	-	-	-	-	29 443
Other expenses	-	-	-	-	-	-	15 595	64 261
Profit before tax from takaful operations - OPF	-	-	-	-	-	-	(2 458)	(28 150)
Profit before tax	-	-	-	-	-	-	278 752	53 145
	527 066	-	-	-	-	-	278 752	805 818
	As at 31 December 2019 (Audited)							As at 31 December 2019 (Audited)
Corporate segment assets-conventional	11 117 939	1 417 980	757 556	1 470 076	-	-	126 784 698	141 548 249
Corporate segment assets - Takaful OPF	50 093	5 656	170 040	8 374	-	-	-	234 163
Corporate unallocated assets-conventional	-	-	-	-	-	-	3 926 433	31 913 967
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	-	-	525 579
Consolidated total assets	11 168 032	1 423 636	927 596	1 478 450	-	-	130 711 131	174 221 958
Corporate segment liabilities	15 298 581	2 366 260	2 430 554	3 332 385	-	-	122 033 355	145 461 135
Corporate segment liabilities - Takaful OPF	57 216	6 641	321 788	6 913	-	-	-	392 558
Corporate unallocated liabilities	-	-	-	-	-	-	1 237 583	3 629 703
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	-	-	1 602
Consolidated total liabilities	15 355 797	2 372 901	2 752 342	3 339 298	-	-	123 270 938	149 484 998
External premium less reinsurance by geographical segments 2019 (Unaudited)								
	9 067 983							
* EPZ	1 539							
Total	9 069 522							

* This represents US Dollar Equivalent in Pak Rupees

31. Movement in investments

Name of investment	Rupees '000			
	Held to maturity	Available for sale	Fair value through Profit & Loss	Total
At beginning of previous year	19 296 405	13 646 056	86 115 949	119 058 410
Additions	178 393 104	43 274 559	214 467 886	436 135 549
Disposals (sale and redemptions)	(174 152 836)	(41 087 256)	(212 360 728)	(427 600 820)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(1 037 975)	2 437 532	1 399 557
Impairment losses	-	(73 363)	-	(73 363)
At beginning of current year	<u>23 536 673</u>	<u>14 722 021</u>	<u>90 660 639</u>	<u>128 919 333</u>
Additions	18 144 019	3 973 553	14 736 766	36 854 338
Disposals (sale and redemptions)	(21 579 852)	(2 700 655)	(11 572 268)	(35 852 775)
Fair value net gains / (losses) (excluding net realized gains / (losses))	-	(603 208)	(4 280 093)	(4 883 301)
Impairment losses	-	(214 754)	-	(214 754)
At end of current period	<u><u>20 100 840</u></u>	<u><u>15 176 957</u></u>	<u><u>89 545 044</u></u>	<u><u>124 822 841</u></u>

32. Fair Value

32.1 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.

32.2 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 2020 (Unaudited)										
	Available- for-sale	Fair value through profit & loss	HTM	Loans and 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	2 438 264	12 738 288					15 176 552	15 176 552		
Equity securities - unquoted	508						508			508
Government securities		67 350 576					67 350 576		67 350 576	
Mutual funds	129 756	751 176					880 932		880 932	
Sukuk Bonds		4 572 613					4 572 613		4 572 613	
Debt securities	10 395 524	3 601 330					13 996 854	3 601 330	10 395 524	
Financial assets not measured at fair value										
Term deposits*					391 985		391 985			
Government securities			5 399 531				5 399 531		5 716 011	
Loans and other receivables*				179 761			179 761			
Insurance / reinsurance receivables*				4 523 080			4 523 080			
Reinsurance recoveries against outstanding claims*				3 757 969			3 757 969			
Advances*				159 911			159 911			
Certificate of investment*		210 000					210 000			
Cash and bank*		28 939 673			1 302 559		30 242 232			
Investment income accrued					1 547 257		1 547 257			
Other loans and receivables (excluding markup accrued)*					1 934 838		1 934 838			
Total assets of window takaful operations - Operator's fund*	237 608			191 985	282 912		712 505		237 608	
	13 201 660	118 163 656	5 399 531	8 812 706	5 459 551	-	151 037 104	18 777 882	89 153 264	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*						(6 433 780)	(6 433 780)			
Premium received in advance*						(981 614)	(981 614)			
Insurance / reinsurance payables*						(5 804 098)	(5 804 098)			
Other creditors and accruals*						(4 695 585)	(4 695 585)			
Deferred taxation						(687 118)	(687 118)			
Total liabilities of window takaful operations - Operator's fund*						(76 990)	(76 990)			
	13 201 660	118 163 656	5 399 531	8 812 706	5 459 551	(18 679 185)	132 357 919	18 777 882	89 153 264	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 2019 (Audited)

	Available- for-sale	Fair value through profit & loss	HTM	Loans and 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	3 461 784	10 266 217					13 728 001	13 728 001		
Equity securities - unquoted		508					508			508
Government securities		70 853 495					70 853 495		70 853 495	
Mutual funds	144 867	265 847					410 714		410 714	
Sukuk Bonds		4 677 570					4 677 570		4 677 570	
Debt securities	9 654 535	4 431 921					14 086 456		14 086 456	
Financial assets not measured at fair value										
Term deposits*					444 352		444 352			
Government securities			5 350 047				5 350 047		5 340 466	
Loans and other receivables*				258 678			258 678			
Insurance / reinsurance receivables*				4 021 641	3 063 402		7 085 043			
Reinsurance recoveries against outstanding claims*				4 081 850			4 081 850			
Advances*				172 543	2 760 117		2 932 660			
Certificate of investment*		210 000					210 000			
Cash and bank*		25 372 548			1 191 688		26 564 236			
Total assets of window takaful operations - Operator's fund*	248 024			131 288	260 628		639 940		248 024	
	13 509 210	116 078 106	5 350 047	8 666 000	7 720 187	-	151 323 550	13 728 001	95 616 725	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*						(6 273 372)	(6 273 372)			
Premium received in advance*						(68 262)	(68 262)			
Insurance / reinsurance payables*						(6 067 883)	(6 067 883)			
Other creditors and accruals*						(6 637 400)	(6 637 400)			
Total liabilities of window takaful operations - Operator's fund*						(62 298)	(62 298)			
	13 509 210	116 078 106	5 350 047	8 666 000	7 720 187	(19 109 215)	132 214 335	13 728 001	95 616 725	508

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

33. Non-adjusting event after the consolidated condensed interim financial statement date

The Board of Directors in their meeting held on 25 April 2020 have announced a first interim cash dividend in respect of the year ended 31 December 2020 of Rs. 1.50 per share i.e. 15.00 % (2019: Rs. 1.50 per share i.e. 15.00 %). These consolidated condensed interim financial statements for the three months period ended 31 March 2020 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

34. Corresponding Figures

34.1 The effect of changes due to adoption of IFRS 16 - 'Leases' in the second quarter of 2019 was accounted for retrospectively resulting in restatement of the following comparative numbers in consolidated condensed interim profit and loss account. The details of the change in the policy is reported in Note 4.1 of the consolidated financial statements for the year ended 31 December 2019.

34.2 During the preceding period, the Subsidiary Company changed its practice of presenting surplus in the Participant's Takaful Fund. The surplus in the Participant's Takaful Fund of Subsidiary Company was earlier included in shareholders Equity. Subsequently in 2019 SECP issued a circular number 15 dated 18 November 2019 in the said circular SECP has mentioned that retained earnings of Participant's Takaful Fund should be part of insurance liabilities. Accordingly, the Subsidiary Company had moved retained earnings of Participant's Takaful Fund from shareholder's equity to insurance liabilities. The details of the change in the policy is reported in Note 4.2 of the consolidated financial statements for the year ended 31 December 2019

34.3 The respective comparative numbers of the preceding period have been restated as follows:

	Rupees'000	
<u>Description</u>	<u>Before restatement</u>	<u>After restatement</u>
Net commission and other acquisition costs	1 809 513/-	1 812 577/-
Management expenses	1 059 649/-	1 066 120/-
Net change in insurance liabilities (other than outstanding claims)	2 059 456/-	2 064 910/-
Other expenses	24 351/-	28 150/-
Income tax expense	226 808/-	224 227/-

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

35. General

Figures have been rounded off to the nearest thousand rupees.

36. 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 25 April 2020.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

Window Takaful Operations

Condensed Interim Financial Statements

For the three months period ended 31 March 2020 (Unaudited)

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Financial Position
As at 31 March 2020 (Unaudited)

Rupees '000

	Note	Operator's Fund		Participants' Takaful Fund	
		31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Assets					
Property and equipment	6	1 598	1 800	-	-
Investments					
Debt securities	7	237 608	248 024	710 872	721 066
Term deposits		225 000	150 000	490 000	440 000
Loans and other receivables	8	303	335	44	1 411
Takaful / retakaful receivables	9	7 384	8 365	241 770	209 969
Retakaful recoveries against outstanding claims / benefits	17	-	-	692 782	127 576
Salvage recoveries accrued		-	-	31 530	31 425
Deferred commission expense	18	117 184	117 290	-	-
Receivable from PTF	10	153 945	115 983	-	-
Accrued investment income		10 631	6 598	30 353	14 784
Deferred wakala fee		-	-	328 142	322 463
Deferred taxation		138	719	-	-
Taxation - payments less provision		1 600	-	-	-
Prepayments	11	3 049	-	257 199	237 323
Cash and bank	12	57 912	110 628	408 450	343 552
Total assets		816 352	759 742	3 191 142	2 449 569
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	100 000	-	-
Revaluation reserve - available-for-sale investments		250	(1 244)	-	-
Accumulated profit		308 475	266 687	-	-
Total Operator's Fund		408 725	365 443	-	-
Participants' Takaful Fund (PTF)					
Cede money		-	-	500	500
Revaluation reserve - available-for-sale investments		-	-	196	(6 211)
Accumulated surplus		-	-	448 984	377 601
Balance of Participants' Takaful Fund		-	-	449 680	371 890
Liabilities					
PTF Underwriting provisions					
Outstanding claims including IBNR	17	-	-	1 194 585	615 868
Unearned contribution reserves		-	-	1 133 441	1 101 418
Reserve for unearned retakaful rebate	16	-	-	34 803	32 617
Contribution received in advance		-	-	2 669	3 190
Takaful / retakaful payables		2 495	2 416	195 965	192 209
Unearned wakala fee		328 142	322 463	-	-
Payable to OPF	10	-	-	153 945	115 983
Taxation - provision less payments		-	7 249	-	-
Other creditors and accruals	13	76 990	62 171	26 054	16 394
		407 627	394 299	2 741 462	2 077 679
Total liabilities		407 627	394 299	2 741 462	2 077 679
Total equity and liabilities		816 352	759 742	3 191 142	2 449 569
Contingencies and commitments	14				

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Profit and Loss Account
For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

	Note	2020	2019
Participants' Takaful Fund - (PTF)			
Contributions earned		410 294	371 206
Less: Contributions ceded to retakaful		(95 049)	(71 333)
Net contributions revenue	15	315 245	299 873
Retakaful rebate earned	16	17 922	13 915
Net underwriting income		333 167	313 788
Net claims - reported / settled - IBNR	17	(248 805)	(258 256)
Other direct expenses		(40 247)	(53 381)
Surplus before investment income		44 115	2 151
Investment Income	19	29 940	16 475
Other income	20	6 245	6 809
Less: Modarib's share of investment income		(8 917)	(5 827)
Surplus transferred to accumulated surplus		71 383	19 608
Operator's Fund - (OPF)			
Wakala fee		170 210	155 547
Commission expense	18	(60 812)	(54 235)
General, administrative and management expense		(74 704)	(61 266)
		34 694	40 046
Modarib's share of PTF investment income		8 917	5 827
Investment income	19	13 495	4 922
Direct expenses		(45)	(200)
Other income	20	1 766	2 550
Profit before taxation		58 827	53 145
Taxation		(17 039)	(14 883)
Profit after taxation		41 788	38 262

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

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Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

	2020	2019
Participants' Takaful Fund - (PTF)		
Surplus for the period	71 383	19 608
Other comprehensive income		
Unrealized gain on available-for-sale investments during the period - net	6 407	1 935
Total items that may be reclassified subsequently to profit and loss account	6 407	1 935
Total comprehensive income for the period	<u>77 790</u>	<u>21 543</u>
Operator's Fund - (OPF)		
Profit after tax for the period	41 788	38 262
Other comprehensive income		
Fair value gain / (loss) on available-for-sale investments during the period	2 104	(410)
Deferred tax on available-for-sale investments	(610)	100
Total items that may be reclassified subsequently to profit and loss account	1 494	(310)
Total comprehensive income for the period	<u>43 282</u>	<u>37 952</u>

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

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Director

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Chairman

Karachi 25 April 2020

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Cash Flow Statement
For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	2020	2019	2020	2019
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	576 827	539 721
Retakaful contributions paid	–	–	(110 272)	(97 409)
Claims / benefits paid	–	–	(263 444)	(210 690)
Retakaful and other recoveries received	–	–	31 420	11 266
Commission paid	(45 775)	(38 421)	–	–
Retakaful rebate received	–	–	20 108	11 261
Wakala fee received / (paid)	143 482	275 810	(143 482)	(275 810)
Modarib received / (paid)	3 361	2 771	(3 361)	(2 771)
Net cash flow from / (used in) takaful activities	101 068	240 160	107 796	(24 432)
b) Other operating activities				
Income tax paid	(25 918)	(947)	–	(2 238)
General and other expenses paid	(74 889)	(60 560)	(40 247)	(53 379)
Other operating payments	(2 035)	(2 711)	471	18 319
Other operating receipts	311	3 642	9 662	(4 270)
Net cash flow used in other operating activities	(102 531)	(60 576)	(30 114)	(41 568)
Total cash flow (used in) / from all operating activities	(1 463)	179 584	77 682	(66 000)
Investment activities				
Profit / return received	11 227	5 408	20 616	20 778
Payment for investments	(145 000)	(143 351)	(190 000)	(429 613)
Proceeds from investments	82 520	52 216	156 600	548 123
Total cash flow (used in) / from investing activities	(51 253)	(85 727)	(12 784)	139 288
Net cash flow (used in) / from all activities	(52 716)	93 857	64 898	73 288
Cash and cash equivalents at the beginning of the period	110 628	54 319	343 552	235 756
Cash and cash equivalents at the end of the period	57 912	148 176	408 450	309 044
Reconciliation to profit and loss account				
Operating cash flow	(1 463)	179 584	77 682	(66 000)
Depreciation expense	(202)	(245)	–	–
Other investment income	13 495	4 922	29 940	16 475
Other income	1 766	2 550	6 245	6 809
Increase / (decrease) in assets other than cash	41 521	(99 016)	621 300	33 493
(Increase) / decrease in liabilities other than borrowings	(13 329)	(49 533)	(663 784)	28 831
Profit / surplus after tax for the period	41 788	38 262	71 383	19 608
Attributed to				
Operator's Fund	41 788	38 262	–	–
Participants' Takaful Fund	–	–	71 383	19 608
	41 788	38 262	71 383	19 608

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

TAHER G. SACHAK
Director

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ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Changes in Funds
For the three months period ended 31 March 2020 (Unaudited)

Rupees '000

	Operator's Fund			
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total
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	<u>100 000</u>	<u>(1 325)</u>	<u>152 908</u>	<u>251 583</u>
Balance as at 01 January 2020	100 000	(1 244)	266 687	365 443
Total comprehensive income for the period ended 31 March 2020				
Profit for the period			41 788	41 788
Other Comprehensive Income		1 494		1 494
Balance as at 31 March 2020	<u>100 000</u>	<u>250</u>	<u>308 475</u>	<u>408 725</u>
	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
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	<u>500</u>	<u>(6 983)</u>	<u>314 467</u>	<u>307 984</u>
Balance as at 01 January 2020	500	(6 211)	377 601	371 890
Surplus for the period			71 383	71 383
Other Comprehensive Income		6 407		6 407
Balance as at 31 March 2020	<u>500</u>	<u>196</u>	<u>448 984</u>	<u>449 680</u>

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

TAHER G. SACHAK
Director

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Director

ALTAF GOKAL
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Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

EFU General Insurance Limited – Window Takaful Operations

Notes to the Condensed Interim Financial Statements

For the three months period ended 31 March 2020 (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 06 May 2015 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2. Basis of preparation and statement of compliance

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

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

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

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 2019.

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.

Standards, interpretations and amendments to approved accounting standards that are not yet effective;

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

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Operator has determined that it is eligible for the temporary exemption option since the Operator has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Operator doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Operator can defer the application of IFRS 9 until the application IFRS 17.

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

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

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

- financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets

Operator's Fund

Rupees '000

	31 March 2020 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period
Financial assets					
Cash and bank*	57 912	-	-	-	-
Investments in debt securities - available-for-sale	-	-	237 608	-	1 494
Term Deposits*	225 000	-	-	-	-
Loans and other receivables*	303	-	-	-	-
Total	283 215	-	237 608	-	1 494

*The carrying amount of these financial assets measured applying IAS-39 are a reasonable approximation of their carrying values.

Rupees '000

	31 March 2020 (Unaudited)							
	Gross carrying amounts of debt instruments that pass the SPPI test							
	AAA	AA+	AA	AA-	A+	A	BBB+	Unrated
Investments in debt securities - available-for-sale	33 583	28 071	-	44 758	86 302	-	14 394	30 500
Term deposits	-	70 000	100 000	-	-	55 000	-	-
Total	33 583	98 071	100 000	44 758	86 302	55 000	14 394	30 500

Rupees '000

Participants' Takaful Fund

	31 March 2020 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period
Cash and bank*	408 450	-	-	-	-
Investments in debt securities - available-for-sale	-	-	710 872	-	6 407
Term Deposits*	490 000	-	-	-	-
Loans and other receivables*	44	-	-	-	-
Total	898 494	-	710 872	-	6 407

*The carrying amount of these financial assets measured applying IAS-39 are a reasonable approximation of their carrying values.

	31 March 2020 (Unaudited)							
	Gross carrying amounts of debt instruments that pass the SPPI test							
	AAA	AA+	AA	AA-	A+	A	BBB	Unrated
Investments in debt securities - available-for-sale	33 583	71 856	40 132	65 058	65 850	-	14 393	420 000
Term deposits	-	220 000	120 000	-	-	150 000	-	-
Total	33 583	291 856	160 132	65 058	65 850	150 000	14 393	420 000

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 2019.

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 2019.

6. Property and equipment

There are no additions or disposals during the three months period ended 31 March 2020 and 31 March 2019.

Rupees '000

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

7.1 Operator's Fund

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	30 259	–	30 259	30 518	–	30 518
Corporate Sukuks	206 996	–	206 996	219 258	–	219 258
	237 255	–	237 255	249 776	–	249 776
Surplus / (deficit) on revaluation	–	–	353	–	–	(1 752)
	<u>237 255</u>	<u>–</u>	<u>237 608</u>	<u>249 776</u>	<u>–</u>	<u>248 024</u>
7.2 Participants' Takaful Fund						
Fixed Income Securities						
Ijara Sukuks	420 144	–	420 144	420 288	–	420 288
Corporate Sukuks	290 532	–	290 532	306 988	–	306 988
	710 676	–	710 676	727 276	–	727 276
Surplus / (deficit) on revaluation	–	–	196	–	–	(6 210)
	<u>710 676</u>	<u>–</u>	<u>710 872</u>	<u>727 276</u>	<u>–</u>	<u>721 066</u>

8. Loans and other receivables - considered good

	OPF		PTF	
	31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Security deposits	301	301	–	–
Other receivables	2	34	44	1 411
	<u>303</u>	<u>335</u>	<u>44</u>	<u>1 411</u>
9. Takaful / retakaful receivables - unsecured and considered good				
Due from takaful contract holders	–	–	241 245	206 068
Due from other takaful / takaful operators	7 384	8 365	525	3 901
	<u>7 384</u>	<u>8 365</u>	<u>241 770</u>	<u>209 969</u>

Rupees '000

10. Receivable (OPF) / Payable (PTF)

	OPF		PTF	
	31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Wakala fee receivable / payable	140 915	108 508	140 915	108 508
Modarib share receivable / payable	13 030	7 475	13 030	7 475
	<u>153 945</u>	<u>115 983</u>	<u>153 945</u>	<u>115 983</u>
11. Prepayments				
Annual supervision fee	3 049	–	–	–
Prepaid retakaful contribution ceded	–	–	196 793	177 814
Prepaid charges for vehicle tracking devices	–	–	60 406	59 509
	<u>3 049</u>	<u>–</u>	<u>257 199</u>	<u>237 323</u>
12. Cash and bank balances				
Cash and cash equivalents				
Cash in hand	8	–	–	–
Policy stamps	–	–	836	1 193
	8	–	836	1 193
Cash at bank				
Current accounts	169	7 164	6 188	10 616
Saving accounts	57 735	103 464	401 426	331 743
	<u>57 904</u>	<u>110 628</u>	<u>407 614</u>	<u>342 359</u>
	<u>57 912</u>	<u>110 628</u>	<u>408 450</u>	<u>343 552</u>
13. Other creditors and accruals				
Federal insurance fee payable	–	–	1 867	1 669
Sale tax payable	550	404	19 687	14 001
Accrued expenses	2 089	2 432	–	–
Agent commission payable	74 002	59 149	–	–
Retirement benefit obligations	46	–	–	–
Payable to EFU General Insurance Ltd.*	–	139	–	–
Other creditors	303	47	4 500	724
	<u>76 990</u>	<u>62 171</u>	<u>26 054</u>	<u>16 394</u>

* This represents amount payable in respect of common expenses incurred by EFU General Insurance Limited on behalf of OPF.

14. Contingencies and commitments

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

15. Net contribution

Rupees '000

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Written gross contribution	612 527	561 722
Wakala fee	(175 889)	(169 488)
Contribution net of wakala fee	436 638	392 234
Unearned contribution reserve - opening	778 955	741 000
Unearned contribution reserve - closing	(805 299)	(762 028)
Contribution earned	410 294	371 206
Less:		
Retakaful contribution ceded	114 028	52 052
Prepaid retakaful contribution - opening	177 814	129 406
Prepaid retakaful contribution - closing	(196 793)	(110 125)
Retakaful expense	95 049	71 333
Net contribution	315 245	299 873
16. Retakaful Rebate		
Rebate received or recoverable	20 108	11 262
Unearned retakaful rebate - opening	32 617	20 656
Unearned retakaful rebate - closing	(34 803)	(18 003)
	17 922	13 915
17. Takaful benefits / claims expense		
Benefits / claims paid	263 339	194 900
Outstanding benefits / claims including IBNR - opening	(615 868)	(396 875)
Outstanding benefits / claims including IBNR - closing	1 194 585	487 230
Claims expense	842 056	285 255
Less:		
Retakaful and other recoveries received	28 045	12 182
Retakaful and other recoveries in respect of outstanding claims - opening	(127 576)	(104 603)
Retakaful and other recoveries in respect of outstanding claims - closing	692 782	119 420
Retakaful and other recoveries revenue	593 251	26 999
Net takaful claims expense	248 805	258 256

Rupees '000

18. Commission expense	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Commission paid or payable	60 706	55 736
Deferred commission expense - opening	117 290	106 313
Deferred commission expense - closing	(117 184)	(107 814)
	60 812	54 235

19. Investment income	OPF		PTF	
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Income from debt securities - available-for-sale - Return on debt securities (Sukuk)	7 884	4 141	16 071	13 102
Income from term deposits - Return on term deposits	5 611	781	13 869	3 373
Investment Income	13 495	4 922	29 940	16 475
20. Other income				
Profit on bank deposits	1 766	2 550	6 245	6 809

21. 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:

Rupees '000

Participants' Takaful Funds	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Others		
Contributions written	1 685	3 404
Claims paid	743	1 385
	61	25

22. Segment reporting

22.1 Operator's Fund

Current period	For the three months period ended 31 March 2020 (Unaudited)					Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	
Wakala fee	17 870	5 476	144 775	2 089	–	170 210
Commission expense	(10 877)	(3 155)	(45 569)	(1 211)	–	(60 812)
Management expenses	(1 836)	(1 008)	(69 892)	(1 968)	–	(74 704)
Net commission and expenses	(12 713)	(4 163)	(115 461)	(3 179)	–	(135 516)
	<u>5 157</u>	<u>1 313</u>	<u>29 314</u>	<u>(1 090)</u>	<u>–</u>	<u>34 694</u>
Modarib share of PTF investment						8 917
Investment income						13 495
General and administrative charges						(45)
Other income						1 766
Profit before tax						58 827
Taxation						(17 039)
Profit before tax						<u>41 788</u>
						As at 31 March 2020 (Unaudited)
Corporate segment assets	46 440	4 566	203 142	11 335	–	265 483
Corporate unallocated assets						550 869
Total assets						<u>816 352</u>
Corporate segment liabilities	56 158	5 802	332 131	10 548	–	404 639
Corporate unallocated liabilities						2 988
Total liabilities						<u>407 627</u>

Rupees '000

Prior period	For the three months period ended 31 March 2019 (Unaudited)					
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	12 638	5 920	132 570	4 419	–	155 547
Commission expense	(7 303)	(3 124)	(43 495)	(313)	–	(54 235)
Management expenses	(1 203)	(901)	(58 433)	(729)	–	(61 266)
Net commission and expenses	(8 506)	(4 025)	(101 928)	(1 042)	–	(115 501)
	<u>4 132</u>	<u>1 895</u>	<u>30 642</u>	<u>3 377</u>	<u>–</u>	<u>40 046</u>
Modarib share of PTF investment						5 827
Net investment income						4 922
General and administrative charges						(200)
Other income						2 550
Profit before tax						<u>53 145</u>
Taxation						(14 883)
Profit before tax						<u>38 262</u>
						As at 31 December 2019 (Audited)
Corporate segment assets	50 093	5 656	170 040	8 374	–	234 163
Corporate unallocated assets						<u>525 579</u>
Total assets						<u>759 742</u>
Corporate segment liabilities	57 216	6 641	321 788	6 913	–	392 558
Corporate unallocated liabilities						<u>1 741</u>
Total liabilities						<u>394 299</u>

22.2 Participants' Takaful Fund

Rupees '000

For the three months period ended 31 March 2020 (Unaudited)

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	92 104	19 752	543 115	46 438	-	701 409
Less: Sales tax	10 935	2 019	63 414	5 309	-	81 677
Stamp duty	8	1 024	47	1	-	1 080
Federal insurance fee	804	165	4 749	407	-	6 125
Gross written contribution (inclusive of administrative surcharge)	80 357	16 544	474 905	40 721	-	612 527
Gross direct contribution	79 726	15 699	409 432	40 682	-	545 539
Administrative surcharge	631	845	65 473	39	-	66 988
Wakala fee	17 989	4 550	147 242	6 108	-	175 889
Takaful contribution earned	62 767	13 467	322 224	11 836	-	410 294
Takaful contribution ceded to retakaful	(73 297)	(14 382)	(2 509)	(4 861)	-	(95 049)
Net contribution revenue	(10 530)	(915)	319 715	6 975	-	315 245
Rebate from retakaful operator	13 822	3 236	15	849	-	17 922
Net underwriting income	3 292	2 321	319 730	7 824	-	333 167
Takaful claims	(575 307)	(27 239)	(236 493)	(3 017)	-	(842 056)
Takaful claims recovered from retakaful	571 571	21 791	-	(111)	-	593 251
Net claims	(3 736)	(5 448)	(236 493)	(3 128)	-	(248 805)
Other direct expense	(5)	(3)	(40 233)	(6)	-	(40 247)
(Deficit) / surplus before investment income	(449)	(3 130)	43 004	4 690	-	44 115
Net investment income						29 940
Modarib share of investment income						(8 917)
Other income						6 245
Surplus transferred to accumulated surplus						71 383
						As at 31 March 2020 (Unaudited)
Corporate segment assets	889 475	41 760	477 685	84 331	-	1 493 251
Corporate unallocated assets						1 697 891
Total assets						3 191 142
Corporate segment liabilities	975 044	73 607	1 494 005	159 722	-	2 702 378
Corporate unallocated liabilities						39 084
Total liabilities						2 741 462

Rupees '000

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

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	49 075	22 608	569 800	1 785	-	643 268
Less: Sales tax	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
Wakala fee	9 494	5 169	154 585	240	-	169 488
Takaful contribution earned	37 575	12 860	306 619	14 152	-	371 206
Takaful contribution ceded to retakaful	(43 630)	(14 301)	(664)	(12 738)	-	(71 333)
Net contribution revenue	(6 055)	(1 441)	305 955	1 414	-	299 873
Rebate from retakaful operator	8 804	3 218	-	1 893	-	13 915
Net underwriting income	2 749	1 777	305 955	3 307	-	313 788
Takaful claims	(23 461)	(655)	(250 587)	(10 552)	-	(285 255)
Takaful claims recovered from retakaful	20 947	536	-	5 516	-	26 999
Net claims	(2 514)	(119)	(250 587)	(5 036)	-	(258 256)
Other direct expense	(3)	(2)	(53 374)	(2)	-	(53 381)
Net investment income and expenses	(2 517)	(121)	(303 961)	(5 038)	-	(311 637)
Surplus / (deficit) before investment income	232	1 656	1 994	(1 731)	-	2 151
Net investment income						16 475
Modarib share of investment income						(5 827)
Other income						6 809
Surplus transferred to accumulated surplus						19 608
						As at 31 December 2019 (Audited)
Corporate segment assets	332 940	22 583	452 121	64 140	-	871 784
Corporate unallocated assets						1 577 785
Total assets						2 449 569
Corporate segment liabilities	436 659	56 583	1 448 345	112 223	-	2 053 810
Corporate unallocated liabilities						23 869
Total liabilities						2 077 679

23. Movement in investments

23.1 Operator's Fund

Rupees '000

Name of investment	Available-for-sale	Held to maturity	Total
At beginning of previous year	176 593	35 000	211 593
Additions	147 896	550 000	697 896
Disposals (sale and redemptions)	(76 143)	(435 000)	(511 143)
Fair value net losses (excluding net realized gains / (losses))	(322)	–	(322)
At beginning of current year	248 024	150 000	398 024
Additions	–	145 000	145 000
Disposals (sale and redemptions)	(12 520)	(70 000)	(82 520)
Fair value net gains (excluding net realized gains / (losses))	2 104	–	2 104
At end of period	<u>237 608</u>	<u>225 000</u>	<u>462 608</u>

23.2 Participants' Takaful Fund

Name of investment	Available-for-sale	Held to maturity	Total
At beginning of previous year	858 660	180 000	1 038 660
Additions	214 476	1 090 000	1 304 476
Disposals (sale and redemptions)	(354 777)	(830 000)	(1 184 777)
Fair value net losses (excluding net realized gains / (losses))	2 707	–	2 707
At beginning of current year	721 066	440 000	1 161 066
Additions	–	190 000	190 000
Disposals (sale and redemptions)	(16 601)	(140 000)	(156 601)
Fair value net gains (excluding net realized gains / (losses))	6 407	–	6 407
At end of period	<u>710 872</u>	<u>490 000</u>	<u>1 200 872</u>

24 Fair value

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

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

24.3 Operator's Fund

Rupees '000

As at 31 March 2020 (Unaudited)								
	Available-for-sale	Loans and 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								
Ijara Sukuks	30 500				30 500		30 500	
Corporate Sukuks	207 108				207 108		207 108	
Financial assets not measured at fair value								
Investments								
Term deposits*			225 000		225 000			
Loans and other receivables*		10 934			10 934			
Takaful / retakaful receivables*		7 384			7 384			
Receivable from PTF*		153 945			153 945			
Cash and bank balances*			57 912		57 912			
	237 608	172 263	282 912		692 783		237 608	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(76 990)	(76 990)			
	237 608	172 263	282 912	(76 990)	615 793	-	237 608	-

As at 31 December 2019 (Audited)

	Available-for-sale	Loans and 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								
Ijara Sukuk	30 195				30 195		30 195	
Corporate Sukuks	217 829				217 829		217 829	
Financial assets not measured at fair value								
Investments								
Term deposits*			150 000		150 000			
Loans and other receivables*		6 933			6 933			
Takaful / retakaful receivables*		8 365			8 365			
Receivable from PTF*		115 983			115 983			
Cash and bank balances*			110 628		110 628			
	248 024	131 281	260 628		639 933		248 024	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(62 171)	(62 171)			
	248 024	131 281	260 628	(62 171)	577 762	-	248 024	-

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

24.4 Participants' Takaful Fund

Rupees '000

As at 31 March 2020 (Unaudited)								
	Available-for-sale	Loans and 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								
Ijara Sukuk	420 000				420 000		420 000	
Corporate Sukuk	290 872				290 872		290 872	
Financial assets not measured at fair value								
Investments								
Term deposits*			490 000		490 000			
Loans and other receivables*		30 397			30 397			
Takaful / retakaful receivables*		241 770			241 770			
Retakaful recoveries against outstanding claims*		692 782			692 782			
Cash and bank balances*			408 450		408 450			
	<u>710 872</u>	<u>964 949</u>	<u>898 450</u>		<u>2 574 271</u>		<u>710 872</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(1 194 585)	(1 194 585)			
Contributions received in advance*				(2 669)	(2 669)			
Takaful / retakaful payable*				(195 965)	(195 965)			
Payable to OPF*				(153 945)	(153 945)			
Other creditors and accruals*				(26 054)	(26 054)			
	<u>710 872</u>	<u>964 949</u>	<u>898 450</u>	<u>(1 573 218)</u>	<u>1 001 053</u>	<u>-</u>	<u>710 872</u>	<u>-</u>

As at 31 December 2019 (Audited)								
	Available-for-sale	Loans and 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								
Ijara Sukuks	415 800				415 800		415 800	
Corporate Sukuks	305 266				305 266		305 266	
Financial assets not measured at fair value								
Investments								
Term deposits*			440 000		440 000			
Loans and other receivables*		16 195			16 195			
Takaful / retakaful receivables*		209 969			209 969			
Retakaful recoveries against outstanding claims*		127 576			127 576			
Cash and bank balances*			343 552		343 552			
	<u>721 066</u>	<u>353 740</u>	<u>783 552</u>		<u>1 858 358</u>		<u>721 066</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(615 868)	(615 868)			
Contributions received in advance*				(3 190)	(3 190)			
Takaful / retakaful payable*				(192 209)	(192 209)			
Payable to OPF*				(115 983)	(115 983)			
Other creditors and accruals*				(16 394)	(16 394)			
	<u>721 066</u>	<u>353 740</u>	<u>783 552</u>	<u>(943 644)</u>	<u>914 714</u>	<u>-</u>	<u>721 066</u>	<u>-</u>

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

25. Corresponding Figures

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

26. General

Figures have been rounded off to the nearest thousand rupees.

27. 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 25 April 2020.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 April 2020

