



Report (Un-Audited)  
SECOND QUARTER


2016



**GENERAL**



EFU GENERAL INSURANCE LTD.  
Insurer Financial Strength AA+

 [efuinsurance.com](http://efuinsurance.com)

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## Company Information

### **Chairman**

Saifuddin N. Zoomkawala

### **Managing Director & Chief Executive**

Hasanali Abdullah

### **Directors**

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

### **Chief Financial Officer & Corporate Secretary**

Altaf Qamruddin Gokal, F.C.A.

### **Legal Advisor**

Mohammad Ali Sayeed

### **Advisors**

Akhtar K. Alavi, A.C.I.I.  
Salim Rafik Sidiki, B.A. (Hons), M.A.  
S.C. (Hamid) Subjally  
Syed Mehdi Imam, M.A.

### **Shariah Advisor**

Mufti Muhammad Ibrahim Essa

### **Audit Committee**

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

### **Investment Committee**

Saifuddin N. Zoomkawala  
Hasanali Abdullah  
Rafique R. Bhimjee

### **Human Resource & Remuneration Committee**

Saifuddin N. Zoomkawala  
Rafique R. Bhimjee  
Hasanali Abdullah

### **Auditors**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
601, 6th Floor  
Progressive Plaza  
Beaumont Road  
Karachi

### **Registrar**

Technology Trade (Pvt.) Ltd.  
Dagja House 241-C  
Block-2, P.E.C.H.S.  
Off Shahra-e-Quaideen  
Karachi

### **Website**

[www.efuinsurance.com](http://www.efuinsurance.com)

### **Registered Office**

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

### **Main Offices**

EFU House  
M. A. Jinnah Road  
Karachi

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

## Directors' Review

We are pleased to present the unaudited financial statements for the six months period ended 30 June 2016.


The Written Premium for the six months period grew by 29 % to Rs. 8,445 million (including Takaful Contribution of Rs. 539 million) from Rs. 6,568 million (including Takaful Contribution of Rs. 3 million) for corresponding period last year. The Net Premium Revenue for the six months period (including Takaful Net Contribution Revenue) was Rs. 3,951 million as against Rs. 3,380 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue improved to 42 % as against 47 % of corresponding period of last year. The underwriting profit for the six months period was Rs. 1,079 million as compared to Rs. 641 million in corresponding period of last year that is an increase of 68 %.

The after tax profit for the six months period was Rs. 972 million compared to Rs. 1,257 million in the corresponding period last year.

The earning per share for the period was Rs. 4.86 on enhanced capital as against Rs. 6.28 in the corresponding period of last year. The after tax profit has reduced because of increased incidence of tax. The Government of Pakistan has changed the tax structure of insurance companies. Now income from all sources of income would be taxed @ 31 %. Whereas till now the Dividend Income was being taxed at 12.5 % and tax on Capital Gains were at various slabs minimum was zero and maximum was 15 % depending on holding period of securities. The insurance companies generally are long term investors and this incidence of tax on capital gain was low which now would be heavy at 31 %. The additional tax for the half year is Rs. 260 million (inclusive of deferred tax). This harsh tax measure would have adverse impact on growth of risk appetite of insurance companies generally. The Insurance Association of Pakistan has appealed for this to Prime Minister, Finance Minister and Special Assistant to the Prime Minister for Revenue. Had there not been additional incidence of tax, our earnings per share would had been Rs. 6.16 as against reported earnings of Rs. 4.86.

Your Directors have pleasure in declaring second interim cash dividend of Rupee 1.00 per share.

The total Market value of Properties, Equity (including investment in associate), Fixed Income securities and Cash and Bank Balances as at 30 June 2016 stood at Rs. 26,192 million as compared to Rs. 25,646 million as on 31 December 2015.



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

Your Directors would like to place on record their highest appreciation to the field force, officers and staff of the Company for their dedicated efforts.

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

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

آپ کے ڈائریکٹرز بمسرت ایک روپے فی شیئر کے حساب سے دوسرا عبوری نقد منافع منقسمہ کا اعلان کرتے ہیں۔

۳۰ جون ۲۰۱۶ء کو کمپنی کی ملکیتی جائیداد، ایکویٹیز، (بشمول ایسوسی ایٹ میں سرمایہ کاری)، فکسڈ انکم سیکیورٹیز، نقد رقوم اور بینک بیلنسز کی کل مارکیٹ ویلیو ۲۶،۱۹۲ ملین روپے رہے، جبکہ گزشتہ سال ۳۱ دسمبر ۲۰۱۵ء اسی مدت میں ۲۵،۶۳۶ ملین روپے تھا۔

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

آپ کے ڈائریکٹرز کمپنی کے فیلڈ فورس، آفیسرز اور اسٹاف کی لگن کے لیے از حد قدر دانی ریکارڈ پر لانا چاہتے ہیں۔

آپ کے ڈائریکٹرز سیکیورٹیز اینڈ ایڈیٹیو کمپنیز کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور اپنے تمام ری انشوررز کا ان کی مسلسل رہنمائی اور تعاون کے لیے شکریہ بھی ادا کرنا چاہتے ہیں۔

سیف الدین این۔ زومکا والا  
چیرمین

حسن علی عبداللہ  
مینجنگ ڈائریکٹر و چیف ایگزیکٹو

رفیق آر۔ بھیم جی  
ڈائریکٹر

محمود لوٹیا  
ڈائریکٹر

کراچی ۲۰ اگست ۲۰۱۶ء

ہم بمسرت آپ کی خدمت میں ۳۰ جون ۲۰۱۶ء کو ختم ہونے والی ششماہی مدت کے لیے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اس ششماہی مدت کے دوران تحریری پریمیم ۲۹ فیصد اضافہ کے ساتھ ۸،۴۴۵ ملین روپے رہا (بشمول تکافل کنٹریبیوشن ۵۳۹ ملین روپے)، جبکہ گزشتہ سال اسی مدت میں ۶،۵۶۸ ملین روپے (بشمول تکافل کنٹریبیوشن ۳ ملین روپے) تھا۔ اس ششماہی مدت کے دوران خالص پریمیم آمدن (بشمول خالص تکافل کنٹریبیوشن) ۳،۹۵۱ ملین روپے رہے، جبکہ گزشتہ سال اسی مدت میں ۳،۳۸۰ ملین روپے تھا۔ مجموعی کلیمز اور خالص پریمیم آمدن کے درمیان عمومی تناسب بہتر ہو کر ۴۲ فیصد رہا، جبکہ گزشتہ سال اسی مدت کے دوران ۴۷ فیصد تھا۔ اسی ششماہی مدت کے دوران انڈر رائٹنگ سے کل منافع ۱،۰۷۹ ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں یہ رقم ۶۴۱ ملین روپے تھی یعنی اس میں ۶۸ فیصد اضافہ ہوا۔

اس ششماہی کی مدت کے لیے بعد از ٹیکس منافع ۹۷۲ ملین روپے رہا، جبکہ گزشتہ سال اسی مدت میں ۱،۲۵۷ ملین روپے تھا۔

مذکورہ مدت کے دوران اضافہ شدہ سرمایہ پر فی شیئر آمدنی ۴/۸۶ روپے رہی جبکہ گزشتہ سال کی اسی مدت میں فی شیئر آمدنی ۶/۲۸ روپے تھی۔ ٹیکس میں اضافہ کے سبب بعد از ٹیکس منافع میں کمی واقع ہوئی۔ حکومت پاکستان نے انشورنس کمپنیوں کے ٹیکس اسٹریکچر میں تبدیلی کی ہے جس کے مطابق اب آمدنی کے تمام ذرائع سے حاصل ہونے والی آمدنی پر ۳۱ فیصد کی شرح سے ٹیکس عائد کیا جائے گا جبکہ اب تک منافع منقسمہ سے حاصل ہونے والی آمدنی پر ۱۲/۵ فیصد کی شرح سے ٹیکس لاگو ہوتا تھا اور حاصلات سرمایہ (کیپیٹل گین) پر ٹیکس کے مختلف درجات تھے جن میں کم سے کم صفر اور زیادہ سے زیادہ ۱۵ فیصد کی شرح سے ٹیکس وصول کیا جاتا تھا جو سیکورٹیز کو اپنی تحویل میں رکھنے کی مدت کے لحاظ سے نافذ ہوتا تھا۔ انشورنس کمپنیاں عمومی طور پر طویل مدت کی سرمایہ کاری کرتی ہیں اور اس وجہ سے حاصلات سرمایہ (کیپیٹل گین) پر ٹیکس کی شرح کم ہوتی تھی جو اب ۳۱ فیصد کی بھاری شرح سے لاگو ہوگا۔ اس ششماہی میں اضافی ٹیکس کی رقم ۲۶۰ ملین روپے (بشمول التواء ٹیکس) ہے۔ ٹیکس کے اس سخت پیمانے سے عمومی طور پر انشورنس کمپنیوں کی ترقی میں رکاوٹیں پیدا ہوں گی۔ انشورنس ایسوسی ایشن آف پاکستان نے اس سلسلے میں وزیر اعظم، وزیر خزانہ اور وزیر اعظم کے معاون خصوصی برائے محصولات سے اس معاملہ پر غور کرنے کی اپیل کی ہے۔ اگر یہ اضافی ٹیکس نافذ نہیں ہوتا تو ہماری آمدنی فی شیئر ۶/۱۶ روپے ہوتی جو کہ ۴/۸۶ روپے بتائی گئی ہے۔



# Auditors' Report to Members on Review of Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of EFU General Insurance Limited as at 30 June 2016 and the related condensed interim profit and loss account, condensed interim statements of comprehensive income, changes in equity, cash flows, premiums, claims, expenses and investment income and notes forming part thereof (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

Engagement Partner: Arslan Khalid

Karachi 20 August, 2016

## Condensed Interim Balance Sheet As at 30 June 2016 (Unaudited)

|  | Note | 30 June<br>2016<br>( Unaudited ) | 31 December<br>2015<br>( Audited ) |
|--|------|----------------------------------|------------------------------------|
| <b>Share capital and reserves</b>                                |      |                                  |                                    |
| Authorised share capital   |      |                                  |                                    |
| 200 000 000 (2015: 200 000 000)<br>ordinary shares of Rs.10 each |      | 2 000 000                        | 2 000 000                          |
| Issued, subscribed and paid-up share capital                     |      | 2 000 000                        | 1 600 000                          |
| Reserves and retained earnings                                   | 6    | 13 899 052                       | 14 247 012                         |
|  |      | 15 899 052                       | 15 847 012                         |
| <b>Underwriting provisions</b>                                   |      |                                  |                                    |
| Provision for outstanding claims (including IBNR)                |      | 5 394 112                        | 4 462 934                          |
| Provision for unearned premium                                   |      | 6 837 890                        | 6 723 968                          |
| Commission income unearned                                       |      | 374 664                          | 341 652                            |
| Total underwriting provisions                                    |      | 12 606 666                       | 11 528 554                         |
| <b>Deferred liabilities</b>                                      |      |                                  |                                    |
| Deferred taxation  |      | 254 512                          | 126 908                            |
| <b>Creditors and accruals</b>                                    |      |                                  |                                    |
| Premiums received in advance                                     |      | 6 261                            | 5 350                              |
| Amounts due to other insurers / reinsurers                       |      | 2 987 264                        | 2 947 386                          |
| Accrued expenses   |      | 161 366                          | 201 074                            |
| Agent balances   |      | 562 534                          | 527 572                            |
| Unearned rentals   |      | 60 208                           | 56 036                             |
| Taxation - provision less payments                               |      | 280 864                          | 107 183                            |
| Other creditors and accruals                                     |      | 480 424                          | 189 443                            |
|  |      | 4 538 921                        | 4 034 044                          |
| <b>Other liabilities</b>   |      |                                  |                                    |
| Other deposits   |      | 544 201                          | 540 028                            |
| Unclaimed dividends  |      | 145 792                          | 128 432                            |
|  |      | 689 993                          | 668 460                            |
| <b>Total liabilities</b>   |      | 18 090 092                       | 16 357 966                         |
| <b>Total equity and liabilities</b>                              |      | 33 989 144                       | 32 204 978                         |
| <b>Total liabilities of takaful operations - OPF</b>             |      | 121 584                          | 59 057                             |
| <b>Total equity and liabilities</b>                              |      | 34 110 728                       | 32 264 035                         |
| <b>Contingencies</b>   | 7    |                                  |                                    |

Rupees '000

|   | Note | 30 June<br>2016<br>( Unaudited ) | 31 December<br>2015<br>( Audited ) |
|---|------|----------------------------------|------------------------------------|
| <b>Cash and bank deposits</b>                     | 8    |                                  |                                    |
| Cash and other equivalents                        |      | 3 096                            | 4 175                              |
| Current and other accounts                        |      | 1 341 322                        | 1 187 686                          |
| Deposits maturing within 12 months                |      | 549 783                          | 557 135                            |
|   |      | 1 894 201                        | 1 748 996                          |
| <b>Loans - secured considered good</b>            |      |                                  |                                    |
| To employees                                      |      | 2 550                            | 2 114                              |
| <b>Investments</b>                                | 9    | 19 464 519                       | 19 166 228                         |
| <b>Investment properties</b>                      |      | 184 083                          | 190 646                            |
| <b>Current assets - others</b>                    |      |                                  |                                    |
| Premiums due but unpaid - net                     | 10   | 3 591 528                        | 3 285 856                          |
| Amounts due from other insurers / reinsurers      |      | 19 306                           | 15 839                             |
| Salvage recoveries accrued                        |      | 42 232                           | 41 999                             |
| Accrued investment income                         |      | 148 641                          | 141 689                            |
| Reinsurance recoveries against outstanding claims |      | 3 081 774                        | 2 232 473                          |
| Deferred commission expense                       |      | 570 519                          | 541 676                            |
| Prepayments                                       |      | 3 666 487                        | 3 604 325                          |
| Security deposits                                 |      | 8 753                            | 17 390                             |
| Sundry receivables                                |      | 72 917                           | 67 556                             |
|   |      | 11 202 157                       | 9 948 803                          |
| <b>Fixed assets - tangible and intangible</b>     | 11   |                                  |                                    |
| Land and buildings                                |      | 413 994                          | 405 164                            |
| Furniture, fixtures and office equipments         |      | 321 788                          | 334 638                            |
| Vehicles  |      | 245 720                          | 248 959                            |
| Motor tracking devices                            |      | 120 170                          | 108 219                            |
| Capital work-in-progress                          |      | –                                | 4 338                              |
|   |      | 1 101 672                        | 1 101 318                          |
| <b>Total assets</b>                               |      | 33 849 182                       | 32 158 105                         |
| <b>Total assets of takaful operations - OPF</b>   |      | 261 546                          | 105 930                            |
| <b>Total assets</b>                               |      | 34 110 728                       | 32 264 035                         |

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# Condensed Interim Profit and Loss Account

## For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|   |                        | Three months period ended 30 June |               |               |          |                | Aggregate 2016   | Aggregate 2015 |
|---|------------------------|-----------------------------------|---------------|---------------|----------|----------------|------------------|----------------|
| Note  | Fire & property damage | Marine, aviation & transport      | Motor         | Others        | Treaty   |                |                  |                |
| <b>Revenue account</b>                        |                        |                                   |               |               |          |                |                  |                |
|   | 534 373                | 447 615                           | 830 947       | 136 080       | –        | 1 949 015      | 1 686 267        |                |
|   | (58 778)               | (168 350)                         | (514 089)     | (45 122)      | –        | (786 339)      | (693 388)        |                |
|   | (102 167)              | (85 373)                          | (180 876)     | (25 573)      | –        | (393 989)      | (415 405)        |                |
|   | (24 560)               | (62 465)                          | (70 324)      | 24 781        | –        | (132 568)      | (159 335)        |                |
|   | <u>348 868</u>         | <u>131 427</u>                    | <u>65 658</u> | <u>90 166</u> | <u>–</u> | <u>636 119</u> | <u>418 139</u>   |                |
| <b>Underwriting result</b>                    |                        |                                   |               |               |          |                |                  |                |
|   |                        |                                   |               |               |          | 353 115        | 607 599          |                |
|   |                        |                                   |               |               |          | 34 427         | 30 163           |                |
|   |                        |                                   |               |               |          | 14 573         | 17 342           |                |
|   | 12                     |                                   |               |               |          | 2 892          | 8 374            |                |
|   |                        |                                   |               |               |          | 121 196        | 172 831          |                |
|   |                        |                                   |               |               |          | (170 698)      | (158 188)        |                |
|   |                        |                                   |               |               |          | (19 343)       | (21 785)         |                |
|   |                        |                                   |               |               |          | <u>336 162</u> | <u>656 336</u>   |                |
| Loss before tax from takaful operations - OPF | 13                     |                                   |               |               |          | (24 483)       | (7 014)          |                |
| <b>Profit before tax</b>                      |                        |                                   |               |               |          | <u>947 798</u> | <u>1 067 461</u> |                |
| <b>Provision for taxation</b>                 | 14                     |                                   |               |               |          | (532 359)      | (210 469)        |                |
| <b>Profit after tax</b>                       |                        |                                   |               |               |          | <u>415 439</u> | <u>856 992</u>   |                |
| <b>Earnings per share - basic and diluted</b> |                        |                                   |               |               | (Rupees) | <u>2.08</u>    | <u>4.28</u>      |                |

|  |                        | Six months period ended 30 June |                |                |          |                  | Aggregate 2016   | Aggregate 2015 |
|--|------------------------|---------------------------------|----------------|----------------|----------|------------------|------------------|----------------|
| Note   | Fire & property damage | Marine, aviation & transport    | Motor          | Others         | Treaty   |                  |                  |                |
| <b>Revenue account</b>   |                        |                                 |                |                |          |                  |                  |                |
|  | 985 823                | 842 139                         | 1 646 674      | 286 312        | –        | 3 760 948        | 3 379 612        |                |
|  | (156 355)              | (304 712)                       | (1 008 482)    | (107 588)      | –        | (1 577 137)      | (1 584 146)      |                |
|  | (198 969)              | (169 968)                       | (376 731)      | (57 786)       | –        | (803 454)        | (808 510)        |                |
|  | (88 822)               | (125 253)                       | (139 150)      | 51 492         | –        | (301 733)        | (346 227)        |                |
|  | <u>541 677</u>         | <u>242 206</u>                  | <u>122 311</u> | <u>172 430</u> | <u>–</u> | <u>1 078 624</u> | <u>640 729</u>   |                |
| <b>Underwriting result</b>   |                        |                                 |                |                |          |                  |                  |                |
|  |                        |                                 |                |                |          | 590 380          | 847 316          |                |
|  |                        |                                 |                |                |          | 68 732           | 62 082           |                |
|  |                        |                                 |                |                |          | 31 568           | 36 891           |                |
|  | 12                     |                                 |                |                |          | 10 998           | 13 252           |                |
|  |                        |                                 |                |                |          | 293 568          | 303 904          |                |
|  |                        |                                 |                |                |          | (352 385)        | (311 809)        |                |
|  |                        |                                 |                |                |          | (34 240)         | (31 707)         |                |
|  |                        |                                 |                |                |          | <u>608 621</u>   | <u>919 929</u>   |                |
| Loss before tax from takaful operations - OPF  | 13                     |                                 |                |                |          | (9 500)          | (7 014)          |                |
| <b>Profit before tax</b>   |                        |                                 |                |                |          | <u>1 677 745</u> | <u>1 553 644</u> |                |
| <b>Provision for taxation</b>  | 14                     |                                 |                |                |          | (705 705)        | (297 071)        |                |
| <b>Profit after tax</b>  |                        |                                 |                |                |          | <u>972 040</u>   | <u>1 256 573</u> |                |
| <b>Profit and loss appropriation account</b>   |                        |                                 |                |                |          |                  |                  |                |
| Balance at commencement of the period  |                        |                                 |                |                |          | 3 734 110        | 1 998 197        |                |
| Profit after tax   |                        |                                 |                |                |          | 972 040          | 1 256 573        |                |
| Issuance of bonus shares   |                        |                                 |                |                |          | (400 000)        | –                |                |
| Final dividend for the year 2015 Rs. 7.50 (75%) per share (2014: Rs. 5.00 (50%) per share) |                        |                                 |                |                |          | (720 000)        | (800 000)        |                |
| 1st Interim dividend for the year 2016 Re. 1.00 per share (2015: Re. 1.00 per share)       |                        |                                 |                |                |          | (200 000)        | (160 000)        |                |
| Transfers to general reserve   |                        |                                 |                |                |          | (2 000 000)      | (1 000 000)      |                |
| <b>Balance at the end of the period</b>  |                        |                                 |                |                |          | <u>1 386 150</u> | <u>1 294 770</u> |                |
| <b>Earnings per share - basic and diluted</b>  |                        |                                 |                |                | (Rupees) | <u>4.86</u>      | <u>6.28</u>      |                |

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

## Condensed Interim Statement of Comprehensive Income For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|  | Three months period<br>ended 30 June |                | Six months period<br>ended 30 June |                  |
|--|--------------------------------------|----------------|------------------------------------|------------------|
|  | 2016                                 | 2015           | 2016                               | 2015             |
| Profit after tax                                     | 415 439                              | 856 992        | 972 040                            | 1 256 573        |
| Other comprehensive income                           | –                                    | –              | –                                  | –                |
| <b>Total comprehensive income<br/>for the period</b> | <u>415 439</u>                       | <u>856 992</u> | <u>972 040</u>                     | <u>1 256 573</u> |

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MAHMOOD LOTIA  
Director

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Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

## Condensed Interim Statement of Changes in Equity For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|  | Share capital    | General reserve   | Reserve for exceptional losses | Unappropriated profit | Total             |
|--|------------------|-------------------|--------------------------------|-----------------------|-------------------|
| Balance as at 1 January 2015   | 1 600 000        | 9 500 000         | 12 902                         | 1 998 197             | 13 111 099        |
| <b>Total comprehensive income for the period ended 30 June 2015</b>                        |                  |                   |                                |                       |                   |
| Profit after tax   | –                | –                 | –                              | 1 256 573             | 1 256 573         |
| <b>Transactions with owners, recorded directly in equity</b>                               |                  |                   |                                |                       |                   |
| Final dividend paid for the year 2014 at the rate of Rs. 5.00 per share                    | –                | –                 | –                              | ( 800 000 )           | ( 800 000 )       |
| 1st Interim dividend paid for the year 2015 at the rate of Re. 1.00 per share              | –                | –                 | –                              | ( 160 000 )           | ( 160 000 )       |
| <b>Other transfer within equity</b>  |                  |                   |                                |                       |                   |
| Transfer to general reserve  | –                | 1 000 000         | –                              | ( 1 000 000 )         | –                 |
| Balance as at 30 June 2015   | 1 600 000        | 10 500 000        | 12 902                         | 1 294 770             | 13 407 672        |
| Balance as at 1 January 2016   | <u>1 600 000</u> | <u>10 500 000</u> | <u>12 902</u>                  | <u>3 734 110</u>      | <u>15 847 012</u> |
| <b>Total comprehensive income for the period ended 30 June 2016</b>                        |                  |                   |                                |                       |                   |
| Profit after tax   | –                | –                 | –                              | 972 040               | 972 040           |
| <b>Transactions with owners, recorded directly in equity</b>                               |                  |                   |                                |                       |                   |
| Issuance of bonus shares   | 400 000          | –                 | –                              | ( 400 000 )           | –                 |
| Final dividend for the year 2015 Rs. 7.50 (75%) per share (2014: Rs. 5.00 (50%) per share) | –                | –                 | –                              | ( 720 000 )           | ( 720 000 )       |
| 1st Interim dividend paid for the year 2016 Re. 1.00 per share (2015: Re. 1.00 per share)  | –                | –                 | –                              | ( 200 000 )           | ( 200 000 )       |
| <b>Other transfer within equity</b>  |                  |                   |                                |                       |                   |
| Transfer to general reserve  | –                | 2 000 000         | –                              | ( 2 000 000 )         | –                 |
| Balance as at 30 June 2016   | <u>2 000 000</u> | <u>12 500 000</u> | <u>12 902</u>                  | <u>1 386 150</u>      | <u>15 899 052</u> |

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Director

RAFIQUE R. BHIMJEE  
Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# Condensed Interim Statement of Cash Flows

## For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|   | 2016             | 2015             |
|---|------------------|------------------|
| <b>Operating activities</b>                                       |                  |                  |
| a) Underwriting activities  |                  |                  |
| Premiums received   | 7 601 079        | 6 767 141        |
| Reinsurance premiums paid   | (4 007 744)      | (3 274 588)      |
| Claims paid   | (2 172 612)      | (3 025 235)      |
| Reinsurance and other recoveries received                         | 673 653          | 1 345 243        |
| Commissions paid  | (659 827)        | (695 563)        |
| Commissions received  | 397 226          | 277 929          |
| Management expenses paid  | (720 206)        | (689 189)        |
| Net cash inflow from underwriting activities                      | 1 111 569        | 705 738          |
| b) Other operating activities                                     |                  |                  |
| Income tax paid   | (404 419)        | (356 181)        |
| General and administration expenses                               | (430 601)        | (340 286)        |
| Other operating payments  | (144 826)        | (74 090)         |
| Other operating receipts  | 295 145          | 107 525          |
| Loans advanced  | (1 779)          | (960)            |
| Loans repayments received   | 1 344            | 1 671            |
| Net cash outflow from other operating activities                  | (685 136)        | (662 321)        |
| <b>Total cash inflow from all operating activities</b>            | <b>426 433</b>   | <b>43 417</b>    |
| <b>Investment activities</b>                                      |                  |                  |
| Profit / return received  | 193 787          | 200 997          |
| Dividends received  | 462 726          | 413 171          |
| Rentals received  | 115 144          | 58 607           |
| Payments for investments  | (6 911 106)      | (3 987 213)      |
| Proceeds from disposal of investments                             | 6 864 955        | 4 329 525        |
| Fixed capital expenditures  | (115 439)        | (98 568)         |
| Proceeds from disposal of fixed assets                            | 11 345           | 15 596           |
| <b>Total cash inflow from investing activities</b>                | <b>621 412</b>   | <b>932 115</b>   |
| <b>Financing activities</b>                                       |                  |                  |
| Dividend adjustment / paid  | (902 640)        | (941 778)        |
| <b>Net cash inflow from all activities</b>                        | <b>145 205</b>   | <b>33 754</b>    |
| Cash at the beginning of the period                               | 1 748 996        | 1 520 795        |
| <b>Cash at the end of the period</b>                              | <b>1 894 201</b> | <b>1 554 549</b> |
| <b>Reconciliation to profit and loss account</b>                  |                  |                  |
| Operating cash flows  | 426 433          | 43 417           |
| Depreciation / amortisation expense                               | (121 221)        | (99 970)         |
| Rentals and investment income                                     | 701 353          | 894 853          |
| Profit on deposits  | 31 568           | 36 891           |
| Other income  | 11 006           | 13 252           |
| Share of profit of associate                                      | 293 568          | 303 904          |
| Increase / (decrease) in assets other than cash                   | 1 175 744        | (1 063 826)      |
| Decrease / (increase) in liabilities other than running finance   | (1 536 911)      | 1 135 066        |
| <b>Profit after tax from conventional insurance operations</b>    | <b>981 540</b>   | <b>1 263 587</b> |
| <b>Loss from takaful operations - OPF</b>                         | <b>(9 500)</b>   | <b>(7 014)</b>   |
| <b>Profit after tax at the end of the period</b>                  | <b>972 040</b>   | <b>1 256 573</b> |
| <b>Definition of cash</b>   |                  |                  |
| Cash for the purposes of the statement of cash flows consists of: |                  |                  |
| Cash and other equivalents  | 3 096            | 3 861            |
| Current and other accounts  | 1 341 322        | 1 207 520        |
| Deposits maturing within 12 months                                | 549 783          | 343 168          |
|   | <b>1 894 201</b> | <b>1 554 549</b> |

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MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# Condensed Interim Statement of Premiums For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

| Class                          | Three months period ended 30 June |                          |                  |                  |                   |                                   |                  |                     |                  | Net premium revenue<br>2016 | Net premium revenue<br>2015 |
|--------------------------------|-----------------------------------|--------------------------|------------------|------------------|-------------------|-----------------------------------|------------------|---------------------|------------------|-----------------------------|-----------------------------|
|                                | Premiums                          |                          |                  |                  | Reinsurance       |                                   |                  |                     |                  |                             |                             |
|                                | Written                           | Unearned premium reserve |                  | Earned           | Reinsurance ceded | Prepaid reinsurance premium ceded |                  | Reinsurance expense |                  |                             |                             |
|                                | Opening                           | Closing                  | Opening          |                  |                   | Closing                           |                  |                     |                  |                             |                             |
| <b>Direct and facultative</b>  |                                   |                          |                  |                  |                   |                                   |                  |                     |                  |                             |                             |
| Fire and property damage       | 1 612 180                         | 4 259 319                | 3 739 228        | 2 132 271        | 1 181 924         | 3 213 089                         | 2 797 115        | 1 597 898           | 534 373          | 476 776                     |                             |
| Marine, aviation and transport | 738 226                           | 626 656                  | 757 375          | 607 507          | 342 926           | 190 387                           | 373 421          | 159 892             | 447 615          | 361 962                     |                             |
| Motor                          | 797 413                           | 1 656 277                | 1 618 855        | 834 835          | 3 888             | -                                 | -                | 3 888               | 830 947          | 742 960                     |                             |
| Miscellaneous                  | 335 744                           | 741 942                  | 722 432          | 355 254          | 194 142           | 433 188                           | 408 156          | 219 174             | 136 080          | 104 569                     |                             |
| <b>Total</b>                   | <b>3 483 563</b>                  | <b>7 284 194</b>         | <b>6 837 890</b> | <b>3 929 867</b> | <b>1 722 880</b>  | <b>3 836 664</b>                  | <b>3 578 692</b> | <b>1 980 852</b>    | <b>1 949 015</b> | <b>1 686 267</b>            |                             |
| <b>Treaty - proportional</b>   | -                                 | -                        | -                | -                | -                 | -                                 | -                | -                   | -                | -                           |                             |
| <b>Grand total</b>             | <b>3 483 563</b>                  | <b>7 284 194</b>         | <b>6 837 890</b> | <b>3 929 867</b> | <b>1 722 880</b>  | <b>3 836 664</b>                  | <b>3 578 692</b> | <b>1 980 852</b>    | <b>1 949 015</b> | <b>1 686 267</b>            |                             |

Six months period ended 30 June

|                                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |  |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--|
| <b>Direct and facultative</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |  |
| Fire and property damage       | 3 972 593        | 3 997 006        | 3 739 228        | 4 230 371        | 3 075 819        | 2 965 844        | 2 797 115        | 3 244 548        | 985 823          | 984 818          |  |
| Marine, aviation and transport | 1 304 411        | 645 817          | 757 375          | 1 192 853        | 485 641          | 238 494          | 373 421          | 350 714          | 842 139          | 753 061          |  |
| Motor                          | 1 738 978        | 1 535 166        | 1 618 855        | 1 655 289        | 8 615            | -                | -                | 8 615            | 1 646 674        | 1 460 575        |  |
| Miscellaneous                  | 889 859          | 545 979          | 722 432          | 713 406          | 477 546          | 357 704          | 408 156          | 427 094          | 286 312          | 181 158          |  |
| <b>Total</b>                   | <b>7 905 841</b> | <b>6 723 968</b> | <b>6 837 890</b> | <b>7 791 919</b> | <b>4 047 621</b> | <b>3 562 042</b> | <b>3 578 692</b> | <b>4 030 971</b> | <b>3 760 948</b> | <b>3 379 612</b> |  |
| <b>Treaty - proportional</b>   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |  |
| <b>Grand total</b>             | <b>7 905 841</b> | <b>6 723 968</b> | <b>6 837 890</b> | <b>7 791 919</b> | <b>4 047 621</b> | <b>3 562 042</b> | <b>3 578 692</b> | <b>4 030 971</b> | <b>3 760 948</b> | <b>3 379 612</b> |  |

**Note:** Premiums written includes administrative surcharge of Rs. 221 million (30 June 2015: Rs. 201 million).

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016



# Condensed Interim Statement of Claims

## For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

| Class                         | Three months period ended 30 June |             |           |                |   |   |           |  |         |                    |                    |
|-------------------------------|-----------------------------------|-------------|-----------|----------------|---|---|-----------|--|---------|--------------------|--------------------|
|                               | Claims                            |             |           |                | Reinsurance                               |   |           |  |         | Net claims expense | Net claims expense |
|                               | Paid                              | Outstanding |           | Claims expense | Reinsurance and other recoveries received | Reinsurance and other recoveries in respect of outstanding claims |           | Reinsurance and other recoveries revenue | 2016    |                    |                    |
|                               |                                   | Opening     | Closing   |                |   | Opening   | Closing   |  |         |                    |                    |
| <b>Direct and facultative</b> |                                   |             |           |                |   |   |           |  |         |                    |                    |
| Fire and property damage      | 207 128                           | 2 089 625   | 2 796 702 | 914 205        | 158 352                                   | 1 479 978   | 2 177 053 | 855 427                                  | 58 778  | 105 838            |                    |
| Marine aviation and transport | 181 736                           | 887 044     | 879 690   | 174 382        | 16 485                                    | 439 443   | 428 990   | 6 032                                    | 168 350 | 149 219            |                    |
| Motor                         | 429 874                           | 1 033 664   | 1 117 864 | 514 074        | (15)                                      | 3 828   | 3 828     | (15)                                     | 514 089 | 422 997            |                    |
| Miscellaneous                 | 174 118                           | 634 854     | 599 856   | 139 120        | 92 584                                    | 470 488   | 471 902   | 93 998                                   | 45 122  | 15 334             |                    |
| Total                         | 992 856                           | 4 645 187   | 5 394 112 | 1 741 781      | 267 406                                   | 2 393 737   | 3 081 773 | 955 442                                  | 786 339 | 693 388            |                    |
| <b>Treaty - proportional</b>  | -                                 | -           | -         | -              | -   | -   | -         | -  | -       | -                  |                    |
| Grand total                   | 992 856                           | 4 645 187   | 5 394 112 | 1 741 781      | 267 406                                   | 2 393 737   | 3 081 773 | 955 442                                  | 786 339 | 693 388            |                    |

| Six months period ended 30 June |           |           |           |           |         |           |           |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|
| <b>Direct and facultative</b>   |           |           |           |           |         |           |           |           |           |           |
| Fire and property damage        | 720 263   | 2 025 050 | 2 796 702 | 1 491 915 | 497 389 | 1 338 882 | 2 177 053 | 1 335 560 | 156 355   | 287 474   |
| Marine aviation and transport   | 305 124   | 868 766   | 879 690   | 316 048   | 29 632  | 447 286   | 428 990   | 11 336    | 304 712   | 344 317   |
| Motor                           | 872 082   | 981 475   | 1 117 864 | 1 008 471 | 1       | 3 840     | 3 828     | (11)      | 1 008 482 | 859 689   |
| Miscellaneous                   | 274 911   | 587 643   | 599 856   | 287 124   | 150 099 | 442 465   | 471 902   | 179 536   | 107 588   | 92 666    |
| Total                           | 2 172 380 | 4 462 934 | 5 394 112 | 3 103 558 | 677 121 | 2 232 473 | 3 081 773 | 1 526 421 | 1 577 137 | 1 584 146 |
| <b>Treaty - proportional</b>    | -         | -         | -         | -         | -       | -         | -         | -         | -         | -         |
| Grand total                     | 2 172 380 | 4 462 934 | 5 394 112 | 3 103 558 | 677 121 | 2 232 473 | 3 081 773 | 1 526 421 | 1 577 137 | 1 584 146 |

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MAHMOOD LOTIA  
Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# Condensed Interim Statement of Expenses For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

| Class                          | Three months period ended 30 June |            |                  |             |                           |                       |                            | Net                   | Net                   |
|--------------------------------|-----------------------------------|------------|------------------|-------------|---------------------------|-----------------------|----------------------------|-----------------------|-----------------------|
|                                | Paid or payable                   | Commission |                  | Net expense | Other management expenses | Underwriting expenses | Commission from reinsurers | underwriting expenses | underwriting expenses |
|                                |                                   | Opening    | Deferred Closing |             |                           |                       |                            | 2016                  | 2015                  |
| <b>Direct and facultative</b>  |                                   |            |                  |             |                           |                       |                            |                       |                       |
| Fire and property damage       | 179 895                           | 309 829    | 322 253          | 167 471     | 102 167                   | 269 638               | 142 911                    | 126 727               | 174 884               |
| Marine, aviation and transport | 68 302                            | 57 030     | 58 435           | 66 897      | 85 373                    | 152 270               | 4 432                      | 147 838               | 137 623               |
| Motor                          | 66 376                            | 137 628    | 133 680          | 70 324      | 180 876                   | 251 200               | -                          | 251 200               | 273 031               |
| Miscellaneous                  | 26 295                            | 54 601     | 56 151           | 24 745      | 25 573                    | 50 318                | 49 526                     | 792                   | (10 798)              |
| Total                          | 340 868                           | 559 088    | 570 519          | 329 437     | 393 989                   | 723 426               | 196 869                    | 526 557               | 574 740               |
| <b>Treaty - proportional</b>   | -                                 | -          | -                | -           | -                         | -                     | -                          | -                     | -                     |
| Grand total                    | 340 868                           | 559 088    | 570 519          | 329 437     | 393 989                   | 723 426               | 196 869                    | 526 557               | 574 740               |
|                                | Six months period ended 30 June   |            |                  |             |                           |                       |                            |                       |                       |
| <b>Direct and facultative</b>  |                                   |            |                  |             |                           |                       |                            |                       |                       |
| Fire and property damage       | 341 873                           | 315 351    | 322 253          | 334 971     | 198 969                   | 533 940               | 246 149                    | 287 791               | 360 113               |
| Marine, aviation and transport | 141 795                           | 55 272     | 58 435           | 138 632     | 169 968                   | 308 600               | 13 379                     | 295 221               | 278 629               |
| Motor                          | 142 378                           | 130 452    | 133 680          | 139 150     | 376 731                   | 515 881               | -                          | 515 881               | 519 161               |
| Miscellaneous                  | 68 742                            | 40 601     | 56 151           | 53 192      | 57 786                    | 110 978               | 104 684                    | 6 294                 | (3 166)               |
| Total                          | 694 788                           | 541 676    | 570 519          | 665 945     | 803 454                   | 1 469 399             | 364 212                    | 1 105 187             | 1 154 737             |
| <b>Treaty - proportional</b>   | -                                 | -          | -                | -           | -                         | -                     | -                          | -                     | -                     |
| Grand total                    | 694 788                           | 541 676    | 570 519          | 665 945     | 803 454                   | 1 469 399             | 364 212                    | 1 105 187             | 1 154 737             |

**Note:** Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

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MAHMOOD LOTIA  
Director

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Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

## Condensed Interim Statement of Investment Income For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|  | Note | Three months period<br>ended 30 June |                | Six months period<br>ended 30 June |                |
|--|------|--------------------------------------|----------------|------------------------------------|----------------|
|  |      | 2016                                 | 2015           | 2016                               | 2015           |
| <b>Income from non - trading investments</b>   |      |                                      |                |                                    |                |
| Return on government securities  |      | 85 364                               | 72 409         | 162 531                            | 155 202        |
| Return on other fixed income securities<br>and deposits  |      | 500                                  | 986            | 500                                | 1 953          |
| Amortisation of discount relative to par   |      | 2 377                                | 5 045          | 7 523                              | 10 728         |
| Dividend income  | 15   | 54 095                               | 55 169         | 117 614                            | 109 628        |
| Gain on sale of non - trading investments - net  | 16   | 212 003                              | 296 838        | 305 341                            | 389 893        |
|  |      | <u>354 339</u>                       | <u>430 447</u> | <u>593 509</u>                     | <u>667 404</u> |
| <b>(Provision) / reversal of provision<br/>for impairment - available<br/>for sale investments - net</b> |      | ( 815 )                              | 177 552        | ( 2 296 )                          | 180 542        |
| <b>Investment related expenses</b>   |      | ( 409 )                              | ( 400 )        | ( 833 )                            | ( 630 )        |
| <b>Net investment income</b>   |      | <u>353 115</u>                       | <u>607 599</u> | <u>590 380</u>                     | <u>847 316</u> |

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# Notes to the Condensed Interim Financial Statements

## For the six months period ended 30 June 2016 (Unaudited)

### 1. Status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 2 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 was allowed to work as Window Takaful Operator on 16 April 2015 by Securities and Exchange Commission of Pakistan under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Company operates through 54 (2015: 53) branches in Pakistan including a branch in Export Processing Zone (EPZ).

### 2. Statement of compliance

- 2.1 These condensed interim financial statements of the Company for the period ended 30 June 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and SECP Takaful Rules 2012 shall prevail.
- 2.2 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 2015.
- 2.3 Separate set of condensed interim financial statements of the General Takaful operations has been annexed to these condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012.

### 3. Significant accounting policies

- 3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

#### *New / Revised Standards, Interpretations and Amendments*

The Company has adopted the following amendment to IFRSs which became effective for the current period:

- IIFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 – Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

#### *Improvements to Accounting Standards Issued by the IASB*

The Company has adopted the following amendment to IFRSs which became effective for the current period:

- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 – Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 – Employee Benefits - Discount rate: regional market issue
- IAS 34 – Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on these condensed interim financial statements.

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on these condensed interim financial statements.

#### 4. Accounting estimates and judgments

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2015.

#### 5. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2015.

#### 6. Reserves and retained earnings

Rupees '000

|                                | Note | 30 June<br>2016<br>( Unaudited ) | 31 December<br>2015<br>( Audited ) |
|--------------------------------|------|----------------------------------|------------------------------------|
| General reserve                |      | 12 500 000                       | 10 500 000                         |
| Reserve for exceptional losses | 6.1  | 12 902                           | 12 902                             |
| Retained earnings              |      | 1 386 150                        | 3 734 110                          |
|                                |      | <u>13 899 052</u>                | <u>14 247 012</u>                  |

6.1 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.

#### 7. Contingencies

7.1 The income tax assessments of the Company have been finalised up to Tax Year 2015.

The Company has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of assessment years 1999-2000 and 2000-2001 for disallowance of management expenses, provision for gratuity and bonus. If the appeals are decided against the Company, a tax liability of Rs. 13 million would arise.

The department has filed appeals for the Tax Years 2005 to 2007 before Honourable Supreme Court against the decision of the Honourable High Court in respect of proration of expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would be payable.

The department has filed appeal for the assessment year 2002-2003 before Honourable High Court against the order of Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company, a tax liability of Rs. 76 million would be payable.

The department has filed appeal for the Tax Year 2008 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) in respect of Capital Gain. If the appeal is decided against the Company, a tax liability of Rs. 5,094 million would be payable. The department has been over ruled by the Appellate Tribunal (ITAT) on the identical cases.

The department has filed appeal for the Tax Years 2010 and 2013 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner Inland Revenue (Appeals) in respect of provision for IBNR and proration of expenses. If the appeal is decided against the Company, a tax liability of Rs. 94 million would be payable.

The Commissioner Inland Revenue (Audit) has amended the tax assessments of the Company for the Tax Years 2009-2013 by taxing the dividend income on full corporate tax rate as against the reduced tax rates applied by the Company. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) who maintained the order passed by the Commissioner Inland Revenue (Audit). The Company has now filed an appeal with Income Tax Appellate Tribunal (ITAT) against the judgment of Commissioner Inland Revenue (Appeals) and expect favourable outcome. Further the Commissioner Inland Revenue (Audit) has also amended the Tax Year 2015 for which the Company has filed an appeal before Commissioner Inland Revenue (Appeal). The additional tax impact of the said adjustment is estimated to be Rs. 582 million which include Tax Years 2015 to 2016. The Income Tax Appellate Tribunal (ITAT) has issued orders in favour of the assessee on the identical cases of taxing dividend income.

The Department has filed appeal for Tax Year 2014 before Income Tax Appellate Tribunal (ITAT) against order of Commissioner (Appeal) in respect of Dividend Income taxing at reduced rate. If the appeal is decided against the Company a tax liability of Rs. 119 million would be payable.

The Company has filed appeal for the Tax Year 2014 before Income Tax Appellate Tribunal (ITAT) against the order of Additional Commissioner of Income Tax (Appeal) in respect of proration of expenses. If the appeal is decided against the Company, a tax liability of Rs. 7 million would be payable.

No provision has been made in these 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 the favour of the Company.

- 7.2 In 2014, 2015 and 2016, the Searle Company Limited issued bonus shares (453,612, 312,993 and 192,107 shares respectively) after withholding 5 percent of bonus shares (22,680, 15,650 and 9,606 shares respectively). In this regard, a constitutional petition had been filed by the Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The Honourable high court decided the case against the company. Subsequently, the Company filed an appeal with a larger bench of the Honourable 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. Consequently, the Company has not paid / provided an amount of Rs. 14.7 million being withholding tax on bonus shares.

## **8. Cash and bank deposits**

### **8.1 *Current and other accounts***

These include Rs. 23.41 million (31 December 2015: Rs. 10.44 million) placed under Shariah permissible mode. The markup against these placements for the period ended 30 June 2016 amounts to Rs. 0.06 million (30 June 2015: Rs. 0.04 million).

### **8.2 *Deposits maturing within 12 months***

These include term deposits amounting to Rs. 29.06 million (31 December 2015: Rs. 34.94 million) carrying mark up at the rates ranging from 2.84% to 5.75% (31 December 2015: 3.30% to 6.50%) placed under Shariah permissible mode. The markup against placements under Shariah permissible mode for the period ended 30 June 2016 amounts to Rs. 0.65 million (30 June 2015: Rs. 0.54 million).

## 9. Investments

Rupees '000

|  | Note      | 30 June<br>2016<br>( Unaudited ) | 31 December<br>2015<br>( Audited ) |
|--|-----------|----------------------------------|------------------------------------|
| Investment in associate - EFU Life Assurance Limited | 9.1 & 9.2 |                                  |                                    |
| Opening balance                                      |           | 11 570 646                       | 9 324 919                          |
| Purchases during the period                          |           | –                                | 5 998                              |
| Share of profit                                      |           | 293 568                          | 640 068                            |
| Dividend received                                    |           | ( 344 473 )                      | ( 387 339 )                        |
|  |           | 11 519 741                       | 9 583 646                          |
| Reversal of provision for impairment                 |           | –                                | 1 987 000                          |
|  |           | 11 519 741                       | 11 570 646                         |
| Available for sale                                   | 9.2 & 9.4 |                                  |                                    |
| In related parties                                   |           |                                  |                                    |
| Mutual funds   |           | 110 000                          | 205 000                            |
| Ordinary shares - net of provision                   |           | 396 298                          | 396 298                            |
|  |           | 506 298                          | 601 298                            |
| Others - quoted                                      |           |                                  |                                    |
| Mutual funds   |           | 1 603 735                        | 1 994 500                          |
| Ordinary shares - net of provision                   |           | 2 303 467                        | 2 288 907                          |
| Fixed income securities                              | 9.3       |                                  |                                    |
| Government securities                                |           | 3 531 278                        | 2 710 877                          |
| Term finance certificates                            |           | 44 118                           | 44 618                             |
|  |           | 7 482 598                        | 7 038 902                          |
| Net provision for impairment                         |           | ( 44 118 )                       | ( 44 618 )                         |
|  |           | 7 944 778                        | 7 595 582                          |
|  |           | 19 464 519                       | 19 166 228                         |

- 9.1 The carrying amount of the investment in EFU Life Assurance Limited was tested for impairment based on value in use, in accordance with IAS 36 - Impairment of Assets. The value in use calculations were carried out by an independent actuary and are based on cash flow projections based on the budget and the forecasts approved by the management up to five years.
- 9.2 The market value of investment in associate and available for sale investments as on 30 June 2016 was Rs. 8,440 million (31 December 2015: Rs. 8,569 million) and Rs. 9,105 million (31 December 2015: Rs. 9,351 million) respectively.
- 9.3 The fixed income securities includes Government Securities amounting to Rs. 212 million (31 December 2015: Rs. 165 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.
- 9.4 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 June 2016 would have been higher by Rs. 4,839 million (31 December 2015: higher by Rs. 4,659 million).

## 10. Premiums due but unpaid – net – unsecured

Rupees '000

|                                 | 30 June<br>2016<br>( Unaudited ) | 31 December<br>2015<br>( Audited ) |
|---------------------------------|----------------------------------|------------------------------------|
| Considered good                 | 3 591 528                        | 3 285 856                          |
| Considered doubtful             | 48 114                           | 30 580                             |
|                                 | <u>3 639 642</u>                 | <u>3 316 436</u>                   |
| Provision for doubtful balances | ( 48 114 )                       | ( 30 580 )                         |
|                                 | <u><u>3 591 528</u></u>          | <u><u>3 285 856</u></u>            |

## 11. Fixed assets – tangible and intangible

The details of additions and disposals during the six months period ended 30 June 2016 are as follows:

Rupees '000

|  | Additions (at cost)              |                                  | Disposals (at net book value)    |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | 30 June<br>2016<br>( Unaudited ) | 30 June<br>2015<br>( Unaudited ) | 30 June<br>2016<br>( Unaudited ) | 30 June<br>2015<br>( Unaudited ) |
| <b>Tangible</b>                                    |                                  |                                  |                                  |                                  |
| Buildings  | 23 669                           | 15 116                           | –                                | –                                |
| Furniture and fixtures                             | 8 045                            | 6 087                            | –                                | 830                              |
| Office equipments                                  | 8 281                            | 4 448                            | –                                | 84                               |
| Tracker equipments                                 | 25 378                           | –                                | –                                | –                                |
| Computers  | 6 997                            | 3 722                            | –                                | –                                |
| Vehicles   | 41 699                           | 62 535                           | 426                              | 1 533                            |
| Fixed assets - General<br>takaful operations (OPF) | 1 306                            | 2 873                            | –                                | –                                |
| <b>Intangible</b>                                  |                                  |                                  |                                  |                                  |
| Computer software                                  | –                                | –                                | –                                | 28                               |
|  | <u>115 375</u>                   | <u>94 781</u>                    | <u>426</u>                       | <u>2 475</u>                     |

## 12. Other income

Rupees '000

|                                    | Note | Three months period<br>ended 30 June |              | Six months period<br>ended 30 June |               |
|------------------------------------|------|--------------------------------------|--------------|------------------------------------|---------------|
|                                    |      | 2016                                 | 2015         | 2016                               | 2015          |
| Gain on sale of fixed assets - net |      | 3 024                                | 8 436        | 10 919                             | 13 121        |
| Interest on loans to employees     |      | 37                                   | 36           | 70                                 | 75            |
| Exchange (loss) / gain             | 12.1 | ( 169 )                              | ( 98 )       | 9                                  | 56            |
|                                    |      | <u>2 892</u>                         | <u>8 374</u> | <u>10 998</u>                      | <u>13 252</u> |

12.1. Net exchange gain for the period comprises of gain / (loss) arising from fluctuation in actual currency rates.



### 13. General takaful operations - OPF

Rupees '000

|                                     | Three months period<br>ended 30 June |                  | Six months period<br>ended 30 June |                  |
|-------------------------------------|--------------------------------------|------------------|------------------------------------|------------------|
|                                     | 2016                                 | 2015             | 2016                               | 2015             |
| Wakala fee                          | 37 399                               | 58               | 60 943                             | 58               |
| Management expenses                 | ( 42 481 )                           | ( 1 030 )        | ( 44 753 )                         | ( 1 030 )        |
| Commission expenses                 | ( 9 253 )                            | ( 14 )           | ( 14 366 )                         | ( 14 )           |
| Investment income                   | 2 756                                | –                | 2 756                              | –                |
| Profit on deposits                  | 519                                  | 831              | 1 245                              | 831              |
| Modarib share of profit on deposits | 407                                  | –                | 625                                | –                |
| General and administration expenses | ( 13 830 )                           | ( 6 859 )        | ( 15 950 )                         | ( 6 859 )        |
| Loss before tax                     | <u>( 24 483 )</u>                    | <u>( 7 014 )</u> | <u>( 9 500 )</u>                   | <u>( 7 014 )</u> |

### 14. Provision for taxation

Rupees '000

|                | Three months period<br>ended 30 June |                | Six months period<br>ended 30 June |                |
|----------------|--------------------------------------|----------------|------------------------------------|----------------|
|                | 2016                                 | 2015           | 2016                               | 2015           |
| For the period |                                      |                |                                    |                |
| Current        | 325 380                              | 173 747        | 509 158                            | 256 382        |
| Prior year     | 68 942                               | 59 520         | 68 942                             | 59 520         |
| Deferred       | 138 037                              | ( 22 798 )     | 127 605                            | ( 18 831 )     |
|                | <u>532 359</u>                       | <u>210 469</u> | <u>705 705</u>                     | <u>297 071</u> |

### 15. Dividend income

Scrip wise details of dividend income for the period are provided below:

Rupees '000

| Name of Investee Company            | 30 June<br>2016<br>( Unaudited ) | 30 June<br>2015<br>( Unaudited ) |
|-------------------------------------|----------------------------------|----------------------------------|
| Adamjee Insurance Company Limited   | –                                | 1 972                            |
| Akzo Nobel Pakistan Limited         | 300                              | 231                              |
| Allied Bank Limited                 | 420                              | 825                              |
| Archroma Pakistan Limited           | 2 225                            | –                                |
| Attock Cement Pakistan Limited      | –                                | 85                               |
| Attock Petroleum Limited            | 8 250                            | 6 875                            |
| Avanceon Limited                    | –                                | 207                              |
| Bank Al Habib Limited               | 1 225                            | 1 050                            |
| Bata (Pakistan) Limited             | 13 940                           | 10 532                           |
| Cherat Packaging Limited            | 3 072                            | 1 950                            |
| Dawood Hercules Corporation Limited | 100                              | –                                |
| Engro Corporation Limited           | –                                | 307                              |
| Engro Fertilizer Limited            | –                                | 134                              |
| Fatima Fertilizer Company Limited   | –                                | 688                              |
| Fauji Cement Company Limited        | 1                                | –                                |
| Fauji Fertilizer Bin Qasim Limited  | 305                              | –                                |

Rupees '000

| Name of Investee Company              | 30 June<br>2016<br>( Unaudited ) | 30 June<br>2015<br>( Unaudited ) |
|---------------------------------------|----------------------------------|----------------------------------|
| Fauji Fertilizer Company Limited      | 7 909                            | 14 884                           |
| Ferozsons Laboratories Limited        | 9 544                            | 3 858                            |
| Glaxosmithkline Pakistan Limited      | 1 320                            | 1 650                            |
| Habib Bank Limited                    | 3 899                            | 2 475                            |
| Habib Insurance Company Limited       | 1 389                            | 1 587                            |
| Hub Power Company Limited             | 6 000                            | –                                |
| Hum Network Limited                   | –                                | 4 102                            |
| ICI Pakistan Limited                  | 325                              | 250                              |
| Indus Motor Company Limited           | 2 206                            | 2 816                            |
| International Industries Limited      | 1 242                            | 1 863                            |
| Jubilee General Insurance Limited     | 518                              | 690                              |
| Jubilee Life Insurance Limited        | 11 167                           | 7 446                            |
| Khyber Tobacco Company Limited        | 2                                | –                                |
| Kot Addu Power Company Limited        | 2 125                            | 2 000                            |
| Liberty Mills Limited                 | –                                | 2                                |
| Linde Pakistan Limited                | 1 125                            | 975                              |
| Maple Leaf Cement Factory Limited     | –                                | 75                               |
| MCB Bank Limited                      | 200                              | –                                |
| National Bank of Pakistan             | –                                | 275                              |
| Nishat Chunian Power Limited          | 1 000                            | 2 000                            |
| Oil & Gas Development Company Limited | 383                              | 469                              |
| Packages Limited                      | 5 250                            | 3 375                            |
| Pakistan Oilfields Limited            | 7 650                            | 4 500                            |
| Pakgen Power Limited                  | 206                              | 206                              |
| Pakistan Petroleum Limited            | 225                              | 4 826                            |
| Pakistan Reinsurance Company Limited  | 16 250                           | 16 250                           |
| Pioneer Cement Limited                | –                                | 113                              |
| Rafhan Maize Products Company Limited | 1 700                            | 1 100                            |
| Saif Power Limited                    | 600                              | –                                |
| Sanofi Aventis Pakistan Limited       | 58                               | 134                              |
| Security Papers Limited               | 2                                | 3                                |
| Shahtaj Sugar Mills Limited           | –                                | 158                              |
| Shell (Pakistan) Limited              | 3 351                            | 2 681                            |
| Thal Limited                          | 1 320                            | 2 644                            |
| United Bank Limited                   | 490                              | 1 365                            |
| Wyeth Pakistan Limited                | 320                              | –                                |
|                                       | <u>117 614</u>                   | <u>109 628</u>                   |

#### 16. Gain on sale of non - trading investments - net

This includes net realised gain of Rs. 74.99 million (30 June 2015: Rs. 8.82 million) from sale of investments in Shariah compliant shares.

## 17. Operating segments

Rupees '000

|   | Fire and property damage |                   | Marine, aviation and transport |                   | Motor               |                   | Miscellaneous       |                   | Treaty              |                   | Total                       |                             |
|---|--------------------------|-------------------|--------------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-----------------------------|-----------------------------|
|   | 2016<br>(Unaudited)      | 2015<br>(Audited) | 2016<br>(Unaudited)            | 2015<br>(Audited) | 2016<br>(Unaudited) | 2015<br>(Audited) | 2016<br>(Unaudited) | 2015<br>(Audited) | 2016<br>(Unaudited) | 2015<br>(Audited) | 2016<br>(Unaudited)         | 2015<br>(Audited)           |
| Corporate segment assets – conventional         | 6 925 575                | 6 145 157         | 1 808 592                      | 1 524 182         | 792 048             | 628 904           | 1 478 006           | 1 381 642         | –                   | –                 | 11 004 221                  | 9 679 885                   |
| Corporate segment assets – Takaful OPF          | 13 019                   | 8 801             | 1 170                          | 823               | 49 108              | 32 674            | 4 057               | 2 269             | –                   | –                 | 67 354                      | 44 567                      |
| Corporate unallocated assets – conventional     |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 22 844 961                  | 22 478 220                  |
| Corporate unallocated assets – Takaful OPF      |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 194 192                     | 61 363                      |
| Consolidated total assets                       |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | <u>34 110 728</u>           | <u>32 264 035</u>           |
| Corporate segment liabilities                   | 9 359 081                | 8 814 324         | 2 141 016                      | 1 928 162         | 2 815 853           | 2 597 296         | 2 390 976           | 2 209 108         | –                   | –                 | 16 706 926                  | 15 548 890                  |
| Corporate segment liabilities – Takaful OPF     | 12 779                   | 10 147            | 1 190                          | 561               | 96 161              | 42 597            | 8 671               | 5 320             | –                   | –                 | 118 801                     | 58 625                      |
| Corporate unallocated liabilities               |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 1 383 166                   | 809 076                     |
| Corporate unallocated liabilities – Takaful OPF |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 2 783                       | 432                         |
| Consolidated total liabilities                  |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | <u>18 211 676</u>           | <u>16 417 023</u>           |
|   |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | <u>2016<br/>(Unaudited)</u> | <u>2015<br/>(Unaudited)</u> |
| Capital expenditures                            |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 115 439                     | 98 568                      |
| Capital expenditures – Takaful OPF              |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 1 306                       | 2 873                       |
| Total capital expenditures                      |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | <u>116 745</u>              | <u>101 441</u>              |
| Corporate segment depreciation – conventional   | –                        | –                 | –                              | –                 | 13 423              | –                 | –                   | –                 | –                   | –                 | 13 423                      | –                           |
| Unallocated depreciation – conventional         | –                        | –                 | –                              | –                 | –                   | –                 | –                   | –                 | –                   | –                 | 107 798                     | 86 547                      |
| Unallocated depreciation – Takaful OPF          |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 389                         | 160                         |
| Total depreciation                              |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | <u>121 610</u>              | <u>86 707</u>               |

| Location                | External premium less reinsurance by geographical segments |                     | Carrying amount of assets by geographical segments |                   | Carrying amount of liabilities excluding branch account by geographical segments |                   | Capital expenditures |                     |
|-------------------------|--|---------------------|--|-------------------|--|-------------------|----------------------|---------------------|
|                         | 2016<br>(Unaudited)  | 2015<br>(Unaudited) | 2016<br>(Unaudited)                                | 2015<br>(Audited) | 2016<br>(Unaudited)  | 2015<br>(Audited) | 2016<br>(Unaudited)  | 2015<br>(Unaudited) |
| Pakistan – Conventional | 3 747 732  | 3 364 258           | 33 626 863   | 32 067 890        | 17 993 397   | 16 334 631        | 115 439              | 98 568              |
| Pakistan – Takaful OPF  | 60 943   | 58                  | 261 546  | –                 | 121 584  | –                 | 1 306                | 2 873               |
| * EPZ – Conventional    | 13 216   | 15 354              | 222 319  | 196 145           | 96 695   | 82 392            | –                    | –                   |
| Total                   | <u>3 821 891</u>   | <u>3 379 670</u>    | <u>34 110 728</u>                                  | <u>32 264 035</u> | <u>18 211 676</u>  | <u>16 417 023</u> | <u>116 745</u>       | <u>101 441</u>      |

\* This represents US Dollar equivalent in Pak Rupees

## 18. Related party transactions

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

Rupees '000

|  | Three months period<br>ended 30 June |         | Six months period<br>ended 30 June        |   |
|--|--------------------------------------|---------|---|---|
|  | 2016                                 | 2015    | 2016                                      | 2015  |
| <b>18.1 Transactions</b>                       |                                      |         |   |   |
| <b>Associated company</b>                      |                                      |         |   |   |
| Premiums written                               | 304                                  | 1 978   | 19 176                                    | 19 159                                      |
| Premiums paid                                  | 14 726                               | 18      | 14 726                                    | 9 660                                       |
| Claims paid                                    | 2 282                                | 691     | 3 510                                     | 3 682                                       |
| Claims lodged                                  | 1 615                                | 912     | 1 615                                     | 912   |
| Dividends received                             | 43 059                               | 301 224 | 344 473                                   | 301 224                                     |
| Dividends paid                                 | 62 680                               | 65 405  | 62 680                                    | 65 405                                      |
| Expenses recovered                             | –                                    | 2 592   | –   | 2 592                                       |
| Bonus shares issued - face value               | 27 252                               | –       | 27 252                                    | –   |
| <b>Key management personnel</b>                |                                      |         |   |   |
| Premiums written                               | 200                                  | 433     | 368                                       | 444   |
| Claims paid                                    | 97                                   | 51      | 97  | 181   |
| Dividends paid                                 | 3 875                                | 3 841   | 3 875                                     | 3 841                                       |
| Bonus shares issued - face value               | 1 667                                | –       | 1 667                                     | –   |
| Compensation                                   | 41 988                               | 34 916  | 77 069                                    | 65 165                                      |
| <b>Others</b>                                  |                                      |         |   |   |
| Premiums written                               | 18 499                               | 19 389  | 60 411                                    | 81 946                                      |
| Premiums (refund) / paid                       | ( 14 )                               | –       | 14 424                                    | 12 984                                      |
| Claims paid                                    | 7 184                                | 7 348   | 16 260                                    | 29 282                                      |
| Claims lodged                                  | 4 403                                | 598     | 5 703                                     | 2 528                                       |
| Claims received                                | 3 814                                | 938     | 4 348                                     | 3 350                                       |
| Investments made                               | 110 000                              | 205 000 | 220 000                                   | 205 000                                     |
| Investments sold                               | 110 000                              | 178 598 | 315 000                                   | 226 052                                     |
| Dividends paid                                 | 504 926                              | 519 649 | 504 926                                   | 519 649                                     |
| Bonus shares issued - face value               | 219 402                              | –       | 219 402                                   | –   |
| Bank deposits made                             | 100 000                              | –       | 25 000                                    | 70 500                                      |
| Brokerage paid                                 | 243                                  | 807     | 329                                       | 946   |
| <b>Employees' funds</b>                        |                                      |         |   |   |
| Contributions to provident fund                | 5 220                                | 5 616   | 10 316                                    | 10 467                                      |
| Contributions to gratuity fund                 | 3 159                                | 2 364   | 6 301                                     | 4 729                                       |
| Contributions (released) / made - pension fund | ( 92 )                               | 58      | ( 183 )                                   | 109   |
| Dividends paid                                 | 4 742                                | 4 948   | 4 742                                     | 4 948                                       |
| Bonus shares issued - face value               | 2 062                                | –       | 2 062                                     | –   |
|  |                                      |         | <b>30 June<br/>2016<br/>( Unaudited )</b> | <b>31 December<br/>2015<br/>( Audited )</b> |
| <b>18.2 Balances</b>                           |                                      |         |   |   |
| <b>Others</b>                                  |                                      |         |   |   |
| Balances receivable                            |                                      |         | 600                                       | 1 170                                       |
| Balances payable                               |                                      |         | 1 658                                     | 1 512                                       |
| Deposits maturing within 12 months             |                                      |         | 170 500                                   | 145 500                                     |
| Bank balances                                  |                                      |         | 230 609                                   | 282 269                                     |

Rupees '000

|                                    | 30 June<br>2016<br>( Unaudited ) | 31 December<br>2015<br>( Audited ) |
|------------------------------------|----------------------------------|------------------------------------|
| <b>Employees' funds receivable</b> |                                  |                                    |
| EFU gratuity fund                  | 16 034                           | 22 315                             |
| EFU pension fund                   | 16 510                           | 16 187                             |

**19. General**

Figures in these condensed interim financial statements for the quarters ended 30 June 2016 and 30 June 2015 have not been subjected to limited scope review of the auditors.

**20. Date of authorisation for issue of financial statements**

These condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 20 August 2016.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

Condensed Interim Financial Statements  
Window Takaful Operations  
For the six months period ended 30 June 2016 (Unaudited)

# Auditors' Report to Members on Review of Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of EFU General Insurance Limited - Window Takaful Operations as at 30 June 2016 and the related condensed interim profit and loss account, condensed interim statements of comprehensive income, changes in fund, cash flows, contributions, claims, expenses of operator's fund, expenses of participants' takaful fund and notes forming part thereof (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

Engagement Partner: Arslan Khalid

Karachi 20 August, 2016

EFU General Insurance Ltd. – Window Takaful Operations  
Condensed Interim Balance Sheet  
As at 30 June 2016 (Unaudited)

|   | Note | 30 June 2016 (Unaudited) |                            |            | 31 December 2015 (Audited) Aggregate |
|---|------|--------------------------|----------------------------|------------|--------------------------------------|
|   |      | Operator's Fund          | Participants' Takaful Fund | Aggregate  |                                      |
| <b>Operator's Fund</b>                            |      |                          |                            |            |                                      |
| Statutory Fund                                    |      | 100 000                  | –                          | 100 000    | 50 000                               |
| Accumulated loss                                  |      | ( 12 627 )               | –                          | ( 12 627 ) | ( 3 127 )                            |
|   |      | 87 373                   | –                          | 87 373     | 46 873                               |
| <b>Waqf / Participants' Takaful Fund</b>          |      |                          |                            |            |                                      |
| Cede money  |      | –                        | 500                        | 500        | 500                                  |
| Accumulated surplus                               |      | –                        | 63 677                     | 63 677     | 11 124                               |
|   |      | –                        | 64 177                     | 64 177     | 11 624                               |
| <b>Qard-e-hasna</b>                               |      | –                        | 85 000                     | 85 000     | –                                    |
| <b>Underwriting provisions</b>                    |      |                          |                            |            |                                      |
| Provision for outstanding claims (including IBNR) |      | –                        | 94 071                     | 94 071     | 19 367                               |
| Provision for unearned contribution               |      | –                        | 457 404                    | 457 404    | 148 902                              |
| Unearned retakaful rebate                         |      | –                        | 8 171                      | 8 171      | 7 206                                |
| Total underwriting provisions                     |      | –                        | 559 646                    | 559 646    | 175 475                              |
| <b>Creditors and accruals</b>                     |      |                          |                            |            |                                      |
| Contributions received in advance                 |      | –                        | 382                        | 382        | 203                                  |
| Amounts due to other takaful / retakaful operator |      | –                        | 35 128                     | 35 128     | 42 875                               |
| Unearned wakala fees                              |      | 101 784                  | –                          | 101 784    | 50 980                               |
| Wakala fees payable                               |      | –                        | 38 408                     | 38 408     | 34 411                               |
| Modarib fees payable                              |      | –                        | 720                        | 720        | –                                    |
| Accrued expenses                                  |      | 1 077                    | –                          | 1 077      | 413                                  |
| Agent balances                                    |      | 17 017                   | –                          | 17 017     | 7 645                                |
| Other creditors and accruals                      |      | 1 706                    | 13 479                     | 15 185     | 10 065                               |
| Payable to EFU General Insurance Ltd.             | 6    | 52 589                   | –                          | 52 589     | –                                    |
|   |      | 174 173                  | 88 117                     | 262 290    | 146 592                              |
| <b>Total liabilities</b>                          |      | 174 173                  | 732 763                    | 906 936    | 322 067                              |
| <b>Total equity and liabilities</b>               |      | 261 546                  | 796 940                    | 1 058 486  | 380 564                              |



Rupees '000

| 30 June 2016 (Unaudited)       |                 |                            |                  |                                      |
|--------------------------------|-----------------|----------------------------|------------------|--------------------------------------|
| Note                           | Operator's Fund | Participants' Takaful Fund | Aggregate        | 31 December 2015 (Audited) Aggregate |
| <b>Cash and bank deposits</b>  |                 |                            |                  |                                      |
|                                | –               | 477                        | 477              | 262                                  |
|                                | 38 738          | 116 007                    | 154 745          | 48 089                               |
|                                | 5 000           | 70 000                     | 75 000           | 90 000                               |
|                                | 43 738          | 186 484                    | 230 222          | 138 351                              |
| <b>Investments</b>             | 56 910          | 210 168                    | 267 078          | –                                    |
| <b>Qard-e-hasna</b>            | 85 000          | –                          | 85 000           | –                                    |
| <b>Current assets - others</b> |                 |                            |                  |                                      |
|                                | –               | 125 849                    | 125 849          | 87 452                               |
|                                | –               | 2 890                      | 2 890            | –                                    |
|                                | 212             | 268                        | 480              | 334                                  |
|                                | –               | 34 164                     | 34 164           | 10 895                               |
|                                | 28 946          | –                          | 28 946           | 10 156                               |
|                                | 38 408          | –                          | 38 408           | 34 411                               |
|                                | 720             | –                          | 720              | –                                    |
|                                | –               | 101 784                    | 101 784          | 50 980                               |
|                                | 851             | 424                        | 1 275            | 265                                  |
|                                | 2               | 58 231                     | 58 233           | 40 904                               |
|                                | 301             | –                          | 301              | 300                                  |
|                                | 2 226           | 3 761                      | 5 987            | 116                                  |
|                                | 71 666          | 327 371                    | 399 037          | 235 813                              |
| <b>Fixed assets - tangible</b> |                 |                            |                  |                                      |
|                                | 1 963           | –                          | 1 963            | 1 915                                |
|                                | 2 269           | –                          | 2 269            | 1 400                                |
|                                | –               | 72 917                     | 72 917           | 3 085                                |
|                                | 4 232           | 72 917                     | 77 149           | 6 400                                |
| <b>Total assets</b>            | <b>261 546</b>  | <b>796 940</b>             | <b>1 058 486</b> | <b>380 564</b>                       |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016



EFU General Insurance Ltd. – Window Takaful Operations  
Condensed Interim Statement of Comprehensive Income  
For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|   | Three months period<br>ended 30 June |                  | Six months period<br>ended 30 June |                  |
|---|--------------------------------------|------------------|------------------------------------|------------------|
|   | 2016                                 | 2015             | 2016                               | 2015             |
| <b>Operator's Fund</b>                                    |                                      |                  |                                    |                  |
| Loss for the period                                       | ( 24 483 )                           | ( 7 014 )        | ( 9 500 )                          | ( 7 014 )        |
| Other comprehensive income                                | –                                    | –                | –                                  | –                |
| <b>Total comprehensive income / (loss) for the period</b> | <u>( 24 483 )</u>                    | <u>( 7 014 )</u> | <u>( 9 500 )</u>                   | <u>( 7 014 )</u> |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# EFU General Insurance Ltd. – Window Takaful Operations Condensed Interim Statement of Changes in Fund For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|  | Operator's Fund |                   |               |
|--|-----------------|-------------------|---------------|
|  | Statutory fund  | Accumulated loss  | Total         |
| Balance as at 6 May 2015   | –               | –                 | –             |
| Contribution made during the period  | 50 000          | –                 | 50 000        |
| <b>Total comprehensive income / (loss) for the period ended 30 June 2015</b> |                 |                   |               |
| Loss for the period  | –               | ( 7 014 )         | ( 7 014 )     |
| Balance as at 30 June 2015   | <u>50 000</u>   | <u>( 7 014 )</u>  | <u>42 986</u> |
| Balance as at 1 January 2016   | 50 000          | ( 3 127 )         | 46 873        |
| Contribution made during the period  | 50 000          | –                 | 50 000        |
| <b>Total comprehensive income / (loss) for the period ended 30 June 2016</b> |                 |                   |               |
| Loss for the period  | –               | ( 9 500 )         | ( 9 500 )     |
| Balance as at 30 June 2016   | <u>100 000</u>  | <u>( 12 627 )</u> | <u>87 373</u> |

|                              | Participants' Takaful Fund |                     |               |
|------------------------------|----------------------------|---------------------|---------------|
|                              | Cede Money                 | Accumulated surplus | Total         |
| Balance as at 6 May 2015     | –                          | –                   | –             |
| Cede money                   | 500                        | –                   | 500           |
| Surplus for the period       | –                          | 1 446               | 1 446         |
| Balance as at 30 June 2015   | <u>500</u>                 | <u>1 446</u>        | <u>1 946</u>  |
| Balance as at 1 January 2016 | 500                        | 11 124              | 11 624        |
| Surplus for the period       | –                          | 52 553              | 52 553        |
| Balance as at 30 June 2016   | <u>500</u>                 | <u>63 677</u>       | <u>64 177</u> |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# EFU General Insurance Ltd. – Window Takaful Operations

## Condensed Interim Statement of Cash Flows

### For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|  | Operator's Fund | Participants' Takaful Fund | 2016 Aggregate   | 2015 Aggregate |
|--|-----------------|----------------------------|------------------|----------------|
| <b>Operating activities</b>  |                 |                            |                  |                |
| a) Takaful activities  |                 |                            |                  |                |
| Contributions received   | –               | 500 523                    | 500 523          | 1 192          |
| Retakaful contributions paid                                       | –               | (57 233)                   | (57 233)         | –              |
| Claims paid  | –               | (36 010)                   | (36 010)         | –              |
| Retakaful and other recoveries received                            | –               | 6 397                      | 6 397            | –              |
| Commissions paid   | (23 785)        | –                          | (23 785)         | –              |
| Retakaful rebate received  | –               | 7 537                      | 7 537            | –              |
| Wakala fees received / (paid)                                      | 107 750         | (107 750)                  | –                | –              |
| Management expenses  | (43 923)        | (2 805)                    | (46 728)         | (821)          |
| Net cash inflow from takaful activities                            | 40 042          | 310 659                    | 350 701          | 371            |
| b) Other operating activities                                      |                 |                            |                  |                |
| Income tax paid  | (656)           | (353)                      | (1 009)          | –              |
| General and administration expenses                                | (15 727)        | –                          | (15 727)         | (6 807)        |
| Other operating payments   | (2 113)         | (11 978)                   | (14 091)         | (1 369)        |
| Other operating receipts   | 54 276          | 3 433                      | 57 709           | 2 126          |
| Net cash inflow / (outflow) from other operating activities        | 35 780          | (8 898)                    | 26 882           | (6 050)        |
| <b>Total cash inflow / (outflow) from all operating activities</b> | <b>75 822</b>   | <b>301 761</b>             | <b>377 583</b>   | <b>(5 679)</b> |
| <b>Investment activities</b>                                       |                 |                            |                  |                |
| Profit / return received   | 1 182           | 2 451                      | 3 633            | 812            |
| Modarib fee received / (paid)                                      | 299             | (299)                      | –                | –              |
| Payments for investments   | (137 703)       | (408 602)                  | (546 305)        | –              |
| Proceeds from disposal of investments                              | 83 156          | 199 974                    | 283 130          | –              |
| Fixed capital expenditures   | (1 306)         | (74 864)                   | (76 170)         | (2 873)        |
| <b>Total cash outflow from investing activities</b>                | <b>(54 372)</b> | <b>(281 340)</b>           | <b>(335 712)</b> | <b>(2 061)</b> |
| <b>Financing activities</b>  |                 |                            |                  |                |
| Contribution to the operator's fund                                | 50 000          | –                          | 50 000           | 50 000         |
| Cede money   | –               | –                          | –                | 500            |
| <b>Total cash inflow from financing activities</b>                 | <b>50 000</b>   | <b>–</b>                   | <b>50 000</b>    | <b>50 500</b>  |
| <b>Net cash inflow from all activities</b>                         | <b>71 450</b>   | <b>20 421</b>              | <b>91 871</b>    | <b>42 760</b>  |
| Qard-e-hasna (paid) / received                                     | (85 000)        | 85 000                     | –                | –              |
| Cash at the beginning of the period                                | 57 288          | 81 063                     | 138 351          | –              |
| <b>Cash at the end of the period</b>                               | <b>43 738</b>   | <b>186 484</b>             | <b>230 222</b>   | <b>42 760</b>  |
| <b>Reconciliation to profit and loss account</b>                   |                 |                            |                  |                |
| Operating cash flows   | 75 822          | 301 761                    | 377 583          | (5 679)        |
| Depreciation / amortisation expense                                | (389)           | (5 033)                    | (5 422)          | (160)          |
| Investment income  | 2 756           | 1 179                      | 3 935            | –              |
| Profit on deposits   | 1 870           | 1 876                      | 3 746            | 842            |
| Increase in assets other than cash                                 | 25 557          | 136 803                    | 162 360          | 6 776          |
| Increase in liabilities other than running finance                 | (115 116)       | (384 033)                  | (499 149)        | (7 347)        |
| <b>(Loss) / surplus for the period</b>                             | <b>(9 500)</b>  | <b>52 553</b>              | <b>43 053</b>    | <b>(5 568)</b> |
| <b>Attributed to</b>   |                 |                            |                  |                |
| Operator's Fund  | (9 500)         | –                          | (9 500)          | (7 014)        |
| Participants' Takaful Fund   | –               | 52 553                     | 52 553           | 1 446          |
|  | (9 500)         | 52 553                     | 43 053           | (5 568)        |
| <b>Definition of cash</b>  |                 |                            |                  |                |
| Cash for the purposes of the statement of cash flows consists of:  |                 |                            |                  |                |
| Cash and other equivalents   | –               | 477                        | 477              | 1              |
| Current and other accounts   | 38 738          | 116 007                    | 154 745          | 12 759         |
| Deposits maturing within 12 months                                 | 5 000           | 70 000                     | 75 000           | 30 000         |
|  | 43 738          | 186 484                    | 230 222          | 42 760         |

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# EFU General Insurance Ltd. – Window Takaful Operations Condensed Interim Statement of Contributions For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

| Class                          | Three months period ended 30 June |                               |                |                |                 |                                      |               |               |                   | Net contribution revenue<br>2016 | Net contribution revenue<br>2015 |
|--------------------------------|-----------------------------------|-------------------------------|----------------|----------------|-----------------|--------------------------------------|---------------|---------------|-------------------|----------------------------------|----------------------------------|
|                                | Contribution                      |                               |                |                | Retakaful       |                                      |               |               | Retakaful expense |                                  |                                  |
|                                | Written                           | Unearned contribution reserve |                | Earned         | Retakaful ceded | Prepaid retakaful contribution ceded |               |               |                   |                                  |                                  |
|                                |                                   | Opening                       | Closing        |                |                 | Opening                              | Closing       |               |                   |                                  |                                  |
| <b>Direct and facultative</b>  |                                   |                               |                |                |                 |                                      |               |               |                   |                                  |                                  |
| Fire and property damage       | 20 747                            | 31 254                        | 36 374         | 15 627         | 18 455          | 28 001                               | 32 528        | 13 928        |                   | 1 699                            | 12                               |
| Marine, aviation and transport | 3 177                             | 1 681                         | 1 931          | 2 927          | 2 701           | 1 443                                | 1 652         | 2 492         |                   | 435                              | -                                |
| Motor                          | 230 650                           | 270 173                       | 390 400        | 110 423        | (8 742)         | -                                    | -             | (8 742)       |                   | 119 165                          | -                                |
| Miscellaneous                  | 8 856                             | 35 732                        | 28 699         | 15 889         | 3 159           | 20 049                               | 15 319        | 7 889         |                   | 8 000                            | 1                                |
| <b>Total</b>                   | <b>263 430</b>                    | <b>338 840</b>                | <b>457 404</b> | <b>144 866</b> | <b>15 573</b>   | <b>49 493</b>                        | <b>49 499</b> | <b>15 567</b> |                   | <b>129 299</b>                   | <b>13</b>                        |
| <b>Treaty - proportional</b>   | -                                 | -                             | -              | -              | -               | -                                    | -             | -             |                   | -                                | -                                |
| <b>Grand total</b>             | <b>263 430</b>                    | <b>338 840</b>                | <b>457 404</b> | <b>144 866</b> | <b>15 573</b>   | <b>49 493</b>                        | <b>49 499</b> | <b>15 567</b> |                   | <b>129 299</b>                   | <b>13</b>                        |

| Class                          | Six months period ended 30 June |                               |                |                |                 |                                      |               |               |                   | Net contribution revenue<br>2016 | Net contribution revenue<br>2015 |
|--------------------------------|---------------------------------|-------------------------------|----------------|----------------|-----------------|--------------------------------------|---------------|---------------|-------------------|----------------------------------|----------------------------------|
|                                | Contribution                    |                               |                |                | Retakaful       |                                      |               |               | Retakaful expense |                                  |                                  |
|                                | Written                         | Unearned contribution reserve |                | Earned         | Retakaful ceded | Prepaid retakaful contribution ceded |               |               |                   |                                  |                                  |
|                                |                                 | Opening                       | Closing        |                |                 | Opening                              | Closing       |               |                   |                                  |                                  |
| <b>Direct and facultative</b>  |                                 |                               |                |                |                 |                                      |               |               |                   |                                  |                                  |
| Fire and property damage       | 34 774                          | 29 414                        | 36 374         | 27 814         | 30 935          | 26 530                               | 32 528        | 24 937        |                   | 2 877                            | 12                               |
| Marine, aviation and transport | 5 314                           | 853                           | 1 931          | 4 236          | 4 516           | 712                                  | 1 652         | 3 576         |                   | 660                              | -                                |
| Motor                          | 463 399                         | 98 541                        | 390 400        | 171 540        | (840)           | -                                    | -             | (840)         |                   | 172 380                          | -                                |
| Miscellaneous                  | 35 254                          | 20 094                        | 28 699         | 26 649         | 14 874          | 13 146                               | 15 319        | 12 701        |                   | 13 948                           | 1                                |
| <b>Total</b>                   | <b>538 741</b>                  | <b>148 902</b>                | <b>457 404</b> | <b>230 239</b> | <b>49 485</b>   | <b>40 388</b>                        | <b>49 499</b> | <b>40 374</b> |                   | <b>189 865</b>                   | <b>13</b>                        |
| <b>Treaty - proportional</b>   | -                               | -                             | -              | -              | -               | -                                    | -             | -             |                   | -                                | -                                |
| <b>Grand total</b>             | <b>538 741</b>                  | <b>148 902</b>                | <b>457 404</b> | <b>230 239</b> | <b>49 485</b>   | <b>40 388</b>                        | <b>49 499</b> | <b>40 374</b> |                   | <b>189 865</b>                   | <b>13</b>                        |

**Note:** Contributions written includes administrative surcharge of Rs. 124 million.

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016



EFU General Insurance Ltd. – Window Takaful Operations  
Condensed Interim Statement of Expenses - OPF  
For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

| Class                          | Three months period ended 30 June |            |         |             |                           |        | Net OPF expenses<br>2016 | Net OPF expenses<br>2015 |
|--------------------------------|-----------------------------------|------------|---------|-------------|---------------------------|--------|--------------------------|--------------------------|
|                                | Paid or payable                   | Commission |         | Net expense | Other management expenses |        |                          |                          |
|                                |                                   | Opening    | Closing |             |                           |        |                          |                          |
| <b>Direct and facultative</b>  |                                   |            |         |             |                           |        |                          |                          |
| Fire and property damage       | 2 989                             | 4 109      | 5 162   | 1 936       | 5 011                     | 6 947  | 430                      |                          |
| Marine, aviation and transport | 517                               | 247        | 307     | 457         | 1 071                     | 1 528  | 4                        |                          |
| Motor                          | 14 869                            | 13 171     | 21 991  | 6 049       | 31 721                    | 37 770 | 570                      |                          |
| Miscellaneous                  | 480                               | 1 817      | 1 486   | 811         | 4 678                     | 5 489  | 40                       |                          |
| Total                          | 18 855                            | 19 344     | 28 946  | 9 253       | 42 481                    | 51 734 | 1 044                    |                          |
| <b>Treaty - proportional</b>   |                                   |            |         |             |                           |        |                          |                          |
| Grand total                    | 18 855                            | 19 344     | 28 946  | 9 253       | 42 481                    | 51 734 | 1 044                    |                          |

| Class                          | Six months period ended 30 June |            |         |             |                           |        | Net OPF expenses<br>2016 | Net OPF expenses<br>2015 |
|--------------------------------|---------------------------------|------------|---------|-------------|---------------------------|--------|--------------------------|--------------------------|
|                                | Paid or payable                 | Commission |         | Net expense | Other management expenses |        |                          |                          |
|                                |                                 | Opening    | Closing |             |                           |        |                          |                          |
| <b>Direct and facultative</b>  |                                 |            |         |             |                           |        |                          |                          |
| Fire and property damage       | 4 887                           | 3 680      | 5 162   | 3 405       | 5 127                     | 8 532  | 430                      |                          |
| Marine, aviation and transport | 828                             | 234        | 307     | 755         | 1 089                     | 1 844  | 4                        |                          |
| Motor                          | 25 631                          | 5 205      | 21 991  | 8 845       | 33 641                    | 42 486 | 570                      |                          |
| Miscellaneous                  | 1 810                           | 1 037      | 1 486   | 1 361       | 4 896                     | 6 257  | 40                       |                          |
| Total                          | 33 156                          | 10 156     | 28 946  | 14 366      | 44 753                    | 59 119 | 1 044                    |                          |
| <b>Treaty - proportional</b>   |                                 |            |         |             |                           |        |                          |                          |
| Grand total                    | 33 156                          | 10 156     | 28 946  | 14 366      | 44 753                    | 59 119 | 1 044                    |                          |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016



EFU General Insurance Ltd. – Window Takaful Operations  
Condensed Interim Statement of Expenses - PTF  
For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

| Class                          | Three months period ended 30 June |                     |         |             |                     |                                  |        | Net PTF expenses | Net PTF expenses |
|--------------------------------|-----------------------------------|---------------------|---------|-------------|---------------------|----------------------------------|--------|------------------|------------------|
|                                | Gross wakala fee                  | Deferred wakala fee |         | Net expense | PTF Direct expenses | Rebate from retakaful operations | 2016   | 2015             |                  |
|                                |                                   | Opening             | Closing |             |                     |                                  |        |                  |                  |
| <b>Direct and facultative</b>  |                                   |                     |         |             |                     |                                  |        |                  |                  |
| Fire and property damage       | 5 187                             | 7 814               | 9 093   | 3 908       | 16                  | 2 454                            | 1 470  | 5                |                  |
| Marine, aviation and transport | 1 112                             | 588                 | 676     | 1 024       | 2                   | 561                              | 465    | 1                |                  |
| Motor                          | 46 022                            | 67 313              | 84 840  | 28 495      | 5 981               | –                                | 34 476 | 31               |                  |
| Miscellaneous                  | 2 214                             | 8 933               | 7 175   | 3 972       | 16                  | 775                              | 3 213  | 1                |                  |
| Total                          | 54 535                            | 84 648              | 101 784 | 37 399      | 6 015               | 3 790                            | 39 624 | 38               |                  |
| <b>Treaty - proportional</b>   | –                                 | –                   | –       | –           | –                   | –                                | –      |                  |                  |
| Grand total                    | 54 535                            | 84 648              | 101 784 | 37 399      | 6 015               | 3 790                            | 39 624 | 38               |                  |

| Class                          | Six months period ended 30 June |                     |         |             |                     |                                  |        | Net PTF expenses | Net PTF expenses |
|--------------------------------|---------------------------------|---------------------|---------|-------------|---------------------|----------------------------------|--------|------------------|------------------|
|                                | Gross wakala fee                | Deferred wakala fee |         | Net expense | PTF Direct expenses | Rebate from retakaful operations | 2016   | 2015             |                  |
|                                |                                 | Opening             | Closing |             |                     |                                  |        |                  |                  |
| <b>Direct and facultative</b>  |                                 |                     |         |             |                     |                                  |        |                  |                  |
| Fire and property damage       | 8 694                           | 7 381               | 9 093   | 6 982       | 16                  | 4 903                            | 2 095  | 5                |                  |
| Marine, aviation and transport | 1 860                           | 298                 | 676     | 1 482       | 2                   | 805                              | 679    | 1                |                  |
| Motor                          | 92 380                          | 38 271              | 84 840  | 45 811      | 7 804               | –                                | 53 615 | 31               |                  |
| Miscellaneous                  | 8 813                           | 5 030               | 7 175   | 6 668       | 16                  | 864                              | 5 820  | 1                |                  |
| Total                          | 111 747                         | 50 980              | 101 784 | 60 943      | 7 838               | 6 572                            | 62 209 | 38               |                  |
| <b>Treaty - proportional</b>   | –                               | –                   | –       | –           | –                   | –                                | –      |                  |                  |
| Grand total                    | 111 747                         | 50 980              | 101 784 | 60 943      | 7 838               | 6 572                            | 62 209 | 38               |                  |

**Note:** Rebate from retakaful operators is arrived at after taking impact of opening and closing unearned rebate.

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# EFU General Insurance Ltd. – Window Takaful Operations Condensed Interim Statement of Investment Income For the six months period ended 30 June 2016 (Unaudited)

Rupees '000

|   | Three months period<br>ended 30 June |          | Six months period<br>ended 30 June |          |
|---|--------------------------------------|----------|------------------------------------|----------|
|   | 2016                                 | 2015     | 2016                               | 2015     |
| <b>Participants' Takaful Fund</b>             |                                      |          |                                    |          |
| Return on government securities - Ijara sukuk | 36                                   | –        | 36                                 | –        |
| Amortisation of premium relative to par       | ( 4 )                                | –        | ( 4 )                              | –        |
| Gain on sale of non - trading investments     | 1 540                                | –        | 1 540                              | –        |
|   | 1 572                                | –        | 1 572                              | –        |
| Modarib's share on investment income          | ( 393 )                              | –        | ( 393 )                            | –        |
| <b>Net investment income</b>                  | <b>1 179</b>                         | <b>–</b> | <b>1 179</b>                       | <b>–</b> |
| <b>Operator's Fund</b>                        |                                      |          |                                    |          |
| Gain on sale of non - trading investments     | 2 363                                | –        | 2 363                              | –        |
| Modarib's share of PTF investment income      | 393                                  | –        | 393                                | –        |
| <b>Net investment income</b>                  | <b>2 756</b>                         | <b>–</b> | <b>2 756</b>                       | <b>–</b> |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016

# EFU General Insurance Ltd. – Window Takaful Operations

## Notes to the Condensed Interim Financial Statements

### For the six months period ended 30 June 2016 (Unaudited)

#### 1. Status and nature of business

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

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participants' Takaful Fund (PTF) on 6 May 2015 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

#### 2. Basis of preparation

These condensed interim financial statements have been prepared in line with the format issued by the SECP through SEC (Insurance) Rules, 2002, and SECP circular no 25 of 2015 dated 9 July 2015.

These condensed interim financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

##### 2.1. Statement of compliance

These condensed interim financial statements of WTO for the period ended 30 June 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and SECP Takaful Rules 2012 shall prevail.

2.2. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Operator's annual financial statements for the year ended 31 December 2015.

#### 3. Significant accounting policies

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

##### *New / Revised Standards, Interpretations and Amendments*

The Operator has adopted the following amendment to IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

##### *Improvements to Accounting Standards Issued by the IASB*

The Operator has adopted the following amendment to IFRSs which became effective for the current period:

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 – Financial Instruments: Disclosures - Servicing contracts

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 – Employee Benefits - Discount rate: regional market issue

IAS 34 – Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on these condensed interim financial statements.

#### 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 expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Operator's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2015.

#### 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 2015.

#### 6. Payable to EFU General Insurance Ltd.

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

#### 7. Investments

##### 7.1 Investments - OPF

|                    |               |                                | Rupees '000                      |
|--------------------|---------------|--------------------------------|----------------------------------|
|                    | Note          | 30 June<br>2016<br>(Unaudited) | 31 December<br>2015<br>(Audited) |
| Available for sale | 7.1.1 & 7.1.2 |                                |                                  |
| Mutual Fund        |               | 56 910                         | –                                |
|                    |               | <u>56 910</u>                  | <u>–</u>                         |

7.1.1 The market value of available for sale investments as on 30 June 2016 was Rs. 56 million (31 December 2015: Nil).

7.1.2 As per the Operator's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 June 2016 would have been lower by Rs. 0.73 million (31 December 2015: Nil).

##### 7.2 Investments - PTF

|  |               |                                | Rupees '000                      |
|--|---------------|--------------------------------|----------------------------------|
|  | Note          | 30 June<br>2016<br>(Unaudited) | 31 December<br>2015<br>(Audited) |
| Available for sale                       | 7.2.1 & 7.2.2 |                                |                                  |
| Mutual Funds                             |               | 108 889                        | –                                |
| Fixed income securities                  |               |                                |                                  |
| Government securities - Ijara sukuk XVII |               | 101 279                        | –                                |
|  |               | <u>210 168</u>                 | <u>–</u>                         |

7.2.1 The market value of available for sale investments as on 30 June 2016 was Rs. 209 million (31 December 2015: Nil).

7.2.2 As per the Operator's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 June 2016 would have been lower by Rs. 1.21 million (31 December 2015: Nil).

## 8. Fixed assets - tangible

The details of additions and disposals during the six months period ended 30 June 2016 are as follows:

### 8.1 Fixed assets - OPF

Rupees '000

|                        | Additions (at cost)      |                          | Disposals (at net book value) |                          |
|------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|
|                        | 30 June 2016 (Unaudited) | 30 June 2015 (Unaudited) | 30 June 2016 (Unaudited)      | 30 June 2015 (Unaudited) |
| <b>Tangible</b>        |                          |                          |                               |                          |
| Furniture and fixtures | –                        | 583                      | –                             | –                        |
| Office equipments      | –                        | 333                      | –                             | –                        |
| Computers              | 195                      | 277                      | –                             | –                        |
| Vehicles               | 1 111                    | 1 680                    | –                             | –                        |
|                        | <u>1 306</u>             | <u>2 873</u>             | <u>–</u>                      | <u>–</u>                 |

### 8.2 Fixed assets - PTF

Rupees '000

|                        | Additions (at cost)      |                          | Disposals (at net book value) |                          |
|------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|
|                        | 30 June 2016 (Unaudited) | 30 June 2015 (Unaudited) | 30 June 2016 (Unaudited)      | 30 June 2015 (Unaudited) |
| <b>Tangible</b>        |                          |                          |                               |                          |
| Motor tracking devices | 74 864                   | –                        | –                             | –                        |
|                        | <u>74 864</u>            | <u>–</u>                 | <u>–</u>                      | <u>–</u>                 |

## 9. Operating segment

### 9.1 Operator's Fund

|                                   | Fire and property damage |                | Marine, aviation and transport |                | Motor            |                | Miscellaneous    |                | Treaty           |                | Total                   |                       |
|-----------------------------------|--------------------------|----------------|--------------------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|-------------------------|-----------------------|
|                                   | 2016 (Unaudited)         | 2015 (Audited) | 2016 (Unaudited)               | 2015 (Audited) | 2016 (Unaudited) | 2015 (Audited) | 2016 (Unaudited) | 2015 (Audited) | 2016 (Unaudited) | 2015 (Audited) | 2016 (Unaudited)        | 2015 (Audited)        |
| Corporate segment assets          | 13 019                   | 8 801          | 1 170                          | 823            | 49 108           | 32 674         | 4 057            | 2 269          | –                | –              | 67 354                  | 44 567                |
| Corporate unallocated assets      |                          |                |                                |                |                  |                |                  |                |                  |                | 194 192                 | 61 363                |
| Total assets                      |                          |                |                                |                |                  |                |                  |                |                  |                | <u>261 546</u>          | <u>105 930</u>        |
| Corporate segment liabilities     | 12 779                   | 10 147         | 1 190                          | 561            | 96 161           | 42 597         | 8 671            | 5 320          | –                | –              | 118 801                 | 58 625                |
| Corporate unallocated liabilities |                          |                |                                |                |                  |                |                  |                |                  |                | 55 372                  | 432                   |
| Total liabilities                 |                          |                |                                |                |                  |                |                  |                |                  |                | <u>174 173</u>          | <u>59 057</u>         |
|                                   |                          |                |                                |                |                  |                |                  |                |                  |                | <u>2016 (Unaudited)</u> | <u>2015 (Audited)</u> |
| Capital expenditures              |                          |                |                                |                |                  |                |                  |                |                  |                | 1 306                   | 2 873                 |
| Segment depreciation              | –                        | –              | –                              | –              | –                | –              | –                | –              | –                | –              | –                       | –                     |
| Unallocated depreciation          |                          |                |                                |                |                  |                |                  |                |                  |                | 389                     | 160                   |
| Total depreciation                |                          |                |                                |                |                  |                |                  |                |                  |                | <u>389</u>              | <u>160</u>            |

## 9.2 Participants' Takaful Funds

Rupees '000

|                                   | Fire and property damage |                   | Marine, aviation and transport |                   | Motor               |                   | Miscellaneous       |                   | Treaty              |                   | Total               |                     |
|-----------------------------------|--------------------------|-------------------|--------------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
|                                   | 2016<br>(Unaudited)      | 2015<br>(Audited) | 2016<br>(Unaudited)            | 2015<br>(Audited) | 2016<br>(Unaudited) | 2015<br>(Audited) | 2016<br>(Unaudited) | 2015<br>(Audited) | 2016<br>(Unaudited) | 2015<br>(Audited) | 2016<br>(Unaudited) | 2015<br>(Audited)   |
| Corporate segment assets          | 85 344                   | 62 611            | 5 594                          | 2 814             | 254 842             | 104 031           | 41 322              | 23 345            | -                   | -                 | 387 102             | 192 801             |
| Corporate unallocated assets      |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 409 838             | 81 833              |
| Total assets                      |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 796 940             | 274 634             |
| Corporate segment liabilities     | 90 377                   | 81 006            | 7 662                          | 3 951             | 482 916             | 137 311           | 52 610              | 30 696            | -                   | -                 | 633 565             | 252 964             |
| Corporate unallocated liabilities |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 99 198              | 10 046              |
| Total liabilities                 |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 732 763             | 263 010             |
|                                   |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 2016<br>(Unaudited) | 2015<br>(Unaudited) |
| Capital expenditures              |                          |                   |                                |                   | 74 864              |                   |                     |                   |                     |                   | 74 864              | -                   |
| Segment depreciation              | -                        | -                 | -                              | -                 | 5 033               | -                 | -                   | -                 | -                   | -                 | 5 033               | -                   |
| Unallocated depreciation          |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | -                   | -                   |
| Total depreciation                |                          |                   |                                |                   |                     |                   |                     |                   |                     |                   | 5 033               | -                   |

## 10. Related party transactions

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

Rupees '000

|                                 | Three months period ended 30 June |      | Six months period ended 30 June |      |
|---------------------------------|-----------------------------------|------|---------------------------------|------|
|                                 | 2016                              | 2015 | 2016                            | 2015 |
| <b>Transactions</b>             |                                   |      |                                 |      |
| <b>Key management personnel</b> |                                   |      |                                 |      |
| Contributions written           | 3                                 | 7    | 43                              | 7    |
| Claim paid                      | -                                 | -    | 54                              | -    |

## 11. General

11.1 Figures in these condensed interim financial statements for the quarters ended 30 June 2016 and 30 June 2015 have not been subjected to limited scope review of the auditors.

11.2 Comparative figures in these condensed interim financial statements are for the period from 06 May 2015 to 30 June 2015.

## 12. Date of authorisation for issue of financial statements

These condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 20 August 2016.

MAHMOOD LOTIA  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 20 August 2016



