

Defined by Values





EFU GENERAL INSURANCE LTD.
INSURER FINANCIAL STRENGTH AA+

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Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Abdul Rehman Haji Habib

Taher G. Sachak

Ali Raza Siddiqui

Mohammed Iqbal Mankani

Mahmood Lotia

Saad Ali Bhimjee

Daanish Bhimjee

Chief Financial Officer &

Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

Legal Advisor

Mohammad Ali Sayeed

Advisors

Jaffer Dossa

Salim Rafik Sidiki, B.A. (Hons), M.A.

S.C. (Hamid) Subjally

Shaukat Saeed Ahmed

Syed Mehdi Imam, M.A.

Shari'ah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Mohammed Iqbal Mankani

Taher G. Sachak

Ali Raza Siddiqui

Daanish Bhimjee

Investment Committee

Saifuddin N. Zoomkawala

Hasanali Abdullah

Daanish Bhimjee

Altaf Qamruddin Gokal

Atif Anwar

Ethics, Human Resource & Remuneration Committee

Saifuddin N. Zoomkawala

Hasanali Abdullah

Mohammed Iqbal Mankani

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Sheikh Sultan Trust Building No. 2

Beaumont Road

Karachi

Registrar

Central Depository

Company of Pakistan Limited

CDC House, 99-B, Block B

S.M.C.H.S., Shakra-e-Faisal

Karachi - 74400

Website

www.efuinsurance.com

Email

info@efuinsurance.com

Registered Office

Kamran Centre, 1st Floor

85, East, Jinnah Avenue

Blue Area

Islamabad

Main Offices

EFU House

M. A. Jinnah Road

Karachi

Co-operative Insurance Building

23, Shakrah-e-Quaid-e-Azam

Lahore

Window Takaful Operations

5th Floor, EFU House

M. A. Jinnah Road

Karachi

Directors' Review

We are pleased to present the unaudited financial statements for the six months period ended 30 June 2018.

The Written Premium (including Takaful) for the six months period was Rs 9,976 million (Takaful Contribution Rs. 871 million) as against Rs. 9,873 million (Takaful Contribution Rs. 688 million) for corresponding period of last year. The Net Premium Revenue for the six months period (including Takaful Net Contribution Revenue) was Rs. 4,410 million as against Rs. 4,241 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was 43 % as compared to 39 % for the corresponding period of last year.

The after tax profit for the six months period was Rs. 1,011 million compared to Rs. 1,297 million in the corresponding period last year.

The earning per share for the period was Rs. 5.06 against Rs. 6.49 (restated) in the corresponding period of last year.

As required by Insurance Rules, 2017, your Company has commenced recording Investment in equities and fixed income securities at fair value effective January 2018. The unrealized gain as on 30 June 2018 (net of deferred tax) was Rs. 3,784 million which has been reflected in Other Comprehensive Income.

The Consolidation has been effective from 31 March 2018, therefore, the consolidation of subsidiary's results in Consolidated Profit and Loss Account is for three months period from 1 April 2018 to 30 June 2018.

As per requirements of Section 228 of the Companies Act, 2017, the consolidated financial statements of the Company and EFU Life Assurance Limited are also presented. Consolidated gross premium was Rs. 16 billion and net premium was Rs. 11 billion. The consolidated total assets were Rs. 154 billion and profit after tax was Rs. 828 m.

Insurance Accounting Regulations 2017 gives option to value investment property at either fair value model or cost model. Consequently, the Company has changed its accounting policy for valuation of investment properties from cost model to fair value model.

The Company has also changed its accounting policy for 'Investments in Subsidiary and Associates' which were being accounted for by using the equity method of accounting are now accounted for at fair value and classified as available for sale investments in the unconsolidated condensed interim financial statements.

Both changes in accounting policies have been applied retrospectively in accordance with the requirement of IAS. The comparatives have been restated accordingly.

Your Directors have pleasure in declaring 2nd interim cash dividend of Rs. 1.25 (12.5 %) per share for the year 2018.

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

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

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

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

ڈائریکٹر زریویو

(یہ انگریزی ڈائریکٹر زریویو کا ترجمہ ہے)

ہم بسمرت آپ کی خدمت میں ۳۰ جون ۲۰۱۸ء کو ختم ہونے والی ششماہی مدت کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اس ششماہی مدت کے دوران زیر تحریر پریمیم ۶،۹۷۹،۹۷۹ ملین روپے رہا (کنکفل کنٹر پبلیشنگ ۸۷۱ ملین روپے) جبکہ گزشتہ سال اسی مدت میں ۳،۸۷۳،۸۷۳ ملین روپے (کنکفل کنٹر پبلیشنگ ۶۸۸ ملین روپے) تھا۔ ششماہی مدت کے دوران خالص پریمیم آمدن (بشمول خالص کنکفل کنٹر پبلیشنگ آمدن) ۲،۴۱۰،۴۱۰ ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں ۲،۲۴۱،۲۴۱ ملین روپے تھا۔ خالص پریمیم آمدن کیلئے مجموعی کلیمز کا تناسب ۴۳ فیصد رہا جبکہ گزشتہ سال اسی مدت میں ۳۹ فیصد تھا۔

۶ ماہ کی مدت کیلئے منافع بعد از ٹیکس ۱،۰۱۱ ملین روپے تھا جو گزشتہ سال اسی مدت میں ۱،۲۹۷ ملین روپے رہا تھا۔

اس مدت کیلئے آمدنی فی شیئر ۰۶۷۵ روپے تھی جو گزشتہ سال اسی مدت میں اس کے برخلاف ۰۶۴۹ روپے (دوبارہ بیان کردہ) رہی تھی۔

انشورنس رولز ۲۰۱۷ء کی شرائط کے مطابق آپ کی کمپنی نے جنوری ۲۰۱۸ء سے موثر العمل فیئر ویلیو پرائیکویٹیز اور فکسڈ انکم سیکیورٹیز میں ریکارڈ سرمایہ کاری کا آغاز کیا تھا۔ ۳۰ جون ۲۰۱۸ء کے مطابق غیر تقینی فائدہ (ڈیفرنڈ ٹیکس کا خالص) ۷۸۳،۷۸۳ ملین روپے تھا جو دیگر جامع آمدنی میں ظاہر کیا جاسکتا ہے۔

مجموعی حسابات ۳۱ مارچ ۲۰۱۸ء سے موثر العمل ہوئے تھے لہذا مجموعی نفع و نقصان کے کھاتے صرف تین ماہ یعنی یکم اپریل ۲۰۱۸ء تا ۳۰ جون ۲۰۱۸ء کیلئے ہیں۔

کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۸ کی شرائط کے مطابق کمپنی اور ای ایف یو لائف ایشرنس لمیٹڈ کے مجموعی مالیاتی حسابات بھی پیش کئے گئے ہیں۔ بلترتیب مجموعی اور خالص پریمیم ۱۶ بلین اور ۱۱ بلین روپے تھے۔ مجموعی ٹوٹل اثاثہ جات ۱۵۴ بلین روپے اور منافع بعد از ٹیکس ۸۲۸ ملین روپے تھا۔ انشورنس اکاؤنٹنگ ریگولیشنز ۲۰۱۷ء نوٹسٹمٹ پر اپنی کی قدر و قیمت کے لئے فیئر ویلیو ماڈل یا کاسٹ ماڈل کا اختیار دیتا ہے۔ بعد ازاں کمپنی نے سرمایہ کاری کی املاک کی قدر و قیمت کے لئے اپنی اکاؤنٹنگ پالیسی کو کاسٹ ماڈل سے فیئر ویلیو ماڈل میں تبدیل کیا۔

کمپنی نے ”ذیلی اداروں اور ایسوسی ایٹس میں سرمایہ کاریوں“ کے لئے اپنی اکاؤنٹنگ پالیسی بھی تبدیل کی جو کہ اکاؤنٹنگ کے ایکویٹی طریقہ کار کو استعمال کرتے ہوئے شمار کی جا رہی تھی اور اب اس کی اکاؤنٹنگ فیئر ویلیو اور درجہ بندی پر کی جا رہی ہے جیسا کہ غیر مجموعی کنڈیشنڈ عبوری مالیاتی حسابات میں فروخت کی انویسٹمنٹ کے لئے دستیاب ہے۔

اکاؤنٹنگ پالیسیوں میں دونوں تبدیلیاں آئی اے ایس کی شرائط کے مطابق ابتدا سے لاگو کی گئی ہیں۔ موازنہ جات بھی اس کے مطابق بیان کیے گئے ہیں۔

آپ کے ڈائریکٹر زریویو سال ۲۰۱۸ء کیلئے بسمرت دوسرے عبوری نقد منافع منقسمہ ۲۵ء روپے (۱۲.۵ فیصد) فی شیئر کا اعلان کر رہے ہیں۔

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

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

آپ کے ڈائریکٹر زریویو رٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور اپنے تمام ری انشوررز کا ان کی مسلسل رہنمائی اور تعاون کیلئے شکریہ بھی ادا کرنا چاہتے ہیں۔

طاہر جی۔ ساچک

ڈائریکٹر
چیئرمین آف ڈی مینٹنگ

حسن علی عبداللہ

ٹیچنگ ڈائریکٹر اینڈ چیف ایگزیکٹو

الطاف گوگل

چیف فنانس آفیسر اینڈ
کارپوریٹ سیکریٹری

محمد اقبال منکانی

ڈائریکٹر

سعد علی بھیم جی

ڈائریکٹر

Independent Auditor's Review Report To the members of EFU General Insurance Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of EFU General Insurance Limited ("the Company") as at 30 June 2018 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

The figures for the quarters ended 30 June 2018 and 30 June 2017 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Muhammad Taufiq

Karachi 18 August, 2018

Unconsolidated Condensed Interim Statement of Financial Position As at 30 June 2018 (Unaudited)

Rupees '000

	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited) (Restated)
Assets			
Property and equipments	7	2 532 332	1 289 023
Investment property	8	1 854 169	1 847 093
Investments			
Equity securities	9	19 575 125	17 418 874
Debt securities	10	8 013 600	8 527 268
Term deposits	27	529 318	430 550
Loans and other receivables	11	91 403	118 618
Insurance / reinsurance receivables	12	3 608 682	2 819 069
Reinsurance recoveries against outstanding claims	20	3 102 972	3 538 572
Salvage recoveries accrued		84 732	68 458
Deferred commission expense	21	537 207	689 587
Taxation - payments less provision		-	95 797
Prepayments	13	4 778 425	5 202 181
Cash and bank	14	981 721	1 164 209
Total assets		45 689 686	43 209 299
Total assets of window takaful operations - Operator's fund		558 226	433 480
Total assets		46 247 912	43 642 779
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	15	17 296 488	15 031 342
Unappropriated profit		2 368 357	3 357 115
Total equity		21 664 845	20 388 457
Surplus on revaluation of property and equipment		851 132	-
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	20	5 097 810	5 572 347
Unearned premium reserves	19	7 872 446	8 496 686
Unearned reinsurance commission	21	386 483	461 616
Retirement benefit obligations		42 824	71 805
Deferred taxation		2 459 198	1 575 605
Premium received in advance		194 731	31 487
Insurance / reinsurance payables		5 523 707	4 992 011
Other creditors and accruals	16	1 798 389	1 814 387
Taxation - payments less provision		59 428	-
Total liabilities		23 435 016	23 015 944
Total equity and liabilities		45 950 993	43 404 401
Total liabilities of window takaful operations - Operator's fund		296 919	238 378
Total equity and liabilities		46 247 912	43 642 779
Contingencies and commitments	17		

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018



Unconsolidated Condensed Interim Profit and Loss Account For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	Note	Three months period ended		Six months period ended	
		30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
Net insurance premium	19	1 807 439	1 936 917	3 673 225	3 756 708
Net insurance claims	20	(809 003)	(735 361)	(1 560 285)	(1 460 979)
Net commission	21	(145 926)	(114 815)	(337 072)	(278 007)
Insurance claims and acquisition expenses		(954 929)	(850 176)	(1 897 357)	(1 738 986)
Management expenses		(619 555)	(590 123)	(1 271 372)	(1 168 105)
Underwriting results		232 955	496 618	504 496	849 617
Investment income	22	722 509	835 105	911 235	1 045 934
Rental income		30 652	31 584	49 995	43 938
Other income	23	25 259	30 707	50 422	54 792
Other expenses		(13 373)	(13 899)	(32 787)	(27 706)
		765 047	883 497	978 865	1 116 958
Results of operating activities		998 002	1 380 115	1 483 361	1 966 575
Finance cost		8 528	194	16 153	200
Profit from window takaful operations - Operator's fund	24	20 144	8 513	53 230	18 611
Profit before tax		1 026 674	1 388 822	1 552 744	1 985 386
Income tax expense	25	(381 327)	(508 342)	(541 502)	(688 240)
Profit after tax		645 347	880 480	1 011 242	1 297 146
Earning (after tax) per share - Rupees	26	3.23	4.40	5.06	6.49

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

Unconsolidated Condensed Interim Statement of Comprehensive Income For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
Profit after tax	645 347	880 480	1 011 242	1 297 146
Other comprehensive income				
Unrealized loss on available for sale investments during the period	(751 143)	(747 599)	(163 723)	(649 632)
Reclassification adjustments relating to available for sale investments disposed off in the period	9 379	16 528	9 379	(116 133)
Unrealized gain on available for sale investments during the period of subsidiary / associate company	2 255 518	628 282	2 516 304	2 565 269
Total items that may be reclassified subsequently to profit and loss	1 513 754	(102 789)	2 361 960	1 799 504
Deferred tax on available for sale investments	260 061	254 135	83 835	293 411
Deferred tax on available for sale investments of subsidiary company	(602 306)	(188 485)	(680 272)	(769 581)
Net unrealized gain / (loss) after deferred tax	1 171 509	(37 139)	1 765 523	1 323 334
Net unrealized gain / (loss) from window takaful operations (net of deferred tax)	32	(574)	(377)	(350)
Net other comprehensive income	1 171 541	(37 713)	1 765 146	1 322 984
Total comprehensive income for the period	1 816 888	842 767	2 776 388	2 620 130

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018



Unconsolidated Condensed Interim Cash Flow Statement For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	2018	2017 (Restated)
Operating activities		
a) Underwriting activities		
Insurance premium received	8 472 175	9 923 191
Reinsurance premium paid	(5 074 164)	(5 076 995)
Claims paid	(2 547 559)	(2 568 417)
Reinsurance and other recoveries received	938 486	1 123 188
Commission paid	(745 627)	(823 653)
Commission received	392 226	486 769
Management expenses paid	(1 179 770)	(1 109 873)
Net cash flow from underwriting activities	255 767	1 954 210
b) Other operating activities		
Income tax paid	(446 614)	(566 125)
Other operating payments	(91 564)	(94 159)
Other operating receipts	25 083	(138 915)
Loans advanced	(2 459)	(778)
Loans repayments received	3 568	105
Net cash flow from other operating activities	(511 986)	(799 872)
Total cash flow from all operating activities	(256 219)	1 154 338
Investment activities		
Profit / return received	347 029	299 293
Dividend received	683 848	719 554
Rental received	23 930	43 664
Payment for investments / investment properties	(18 152 222)	(5 408 040)
Proceeds from investments / investment properties	18 740 685	5 249 786
Fixed capital expenditures	(180 254)	(186 967)
Proceeds from sale of property and equipments	19 230	25 402
Total cash flow from investing activities	1 482 246	742 692
Financing activities		
Dividends paid	(1 408 515)	(1 619 926)
Net cash flow from all activities	(182 488)	277 104
Cash and cash equivalents at the beginning of the period	1 164 209	1 195 586
Cash and cash equivalents at the end of the period	981 721	1 472 690
Reconciliation to profit and loss account		
Operating cash flows	(256 219)	1 154 338
Depreciation / amortisation expense	(132 742)	(116 943)
Finance cost	16 153	200
Profit on disposal of property and equipments	16 249	22 067
Rental income	49 995	43 938
Dividend income	680 133	718 229
Other investment income	231 102	327 705
Profit on deposit	34 000	32 655
Other income	173	70
(Decrease) / increase in assets other than cash	(271 113)	1 160 763
Decrease / (increase) in liabilities other than running finance	590 281	(2 064 487)
Profit after tax from conventional insurance operations	958 012	1 278 535
Profit from window takaful operations - operator's fund	53 230	18 611
Profit after tax at the end of the period	1 011 242	1 297 146

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
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Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

Unconsolidated Condensed Interim Statement of Changes in Equity For the six months period ended 30 June 2018 (Unaudited)

	Rupees '000					
	Share capital	General reserve	Reserve for exceptional losses	Revaluation reserve	Unappropriated profit	Total (Restated)
Balance as at 01 January 2017 as previously reported	2 000 000	12 500 000	12 902	–	2 388 169	16 901 071
Restatement due to change in accounting policies (refer note 4) - net of deferred tax	–	–	–	2 528 788	1 114 395	3 643 183
Balance as at 01 January 2017 (restated)	2 000 000	12 500 000	12 902	2 528 788	3 502 564	20 544 254
Total comprehensive income for the period ended 30 June 2017						
Profit after tax	–	–	–	–	1 297 146	1 297 146
Other comprehensive income	–	–	–	1 322 984	–	1 322 984
				1 322 984	1 297 146	2 620 130
Transactions with owners recorded directly in equity						
Final dividend for the year 2016 at the rate of Rs. 7.00 (70%) per share	–	–	–	–	(1 400 000)	(1 400 000)
1st Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share	–	–	–	–	(250 000)	(250 000)
Other transfer within equity						
Transfer to general reserve	–	500 000	–	–	(500 000)	–
Balance as at 30 June 2017 (restated)	2 000 000	13 000 000	12 902	3 851 772	2 649 710	21 514 384
Balance as at 01 January 2018 as previously reported	2 000 000	13 000 000	12 902	–	2 034 319	17 047 221
Restatement due to change in accounting policies (refer note 4) – net of deferred tax	–	–	–	2 018 440	1 322 796	3 341 236
Balance as at 01 January 2018 (restated)	2 000 000	13 000 000	12 902	2 018 440	3 357 115	20 388 457
Total comprehensive income for the period ended 30 June 2018						
Profit after tax	–	–	–	–	1 011 242	1 011 242
Other comprehensive income	–	–	–	1 765 146	–	1 765 146
				1 765 146	1 011 242	2 776 388
Transactions with owners recorded directly in equity						
Final dividend for the year 2017 at the rate of Rs. 6.25 (62.5%) per share	–	–	–	–	(1 250 000)	(1 250 000)
1st Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.5%) per share	–	–	–	–	(250 000)	(250 000)
Other transfer within equity						
Transfer to general reserve	–	500 000	–	–	(500 000)	–
Balance as at 30 June 2018	2 000 000	13 500 000	12 902	3 783 586	2 368 357	21 664 845

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018



Notes to the Unconsolidated Condensed Interim Financial Statements For the six months period ended 30 June 2018 (Unaudited)

1. Legal status and nature of business

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

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

- 1.1 During the year, the Company has assessed its control position in relation to its investments in EFU Life Assurance Limited after its agreement with some shareholders of EFU Life Assurance Limited effective 31 March 2018, accordingly it has been concluded that the Company has the ability to control the composition of the Board of Directors of EFU Life Assurance Limited, therefore EFU Life Assurance Limited has become the subsidiary of the Company from 31 March 2018.

2. Basis of preparation and statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 differ with the requirements of IAS-34, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed. Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these unconsolidated condensed interim financial statement in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015. A separate set of condensed interim financial statements of the General Window Takaful Operations has been reported which is annexed to these unconsolidated condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012.

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

3. Basis of measurement

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

3.2 Functional and presentation currency

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

- 3.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective.

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS-39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments. A new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS-39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS-15 'Revenue from contracts with customers'

IFRS-15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS-15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS-18 'Revenue', IAS-11 'Construction Contracts' and IFRIC-13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- 'IFRS-16 'Leases'

IFRS-16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS-16 replaces existing leasing guidance including IAS-17 'Leases', IFRIC-4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS-16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessor continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

4. Summary of significant accounting policies

The accounting policies and method of computation adopted in the preparation of the unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2017 except for available for sale investment, property and equipment, investment property and format for preparation of unconsolidated condensed interim financial statements as disclosed in note 4.1.1, 4.1.2, 4.1.3, 4.1.4 and 4.1.5 respectively.

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

4.1 Change in accounting policies

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

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

Had the accounting policy not been changed, available-for-sale investments, reserves and deferred taxation would have been lower by Rs.3,752 million, Rs.2,664 million and Rs.1,088 million (December 2017: Rs.3,907 million, Rs.2,735 million and Rs.1,172 million) respectively.

- 4.1.2 During the period, the Company has changed its accounting policy for valuation of investment properties from cost model to fair value model as per IAS-40 'investment property'. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS-8 'Accounting Policy, Change in Accounting Estimates and Error'. The comparatives have been restated accordingly.

Had the accounting policy not been changed, investment property and deferred taxation would have been lower by Rs.1,710 million and Rs. 485 million (December 2017: Rs. 1,697 million and Rs. 502 million) respectively.

- 4.1.3 During the period, the Company has changed its accounting policy for its land and building and related assets from cost model to revaluation model. Revaluation was carried out by the independent valuer. Surplus on revaluation is credited to surplus on revaluation account. This change in policy has been applied prospectively.

Had the accounting policy not been changed, property and equipment and deferred taxation would have been lower by Rs. 1,199 million and Rs. 348 million respectively.



- 4.1.4 During the period, the Company has changed format for preparation of its unconsolidated condensed interim financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of unconsolidated condensed interim financial statements of the Company for the six months period ended 30 June 2018.
- 4.1.5 During the period, the Company has changed its accounting policy for 'Investments in subsidiaries and associates' which were being accounted for by using the equity method of accounting are now accounted for at fair value and classified as available-for-sale investments in accordance with the IAS-39 'Financial instruments: Recognition and measurement'. The management of the Company believes that the new policy provides more relevant information to the users of these unconsolidated condensed interim financial statements. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS-8 'Accounting Policy, Change in Accounting Estimates and Error'. The comparatives have been restated accordingly.

Had the accounting policy not been changed, investment in subsidiary would be higher by Rs. 1,132 million.

- 4.1.6 As per note 4.1.1, 4.1.2, 4.1.4 and 4.1.5 retrospective adjustments have been made in these unconsolidated condensed interim financial statements and comparatives have been revised as follows:

Rupees '000

	31 December 2017 (Audited)			31 December 2016 (Audited)		
	Balance Previously Reported	Adjustment	Balance Restated	Balance Previously Reported	Adjustment	Balance Restated
Property and equipment	1 222 290	66 733	1 289 023	1 084 911	63 290	1 148 201
Investment property	149 120	1 697 973	1 847 093	174 081	1 374 465	1 548 546
Investments in subsidiary / associate	12 131 105	(1 131 657)	10 999 448	11 949 485	(2 664 443)	9 285 042
Investments						
Equity securities	2 505 215	3 914 209	6 419 424	3 195 534	6 297 885	9 493 419
Debt securities	8 533 957	(6 689)	8 527 268	5 191 510	72 882	5 264 392
Total assets from window takaful operations - Operator's fund	433 587	(107)	433 480	267 353	(143)	267 210
Deferred taxation	(376 377)	(1 199 228)	(1 575 605)	(380 062)	(1 948 584)	(2 328 646)
Reserves	(13 012 902)	(2 018 440)	(15 031 342)	(12 512 902)	(2 528 788)	(15 041 690)
Unappropriated profit	(2 034 319)	(1 322 796)	(3 357 115)	(2 388 169)	(1 114 395)	(3 502 564)
						Six months period ended 30 June 2017 (Unaudited)
Impact on profit and loss account						<u>178 578</u>
Profit after tax would have been lower by						<u>0.90</u>
Earnings per share would have been higher by						<u>0.90</u>

- 4.1.7 During the period, the Companies Act, 2017 has been implemented, however there is no impact on the unconsolidated condensed interim financial statements.

5. Accounting estimates and judgements

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

In preparation of these unconsolidated condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation, uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2017 except for those mentioned in note 4.1.

6. Management of insurance and financial risk

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

7. Property and equipment

The details of additions and disposals during the six months period ended 30 June 2018 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Buildings	39 693	28 138	–	–
Furniture and fixtures	26 622	10 516	–	–
Office equipments	8 179	2 250	–	–
Tracker equipments	38 471	52 397	–	–
Computers	15 738	4 104	–	–
Vehicles	47 981	87 092	2 981	3 334
Capital work-in-progress	3 570	2 470	–	–
	<u>180 254</u>	<u>186 967</u>	<u>2 981</u>	<u>3 334</u>

8. Investment property

	30 June 2018 (Unaudited)	31 December 2017 (Audited) (Restated)
Opening net book value	1 847 093	1 548 008
Additions and capital improvements	7 076	317
Unrealized fair value gain	–	298 768
Closing book value	<u>1 854 169</u>	<u>1 847 093</u>

9. Investment in Equity Securities – Available for Sale

	30 June 2018 (Unaudited)			31 December 2017 (Audited) (Restated)		
	Cost	Impairment/provision	Carrying value	Cost	Impairment/provision	Carrying value
Subsidiary						
Listed shares (refer note 1.1 and 4.1.5)	12 023 375	–	12 023 375	–	–	–
Associate						
Listed shares (refer note 1.1 and 4.1.5)	–	–	–	12 023 376	–	12 023 376
Related Party* Listed shares	444 664	17 565	427 099	444 664	28 753	415 911
	<u>12 468 039</u>	<u>17 565</u>	<u>12 450 474</u>	<u>12 468 040</u>	<u>28 753</u>	<u>12 439 287</u>
Others						
Listed shares	1 924 195	68 543	1 855 652	2 133 539	54 735	2 078 804
Unlisted shares	15 500	–	15 500	10 500	–	10 500
	<u>1 939 695</u>	<u>68 543</u>	<u>1 871 152</u>	<u>2 144 039</u>	<u>54 735</u>	<u>2 089 304</u>
Surplus on revaluation	–	–	5 253 499	–	–	2 890 283
	<u>14 407 734</u>	<u>86 108</u>	<u>19 575 125</u>	<u>14 612 079</u>	<u>83 488</u>	<u>17 418 874</u>

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



10. Investment in Debt Securities – Available for Sale

Rupees '000

	30 June 2018 (Unaudited)			31 December 2017 (Audited) (Restated)		
	Cost	Impairment/ provision	Carrying value	Cost	Impairment/ provision	Carrying value
Government securities	8 033 850	–	8 033 850	8 533 957	–	8 533 957
Term finance certificate	44 118	44 118	–	44 118	44 118	–
Deficit on revaluation	(20 250)	–	(20 250)	(6 689)	–	(6 689)
	<u>8 057 718</u>	<u>44 118</u>	<u>8 013 600</u>	<u>8 571 386</u>	<u>44 118</u>	<u>8 527 268</u>

11. Loans and other receivables – considered good

	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Loans to employees		4 323	5 394
Accrued investment income		22 369	66 616
Security deposits		8 600	7 780
Advances to suppliers		46 344	33 115
Advances to employees		5 204	3 665
Others receivables		4 563	2 048
		<u>91 403</u>	<u>118 618</u>
12. Insurance / Reinsurance receivables – Unsecured and considered good			
Due from insurance contract holders		3 650 341	2 829 996
Provision for impairment of receivables from insurance contract holders		(52 125)	(27 814)
		<u>3 598 216</u>	<u>2 802 182</u>
Due from other insurer / reinsurers		10 466	16 887
		<u>3 608 682</u>	<u>2 819 069</u>
13. Prepayments			
Prepaid reinsurance premium ceded	19	4 661 962	5 112 083
Prepaid rent		9 951	12 703
Others		106 512	77 395
		<u>4 778 425</u>	<u>5 202 181</u>
14. Cash and bank			
Cash and cash equivalents			
Cash in hand		11	2
Policy and revenue stamps, bond papers		8 341	9 802
		8 352	9 804
Cash and bank			
Current accounts		195 727	233 422
Saving accounts		777 642	920 983
		<u>973 369</u>	<u>1 154 405</u>
		<u>981 721</u>	<u>1 164 209</u>
15. Reserves			
General reserve		13 500 000	13 000 000
Reserve for exceptional losses	15.1	12 902	12 902
Revaluation reserve - Available for sale investments		3 783 586	2 018 440
		<u>17 296 488</u>	<u>15 031 342</u>

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

16. Others creditors and accruals

Rupees '000

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Federal insurance fee payable	12 445	12 510
Federal excise duty and sales tax payable	140 017	170 800
Accrued expenses	185 970	227 879
Agent commission payable	406 355	499 929
Unearned rentals	44 921	70 986
Other deposits	659 323	543 677
Unclaimed dividends	287 988	196 503
Others	61 370	92 103
	<u>1 798 389</u>	<u>1 814 387</u>

17. Contingencies and commitments

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

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

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

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

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

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

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

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



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

17.3 There are no commitments as at 30 June 2018 (31 December 2017: Nil).

18. Segments Information

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Rupees '000 Six months period ended 30 June 2018 (Unaudited)
Premium receivable (inclusive of FED, Federal insurance fee and administrative surcharge)	5 953 206	1 621 598	1 915 685	1 020 265	–	10 510 754
Less: Federal excise duty	728 510	177 160	232 230	116 529	–	1 254 429
Stamp duty	222	58 595	762	769	–	60 348
Federal insurance fee	51 705	13 707	16 660	8 940	–	91 012
Gross Written Premium (inclusive of administrative surcharge)	5 172 769	1 372 136	1 666 033	894 027	–	9 104 965
Gross direct premium	5 155 296	1 345 662	1 482 558	883 147	–	8 866 663
Facultative inward premium	2 225	1 470	–	–	–	3 695
Administrative surcharge	15 248	25 004	183 475	10 880	–	234 607
Insurance premium earned	6 087 900	1 200 740	1 697 508	743 057	–	9 729 205
Insurance premium ceded to reinsurers	5 152 180	447 266	4 813	451 721	–	6 055 980
Net insurance premium	935 720	753 474	1 692 695	291 336	–	3 673 225
Commission income	337 397	14 585	–	115 378	–	467 360
Net underwriting income	1 273 117	768 059	1 692 695	406 714	–	4 140 585
Insurance claims	612 557	405 687	844 019	194 486	–	2 056 749
Insurance claims recovered from reinsurers	243 463	161 953	(70)	91 118	–	496 464
Net claims	369 094	243 734	844 089	103 368	–	1 560 285
Commission expense	466 487	140 068	141 675	56 202	–	804 432
Management expenses	342 897	239 522	588 813	100 140	–	1 271 372
Net insurance claims and expenses	1 178 478	623 324	1 574 577	259 710	–	3 636 089
Underwriting result	94 639	144 735	118 118	147 004	–	504 496
Net investment income						911 235
Rental income						49 995
Other income						50 422
Other expenses						(32 787)
Finance costs						16 153
Profit from window takaful operations - Operator's fund						53 230
Profit before tax						1 552 744

Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	As at 30 June 2018 (Unaudited)
Corporate segment assets	8 858 757	1 489 690	545 889	1 101 218	–	11 995 554
Corporate segment assets - Takaful OPF	22 381	6 007	187 720	8 510	–	224 618
Corporate unallocated assets						33 694 132
Corporate unallocated assets - Takaful OPF						333 608
Total assets						46 247 912
Corporate segment liabilities	12 824 385	2 238 317	2 358 365	2 719 788	–	20 140 855
Corporate segment liabilities - Takaful OPF	15 690	9 373	259 517	10 295	–	294 875
Corporate unallocated liabilities						3 294 161
Corporate unallocated liabilities - Takaful OPF						2 044
Total liabilities						23 731 935

External premium less reinsurance by geographical segments 2018

Location

Pakistan	3 670 242
*EPZ	2 983
Total	3 673 225

* This represents US Dollar Equivalent in Pak Rupees

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Six months period ended 30 June 2017 (Unaudited)
Premium receivable (inclusive of FED, Federal insurance fee and administrative surcharge)	6 191 031	1 538 773	1 988 048	897 914	–	10 615 766
Less: Federal excise duty	779 219	172 575	240 169	95 283	–	1 287 246
Stamp duty	255	50 836	834	1 054	–	52 979
Federal insurance fee	52 405	12 968	17 481	8 023	–	90 877
Gross Written Premium (inclusive of Administrative surcharge)	5 359 152	1 302 394	1 729 564	793 554	–	9 184 664
Gross direct premium	5 328 710	1 275 740	1 536 286	779 660	–	8 920 396
Facultative inward premium	14 288	1 113	–	–	–	15 401
Administrative surcharge	16 154	25 541	193 278	13 894	–	248 867
Insurance premium earned	4 865 548	1 073 911	1 711 517	701 425	–	8 352 401
Insurance premium ceded to reinsurers	3 876 443	334 487	8 174	376 589	–	4 595 693
Net insurance premium	989 105	739 424	1 703 343	324 836	–	3 756 708
Commission income	318 967	17 272	–	99 158	–	435 397
Net underwriting income	1 308 072	756 696	1 703 343	423 994	–	4 192 105
Insurance claims	1 890 601	227 937	866 353	208 075	–	3 192 966
Insurance claims recovered from reinsurers	1 598 913	13 103	(93)	120 064	–	1 731 987
Net claims	291 688	214 834	866 446	88 011	–	1 460 979
Commission expense	387 395	128 272	142 213	55 524	–	713 404
Management expenses	321 402	214 887	530 939	100 877	–	1 168 105
Net insurance claims and expenses	1 000 485	557 993	1 539 598	244 412	–	3 342 488
Underwriting result	307 587	198 703	163 745	179 582	–	849 617
Net investment income						1 045 934
Rental income						43 938
Other income						54 792
Other expenses						(27 706)
Finance costs						200
Profit from window takaful operations – Operator's fund						18 611
Profit before tax						1 985 386



	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Rupees '000 As at 31 December 2017 (Audited) (Restated)
Corporate segment assets	9 623 292	1 020 762	579 921	1 003 794	–	12 227 769
Corporate segment assets - Takaful OPF	26 159	4 429	144 487	6 942	–	182 017
Corporate unallocated assets						30 981 530
Corporate unallocated assets - Takaful OPF						251 463
Total assets						43 642 779
Corporate segment liabilities	14 035 587	1 855 601	2 450 302	2 256 262	–	20 597 752
Corporate segment liabilities - Takaful OPF	22 634	4 009	194 668	15 380	–	236 691
Corporate unallocated liabilities						2 743 144
Corporate unallocated liabilities - Takaful OPF						1 687
Total liabilities						23 579 274

External premium less reinsurance by geographical segments 2017

Location

Pakistan	3 748 176
*EPZ	8 532
Total	3 756 708

* This represents US Dollar Equivalent in Pak Rupees

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Three months period ended 30 June 2018 (Unaudited)
Premium receivable (inclusive of FED, Federal insurance fee and administrative surcharge)	2 400 675	953 382	856 275	315 831	–	4 526 163
Less: Federal excise duty	398 275	106 860	103 456	36 323	–	644 914
Stamp duty	88	29 140	358	380	–	29 966
Federal insurance fee	19 802	8 079	7 450	2 763	–	38 094
Gross Written Premium (inclusive of Administrative surcharge)	1 982 510	809 303	745 011	276 365	–	3 813 189
Gross direct premium	1 974 342	795 443	646 349	271 148	–	3 687 282
Facultative inward premium	2 225	1 203	–	–	–	3 428
Administrative surcharge	5 943	12 657	98 662	5 217	–	122 479
Insurance premium earned	2 907 251	622 476	844 825	378 993	–	4 753 545
Insurance premium ceded to reinsurers	2 439 711	269 105	2 134	235 156	–	2 946 106
Net insurance premium	467 540	353 371	842 691	143 837	–	1 807 439
Commission income	189 713	12 158	–	48 373	–	250 244
Net underwriting income	657 253	365 529	842 691	192 210	–	2 057 683
Insurance claims	523 797	277 997	437 551	45 174	–	1 284 519
Insurance claims recovered from reinsurers	295 658	151 866	(45)	28 037	–	475 516
Net claims	228 139	126 131	437 596	17 137	–	809 003
Commission expense	225 672	70 992	70 774	28 732	–	396 170
Management expenses	170 957	110 538	288 826	49 234	–	619 555
Net insurance claims and expenses	624 768	307 661	797 196	95 103	–	1 824 728
Underwriting result	32 485	57 868	45 495	97 107	–	232 955
Net investment income						722 509
Rental income						30 652
Other income						25 259
Other expenses						(13 373)
Finance costs						8 528
Profit from window takaful operations – Operator's fund						20 144
Profit before tax						1 026 674

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Rupees '000 Three months period ended 30 June 2017 (Unaudited)
Premium receivable (inclusive of FED, Federal Insurance fee and administrative surcharge)	2 881 574	914 237	787 331	324 521	–	4 907 663
Less: Federal excise duty	375 405	103 442	104 091	34 128	–	617 066
Stamp duty	99	24 579	376	322	–	25 376
Federal insurance fee	24 271	7 729	7 650	2 983	–	42 633
Gross Written Premium (inclusive of administrative surcharge)	2 481 799	778 487	675 214	287 088	–	4 222 588
Gross direct premium	2 460 933	764 808	571 853	280 487	–	4 078 081
Facultative inward premium	14 288	1 113	–	–	–	15 401
Administrative surcharge	6 578	12 566	103 361	6 601	–	129 106
Insurance premium earned	2 555 277	552 084	854 276	354 693	–	4 316 330
Insurance premium ceded to reinsurers	2 026 565	152 863	3 482	196 503	–	2 379 413
Net insurance premium	528 712	399 221	850 794	158 190	–	1 936 917
Commission income	195 579	11 487	–	48 767	–	255 833
Net underwriting income	724 291	410 708	850 794	206 957	–	2 192 750
Insurance claims	1 140 609	105 667	392 861	123 306	–	1 762 443
Insurance claims recovered from reinsurers	950 778	(905)	(10)	77 219	–	1 027 082
Net claims	189 831	106 572	392 871	46 087	–	735 361
Commission expense	206 283	66 139	70 357	27 869	–	370 648
Management expenses	166 320	113 049	262 193	48 561	–	590 123
Net insurance claims and expenses	562 434	285 760	725 421	122 517	–	1 696 132
Underwriting result	161 857	124 948	125 373	84 440	–	496 618
Net investment income						835 105
Rental income						31 584
Other income						30 707
Other expenses						(13 899)
Finance costs						194
Profit from window takaful operations – Operator's fund						8 513
Profit before tax						1 388 822



19. Net insurance premium

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Written gross premium	3 813 189	4 222 588	9 104 965	9 184 664
Unearned premium reserve - opening	8 812 802	8 314 685	8 496 686	7 388 680
Unearned premium reserve - closing	(7 872 446)	(8 220 943)	(7 872 446)	(8 220 943)
Premium earned	4 753 545	4 316 330	9 729 205	8 352 401
Less:				
Reinsurance premium ceded	2 400 881	2 832 742	5 605 859	5 521 126
Prepaid reinsurance premium - opening	5 207 187	4 623 778	5 112 083	4 151 674
Prepaid reinsurance premium - closing	(4 661 962)	(5 077 107)	(4 661 962)	(5 077 107)
Reinsurance expense	2 946 106	2 379 413	6 055 980	4 595 693
	1 807 439	1 936 917	3 673 225	3 756 708
20. Net insurance claims expense				
Claims paid	1 209 761	1 179 383	2 531 286	2 551 481
Outstanding claims including IBNR - closing	5 097 810	6 056 515	5 097 810	6 056 515
Outstanding claims including IBNR - opening	(5 023 052)	(5 473 455)	(5 572 347)	(5 415 030)
Claims expense	1 284 519	1 762 443	2 056 749	3 192 966
Less:				
Reinsurance and other recoveries received	412 711	478 448	932 064	1 126 652
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 040 167)	(3 481 318)	(3 538 572)	(3 424 617)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 102 972	4 029 952	3 102 972	4 029 952
Reinsurance and other recoveries revenue	475 516	1 027 082	496 464	1 731 987
	809 003	735 361	1 560 285	1 460 979

21. Net comission expense

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Commission paid or payable	291 105	423 359	652 052	833 681
Deferred commission expense - opening	642 272	632 211	689 587	564 645
Deferred commission expense - closing	(537 207)	(684 922)	(537 207)	(684 922)
Net commission	396 170	370 648	804 432	713 404
Less:				
Commission received or recoverable	110 717	255 833	392 227	475 859
Unearned reinsurance commission - opening	526 010	384 439	461 616	343 977
Unearned reinsurance commission - closing	(386 483)	(384 439)	(386 483)	(384 439)
Commission from reinsurance	250 244	255 833	467 360	435 397
	145 926	114 815	337 072	278 007
22. Investment income				
Income from equity securities available-for-sale				
Dividend income	617 371	653 684	680 133	718 228
Income from debt securities available-for-sale				
Return on debt securities	127 182	119 693	250 787	228 774
Income from term deposits				
Return on term deposits	2 601	3 000	5 986	6 619
	747 154	776 377	936 906	953 621
Net realised gains / (losses) on investments Available for sale finance assets				
Realised gains on:				
Equity securities	7 555	104 209	7 828	120 863
Debt securities	-	-	-	6 229
Realised losses on:				
Equity securities	(16 875)	(4 603)	(17 972)	(4 730)
	(9 320)	99 606	(10 144)	122 362
	737 834	875 983	926 762	1 075 983
Impairment in value of available-for-sale equity securities	(14 924)	(40 463)	(14 924)	(29 234)
Investment related expenses	(401)	(415)	(603)	(815)
Total investment income	722 509	835 105	911 235	1 045 934
23. Other Income				
Gain on sale of fixed assets	7 962	13 010	16 249	22 067
Interest on loans to employees	81	35	173	70
Profit on bank deposits	17 216	17 662	34 000	32 655
	25 259	30 707	50 422	54 792



24. Window takaful operation - Operator's fund

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Wakala fee	116 993	67 858	224 926	128 520
Management expenses	(63 980)	(42 416)	(109 234)	(75 271)
Commission expense	(39 355)	(22 305)	(74 122)	(41 997)
Investment income	5 295	4 898	9 131	6 039
Other income	1 438	888	2 976	1 740
Other expenses	(247)	(410)	(447)	(420)
Profit for the period	<u>20 144</u>	<u>8 513</u>	<u>53 230</u>	<u>18 611</u>

25. Taxation

For the period				
– Current	405 538	427 061	575 328	603 842
– Prior year	102 292	98 766	102 292	98 766
	507 830	525 827	677 620	702 608
Deferred tax	(126 503)	(17 485)	(136 118)	(14 368)
	<u>381 327</u>	<u>508 342</u>	<u>541 502</u>	<u>688 240</u>

26. Earnings per share - basic and diluted

Profit after tax	(Rupees '000)	645 347	880 480	1 011 242	1 297 146
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000	200 000	200 000
Earnings per share	(Rupees)	<u>3.23</u>	<u>4.40</u>	<u>5.06</u>	<u>6.49</u>

27. Movement in investment

Name of investment	Held to maturity	Available for sale	Fair value through P & L	Deposit maturing with 12 months	Total
At beginning of previous year	–	24 042 854	–	671 880	24 714 734
Additions	–	15 282 869	–	1 623 884	16 906 753
Disposals (sale and redemptions)	–	(12 519 296)	–	(1 865 214)	(14 384 510)
Fair value net gains (excluding net realised gains)	–	(807 449)	–	–	(807 449)
Impairment losses	–	(52 836)	–	–	(52 836)
At beginning of period	–	25 946 142	–	430 550	26 376 692
Additions	–	17 143 502	–	1 001 643	18 145 145
Disposals (sale and redemptions)	–	(17 847 955)	–	(902 875)	(18 750 830)
Fair value net gains (excluding net realised gains)	–	2 361 960	–	–	2 361 960
Impairment losses	–	(14 924)	–	–	(14 924)
At end of period	–	<u>27 588 725</u>	–	<u>529 318</u>	<u>28 118 043</u>

28. Related party transactions

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

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Transactions				
Subsidiary company				
Premium written	1 981	–	1 981	–
Premium paid	295	–	295	–
Claims paid	2 313	–	2 313	–
Dividend received	542 401	–	542 401	–
Dividend paid	35 107	–	35 107	–
Associated companies				
Premium written	58 284	44 350	203 400	141 163
Premium paid	225	–	28 144	30 449
Claims paid	26 903	23 610	137 357	40 971
Dividend received	–	570 970	–	570 970
Dividend paid	436 268	529 825	436 268	529 825
Key management personnel				
Premium written	60	434	250	555
Claims paid	–	127	–	202
Dividend paid	6 309	6 916	6 309	6 916
Compensation	50 618	46 361	91 374	85 123
Others				
Premium written	8 475	3 756	17 937	14 734
Claims paid	1 103	1 213	2 469	1 702
Investments made	–	150 000	–	200 000
Investments sold	–	103 179	–	225 000
Dividend paid	458 220	489 344	458 220	489 344
Bank deposits made	75 000	–	50 000	–
Brokerage paid	236	92	236	98
Employees' funds				
Contribution to provident fund	5 772	6 244	12 144	11 634
Contribution to gratuity fund	4 885	3 874	9 771	7 697
Contribution to pension fund	879	302	1 852	603
Dividend paid	7 731	8 505	7 731	8 505



Rupees '000

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Balances		
Others		
Balances receivable	15 819	15 131
Balances payable	–	(73 891)
Deposits maturing within 12 months	204 000	154 000
Bank balances	133 388	106 039
Employees' funds payable		
EFU gratuity fund	(9 770)	(40 510)
EFU pension fund	(33 054)	(31 295)

29 Fair value

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

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

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

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

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

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

Rupees '000

	Six months period ended 30 June 2018 (Unaudited)					Fair value measurement using		
	Available for Sale	Loans & Receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	19 559 625				19 559 625	19 559 625		
Equity securities - unquoted	15 500				15 500			15 500
Debt securities	8 013 600				8 013 600		8 013 600	
Financial assets not measured at fair value								
Term deposits*			529 318		529 318			
Loans and other receivables*		91 403			91 403			
Insurance / reinsurance receivables*		3 608 682			3 608 682			
Reinsurance recoveries against outstanding claims*		3 102 972			3 102 972			
Cash and bank*			981 721		981 721			
Total assets of Window Takaful Operations - Operator's Fund*	29 939	147 058	286 956	–	463 953		29 939	
	<u>27 618 664</u>	<u>6 950 115</u>	<u>1 797 995</u>	<u>–</u>	<u>36 356 774</u>	<u>19 559 625</u>	<u>8 043 539</u>	<u>15 500</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 097 810)	(5 097 810)			
Premium received in advance*				(194 731)	(194 731)			
Insurance / reinsurance payables*				(5 523 707)	(5 523 707)			
Other creditors and accruals*				(1 798 389)	(1 798 389)			
Total liabilities of Window Takaful Operations - Operator's Fund*				(31 382)	(31 382)			
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(12 646 019)</u>	<u>(12 646 019)</u>	<u>–</u>	<u>–</u>	<u>–</u>

Rupees '000

As at 31 December 2017 (Audited)								
	Available for Sale	Other Loan & Receivables	Other financial assets	financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	17 408 374				17 408 374	17 408 374		
Equity securities - unquoted	10 500				10 500			10 500
Debt securities	8 527 268				8 527 268		8 527 268	
Financial assets not measured at fair value								
Term deposits*			430 550		430 550			
Loans and other receivables*		118 618			118 618			
Insurance / reinsurance receivables*		2 819 069			2 819 069			
Reinsurance recoveries against outstanding claims*		3 538 572			3 538 572			
Cash and bank*			1 164 209		1 164 209			
Total assets of Window Takaful Operations - Operator's Fund*	30 482	125 198	210 264		365 944		30 482	
	<u>25 976 624</u>	<u>6 601 457</u>	<u>1 805 023</u>	<u>-</u>	<u>34 383 104</u>	<u>17 408 374</u>	<u>8 557 750</u>	<u>10 500</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 572 347)	(5 572 347)			
Premium received in advance*				(31 487)	(31 487)			
Insurance / reinsurance payables*				(4 992 011)	(4 992 011)			
Other creditors and accruals*				(1 814 387)	(1 814 387)			
Total liabilities of Window Takaful Operations - Operator's Fund*				(31 382)	(31 382)			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12 441 614)</u>	<u>(12 441 614)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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



30. Corresponding Figures

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

31. General

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

31.2 The effects of changes stated in note 4.1 have been accounted for retrospectively in accordance with IAS - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2017 and 01 January 2018 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Statement of Financial Position also presents the prior year numbers as restated, due to the said change.

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

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 18 August 2018.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

Consolidated Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2018



Consolidated Condensed Interim Statement of Financial Position As at 30 June 2018 (Unaudited)

Rupees '000

	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited) (Restated)
Assets			
Property and equipments	9	4 706 194	1 289 023
Intangible assets		8 335 460	–
Investment property	10	1 854 169	1 847 093
Investments			
Equity securities	11	39 298 653	17 418 874
Debt securities	12	69 120 669	8 527 268
Term deposits	29	12 118 418	430 550
Loans and other receivables	13	1 692 517	118 618
Insurance / reinsurance receivables	14	3 880 727	2 819 069
Reinsurance recoveries against outstanding claims		3 102 972	3 538 572
Salvage recoveries accrued		84 732	68 458
Deferred commission expense		537 207	689 587
Taxation - payments less provision		305 392	95 797
Prepayments	15	4 849 329	5 202 181
Cash and bank	16	3 648 853	1 164 209
Total assets		153 535 292	43 209 299
Total assets of window takaful operations - Operator's fund		558 226	433 480
Total assets		154 093 518	43 642 779
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	17	15 456 576	15 031 342
Unappropriated profit		1 981 630	3 357 115
Capital and reserve attributable to Company's equity holders		19 438 206	20 388 457
Non controlling interest		2 936 161	–
Total equity		22 374 367	20 388 457
Surplus on revaluation of property and equipment		851 606	–
Liabilities			
Insurance liabilities		105 098 341	–
Underwriting provisions			
Outstanding claims including IBNR	22	5 097 810	5 572 347
Unearned premium reserves	21	7 872 446	8 496 686
Unearned reinsurance commission	23	386 483	461 616
Retirement benefit obligations		42 824	71 805
Deferred taxation		2 510 884	1 575 605
Premiums received in advance		1 002 949	31 487
Insurance / reinsurance payables		5 751 199	4 992 011
Other creditors and accruals	18	2 807 690	1 814 387
		25 472 285	23 015 944
Total liabilities		130 570 626	23 015 944
Total equity and liabilities		153 796 599	43 404 401
Total liabilities of window takaful operations - Operator's fund		296 919	238 378
Total equity and liabilities		154 093 518	43 642 779
Contingencies and commitments	19		

The annexed notes 1 to 34 form an integral part of these consolidated condensed interim financial statements.

SAAD ALI BHIMJEE Director	MOHAMMED IQBAL MANKANI Director	ALTAZ GOKAL Chief Financial Officer & Corporate Secretary	HASANALI ABDULLAH Managing Director & Chief Executive	TAHER G. SACHAK Director Chairman of the Meeting
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Karachi 18 August 2018

Consolidated Condensed Interim Profit and Loss Account For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

		Three months period ended		Six months period ended	
		30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
Net insurance premium	21	8 656 976	1 936 917	10 522 762	3 756 708
Net insurance claims	22	(4 060 928)	(735 361)	(4 812 210)	(1 460 979)
Net commission	23	(1 759 596)	(114 815)	(1 950 742)	(278 007)
Insurance claims and acquisition expenses		(5 820 524)	(850 176)	(6 762 952)	(1 738 986)
Management expenses		(1 132 674)	(590 123)	(1 784 491)	(1 168 105)
Investment income - statutory fund		1 636 771	-	1 636 771	-
Net realised fair value losses on financial assets		(496 676)	-	(496 676)	-
Net fair value loss on financial assets at fair value through profit and loss		(3 292 572)	-	(3 292 572)	-
Net change in insurance liabilities (other than outstanding claims)		1 175 109	-	1 175 109	-
Underwriting result		726 410	496 618	997 951	849 617
Investment income	24	180 108	835 105	368 834	1 045 934
Rental income		30 652	31 584	49 995	43 938
Other income	25	33 147	30 707	58 310	54 792
Other expenses		(19 976)	(13 899)	(39 390)	(27 706)
		223 931	883 497	437 749	1 116 958
Results of operating activities		950 341	1 380 115	1 435 700	1 966 575
Finance cost		8 528	194	16 153	200
Profit from window takaful operations - Operator's fund	26	20 144	8 513	53 230	18 611
Profit before tax		979 013	1 388 822	1 505 083	1 985 386
Income tax expense	27	(490 388)	(508 342)	(677 481)	(688 240)
Profit after tax		488 625	880 480	827 602	1 297 146
Profit attributable to:					
Equity holders of the parent		285 538	880 480	624 515	1 297 146
Non controlling interest		203 087	-	203 087	-
		488 625	880 480	827 602	1 297 146
Earning per share	Rupees 28	1.43	4.40	3.12	6.49

The annexed notes 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAZ GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018



Consolidated Condensed Interim Statement of Comprehensive Income For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
Profit after tax	488 625	880 480	827 602	1 297 146
Other comprehensive income				
Unrealized loss on available for sale investments during the period	(751 143)	(747 599)	(169 687)	(649 632)
Reclassification adjustments relating to available for sale investments disposed off in the period	9 379	16 528	9 379	(116 133)
Unrealized gain on available for sale investments during the period of subsidiary / associate company	–	628 282	–	2 565 269
Total items that may be reclassified subsequently to profit and loss	(741 764)	(102 789)	(160 308)	1 799 504
Deferred tax on available for sale investment	260 061	254 135	85 919	293 411
Deferred tax on available for sale investment of subsidiary company	904	(188 485)	–	(769 581)
Net unrealized (loss) after deferred tax	(480 799)	(37 139)	(74 389)	1 323 334
Net unrealized (loss) from window takaful operation (net of deferred tax)	(377)	(574)	(377)	(350)
Net other comprehensive income	(481 176)	(37 713)	(74 766)	1 322 984
Total comprehensive income for the period	7 449	842 767	752 836	2 620 130

The annexed notes 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAZ GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

Consolidated Condensed Interim Cash Flow Statement For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	2018	2017 (Restated)
Operating activities		
a) Underwriting activities		
Insurance premium / contribution received	15 353 951	9 923 191
Reinsurance premium / retakaful contribution paid	(5 111 122)	(5 076 995)
Claims paid	(5 789 816)	(2 568 417)
Reinsurance and other recoveries received	971 835	1 123 188
Commission paid	(1 787 951)	(823 653)
Commission received	392 226	486 769
Management expenses paid	(2 072 520)	(1 109 873)
Net cash flow from underwriting activities	1 956 603	1 954 210
b) Other operating activities		
Income tax paid	(664 124)	(566 125)
Other operating payments	(112 546)	(94 159)
Other operating receipts	25 083	(138 915)
Loans advanced	(25 123)	(778)
Loans repayments received	26 052	105
Net cash flow from other operating activities	(750 658)	(799 872)
Total cash flow from all operating activities	1 205 945	1 154 338
Investment activities		
Profit / return received	1 831 329	299 293
Dividend received	496 231	719 554
Rental received	23 930	43 664
Payment for investments / investment properties	(106 610 251)	(5 408 040)
Proceeds from investments / investment properties	102 401 982	5 249 786
Fixed capital expenditures	(291 496)	(186 967)
Proceeds from sale of property and equipments	23 069	25 402
Acquisition of subsidiary net of cash acquired	5 520 019	-
Total cash flow from investing activities	3 394 813	742 692
Financing activities		
Dividend paid	(2 116 114)	(1 619 926)
Net cash flow from all activities	2 484 644	277 104
Cash and cash equivalents at beginning of period	1 164 209	1 195 586
Cash and cash equivalents at end of period	3 648 853	1 472 690
Reconciliation to profit and loss account		
Operating cash flows	1 205 945	1 154 338
Depreciation / amortisation expense	(215 076)	(116 943)
Finance cost	16 153	200
Profit on disposal of property and equipment	18 500	22 067
Rental income	49 995	43 938
Dividend Income	487 053	718 229
Other investment income	1 133 425	327 705
Profit on deposits	34 000	32 655
Other income	3 517	70
Appreciation in market value of investments	(3 334 583)	-
Reversal of impairment in the value of available for sale equity investments	(7 871)	-
Increase in assets other than cash	197 444	1 160 763
Increase / (decrease) in liabilities other than running finance	1 185 870	(2 064 487)
Profit after tax from conventional insurance operations	774 372	1 278 535
Profit from window takaful operations – Operator's fund	53 230	18 611
Profit after tax at the end of the period	827 602	1 297 146

The annexed notes 1 to 34 form an integral part of these consolidated condensed interim financial statements.

SAAD ALI BHIMJEE	MOHAMMED IQBAL MANKANI	ALTAF GOKAL	HASANALI ABDULLAH	TAHER G. SACHAK
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Director Chairman of the Meeting

Karachi 18 August 2018



Consolidated Condensed Interim Statement of Changes in Equity For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Revaluation reserve	Unappropriated profit	Equity attributable to equity holder of parent	Non-controlling interest	Total (Restated)
Balance as at 01 January 2017 as previously reported	2 000 000	12 500 000	12 902	-	2 388 169	16 901 071	-	16 901 071
Restatement due to change in accounting policy (refer note 6) - net of deferred tax	-	-	-	2 528 788	1 114 395	3 643 183	-	3 643 183
Balance as at 01 January 2017 (restated)	2 000 000	12 500 000	12 902	2 528 788	3 502 564	20 544 254	-	20 544 254
Total comprehensive income for the period ended 30 June 2017								
Profit after tax	-	-	-	-	1 297 146	1 297 146	-	1 297 146
Other comprehensive income	-	-	-	1 322 984	-	1 322 984	-	1 322 984
				1 322 984	1 297 146	2 620 130	-	2 620 130
Transactions with owners recorded directly in equity								
Final dividend for the year 2016 at the rate of Rs. 7.00 (70%) per share	-	-	-	-	(1 400 000)	(1 400 000)	-	(1 400 000)
1st Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share	-	-	-	-	(250 000)	(250 000)	-	(250 000)
Other transfer within equity								
Transfer to general reserve	-	500 000	-	-	(500 000)	-	-	-
Balance as at 30 June 2017 (restated)	2 000 000	13 000 000	12 902	3 851 772	2 649 710	21 514 384	-	21 514 384
Balance as at 01 January 2018 as previously reported	2 000 000	13 000 000	12 902	-	2 034 319	17 047 221	-	17 047 221
Restatement due to change in accounting policy (refer note 6.1.1) - net of deferred tax	-	-	-	2 018 440	1 322 796	3 341 236	-	3 341 236
Balance as at 01 January 2018 (restated)	2 000 000	13 000 000	12 902	2 018 440	3 357 115	20 388 457	-	20 388 457
Total comprehensive income for the period ended 30 June 2018								
Profit after tax	-	-	-	-	827 602	624 515	203 087	827 602
Other comprehensive income	-	-	-	(74 766)	-	(74 766)	-	(74 766)
				(74 766)	827 602	549 749	203 087	752 836
Recognition of non controlling interest on business combination	-	-	-	-	-	-	3 440 673	3 440 673
Transactions with owners recorded directly in equity								
Final dividend for the year 2017 at the rate of Rs. 6.25 (62.5%) per share	-	-	-	-	(1 250 000)	(1 250 000)	-	(1 250 000)
Final dividend for the year 2017 at the rate of Rs.11.25 (112.5%) per share	-	-	-	-	-	-	(636 840)	(636 840)
1st Interim dividend paid for the year 2018 at the rate of Rs.1.25 (12.5%) per share	-	-	-	-	(250 000)	(250 000)	-	(250 000)
1st Interim dividend paid for the year 2018 at the rate of Rs.1.25 (12.5%) per share	-	-	-	-	-	-	(70 759)	(70 759)
Other transfer within equity								
Transfer to general reserve	-	500 000	-	-	(500 000)	-	-	-
Balance as at 30 June 2018	2 000 000	13 500 000	12 902	1 943 674	2 184 717	19 438 206	2 936 161	22 374 367

The annexed notes 1 to 34 form an integral part of these consolidated condensed interim financial statements.

SAAD ALI BHIMJEE Director	MOHAMMED IQBAL MANKANI Director	ALTAZ GOKAL Chief Financial Officer & Corporate Secretary	HASANALI ABDULLAH Managing Director & Chief Executive	TAHER G. SACHAK Director Chairman of the Meeting
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Karachi 18 August 2018

Notes to the Consolidated Condensed Interim Financial Statements For the six months period ended 30 June 2018 (Unaudited)

1. Legal status and nature of business

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

1.2 Holding Company

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

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

1.3 Subsidiary Company

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

2. Business combination

2.1 Acquisition of EFU Life Assurance Limited

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

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

Rupees '000

	31 March 2018
Assets	
Property and equipment	2 164 714
Intangible assets	8 782
Investments	
Equity securities	30 738 647
Debt securities	61 651 064
Term deposits	12 594 100
Loans and other receivables	1 727 034
Insurance / reinsurance receivables	69 322
Taxation - payment less provisions	393 621
Prepayments	82 636
Cash & bank	5 520 019
Total assets	114 949 939



Rupees '000

31 March
2018**Liabilities**

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

106 211 210
187 416
787 063
180 453
806 215

Total Liabilities

108 172 357

Book value of net assets as on 31 March 2018

6 777 582

Percentage of net assets acquired

43.39%

Book value of net assets acquired

2 940 931

Goodwill Calculation

Market Value of investment in EFU Life Assurance Limited
Book value of net assets acquired

11 260 234
2 940 931

Goodwill

8 319 303

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

3. Basis of Consolidation

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

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

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

3.1 Business Combination

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

3.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any, for the purpose of impairment testing. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is

compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. Basis of preparation and statement of compliance

- 4.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017 Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed. Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these consolidated condensed interim financial statement in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015. A separate set of condensed interim financial statements of the General Window Takaful Operations has been reported which is annexed to these consolidated condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012.

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

5. Basis of measurement

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

5.2 Functional and presentation currency

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

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- IFRS-9 'Financial Instruments'

IFRS-9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS-9 replaces the existing guidance in IAS-39 Financial Instruments: Recognition and Measurement. IFRS-9 includes revised guidance on the classification and measurement of financial instruments. A new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS-39. The Holding Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS-15 'Revenue from contracts with customers'

IFRS-15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS-15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS-18 'Revenue', IAS-11 'Construction Contracts' and IFRIC-13 'Customer Loyalty Programmes'. The Holding Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS-16 'Leases'

IFRS-16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS-16 replaces existing leasing guidance including IAS-17 'Leases', IFRIC-4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right



to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessor continue to classify leases as finance or operating leases. The Holding Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

6. Summary of significant accounting policies

The accounting policies and method of computation adopted in the preparation of the consolidated condensed interim financial statement are consistent with those followed in the preparation of the annual financial statements of the Holding Company for the year ended 31 December 2017 except for available-for-sale investment, property and equipment, investment property and format for preparation of financial statements as disclosed in note 6.1.1, 6.1.2, 6.1.3, 6.1.4 and 6.1.5 respectively.

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

6.1 Change in accounting policies

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

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

Had the accounting policy not been changed, available-for-sale investments, reserves and deferred taxation would have been lower by Rs.3,752 million, Rs.2,664 million and Rs.1,088 million (December 2017: Rs.3,907 million, Rs.2,735 million and Rs.1,172 million) respectively.

- 6.1.2 During the period, the Holding Company has changed its accounting policy for valuation of investment properties from cost model to fair value model as per IAS-40 'investment property'. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS-8 'Accounting Policy, Change in Accounting Estimates and Error'. The comparatives have been restated accordingly.

Had the accounting policy not been changed, investment property and deferred taxation would have been lower by Rs.1,710 million and Rs. 485 million (December 2017: Rs. 1,697 million and Rs. 502 million) respectively.

- 6.1.3 During the period the Holding Company has changed its accounting policy for its land and building and related assets from cost model to revaluation model. Revaluation was carried out by the independent valuer. Surplus on revaluation is credited to surplus on revaluation account. This change in policy has been applied prospectively.

Had the accounting policy not been changed, property and equipment and deferred taxation would have been lower by Rs. 1,199 million and Rs. 348 million respectively.

- 6.1.4 During the period, the Holding Company has changed format for preparation of its consolidated condensed interim financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of consolidated condensed interim financial statements of the Holding Company for the six months period ended 30 June 2018.

- 6.1.5 During the period, the Company has changed its accounting policy for 'Investments in subsidiaries and associates' which were being accounted for by using the equity method of accounting are now accounted for at fair value and classified as available-for-sale investments in accordance with the IAS-39 'Financial instruments: Recognition and measurement'. The management of the Company believes that the new policy provides more relevant information to the users of these consolidated condensed interim financial statements. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS-8 'Accounting Policy, Change in Accounting Estimates and Error'. The comparatives have been restated accordingly.

6.1.6 As per 6.1.1, 6.1.2, 6.1.4 and 6.1.5, retrospective adjustments have been made in these consolidated condensed interim financial statements and comparatives have been revised as follows:

Rupees '000

	31 December 2017 (Audited)			31 December 2016 (Audited)		
	Balance Previously Reported	Adjustment	Balance (Restated)	Balance Previously Reported	Adjustment	Balance (Restated)
Property and equipment	1 222 290	66 733	1 289 023	1 084 911	63 290	1 148 201
Investment property	149 120	1 697 973	1 847 093	174 081	1 374 465	1 548 546
Investments in subsidiary / associate Investments	12 131 105	(1 131 657)	10 999 448	11 949 485	(2 664 443)	9 285 042
Equity securities	2 505 215	3 914 209	6 419 424	3 195 534	6 297 885	9 493 419
Debt securities	8 533 957	(6 689)	8 527 268	5 191 510	72 882	5 264 392
Total assets from window takaful operations - Operator's fund	433 587	(107)	433 480	267 353	(143)	267 210
Deferred taxation	(376 377)	(1 199 228)	(1 575 605)	(380 062)	(1 948 584)	(2 328 646)
Reserves	(13 012 902)	(2 018 440)	(15 031 342)	(12 512 902)	(2 528 788)	(15 041 690)
Unappropriated profit	(2 034 319)	(1 322 796)	(3 357 115)	(2 388 169)	(1 114 395)	(3 502 564)
						Six months period ended 30 June 2017 (Unaudited)
Impact on profit and loss account						<u>178 578</u>
Profit after tax would have been lower by						<u>0.90</u>
Earnings per share would have been higher by						<u>0.90</u>

6.1.7 During the period, the Companies Act, 2017 has been implemented, however there is no impact on the consolidated condensed interim financial statements.

7. Accounting estimates and judgements

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

In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying the Holding Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2017 except for those mentioned in note 6.1.

8. Management of insurance and financial risk

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

9. Property and Equipment

The details of additions and disposals during the three months period ended 30 June 2018 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Buildings	54 693	28 138	–	–
Furniture and fixtures	61 235	10 516	–	–
Office equipments	14 930	2 250	430	–
Tracker equipments	38 471	52 397	–	–
Computers	25 168	4 104	640	–
Vehicles	98 169	87 092	15 776	3 334
Capital work-in-progress	3 570	2 470	–	–
	<u>296 236</u>	<u>186 967</u>	<u>16 846</u>	<u>3 334</u>



Rupees '000

10. Investment property

	30 June 2018 (Unaudited)	31 December 2017 (Audited) (Restated)
Opening net book value	1 847 093	1 548 008
Additions and capital improvements	7 076	317
Unrealized fair value gain	–	298 768
Closing book value	<u>1 854 169</u>	<u>1 847 093</u>

11. Investment in Equity Securities

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Available for sale						
Related Party						
Listed shares	751 134	265 936	485 198	12 468 040	28 753	12 439 287
Mutual funds	103	–	270	–	–	–
	<u>751 237</u>	<u>265 936</u>	<u>485 468</u>	<u>12 468 040</u>	<u>28 753</u>	<u>12 439 287</u>
Others						
Listed shares	2 134 344	97 360	2 036 984	2 133 539	54 735	2 078 804
Unlisted shares	31 508	–	31 508	10 500	–	10 500
Mutual funds	52 833	(5 209)	61 459	–	–	–
	<u>2 218 685</u>	<u>92 151</u>	<u>2 129 951</u>	<u>2 144 039</u>	<u>54 735</u>	<u>2 089 304</u>
Surplus on revaluation	3 922 210	–	3 922 210	2 890 283	–	2 890 283
	<u>6 892 132</u>	<u>358 087</u>	<u>6 537 629</u>	<u>17 502 362</u>	<u>83 488</u>	<u>17 418 874</u>
At fair value through profit and loss - designated upon initial recognition						
Related Party						
Listed shares	644 919	–	883 548	–	–	–
Mutual funds	25 845	–	28 184	–	–	–
Others						
Listed shares	32 184 802	–	31 727 703	–	–	–
Mutual funds	63 438	–	71 523	–	–	–
Surplus on revaluation	–	–	–	–	–	–
	<u>32 919 004</u>	<u>–</u>	<u>32 710 958</u>	<u>–</u>	<u>–</u>	<u>–</u>
At fair value through profit and loss - held for trading						
Others						
Listed shares	30 772	–	30 772	–	–	–
Surplus on revaluation	19 294	–	19 294	–	–	–
	<u>50 066</u>	<u>–</u>	<u>50 066</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>39 861 202</u>	<u>358 087</u>	<u>39 298 653</u>	<u>17 502 362</u>	<u>83 488</u>	<u>17 418 874</u>

12. Investment in Debt Securities

Rupees '000

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government Securities	4 769 997	-	4 769 997	-	-	-
Available for sale						
Government Securities	61 937 980	-	62 269 658	8 533 957	-	8 533 957
Others						
Term Finance Certificate	1 324 572	44 118	1 280 454	44 118	44 118	-
Sukuk	610 810	-	610 810	-	-	-
Certificate of Investment	210 000	-	210 000	-	-	-
Surplus revaluation	(20 250)	-	(20 250)	(6 689)	-	(6 689)
	<u>68 833 109</u>	<u>44 118</u>	<u>69 120 669</u>	<u>8 571 386</u>	<u>44 118</u>	<u>8 527 268</u>

13. Loans and other receivables – considered good

	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Loans to employees		56 239	5 384
Accrual investment income		992 092	66 626
Security deposits		55 582	7 780
Advances to suppliers		46 344	33 115
Advances to employees		5 204	3 665
Advances to agents		69 034	-
Others receivables		468 022	2 048
		<u>1 692 517</u>	<u>118 618</u>
14. Insurance / Reinsurance Receivables – Unsecured and considered good			
Due from insurance contract holders		3 854 919	2 829 996
Less provision for impairment of receivables from insurance contract holders		(52 125)	(27 814)
		<u>3 802 794</u>	<u>2 802 182</u>
Due from other insurer / reinsurers		77 933	16 887
		<u>3 880 727</u>	<u>2 819 069</u>
15. Prepayments			
Prepaid reinsurance premium ceded	21	4 661 963	5 112 084
Prepaid rent		37 620	12 703
Others		149 746	77 394
		<u>4 849 329</u>	<u>5 202 181</u>
16. Cash and bank			
Cash and cash equivalents			
Cash in hand		1 208	2
Policy and revenue stamps, bond papers		21 707	9 802
		<u>22 915</u>	<u>9 804</u>
Cash and bank			
Current account		681 121	233 422
Saving account		2 944 817	920 983
		<u>3 625 938</u>	<u>1 154 405</u>
		<u>3 648 853</u>	<u>1 164 209</u>



17. Reserves

		Rupees '000
	Note	31 December 2017 (Audited)
		30 June 2018 (Unaudited)
General reserve		13 500 000
Reserve for exceptional losses	17.1	12 902
Revaluation reserve - Available for sale investments		2 018 440
		<u>15 253 489</u>
		<u>15 031 342</u>

17.1 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.

18. Others creditors and accruals

		Rupees '000
		31 December 2017 (Audited)
		30 June 2018 (Unaudited)
Federal insurance fee payable		12 445
Federal excise duty and sales tax payable		140 017
Accrued expenses		227 879
Agent commission payable		499 929
Unearned rentals		70 986
Security deposit bond		543 677
Unclaimed dividends		196 503
Others		92 103
		<u>2 807 690</u>
		<u>1 814 387</u>

19. Contingencies and commitments

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

19.1 Holding Company

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

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

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

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

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

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

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

19.1.2 In 2014, 2015, 2016 and 2017, the Searle Company Limited issued bonus shares (453 612, 312 993, 664 632 and 472 284 shares respectively) after withholding 5 percent of bonus shares (22 680, 15 650, 34 981 and 24 857 shares respectively). In this regard, a constitutional petition had been filed by the Holding Company in Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Holding Company. The Honourable High Court of Sindh decided the case against the Holding Company. Subsequently, the Holding Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Holding Company has not paid / provided an amount of Rs. 37 million being withholding tax on bonus shares.

19.2 Subsidiary Company

The Income tax assessment of the Subsidiary Company for tax year 2017 has been finalised. The tax department has reopened the assessment order issued under Sec 122(5A) for the tax year 2009-2016 and has raised a demand of Rs. 56.31 million against dividend income so received by the Subsidiary Company to be taxed at corporate rate instead of reduced rates available in the First schedule of Income Tax Ordinance 2001. The Subsidiary Company filed an appeal for tax year 2009-2013 before CIT appeals where the case was decided against the Subsidiary Company. The Subsidiary Company has filed an appeal before Appellate Tribunal for the same tax years where the case was decided in favour of the Subsidiary Company. For tax year 2014 and tax year 2016, the Subsidiary Company filed an appeal before CIT appeals against the order, where the case was decided in favour of the Subsidiary Company. For the tax year 2015, the Subsidiary Company has filed an appeal before CIT appeal. No provision has been made in respect of aforementioned additional demand.



In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.14 million and Rs.15 million for Tax Years 2012 and 2013 respectively. The Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Subsidiary Company filed second appeal before the Appellate Tribunal against the order of CIT. The learned Appellate Tribunal Inland revenue has now decided the case in Subsidiary Company's favour. Subsequent to the period; the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending.

- 19.2.1 In 2015 and 2016, the Searle Company Limited issued bonus shares (76 031 shares and 342 480 shares respectively) after withholding 5 percent of bonus shares (3 803 shares and 18 707 shares respectively) and the IBL Healthcare Ltd. issued bonus shares (46 625 shares and 80 311 shares respectively) after withholding 5 percent of bonus shares (2 331 shares and 4 031 shares respectively). In this regard, a constitutional petition had been filed by the Subsidiary Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The Honorable High Court decided the case against the Subsidiary Company. Subsequently, the Subsidiary Company filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. The Subsidiary Company is of the view that the case will be decided in its favour and no provision has been made for the aforementioned tax.
- 19.2.2 Bank guarantees amounting to Rs.17 million has been given in respect of Group Life coverage. These bank guarantees will expire by 16 January 2020.
- 19.3 No provision has been made in these consolidated condensed interim financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Company.

20. Segments Information

Rupees '000

	General Insurance					Life Assurance					Aggregate Life Assurance	Six months period ended 30 June 2018		
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Investment linked business	Conventional business	Pension business (Unit linked)	Accident & health business			Family takaful investment linked business	Family takaful protection business
Premium Receivable (inclusive of FED, federal insurance fee and administrative surcharge)	5 953 206	1 621 598	1 915 685	1 020 265	-	10 510 754	5 640 208	584 830	175	255	585 807	38 262	6 849 537	17 360 291
Less: Federal excise duty	728 510	177 160	232 230	116 529	-	1 254 429	-	-	-	-	-	-	-	1 254 429
Stamp duty	222	58 595	762	769	-	60 348	-	-	-	-	-	-	-	60 348
Federal Insurance fee	51 705	13 707	16 660	8 940	-	91 012	-	-	-	-	-	-	-	91 012
Gross Written Premium (inclusive of Administrative surcharge)	5 172 769	1 372 136	1 666 033	894 027	-	9 104 965	5 640 208	584 830	175	255	585 807	38 262	6 849 537	15 954 502
Gross direct premium	5 155 296	1 345 662	1 482 558	883 147	-	8 866 663	-	-	-	-	-	-	-	8 866 663
Facultative inward premium	2 225	1 470	-	-	-	3 695	-	-	-	-	-	-	-	3 695
Administrative surcharge	15 248	25 004	183 475	10 880	-	234 607	-	-	-	-	-	-	-	234 607
Insurance premium earned	6 087 900	1 200 740	1 697 508	743 057	-	9 729 205	5 640 208	584 830	175	255	585 807	38 262	6 849 537	16 578 742
Insurance premium ceded to reinsurers	5 152 180	447 266	4 813	451 721	-	6 055 980	-	-	-	-	-	-	-	6 055 980
Net insurance premium	935 720	753 474	1 692 695	291 336	-	3 673 225	5 640 208	584 830	175	255	585 807	38 262	6 849 537	10 522 762
Commission income	337 397	14 585	115 378	115 378	-	467 360	-	-	-	-	-	-	-	467 360
Net underwriting income	1 273 117	768 059	1 692 695	406 714	-	4 140 585	5 640 208	584 830	175	255	585 807	38 262	6 849 537	10 990 122
Insurance claims	612 557	405 687	844 019	194 486	-	2 056 749	2 677 954	413 212	-	(144)	143 567	17 336	3 251 925	5 308 674
Insurance claims recovered from reinsurers	243 463	161 953	(70)	91 118	-	496 464	-	-	-	-	-	-	-	496 464
Net claims	369 094	243 734	844 089	103 368	-	1 560 285	2 677 954	413 212	-	(144)	143 567	17 336	3 251 925	4 812 210
Commission expense	466 487	140 068	141 675	56 202	-	804 432	-	-	-	-	-	-	-	804 432
Management expenses	342 897	239 522	588 813	100 140	-	1 271 372	1 613 288	158 432	15	107	331 276	23 671	2 126 789	3 398 161
Net insurance claims and expenses	1 178 478	623 324	1 574 577	259 710	-	3 636 089	4 291 242	571 644	15	(37)	474 843	41 007	5 378 714	9 014 803
Net investment income – statutory funds	-	-	-	-	-	-	(2 192 547)	30 094	52	15	(5 909)	15 818	(2 152 477)	(2 152 477)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	1 221 797	78 998	(130)	6	(143 521)	17 959	1 175 109	1 175 109
Underwriting result	94 639	144 735	118 118	147 004	-	504 496	378 216	122 278	82	313	(38 466)	31 032	493 455	997 951
Net investment income	-	-	-	-	-	368 834	-	-	-	-	-	-	-	368 834
Rental income	-	-	-	-	-	49 995	-	-	-	-	-	-	-	49 995
Other income	-	-	-	-	-	50 422	-	-	-	-	-	-	-	50 422
Other expenses	-	-	-	-	-	(32 787)	-	-	-	-	-	-	-	(32 787)
Finance costs	-	-	-	-	-	16 153	-	-	-	-	-	-	-	16 153
Profit before tax from takaful operations	-	-	-	-	-	53 230	-	-	-	-	-	-	-	53 230
Profit before tax	-	-	-	-	-	1 010 343	-	-	-	-	-	-	-	1 010 343
Corporate segment assets–conventional	8 858 757	1 489 690	545 889	1 101 218	-	11 995 554	103 905 392	2 401 352	26 370	5 813	3 136 562	203 331	109 678 820	121 674 374
Corporate segment assets–Takaful OPF	22 381	6 007	187 720	8 510	-	224 618	-	-	-	-	-	-	-	224 618
Corporate unallocated assets–conventional	-	-	-	-	-	28 399 388	-	-	-	-	-	-	-	28 399 388
Corporate unallocated assets–Takaful OPF	-	-	-	-	-	333 608	-	-	-	-	-	-	-	333 608
Consolidated total assets	-	-	-	-	-	40 953 168	-	-	-	-	-	-	-	40 953 168
Corporate segment liabilities	12 824 385	2 238 317	2 358 365	2 719 788	-	20 140 855	102 133 633	2 360 405	25 921	5 714	3 083 078	199 864	107 808 615	127 949 470
Corporate segment liabilities–Takaful OPF	15 690	9 373	259 517	10 295	-	294 875	-	-	-	-	-	-	-	294 875
Corporate unallocated liabilities	-	-	-	-	-	1 835 274	-	-	-	-	-	-	-	1 835 274
Corporate unallocated liabilities–Takaful OPF	-	-	-	-	-	2 044	-	-	-	-	-	-	-	2 044
Consolidated total liabilities	-	-	-	-	-	22 273 048	-	-	-	-	-	-	-	22 273 048
External premium less reinsurance by geographical segments 2018	10 519 779	-	-	-	-	-	-	-	-	-	-	-	-	-
* EPZ	2 983	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	10 522 762	-	-	-	-	-	-	-	-	-	-	-	-	-

* This represents US Dollar Equivalent in Pak Rupees



	General Insurance					Rupees '000
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Six months period ended 30 June 2017
Premium Receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	6 191 031	1 538 773	1 988 048	897 914	–	10 615 766
Less: Federal excise duty	779 219	172 575	240 169	95 283	–	1 287 246
Stamp duty	255	50 836	834	1 054	–	52 979
Federal insurance fee	52 405	12 968	17 481	8 023	–	90 877
Gross Written Premium (inclusive of Administrative surcharge)	5 359 152	1 302 394	1 729 564	793 554	–	9 184 664
Gross direct premium	5 328 710	1 275 740	1 536 286	779 660	–	8 920 396
Facultative inward premium	14 288	1 113	–	–	–	15 401
Administrative surcharge	16 154	25 541	193 278	13 894	–	248 867
Insurance premium earned	4 865 548	1 073 911	1 711 517	701 425	–	8 352 401
Insurance premium ceded to reinsurers	3 876 443	334 487	8 174	376 589	–	4 595 693
Net insurance premium	989 105	739 424	1 703 343	324 836	–	3 756 708
Commission income	318 967	17 272	–	99 158	–	435 397
Net underwriting income	1 308 072	756 696	1 703 343	423 994	–	4 192 105
Insurance claims	1 890 601	227 937	866 353	208 075	–	3 192 966
Insurance claims recovered from reinsurers	1 598 913	13 103	(93)	120 064	–	1 731 987
Net claims	291 688	214 834	866 446	88 011	–	1 460 979
Commission expense	387 395	128 272	142 213	55 524	–	713 404
Management expenses	321 402	214 887	530 939	100 877	–	1 168 105
Net insurance claims and expenses	1 000 485	557 993	1 539 598	244 412	–	3 342 488
Underwriting results	307 587	198 703	163 745	179 582	–	849 617
Net investment income						1 045 934
Rental income						43 938
Other income						54 792
Other expenses						(27 706)
Finance costs						200
Profit before tax from takaful operations						18 611
Profit before tax						1 985 386
						As at 31 December 2017 (Audited) (restated)
Corporate segment assets - conventional	9 623 292	1 020 762	979 921	1 003 794	–	12 227 769
Corporate segment assets - Takaful OPF	26 159	4 429	144 487	6 942	–	182 017
Corporate unallocated assets - conventional						32 229 760
Corporate unallocated assets - Takaful OPF						251 463
Consolidated total assets						44 891 009
Corporate segment liabilities	14 035 587	1 855 601	2 450 302	2 256 262	–	20 597 752
Corporate segment liabilities - Takaful OPF	22 634	4 009	194 668	15 380	–	236 691
Corporate unallocated liabilities						2 743 144
Corporate unallocated liabilities - Takaful OPF						1 687
Consolidated total liabilities						23 579 274
		External premium less reinsurance by geographical segments 2017				
Location						
Pakistan		3 748 176				
*EPZ		8 532				
Total		3 756 708				

* This represents US Dollar Equivalent in Pak Rupees

	General Insurance					Life Assurance					Aggregate Life Assurance	Three months period ended 30 June 2018		
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Investment linked business	Conventional business	Pension business (Unit linked)	Accident & health business			Family takaful investment linked business	Family takaful protection business
Premium Receivable (inclusive of FED Federal Insurance Fee and Administrative Surcharge)	2 400 675	953 382	856 275	315 831	-	4 526 163	5 640 208	584 830	175	255	585 807	38 262	6 849 537	11 375 700
Less: Federal Excise Duty	398 275	106 860	103 456	36 323	-	644 914	-	-	-	-	-	-	-	644 914
Stamp Duty	88	29 140	358	380	-	29 966	-	-	-	-	-	-	-	29 966
Federal Insurance Fee	19 802	8 079	7 450	2 763	-	38 094	-	-	-	-	-	-	-	38 094
Gross Written Premium (inclusive of Administrative Surcharge)	1 982 510	809 303	745 011	276 365	-	3 813 189	5 640 208	584 830	175	255	585 807	38 262	6 849 537	10 662 726
Gross direct premium	1 974 342	795 443	646 349	271 148	-	3 687 282	-	-	-	-	-	-	-	3 687 282
Facultative inward premium	2 225	1 203	-	-	-	3 428	-	-	-	-	-	-	-	3 428
Administrative Surcharge	5 943	12 657	98 662	5 217	-	122 479	-	-	-	-	-	-	-	122 479
Insurance premium earned	2 907 251	622 476	844 825	378 993	-	4 753 545	5 640 208	584 830	175	255	585 807	38 262	6 849 537	11 603 082
Insurance premium ceded to reinsurers	2 439 711	269 105	2 134	235 156	-	2 946 106	-	-	-	-	-	-	-	2 946 106
Net insurance premium	467 540	353 371	842 691	143 837	-	1 807 439	5 640 208	584 830	175	255	585 807	38 262	6 849 537	8 656 976
Commission income	189 713	12 158	-	48 373	-	250 244	-	-	-	-	-	-	-	250 244
Net underwriting income	657 253	365 529	842 691	192 210	-	2 057 683	5 640 208	584 830	175	255	585 807	38 262	6 849 537	8 907 220
Insurance claims	523 797	277 997	437 551	45 174	-	1 284 519	2 677 954	413 212	-	(144)	143 567	17 336	3 251 925	4 536 444
Insurance claims recovered from reinsurers	295 658	151 866	(45)	28 037	-	475 516	-	-	-	-	-	-	-	475 516
Net claims	228 139	126 131	437 596	17 137	-	809 003	2 677 954	413 212	-	(144)	143 567	17 336	3 251 925	4 060 928
Commission expense	225 672	70 992	70 774	28 732	-	396 170	-	-	-	-	-	-	-	396 170
Management expenses	170 957	110 538	288 826	49 234	-	619 555	1 613 288	158 432	15	107	331 276	23 671	2 126 789	2 746 344
Net insurance claims and expenses	624 768	307 661	797 196	95 103	-	1 824 728	4 291 242	571 644	15	(37)	474 843	41 007	5 378 714	7 203 442
Net investment income – statutory funds	-	-	-	-	-	-	(2 192 547)	30 094	52	15	(5 909)	15 818	(2 152 477)	(2 152 477)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	1 221 797	78 998	(130)	6	(143 521)	17 959	1 175 109	1 175 109
Underwriting result	32 485	57 868	45 495	97 107	-	232 955	378 216	122 278	82	313	(38 466)	31 032	493 455	726 410
Net investment income	-	-	-	-	-	180 108	-	-	-	-	-	-	-	180 108
Rental income	-	-	-	-	-	30 652	-	-	-	-	-	-	-	30 652
Other income	-	-	-	-	-	25 259	-	-	-	-	-	-	-	25 259
Other expenses	-	-	-	-	-	(13 373)	-	-	-	-	-	-	-	(13 373)
Finance costs	-	-	-	-	-	8 528	-	-	-	-	-	-	-	8 528
Profit before tax from takaful operations	-	-	-	-	-	20 144	-	-	-	-	-	-	-	20 144
Profit before tax	-	-	-	-	-	484 273	-	-	-	-	-	-	-	484 273

Rupees '000



	General Insurance					Rupees '000
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Three months period ended 30 June 2017
Premium Receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	2 945 522	914 238	858 594	326 946	–	5 045 300
Less: Federal excise duty	375 405	103 442	104 091	34 128	–	617 066
Stamp duty	99	24 579	376	322	–	25 376
Federal insurance fee	24 271	7 729	7 650	2 983	–	42 633
Gross Written Premium (inclusive of Administrative surcharge)	2 481 799	778 487	675 214	287 088	–	4 222 588
Gross direct premium	2 460 933	764 808	571 853	280 487	–	4 078 081
Facultative inward premium	14 288	1 113	–	–	–	15 401
Administrative surcharge	6 578	12 566	103 361	6 601	–	129 106
Insurance premium earned	2 555 277	552 084	854 276	354 693	–	4 316 330
Insurance premium ceded to reinsurers	2 026 565	152 863	3 482	196 503	–	2 379 413
Net insurance premium	528 712	399 221	850 794	158 190	–	1 936 917
Commission income	195 579	11 487	–	48 767	–	255 833
Net underwriting income	724 291	410 708	850 794	206 957	–	2 192 750
Insurance claims	1 140 609	105 667	392 861	123 306	–	1 762 443
Insurance claims recovered from reinsurers	950 778	(905)	(10)	77 219	–	1 027 082
Net claims	189 831	106 572	392 871	46 087	–	735 361
Commission expense	206 283	66 139	70 357	27 869	–	370 648
Management expenses	166 320	113 049	262 193	48 561	–	590 123
Net insurance claims and expenses	562 343	285 760	725 421	122 517	–	1 696 132
Underwriting result	161 857	124 948	125 373	84 440	–	496 618
Net investment income						835 105
Rental income						31 584
Other income						30 707
Other expenses						(13 899)
Finance costs						194
Profit before tax from takaful operations						8 513
Profit before tax						<u>1 388 822</u>

21. Net insurance premium

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Written gross premium	10 832 982	4 222 588	16 124 758	9 184 664
Unearned premium reserve - opening	8 812 802	8 314 685	8 496 686	7 388 680
Unearned premium reserve - closing	(7 872 446)	(8 220 943)	(7 872 446)	(8 220 943)
Premium earned	11 773 338	4 316 330	16 748 998	8 352 401
Less:				
Reinsurance premium ceded	2 571 137	2 832 742	5 776 115	5 521 126
Prepaid reinsurance premium - opening	5 207 187	4 623 778	5 112 083	4 151 674
Prepaid reinsurance premium - closing	(4 661 962)	(5 077 107)	(4 661 962)	(5 077 107)
Reinsurance expense	3 116 362	2 379 413	6 226 236	4 595 693
	<u>8 656 976</u>	<u>1 936 917</u>	<u>10 522 762</u>	<u>3 756 708</u>
22. Net insurance claims expense				
Claims paid	4 577 882	1 179 383	5 899 407	2 551 481
Outstanding claims including IBNR - closing	5 097 810	6 056 515	5 097 810	6 056 515
Outstanding claims including IBNR - opening	(5 023 052)	(5 473 455)	(5 572 347)	(5 415 030)
Claims expense	4 652 640	1 762 443	5 424 870	3 192 966
Less:				
Reinsurance and other recoveries received	528 907	478 448	1 048 260	1 126 652
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 040 167)	(3 481 318)	(3 538 572)	(3 424 617)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 102 972	4 029 952	3 102 972	4 029 952
Reinsurance and other recoveries revenue	591 712	1 027 082	612 660	1 731 987
	<u>4 060 928</u>	<u>735 361</u>	<u>4 812 210</u>	<u>1 460 979</u>



23. Net commission expense

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Commission paid or payable	1 904 775	423 359	2 265 722	833 681
Deferred commission expense - opening	642 272	632 211	689 587	564 645
Deferred commission expense - closing	(537 207)	(684 922)	(537 207)	(684 922)
Net commission	2 009 840	370 648	2 418 102	713 404
Less:				
Commission received or recoverable	110 717	255 833	392 227	475 859
Unearned reinsurance commission-opening	526 010	384 439	461 616	343 977
Unearned reinsurance commission- closing	(386 483)	(384 439)	(386 483)	(384 439)
Commission from reinsurance	250 244	255 833	467 360	435 397
	1 759 596	114 815	1 950 742	278 007
24. Investment income				
Income from equity securities available-for-sale				
Dividend income	74 970	653 684	137 732	718 228
Income from debt securities available-for-sale				
Return on debt securities	127 182	119 693	250 787	228 774
Income from term deposits				
Return on term deposits	2 601	3 000	5 986	6 619
	204 753	776 377	394 505	953 621
Net realised gains / (losses) on investments				
Available for sale finance assets				
Realised gains on:				
Equity securities	7 555	104 209	7 828	120 863
Debt securities	-	-	-	6 229
Realised losses on:				
Equity securities	(16 875)	(4 603)	(17 972)	(4 730)
	(9 320)	99 606	(10 144)	122 362
	195 433	875 983	384 361	1 075 983
Impairment in value of available for sale equity securities	(14 924)	(40 463)	(14 924)	(29 234)
Investment related expenses	(401)	(415)	(603)	(815)
Total investment income	180 108	835 105	368 834	1 045 934

25. Other income

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Gain on sale of fixed assets - net	10 213	13 010	18 500	22 067
Interest on loans to employees	3 425	35	3 517	70
Profit on bank deposits	17 216	17 662	34 000	32 655
Others	2 293	–	2 293	–
	<u>33 147</u>	<u>30 707</u>	<u>58 310</u>	<u>54 792</u>
26. Window takaful operations				
Operator's fund				
Wakala fee	116 993	67 858	224 926	128 520
Management expenses	(63 980)	(42 416)	(109 234)	(75 271)
Commission expenses	(39 355)	(22 305)	(74 122)	(41 997)
Investment income	5 295	4 898	9 131	6 039
Other income	1 438	888	2 976	1 740
Other expenses	(247)	(410)	(447)	(420)
Profit for the period	<u>20 144</u>	<u>8 513</u>	<u>53 230</u>	<u>18 611</u>
27. Taxation				
For the period				
– Current	496 888	427 061	666 678	603 842
– Prior year	155 072	98 766	155 072	98 766
	651 960	525 827	821 750	702 608
Deferred tax	(161 572)	(17 485)	(144 269)	(14 368)
	<u>490 388</u>	<u>508 342</u>	<u>677 481</u>	<u>688 240</u>
28. Earnings per share				
Profit after tax (Rupees '000)	<u>285 538</u>	<u>880 480</u>	<u>624 515</u>	<u>1 297 146</u>
Weighted average number of ordinary shares (Numbers '000)	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>	<u>200 000</u>
Earnings per share (Rupees)	<u>1.43</u>	<u>4.40</u>	<u>3.12</u>	<u>6.49</u>



29. Movement in investment

Name of investment	Rupees '000				
	Held to maturity	Available for sale	Fair value through P & L	Deposit maturing within 12 months	Total
At beginning of previous year	-	14 757 812	-	671 880	15 429 692
Additions	-	15 208 978	-	1 623 884	16 832 862
Disposals (sale and redemptions)	-	(12 519 296)	-	(1 865 214)	(14 384 510)
Fair value net gains (excluding net realised gains)	-	(2 447 966)	-	-	(2 447 966)
Impairment losses	-	(52 836)	-	-	(52 836)
At beginning of the period	-	14 946 692	-	430 550	15 377 242
Additions	11 346 197	17 636 173	182 678 304	52 587 843	264 248 517
Disposals (sale and redemptions)	(8 002 000)	(17 852 588)	(91 968 328)	(40 899 975)	(158 722 891)
Fair value net gains (excluding net realised gains)	-	(124 855)	(221 676)	-	(346 531)
Impairment losses	-	(18 599)	-	-	(18 599)
At end of the period	3 344 197	14 586 823	90 488 300	12 118 418	120 537 738

30. Related party transactions

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

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Transactions				
Associated companies				
Premiums written	81 616	44 350	226 732	141 163
Premiums paid	3 599	-	31 518	30 449
Claims paid	31 962	23 610	142 416	40 971
Claims received	654	-	654	-
Commission paid	49 460	-	49 460	-
Travelling expenses	1 352	-	1 352	-
Dividend received	-	570 970	-	570 970
Dividend paid	950 903	529 825	950 903	529 825
Interest on bank deposit	11 532	-	11 532	-
Investment sold	455 357	-	455 357	-
Key management personnel				
Premiums written	1 837	434	2 027	555
Claims paid	-	127	-	202
Dividend paid	6 309	6 916	6 309	6 916
Loan recovered	900	-	900	-
Compensation	78 691	46 361	119 447	85 123

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Others				
Premiums written	8 475	3 756	17 937	14 734
Claims paid	1 103	1 213	2 469	1 702
Investments made	–	150 000	–	200 000
Investments sold	–	103 179	–	225 000
Dividend paid	458 220	489 344	458 220	489 344
Bank deposits made	75 000	–	50 000	–
Brokerage paid	236	92	236	98
Employees' funds				
Contributions to provident fund	13 620	6 244	19 992	11 634
Contributions to gratuity fund	4 885	3 874	9 771	7 697
Contributions to pension fund	7 163	302	8 136	603
Dividend paid	7 731	8 505	7 731	8 505
			30 June 2018 (Unaudited)	31 December 2017 (Audited)
Balances				
Others				
Balances receivable			22 627	15 131
Balances payable			14	(73 891)
Deposits maturing within 12 months			204 000	154 000
Investment in related party			317 212	–
Bank balances			716 392	106 039
Employees' funds payable				
EFU gratuity fund			(9 770)	(40 510)
EFU pension fund			(33 054)	(31 295)

31 Fair value

- 31.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- 31.2 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
 - Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
 - Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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



Rupees '000

As at 30 June 2018 (Unaudited)

	Available for Sale	Held to maturity	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
							Level 1	Level 2	Level 3
Financial assets measured at fair value									
Investments									
Equity securities - quoted	39 110 717					39 110 717	39 110 717		
Equity securities - unquoted	31 508					31 508			31 508
Government securities	67 019 405					67 019 405		67 019 405	
Mutual funds	172 434					172 434		172 434	
Sukuk Bonds	427 476					427 476		427 476	
Debt securities	1 463 788					1 463 788	1 463 788		
Financial assets not measured at fair value									
Term deposits*				529 318		529 318			
Government securities		443 979				443 979		447 755	
Loans and other receivables*			91 403			91 403			
Insurance / reinsurance receivables*			3 608 682			3 608 682			
Reinsurance recoveries against outstanding claims*			3 161 386			3 161 386			
Advances*			88 936	969 723		1 058 659			
Other assets*				1 386 249		1 386 249			
Certificate of investment*	210 000					210 000			
Cash and bank*	14 241 669			981 721		15 223 390			
Total assets of Window Takaful Operations - Operator's Fund*	29 939		147 058	286 956		463 953		29 939	
	<u>122 706 936</u>	<u>443 979</u>	<u>7 097 465</u>	<u>4 153 967</u>	<u>-</u>	<u>134 402 347</u>	<u>40 574 505</u>	<u>68 097 009</u>	<u>31 508</u>
Financial liabilities not measured at fair value									
Outstanding claims including IBNR*					(5 217 811)	(5 217 811)			
Premium received in advance*					(194 731)	(194 731)			
Insurance / reinsurance payables*					(5 523 707)	(5 523 707)			
Other creditors and accruals*					(5 095 322)	(5 095 322)			
Total liabilities of Window Takaful Operations - Operator's Fund*					(55 396)	(55 396)			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16 086 967)</u>	<u>(16 086 967)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Rupees '000

As at 31 December 2017 (Audited)								
	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	17 408 374				17 408 374	17 408 374		
Equity securities - unquoted	10 500				10 500			10 500
Government securities	8 527 268				8 527 268		8 527 268	
Financial assets not measured at fair value								
Term deposits*			430 550		430 550			
Loans and other receivables*		118 618			118 618			
Insurance / reinsurance receivables*		2 819 069			2 819 069			
Reinsurance recoveries against outstanding claims*		3 538 572			3 538 572			
Cash and bank*			1 164 209		1 164 209			
Total assets of Window Takaful Operations - Operator's Fund*	30 482	125 198	210 264		365 944		30 482	
	<u>25 976 624</u>	<u>6 601 457</u>	<u>1 805 023</u>	<u>-</u>	<u>34 383 104</u>	<u>17 408 374</u>	<u>8 557 750</u>	<u>10 500</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 572 347)	(5 572 347)			
Premium received in advance*				(31 487)	(31 487)			
Insurance / reinsurance payables*				(4 992 011)	(4 992 011)			
Other creditors and accruals*				(1 814 387)	(1 814 387)			
Total liabilities of Window Takaful Operations - Operator's Fund*				(31 382)	(31 382)			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12 441 614)</u>	<u>(12 441 614)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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



32. Corresponding Figures

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

33. General

33.1 The effects of changes stated in note 6.1 have been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2017 and 01 January 2018 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

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

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 18 August 2018.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

Window Takaful Operations

Condensed Interim Financial Statements

For the six months period ended 30 June 2018 (Unaudited)



Independent Auditor's Review Report To the members of EFU General Insurance Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of EFU General Insurance Limited - Window Takaful Operations ("the Company") as at 30 June 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in funds, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

The figures for the quarters ended 30 June 2018 and 30 June 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Muhammad Taufiq

Karachi 18 August, 2018

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Financial Position
As at 30 June 2018

		30 June 2018 (Unaudited)			Rupees '000
	Note	Operator's Fund	Participants' Takaful Fund	Aggregate	31 December 2017 (Audited) Aggregate (Restated)
Assets					
Property and equipment	9	3 214	–	3 214	3 603
Investments					
Debt securities	10	29 939	562 198	592 137	637 022
Term deposits	23	213 000	195 000	408 000	222 500
Loans and other receivables	11	2 501	14 783	17 284	17 690
Takaful / retakaful receivables	12	5 182	202 353	207 535	255 458
Retakaful recoveries against outstanding claims	18	–	82 925	82 925	88 944
Salvage recoveries accrued		–	59 678	59 678	30 900
Deferred commission expense	20	86 403	–	86 403	61 094
Wakala fees receivable		133 033	–	133 033	115 426
Modarib fees receivable		6 324	–	6 324	2 843
Deferred wakala fees	17	–	241 309	241 309	206 827
Taxation - payments less provision		3 561	7 097	10 658	7 601
Prepayments	13	1 113	136 337	137 450	144 249
Cash and bank	14	73 956	160 236	234 192	241 336
Total assets		558 226	1 661 916	2 220 142	2 035 493
Equity and Liabilities					
Operator's Fund					
Statutory Fund		100 000	–	100 000	100 000
Revaluation reserve		(636)	–	(636)	(107)
Accumulated profit		102 875	–	102 875	49 645
		202 239	–	202 239	149 538
Waqf / Participants' Takaful Fund					
Cede money		–	500	500	500
Revaluation reserve - available for sale investment		–	(8 816)	(8 816)	(1 279)
Accumulated surplus		–	191 756	191 756	140 415
		–	183 440	183 440	139 636
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR	18	–	385 814	385 814	340 118
Unearned contribution reserves	16	–	844 891	844 891	823 906
Unearned retakaful rebate		–	11 143	11 143	16 062
Retirement benefit obligations		47	–	47	169
Contribution received in advance		–	12 243	12 243	1 439
Takaful / retakaful payables		166	65 139	65 305	142 778
Unearned wakala fees		241 309	–	241 309	206 827
Wakala fees payable		–	133 033	133 033	115 426
Modarib fees payable		–	6 324	6 324	2 843
Other creditors and accruals	15	55 398	19 889	75 287	51 187
Payable to EFU General Insurance Limited	7	59 067	–	59 067	45 564
Total Liabilities		355 987	1 478 476	1 834 463	1 746 319
Total equity and liabilities		558 226	1 661 916	2 220 142	2 035 493
Contingencies and commitments	8				

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

SAAD ALI BHIMJEE Director	MOHAMMED IQBAL MANKANI Director	ALTAF GOKAL Chief Financial Officer & Corporate Secretary	HASANALI ABDULLAH Managing Director & Chief Executive	TAHER G. SACHAK Director Chairman of the Meeting
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Karachi 18 August 2018



EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Profit and Loss Account
For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	Note	Three months period ended 30 June		Six months period ended 30 June	
		2018	2017	2018	2017
Participants' Takaful Fund - (PTF) Revenue Account					
Net takaful contribution	16	378 225	248 748	736 955	484 694
Wakala expense	17	(116 993)	(67 858)	(224 926)	(128 520)
Net takaful claims	18	(211 879)	(101 716)	(406 368)	(222 141)
Direct expenses		(41 184)	(50 476)	(87 341)	(88 513)
Retakaful rebate	19	6 354	6 687	16 604	13 316
Underwriting results		14 523	35 385	34 924	58 836
Investment income - net of modarib	21	7 690	10 879	13 185	13 965
Other income - net of modarib		1 655	1 156	3 239	2 378
		<u>9 345</u>	<u>12 035</u>	<u>16 424</u>	<u>16 343</u>
Results of operating activities		23 868	47 420	51 348	75 179
Finance cost		(7)	(5)	(7)	(5)
Surplus for the period		<u>23 861</u>	<u>47 415</u>	<u>51 341</u>	<u>75 174</u>
Operator's Fund - (OPF) Revenue Account					
Wakala fee	17	116 993	67 858	224 926	128 520
Management expenses		(63 980)	(42 416)	(109 234)	(75 271)
Commission expense	20	(39 355)	(22 305)	(74 122)	(41 997)
		<u>13 658</u>	<u>3 137</u>	<u>41 570</u>	<u>11 252</u>
Investment income - net of modarib	21	5 295	4 898	9 131	6 039
Other income		1 438	888	2 976	1 740
Other expenses		(247)	(410)	(447)	(420)
		<u>6 486</u>	<u>5 376</u>	<u>11 660</u>	<u>7 359</u>
Results of operating activities		20 144	8 513	53 230	18 611
Profit for the period		<u>20 144</u>	<u>8 513</u>	<u>53 230</u>	<u>18 611</u>

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

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the six months period ended 30 June 2018 (Unaudited)

	Rupees '000 (Restated)			
	Three months period ended 30 June		Six months period ended 30 June	
	2018	2017	2018	2017
Participants' Fund				
Surplus for the period	23 861	47 415	51 341	75 174
Other comprehensive income				
Unrealized (loss) / gain on available for sale investments during the period - net	–	(2 224)	(514)	(97)
Reclassification adjustments relating to available for sale investments disposed off in the period - net	1 316	(556)	(7 023)	(1 700)
Total items that may be reclassified subsequently to profit and loss	1 316	(2 780)	(7 537)	(1 797)
Total Comprehensive income for the period	<u>25 177</u>	<u>44 635</u>	<u>43 804</u>	<u>73 377</u>
Operator's Fund				
Profit for the period	20 144	8 513	53 230	18 611
Reclassification adjustments relating to available for sale investments disposed off in the period - net	56	(965)	(529)	(643)
Total items that may be reclassified subsequently to profit and loss	56	(965)	(529)	(643)
Total Comprehensive income for the period	<u>20 200</u>	<u>7 548</u>	<u>52 701</u>	<u>17 968</u>

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

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018



EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Cash Flow Statement
For the six months period ended 30 June 2018 (Unaudited)

Rupees '000
(Restated)

	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate
Operating activities				
a) Takaful activities				
Takaful contribution received	-	929 229	929 229	557 568
Retakaful contribution paid	-	(169 803)	(169 803)	(68 529)
Claims paid	-	(452 848)	(452 848)	(253 521)
Retakaful and other recoveries received	-	69 418	69 418	23 052
Commissions paid	(75 730)	-	(75 730)	(42 002)
Retakaful rebate received	-	11 685	11 685	12 214
Wakala fee received / (paid)	241 801	(241 801)	-	-
Management expenses paid	(108 865)	(87 341)	(196 206)	(163 503)
Net cash inflow from takaful activities	57 206	58 539	115 745	65 279
b) Other operating activities				
Income tax paid	(723)	(2 334)	(3 057)	(4 166)
Other operating payments	(906)	(10 482)	(11 388)	(50 832)
Other operating receipts	13 796	76	13 872	7 707
Net cashflow from other operating activities	12 167	(12 740)	(573)	(47 291)
Total cash flow from all operating activities	69 373	45 799	115 172	17 988
Investment activities				
Profit / return received	6 295	20 699	26 994	9 095
Dividend received	-	-	-	13 155
Modarib fee received / (paid)	1 124	(1 124)	-	-
Payment for investments	(423 000)	(285 000)	(708 000)	(130 838)
Proceeds from disposal of investments	332 514	226 290	558 804	120 132
Fixed capital expenditures	(114)	-	(114)	(21)
Total cash flow from investing activities	(83 181)	(39 135)	(122 316)	11 523
Net cash (outflow) / inflow from all activities	(13 808)	6 664	(7 144)	29 511
Cash and cash equivalents at the beginning of the period	87 764	153 572	241 336	260 621
Cash and cash equivalents at the end of the period	73 956	160 236	234 192	290 132
Reconciliation to profit and loss account				
Operating cash flow	69 373	45 799	115 172	17 988
Depreciation expense	(503)	-	(503)	(513)
Financial charges expense	-	(7)	(7)	-
Loss on disposal of investments	-	(386)	(386)	-
Other investment income	13 959	16 182	30 141	17 884
Profit on deposits	-	-	-	6 238
Other income	(1 853)	635	(1 218)	-
Increase in assets other than cash	44 299	1 734	46 033	296 397
Increase in liabilities other than running finance	(72 045)	(12 616)	(84 661)	(244 209)
Profit / surplus for the period	53 230	51 341	104 571	93 785
Attributed to				
Operator's Fund	53 230	-	53 230	18 611
Participants' Takaful Fund	-	51 341	51 341	75 174
	53 230	51 341	104 571	93 785

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

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting

Karachi 18 August 2018

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Changes in Funds
For the six months period ended 30 June 2018 (Unaudited)

Rupees '000

	Operator's Fund			Total
	Statutory fund	Revaluation reserve	Accumulated profit	
Balance as at 01 January 2017 as previously reported	100 000	–	2 790	102 790
Restatement due to change in accounting policy (refer note 4.1.1)	–	(143)	–	(143)
Balance as at 01 January 2017 (restated)	100 000	(143)	2 790	102 647
Total comprehensive income for the period ended 30 June 2017				
Profit for the period	–	–	18 611	18 611
Other comprehensive income	–	(643)	–	(643)
Balance as at 30 June 2017 (restated)	100 000	(786)	21 401	120 615
Balance as at 01 January 2018 as previously reported	100 000	–	49 645	149 645
Restatement due to change in accounting policy (refer note 4.1.1)	–	(107)	–	(107)
Balance as at 01 January 2018 (restated)	100 000	(107)	49 645	149 538
Total comprehensive income for the period ended 30 June 2018				
Profit for the period	–	–	53 230	53 230
Other comprehensive income	–	(529)	–	(529)
Balance as at 30 June 2018	100 000	(636)	102 875	202 239
	Participants' Takaful Fund			Total
	Cede money	Revaluation reserve	Accumulated surplus	
Balance as at 01 January 2017 as previously reported	500	–	28 309	28 809
Restatement due to change in accounting policy (refer note 4.1.1)	–	5 643	–	5 643
Balance as at 01 January 2017 (restated)	500	5 643	28 309	34 452
Surplus for the period	–	–	75 174	75 174
Other comprehensive income	–	(1 797)	–	(1 797)
Balance as at 30 June 2017 (restated)	500	3 846	103 483	107 829
Balance as at 01 January 2018 as previously reported	500	–	140 415	140 915
Restatement due to change in accounting policy (refer note 4.1.1)	–	(1 279)	–	(1 279)
Balance as at 01 January 2018 (restated)	500	(1 279)	140 415	139 636
Surplus for the period	–	–	51 341	51 341
Other comprehensive income	–	(7 537)	–	(7 537)
Balance as at 30 June 2018	500	(8 816)	191 756	183 440

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

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Director
Chairman of the Meeting

Karachi 18 August 2018



EFU General Insurance Limited – Window Takaful Operations Notes to the Condensed Interim Financial Statements For the six months period ended 30 June 2018 (Unaudited)

1. Legal status and nature of business

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

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

2. Basis of preparation and statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017 Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed. Total assets, total liabilities and profit of the Window Takaful Operations of the Operator's referred to as the Operator's Fund has been presented in these condensed interim financial information in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015. A separate set of condensed interim financial information of the General Window Takaful Operations has been reported which is annexed to these condensed interim financial information as per the requirements of the SECP Takaful Rules, 2012.

These condensed interim financial information 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 31 2017.

3. Basis of measurement

3.1 The condensed interim financial statements have been prepared under the historical cost basis except for the available for-sale investments, property and equipments and investment property that have been measured at fair value.

3.2 Functional and presentation currency

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

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments. A new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Operator is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Operator is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 16 'Leases'

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessor continue to classify leases as finance or operating leases. The Operator is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

4. Summary of significant accounting policies

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

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

4.1. Change in accounting policies

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

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

Rupees '000

	31 December 2017 (Audited)		
	Balance previously reported	Adjustment	Balance restated
Investments			
Debt securities	30 589	(107)	30 482
Participants' Takaful Fund			
Investments			
Debt securities	607 819	(1 279)	606 540



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

Had the accounting policy not been changed, available-for-sale investments of PTF would have been higher by Rs. 8.82 million, (December 2017: Rs. 1.28 million) and available-for-sale investments of OPF would have been higher by Rs. 0.64 million, (December 2017: Rs. 0.11 million).

- 4.1.2. During the period, the Operator has changed format for preparation of its condensed interim financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1)/2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of condensed interim financial statements of the Operator for the six months period ended 30 June 2018.
- 4.1.3. During the period, the Companies Act, 2017 has been implemented, however there is no impact on the condensed interim financial statements.

5. Accounting estimates and judgements

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

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

6. Management of takaful and financial risk

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

7. Payable to EFU General Insurance Limited

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

8. Contingencies and commitments

There are no contingencies and commitments as at 30 June 2018 (31 December 2017: Nil).

9. Property and equipment

The details of additions and disposals during the six months period ended 30 June 2018 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Furniture and fixtures	-	21	-	-
Computers	114	-	-	-
	<u>114</u>	<u>21</u>	<u>-</u>	<u>-</u>

Rupees '000

10. Investment in debt securities

Rupees '000

10.1 Operator's Fund

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuk	30 575	-	30 575	30 589	-	30 589
Deficit on revaluation	(636)	-	(636)	(107)	-	(107)
	<u>29 939</u>	<u>-</u>	<u>29 939</u>	<u>30 482</u>	<u>-</u>	<u>30 482</u>

10.2 Participants' Takaful Fund

Fixed Income Securities						
Ijara Sukuk	521 014	-	521 014	607 819	-	607 819
Dawood Hercules Corporation Limited (Sukuk - II)	50 000	-	50 000	-	-	-
	<u>571 014</u>	<u>-</u>	<u>571 014</u>	<u>607 819</u>	<u>-</u>	<u>607 819</u>
Deficit on revaluation	(8 816)	-	(8 816)	(1 279)	-	(1 279)
	<u>562 198</u>	<u>-</u>	<u>562 198</u>	<u>606 540</u>	<u>-</u>	<u>606 540</u>

11. Loans and other receivables

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
11.1 Operator's Fund		
Accrued investment income	1 403	154
Security deposits	301	301
Sundry receivables	797	977
	<u>2 501</u>	<u>1 432</u>
11.2 Participants' Takaful Fund		
Accrued investment income	3 809	2 964
Sundry receivables	10 974	13 294
	<u>14 783</u>	<u>16 258</u>

12. Takaful / Retakaful receivables

12.1 Operator's fund	5 182	5 497
Due from other takaful / retakaful	<u>5 182</u>	<u>5 497</u>
12.2 Participants' Takaful Funds	202 353	249 961
Due from takaful contract holders	<u>202 353</u>	<u>249 961</u>



13. Prepayments

Rupees '000

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
13.1 Operator's fund	1 095	-
Annual supervision fees	18	-
Others	1 113	-
13.2 Participants' Takaful Funds	75 761	96 474
Prepaid retakaful contribution ceded	60 576	47 775
Prepaid charges for vehicle tracking devices	136 337	144 249

14. Cash and bank

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
Current accounts	30	1 738	1 768	21	1 218	1 239
Saving accounts	73 926	158 498	232 424	87 743	152 354	240 097
	73 956	160 236	234 192	87 764	153 572	241 336

15. Other creditors and accruals

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
15.1 Operator's Fund		
Accrued expenses	1 557	1 492
Agent balances	53 401	29 865
Others	440	24
	55 398	31 381
15.2 Participants' Takaful Fund		
Federal insurance fee	1 494	1 444
Federal excise duty	20 033	19 273
GST receivable	(4 315)	(2 547)
Sundry creditors	2 677	1 636
	19 889	19 806

Rupees '000

16. Net takaful contribution

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Written gross contribution	435 220	380 015	870 818	688 398
Unearned contribution reserve opening	845 875	567 027	823 906	537 429
Unearned contribution reserve closing	(844 891)	(651 618)	(844 891)	(651 618)
Contribution earned	436 204	295 424	849 833	574 209
Less:				
Retakaful contribution ceded	35 553	43 975	92 164	79 500
Prepaid retakaful contribution opening	98 188	65 483	96 475	72 797
Prepaid retakaful contribution closing	(75 761)	(62 782)	(75 761)	(62 782)
Retakaful expense	57 980	46 676	112 878	89 515
Net contribution	378 224	248 748	736 955	484 694

17. Net wakala fee

Gross wakala fee	130 018	95 837	259 408	173 784
Deferred wakala expense opening	228 284	129 962	206 827	112 677
Less: Deferred wakala expense closing	(241 309)	(157 941)	(241 309)	(157 941)
Net wakala fee	116 993	67 858	224 926	128 520

18. Net takaful claims expense

Claims paid	247 972	143 398	424 071	246 879
Outstanding claims including IBNR opening	(365 265)	(235 450)	(340 118)	(210 412)
Outstanding claims including IBNR closing	385 814	215 724	385 814	215 724
Claims expense	268 521	123 672	469 767	252 191
Less:				
Retakaful and other recoveries received	61 232	20 199	69 418	23 630
Retakaful and other recoveries in respect of outstanding claims opening	(87 515)	(43 443)	(88 944)	(38 780)
Retakaful and other recoveries in respect of outstanding claims closing	82 925	45 200	82 925	45 200
Retakaful and other recoveries revenue	56 642	21 956	63 399	30 050
Net takful claims expense	211 879	101 716	406 368	222 141

19. Rebate from retakaful operators

Rebate received or recoverable	619	6 033	11 685	12 214
Unearned retakaful rebate opening	16 878	11 912	16 062	12 360
Unearned retakaful rebate closing	(11 143)	(11 258)	(11 143)	(11 258)
Rebate from retakaful operator	6 354	6 687	16 604	13 316



20. Commission expense

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Commission paid or payable	46 297	27 603	99 431	51 768
Deferred commission expense opening	79 461	42 950	61 094	38 477
Deferred commission expense closing	(86 403)	(48 248)	(86 403)	(48 248)
Net commission	<u>39 355</u>	<u>22 305</u>	<u>74 122</u>	<u>41 997</u>

21. Investment income

21.1 Operator's Fund

Income from debt securities - available for sale				
– Return on debt securities (Ijara Sukuk)	391	–	778	–
Income from term deposits				
– Return on term deposits	2 341	196	3 958	309
	<u>2 732</u>	<u>196</u>	<u>4 736</u>	<u>309</u>
Net realised gains on investments				
Available for sale financial assets				
Realized gains on :				
– Equity securities	–	1 076	–	1 076
Modarib share on PTF investment income	2 563	3 626	4 395	4 654
Investment income	<u>5 295</u>	<u>4 898</u>	<u>9 131</u>	<u>6 039</u>

21.2 Participants' Takaful Funds

Income from equity securities - available for sale				
– Dividend income	–	12 079	–	12 079
Income from debt securities - available for sale				
– Return on debt securities (Ijara Sukuk)	7 972	1 361	14 612	2 699
Income from term deposits				
– Return on term deposits	2 281	1 162	3 482	1 811
	<u>10 253</u>	<u>14 602</u>	<u>18 094</u>	<u>16 589</u>
Net realised gains / (loss) on investments				
Available for sale financial assets				
Realized gains on :				
– Equity securities	–	–	–	2 127
– Debt securities	–	–	73	–
Realized losses on :				
– Equity securities	–	(97)	–	(97)
– Debt securities	–	–	(587)	–
		<u>(97)</u>	<u>(514)</u>	<u>2 030</u>
	<u>10 253</u>	<u>14 505</u>	<u>17 580</u>	<u>18 619</u>
Less: Modarib share on PTF investment income	(2 563)	(3 626)	(4 395)	(4 654)
Investment income	<u>7 690</u>	<u>10 879</u>	<u>13 185</u>	<u>13 965</u>

22. Segments information

Rupees '000

22.1 Operator's Fund

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Six months period ended 30 June 2018 (Unaudited)
Wakala fee	17 708	8 979	187 204	11 035	–	224 926
Management expenses	6 994	2 494	96 547	3 199	–	109 234
Commission expense	10 178	4 372	58 416	1 156	–	74 122
Net commission and expenses	17 172	6 866	154 963	4 355	–	183 356
	536	2 113	32 241	6 680	–	41 570
Net Investment income						9 131
Other income						2 976
Other expenses						(447)
Profit for the period						53 230
						As at 30 June 2018 (Unaudited)
Corporate segment assets	22 381	6 007	187 720	8 510	–	224 618
Corporate unallocated assets						333 608
Total assets						558 226
Corporate segment liabilities	15 691	9 372	259 517	10 296	–	294 876
Corporate unallocated liabilities						61 111
Total liabilities						355 987
						Six months period ended 30 June 2017 (Unaudited)
Wakala fee	12 431	3 964	100 105	12 020	–	128 520
Management expenses	10 425	3 355	54 205	7 286	–	75 271
Commission expense	6 610	1 866	31 195	2 326	–	41 997
Net commission and expenses	17 035	5 221	85 400	9 612	–	117 268
	(4 604)	(1 257)	14 705	2 408	–	11 252
Net Investment income						6 039
Other income						1 740
Other expenses						(420)
Profit for the period						18 611
						As at 31 December 2017 (Audited)
Corporate segment assets	26 159	4 429	144 487	6 942	–	182 017
Corporate unallocated assets						251 463
Total assets						433 480
Corporate segment liabilities	22 634	4 009	194 668	15 380	–	236 691
Corporate unallocated liabilities						47 251
Total liabilities						283 942



Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Three months period ended 30 June 2018 (Unaudited)
Wakala fee	9 047	4 304	98 142	5 500	–	116 993
Management expenses	4 127	1 478	56 458	1 917	–	63 980
Commission expense	5 205	2 533	31 039	578	–	39 355
Net commission and expenses	9 332	4 011	87 497	2 495	–	103 335
	(285)	293	10 645	3 005	–	13 658
Net Investment income						5 295
Other income						1 438
Other expenses						(247)
Profit for the period						20 144

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Three months period ended 30 June 2017 (Unaudited)
Wakala fee	6 516	2 186	53 503	5 653	–	67 858
Management expenses	7 221	2 392	28 965	3 838	–	42 416
Commission expense	3 441	1 043	16 737	1 084	–	22 305
Net commission and expenses	10 662	3 435	45 702	4 922	–	64 721
	(4 146)	(1 249)	7 801	731	–	3 137
Net Investment income						4 898
Other income						888
Other expenses						(410)
Profit for the period						8 513

22.2 Participants' Takaful Funds

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Rupees '000 Six months period ended 30 June 2018 (Unaudited)
Contribution Receivable (inclusive of FED, federal insurance fee and administrative surcharge)	71 565	33 793	867 289	25 103	–	997 750
Less: Federal excise duty	8 581	3 603	101 269	2 873	–	116 326
Stamp Duty	11	1 799	84	1	–	1 895
Federal Insurance Fee	624	281	7 586	220	–	8 711
Gross Written Contribution (inclusive of administrative surcharge)	62 349	28 110	758 350	22 009	–	870 818
Gross direct contribution	61 431	26 668	616 725	21 970	–	726 794
Administrative surcharge	918	1 442	141 625	39	–	144 024
Takaful contribution earned	71 830	24 904	708 954	44 145	–	849 833
Takaful contribution ceded to retakaful	63 277	19 566	–	30 035	–	112 878
Net contribution revenue	8 553	5 338	708 954	14 110	–	736 955
Rebate from retakaful operator	7 820	4 402	–	4 382	–	16 604
Net underwriting income	16 373	9 740	708 954	18 492	–	753 559
Insurance claims	42 888	7 836	392 617	26 426	–	469 767
Insurance claims recovered from retakaful	35 804	6 028	(252)	21 819	–	63 399
Net claims	7 084	1 808	392 869	4 607	–	406 368
Wakala fee	17 708	8 979	187 204	11 035	–	224 926
PTF direct expense	4	3	87 327	7	–	87 341
Net insurance claims and expenses	24 796	10 790	667 400	15 649	–	718 635
Underwriting results	(8 423)	(1 050)	41 554	2 843	–	34 924
Net Investment income						13 185
Other income						3 239
Finance costs						(7)
Surplus for the period						51 341
						As at 30 June 2018 (Unaudited)
Corporate segment assets	128 495	17 601	495 848	80 658	–	722 602
Corporate unallocated assets						939 314
Total assets						1 661 916
Corporate segment liabilities	155 684	41 624	1 179 289	75 666	–	1 452 263
Corporate unallocated liabilities						26 213
Total liabilities						1 478 476



	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Rupees '000 SIX months period ended 30 June 2017 (Unaudited)
Contribution Receivable (inclusive of FED, federal insurance fee and administrative surcharge)	55 316	13 203	686 011	33 607	–	788 137
Less: Federal excise duty	6 707	1 371	80 233	3 834	–	92 145
Stamp duty	11	631	64	1	–	707
Federal insurance fee	481	111	6 000	295	–	6 887
Gross Written Contribution (inclusive of Administrative surcharge)	48 117	11 090	599 714	29 477	–	688 398
Gross direct contribution	47 434	10 458	466 112	29 439	–	553 443
Administrative surcharge	683	632	133 602	38	–	134 955
Takaful contribution earned	49 725	11 326	465 080	48 078	–	574 209
Takaful contribution ceded to retakaful	44 185	9 635	8 845	26 850	–	89 515
Net contribution revenue	5 540	1 691	456 235	21 228	–	484 694
Rebate from retakaful operator	8 146	2 168	–	3 002	–	13 316
Net underwriting income	13 686	3 859	456 235	24 230	–	498 010
Insurance claims	27 273	(105)	217 319	7 704	–	252 191
Insurance claims recovered from retakaful	24 500	(94)	–	5 644	–	30 050
Net claims	2 773	(11)	217 319	2 060	–	222 141
Wakala fee	12 431	3 964	100 105	12 020	–	128 520
PTF direct expense	3	1	88 498	11	–	88 513
Net insurance claims and expenses	15 207	3 954	405 922	14 091	–	439 174
Underwriting results	(1 521)	(95)	50 313	10 139	–	58 836
Net Investment income						13 965
Other income						2 378
Finance costs						(5)
Surplus for the period						75 174
						As at 31 December 2017 (Audited)
Corporate segment assets	144 120	15 208	410 924	102 854	–	673 106
Corporate unallocated assets						928 907
Total assets						1 602 013
Corporate segment liabilities	202 492	27 378	1 060 658	149 200	–	1 439 728
Corporate unallocated liabilities						22 649
Total liabilities						1 462 377

Rupees '000

Three months
period ended
30 June 2018
(Unaudited)

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	
Contribution Receivable (inclusive of FED, federal insurance fee and administrative surcharge)	21 750	18 259	446 170	12 845	–	499 024
Less: Federal excise duty	2 694	2 036	52 241	1 467	–	58 438
Stamp duty	4	965	41	–	–	1 010
Federal insurance fee	189	151	3 901	113	–	4 354
Gross Written Contribution (inclusive of Administrative surcharge)	18 863	15 107	389 987	11 265	–	435 222
Gross direct contribution	18 509	14 274	324 210	11 252	–	368 245
Administrative surcharge	354	833	65 777	13	–	66 977
Takaful contribution earned	36 146	14 537	363 520	22 003	–	436 206
Takaful contribution ceded to retakaful	31 958	11 376	–	14 647	–	57 981
Net contribution revenue	4 188	3 161	363 520	7 356	–	378 225
Rebate from retakaful operator	1 505	2 559	–	2 290	–	6 354
Net underwriting income	5 693	5 720	363 520	9 646	–	384 579
Insurance claims	36 198	6 279	203 759	22 285	–	268 521
Insurance claims recovered from retakaful	29 857	4 940	(252)	22 097	–	56 642
Net claims	6 341	1 339	204 011	188	–	211 879
Wakala fee	9 047	4 304	98 142	5 500	–	116 993
PTF direct expense	3	3	41 172	6	–	41 184
Net insurance claims and expenses	15 391	5 646	343 325	5 694	–	370 056
Underwriting results	(9 698)	74	20 195	3 952	–	14 523
Net Investment income						7 690
Other income						1 655
Finance cost						(7)
Surplus for the period						23 861



Rupees '000

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Three months period ended 30 June 2017 (Unaudited)
Contribution receivable (inclusive of FED, federal insurance fee and administrative surcharge)	28 430	7 095	377 858	21 587	–	434 970
Less: Federal excise duty	3 432	733	44 181	2 462	–	50 808
Stamp duty	5	310	31	1	–	347
Federal insurance fee	248	60	3 305	189	–	3 802
Gross Written Contribution (inclusive of administrative surcharge)	24 745	5 992	330 341	18 935	–	380 013
Gross direct contribution	24 427	5 674	262 966	18 920	–	311 987
Administrative surcharge	318	318	67 375	15	–	68 026
Takaful contribution earned	26 063	6 247	240 499	22 615	–	295 424
Takaful contribution ceded to retakaful	23 455	5 312	5 005	12 904	–	46 676
Net contribution revenue	2 608	935	235 494	9 711	–	248 748
Rebate from retakaful operator	3 733	1 195	–	1 759	–	6 687
Net underwriting income	6 341	2 130	235 494	11 470	–	255 435
Insurance claims	26 704	187	95 099	1 682	–	123 672
Insurance claims recovered from retakaful	24 019	169	(3 448)	1 216	–	21 956
Net claims	2 685	18	98 547	466	–	101 716
Wakala fee	6 516	2 186	53 503	5 653	–	67 858
PTF direct expense	2	1	50 465	8	–	50 476
Net insurance claims and expenses	9 203	2 205	202 515	6 127	–	220 050
Underwriting results	(2 862)	(75)	32 979	5 343	–	35 385
Net Investment income						10 879
Other income						1 156
Finance cost						(5)
Surplus for the period						47 415

23. Movement in investment

23.1 Operator's Fund

Rupees '000

Name of investment	Held to maturity	Available for sale	Fair value through P & L	Deposit maturing with 12 months	Total
At beginning of previous year	–	20 447	–	15 000	35 447
Additions	–	31 408	–	307 500	338 908
Disposals (sale and redemptions)	–	(21 409)	–	(200 000)	(221 409)
Fair value net gains (excluding net realised gains / losses)	–	36	–	–	36
At beginning of current year	–	30 482	–	122 500	152 982
Additions	–	–	–	423 000	423 000
Disposals (sale and redemptions)	–	(14)	–	(332 500)	(332 514)
Fair value net losses (excluding net realised gains / losses)	–	(529)	–	–	(529)
At end of current year	–	29 939	–	213 000	242 939

23.2 Participants' Takaful Fund

At beginning of previous year	–	385 673	–	94 000	479 673
Additions	–	637 777	–	777 500	1415 277
Disposals (sale and redemptions)	–	(409 987)	–	(771 500)	(1181 487)
Fair value net losses (excluding net realised gains / losses)	–	(6 922)	–	–	(6 922)
Impairment losses	–	–	–	–	–
At beginning of current year	–	606 541	–	100 000	706 541
Additions	–	50 000	–	235 000	285 000
Disposals (sale and redemptions)	–	(86 805)	–	(140 000)	(226 805)
Fair value net losses (excluding net realised gains / losses)	–	(7 538)	–	–	(7 538)
At end of current year	–	562 198	–	195 000	757 198



24. Related party transactions

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

Rupees '000

	Three months period ended 30 June		Six months period ended 30 June	
	2018	2017	2018	2017
24.1 Operator's Fund				
Transactions				
Others				
Expenses paid	–	2	–	2
24.2 Participants' Takaful Funds				
Transactions				
Key management personnel				
Contributions written	3	32	3	70
Claims paid	–	3	–	3
Others				
Investments made	–	29 944	–	29 944
Investments sold	–	30 000	–	30 000

25. Fair value

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

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

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

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

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

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

25.2.1 Operator's Fund

Rupees '000

As at 30 June 2018 (Unaudited)								
	Available for Sale	Loans & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securites	29 939				29 939		29 939	
Financial assets not measured at fair value								
Investments								
Term deposits			213 000		213 000			
Loans and other receivables		2 501			2 501			
Takaful / retakaful receivables		5 182			5 182			
Wakala fees receivable		133 033			133 033			
Modarib fees receivable		6 342			6 342			
Cash and bank balances			73 956		73 956			
	<u>29 939</u>	<u>147 058</u>	<u>73 956</u>	<u>-</u>	<u>463 953</u>	<u>-</u>	<u>29 939</u>	<u>-</u>
Financial liabilities not measured at fair value								
Other creditors and accruals				(56 398)	(56 398)			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56 398)</u>	<u>(56 398)</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2017 (Audited)								
	Available for Sale	Loans & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securities	30 482				30 482		30 482	
Financial assets not measured at fair value								
Investments								
Term deposits			122 500		122 500			
Loans and other receivables		1 432			1 432			
Takaful / retakaful receivables		5 497			5 497			
Wakala fees receivable		115 426			115 426			
Modarib fees receivable		2 843			2 843			
Cash and bank balances			87 764		87 764			
	<u>30 482</u>	<u>125 198</u>	<u>210 264</u>	<u>-</u>	<u>365 944</u>	<u>-</u>	<u>30 482</u>	<u>-</u>
Financial liabilities not measured at fair value								
Other creditors and accruals				(31 382)	(31 382)			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31 382)</u>	<u>(31 382)</u>	<u>-</u>	<u>-</u>	<u>-</u>



25.2.2 Participants Takaful Fund

Rupees '000

As at 30 June 2018 (Unaudited)								
	Available for Sale	Loan & Receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securities	562 198				562 198		562 198	
Financial assets not measured at fair value								
Investments								
Term deposits			195 000		195 000			
Loans and other receivables		14 783			14 783			
Takaful / retakaful receivables		202 353			202 353			
Retakaful recoveries against outstanding claims		82 925			82 925			
Cash and bank balances			160 236		160 236			
	<u>562 198</u>	<u>300 061</u>	<u>355 263</u>	<u>-</u>	<u>1 217 495</u>	<u>-</u>	<u>562 198</u>	<u>-</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR				(385 814)	(385 814)			
Contribution received in advance				(12 243)	(12 243)			
Takaful / retakaful payables				(65 139)	(65 139)			
Wakala fees payable				(133 033)	(133 033)			
Modarib fees payable				(6 342)	(6 342)			
Other creditors and accruals				(19 889)	(19 889)			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(622 460)</u>	<u>(622 460)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Rupees '000

As at 31 December 2017 (Audited)

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



26. Corresponding Figures

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

27. General

- 27.1 Figures in these condensed interim financial statements for the quarter ended 30 June 2018 and 30 June 2017 have been subjected to limited scope review of the auditors.
- 27.2 The effects of changes stated in note 4.1 have been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2017 and 01 January 2018 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

28. Date of authorisation for issue of financial statements

These condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 18 August 2018.

SAAD ALI BHIMJEE
Director

MOHAMMED IQBAL MANKANI
Director

ALTAF GOKAL
Chief Financial Officer &
Corporate Secretary

HASANALI ABDULLAH
Managing Director &
Chief Executive

TAHER G. SACHAK
Director
Chairman of the Meeting








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