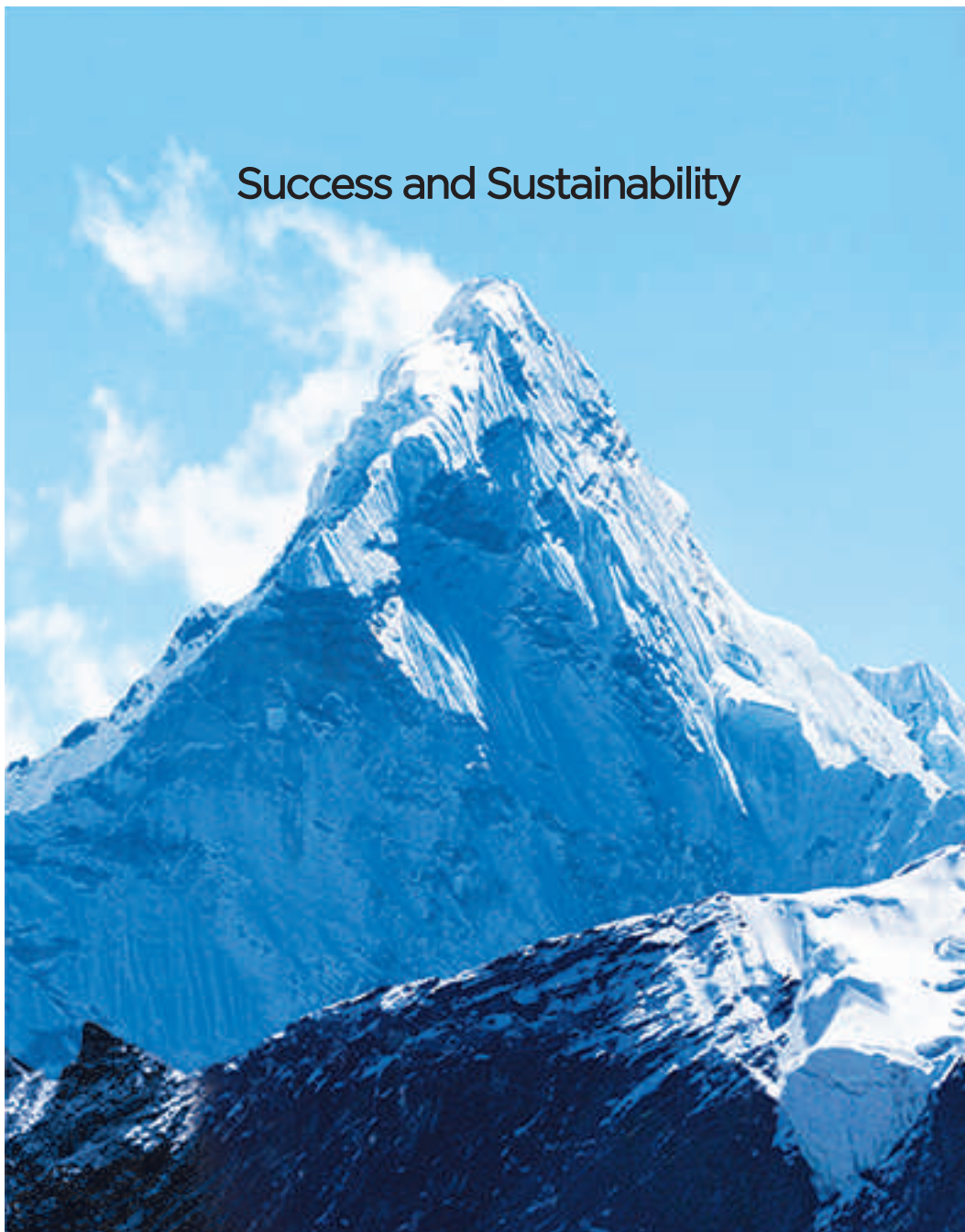


Success and Sustainability



GENERAL

Report (Un-Audited)
Second Quarter 2019

EFU GENERAL INSURANCE LTD.



EFU GENERAL INSURANCE LTD.

 efuinsurance.com

INSURER FINANCIAL STRENGTH

AA+
Outlook Stable
JCR-VIS

AA+
Outlook Stable
PACRA

B+
Outlook Positive
A.M.BEST

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Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Abdul Rehman Haji Habib

Taher G. Sachak

Ali Raza Siddiqui

Mohammed Iqbal Mankani

Mahmood Lotia

Saad Bhimjee

Daanish Bhimjee

Chief Financial Officer

Altaf Qamruddin Gokal, F.C.A.

Company Secretary

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

Legal Advisor

Mohammad Ali Sayeed

Advisors

Jaffer Dossa

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

S.C. (Hamid) Subjally

Shaukat Saeed Ahmed

Syed Mehdi Imam, M.A.

Shari'ah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Mohammed Iqbal Mankani

Taher G. Sachak

Ali Raza Siddiqui

Daanish Bhimjee

Investment Committee

Saifuddin N. Zoomkawala

Hasanali Abdullah

Daanish Bhimjee

Altaf Qamruddin Gokal

Atif Anwar

Ethics, Human Resource & Remuneration Committee

Saifuddin N. Zoomkawala

Hasanali Abdullah

Mohammed Iqbal Mankani

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Sheikh Sultan Trust Building No. 2

Beaumont Road

Karachi

Registrar

CDC Share Registrar Services Limited

CDC House, 99-B, Block B

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

Karachi - 74400

Website

www.efuinsurance.com

Email

info@efuinsurance.com

Registered Office

Kamran Centre, 1st Floor

85, East, Jinnah Avenue

Blue Area

Islamabad

Main Offices

EFU House

M. A. Jinnah Road

Karachi

Co-operative Insurance Building

23, Shakrah-e-Quaid-e-Azam

Lahore

Window Takaful Operations

5th Floor, EFU House

M. A. Jinnah Road

Karachi

Directors' Review

We are pleased to present the unaudited financial statements for the six months period ended 30 June 2019.

The Written Premium (including Takaful) for the six months period was Rs. 10,083 million (Takaful Contribution Rs. 1,102 million) as against Rs. 9,976 million (Takaful Contribution Rs. 871 million) for corresponding period of last year. The Net Premium Revenue for the six months period (including Takaful Net Contribution Revenue) was Rs. 4,564 million as against Rs. 4,410 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue was 46 % as compared to 43 % for the corresponding period of last year.

Investment income (including rental and other income) for the six months period increased by 5 % to Rs. 1,079 million compared to Rs. 1,028 million for the corresponding period of last year.

The after tax profit for the six months period was Rs. 784 million compared to Rs. 1,011 million in the corresponding period last year.

The earning per share for the period were Rs. 3.92 against Rs. 5.06 in the corresponding period of last year.

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

Your company will strive to remain competitive to drive through the economic challenges, improve profitability and provide better returns to its shareholders.

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

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

ڈائریکٹرز رپویو

(یہ انگریزی ڈائریکٹرز رپویو کا ترجمہ ہے)

ہم بمسرت آپ کی خدمت میں ۳۰ جون ۲۰۱۹ء کو ختم ہونے والی ششماہی مدت کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اس ششماہی مدت کے دوران تحریری پریمیم ۱۰،۰۸۳ ملین روپے رہا (بشمول تکافل کنٹری بیوشن ۱،۱۰۲ ملین روپے) جبکہ گزشتہ سال کی اسی مدت کے دوران یہ حجم ۹،۹۷۶ ملین روپے (بشمول تکافل کنٹری بیوشن ۸۷۱ ملین روپے) تھا۔ ششماہی مدت کیلئے خالص پریمیم آمدن (بشمول خالص تکافل کنٹری بیوشن آمدن) ۴،۵۶۲ ملین روپے رہے جو گزشتہ سال کی اسی مدت کے لئے ۴،۲۱۰ ملین روپے رہا تھا۔ مجموعی پریمیم ریونیو کیلئے مجموعی کلیمز کا تناسب ۴۶ فیصد رہا جو گزشتہ سال کی اسی مدت کے لئے ۴۳ فیصد تھا۔

سرمایہ کاری کی آمدنی (بشمول ریٹیل اور دیگر آمدنی) برائے ششماہی مدت ۵ فیصد بڑھ کر ۱،۰۷۹ ملین روپے ہوگئی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران ۱،۰۲۸ ملین روپے تھی۔

اس ششماہی مدت کیلئے بعد از ٹیکس منافع ۸۴ ملین روپے رہا، جبکہ گزشتہ سال اسی مدت میں ۱،۰۱۱ ملین روپے تھا۔

اس مدت میں آمدنی فی شیئر ۳۶۹۲ روپے رہی جو گزشتہ سال اسی مدت میں ۵۶۰۶ روپے تھی۔

آپ کے ڈائریکٹرز بمسرت سال ۲۰۱۹ کے لئے دوسرے عبوری نقد منافع منقسمہ بشرح ۱۵۰ روپے (۱۵ فیصد) فی شیئر کا اعلان کر رہے ہیں۔

آپ کی کمپنی اقتصادی چیلنجز سے نمٹنے، منافع جات میں اضافے اور اپنے شیئر ہولڈرز کو بہترین منافع فراہم کرنے کے سلسلے میں اپنی کوششیں جاری رکھے گی۔

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

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

سیف الدین این۔ زومکا والا
چیئر مین

حسن علی عبداللہ
ٹیچنگ ڈائریکٹر و چیف ایگزیکٹو

محمود لوٹیا
ڈائریکٹر

طاہر جی۔ ساچک
ڈائریکٹر

کراچی، ۲۴ اگست ۲۰۱۹ء

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 2019 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 2019 and 30 June 2018 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 engagement resulting in this independent auditor's review report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Muhammad Taufiq

Karachi 28 August 2019

Independent Auditor's Review Report To the members of EFU General Insurance Limited - Window Takaful Operations 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 2019 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 2019 and 30 June 2018 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 engagement resulting in this independent auditor's review report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Muhammad Taufiq

Karachi 28 August 2019

Unconsolidated Condensed Interim Statement of Financial Position As at 30 June 2019 (Unaudited)

Rupees '000

	Note	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Assets			
Property and equipment	6	2 813 459	2 615 648
Investment property	7	1 902 743	1 879 093
Investment in subsidiary	8	10 000 386	9 897 937
Investments			
Equity securities	9	3 563 630	4 970 478
Debt securities	10	7 760 414	8 228 784
Term deposits	28	459 375	506 607
Loans and other receivables	11	137 253	100 271
Insurance / reinsurance receivables	12	4 025 214	3 577 054
Reinsurance recoveries against outstanding claims	19	3 647 854	3 363 439
Salvage recoveries accrued		57 112	42 306
Deferred commission expense	20	739 174	600 740
Retirement benefits		11 165	–
Taxation - payments less provisions		23 978	–
Prepayments	13	5 205 268	5 198 902
Cash and bank	14	940 291	1 266 562
		<u>41 287 316</u>	<u>42 247 821</u>
Total assets of window takaful operations - Operator's Fund		<u>711 008</u>	<u>621 302</u>
Total assets		<u><u>41 998 324</u></u>	<u><u>42 869 123</u></u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	15	15 297 889	14 522 985
Unappropriated profit		577 007	2 775 470
Total equity		17 874 896	19 298 455
Surplus on revaluation of property and equipment		859 084	859 097
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	19	5 732 258	5 176 757
Unearned premium reserves	18	8 065 880	8 354 109
Unearned reinsurance commission	20	391 844	394 848
Retirement benefit obligations		–	62 704
Deferred taxation		420 503	824 875
Premium received in advance		192 886	56 514
Insurance / reinsurance payables		5 788 307	5 333 106
Other creditors and accruals	16	2 256 742	2 054 552
Taxation - provision less payment		–	46 595
Total liabilities		<u>22 848 420</u>	<u>22 304 060</u>
		<u>41 582 400</u>	<u>42 461 612</u>
Total liabilities of window takaful operations - Operator's Fund		<u>415 924</u>	<u>407 511</u>
Total equity and liabilities		<u><u>41 998 324</u></u>	<u><u>42 869 123</u></u>
Contingencies and commitments	17		

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

Unconsolidated Condensed Interim Profit and Loss Account
For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Note	Three months period ended		Six months period ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Net insurance premium	18	1 797 010	1 807 439	3 621 571	3 673 225
Net insurance claims	19	(895 564)	(809 003)	(1 674 450)	(1 560 285)
Net commission and other acquisition cost	20	(198 512)	(145 926)	(369 417)	(337 072)
Insurance claims and acquisition expenses		(1 094 076)	(954 929)	(2 043 867)	(1 897 357)
Management expenses		(756 595)	(619 555)	(1 423 146)	(1 271 372)
Underwriting results		(53 661)	232 955	154 558	504 496
Investment income	21	689 003	722 509	902 553	911 235
Rental income		23 908	30 652	53 351	49 995
Other income	22	74 273	33 787	122 939	66 575
Other expenses		(14 302)	(13 373)	(36 195)	(32 787)
		772 882	773 575	1 042 648	995 018
Results of operating activities		719 221	1 006 530	1 197 206	1 499 514
Finance cost		(8 412)	–	(8 412)	–
Profit from window takaful operations - Operator's Fund	23	35 071	20 144	88 216	53 230
Profit before tax		745 880	1 026 674	1 277 010	1 552 744
Income tax expense	24	(332 767)	(381 327)	(492 789)	(541 502)
Profit after tax		413 113	645 347	784 221	1 011 242
Earnings (after tax) per share - Rupees	25	2.07	3.23	3.92	5.06

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

Unconsolidated Condensed Interim Statement of Comprehensive Income For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Profit after tax	413 113	645 347	784 221	1 011 242
Other comprehensive income				
Total items that may be reclassified subsequently to profit and loss account				
Unrealized loss on available-for-sale investments during the period	(923 409)	(751 143)	(1 185 534)	(163 723)
Reclassification adjustments relating to available-for-sale investments disposed of during the period	–	9 379	2 543	9 379
Unrealized (loss) / gain on available-for-sale investments during the period of subsidiary company	(42 524)	2 255 518	90 747	2 516 304
Total unrealized (loss) / gain on available-for-sale investments	(965 933)	1 513 754	(1 092 244)	2 361 960
Deferred tax on available-for-sale investments	242 873	260 061	343 067	83 835
Deferred tax on available-for-sale investments of subsidiary company	125 506	(602 306)	92 188	(680 272)
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(494)	32	(804)	(377)
	(598 048)	1 171 541	(657 793)	1 765 146
Item not to be reclassified to profit and loss account in subsequent periods:				
Effect of change in tax rates on actuarial losses on defined benefit funds	1 340	–	–	–
Effect of change in tax rates on balance of revaluation on property and equipment	(12 100)	–	–	–
	(10 760)	–	–	–
Other comprehensive income	(608 808)	1 171 541	(657 793)	1 765 146
Total comprehensive income for the period	(195 695)	1 816 888	126 428	2 776 388

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

Unconsolidated Condensed Interim Cash Flow Statement For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	2019	2018
Operating cash flows		
a) Underwriting activities		
Insurance premium received	8 694 578	8 472 175
Reinsurance premium paid	(5 198 545)	(5 074 164)
Claims paid	(2 386 581)	(2 547 559)
Reinsurance and other recoveries received	943 219	938 486
Commission paid	(820 343)	(745 627)
Commission received	398 758	392 226
Management expenses paid	(1 299 668)	(1 179 770)
Net cash flow from underwriting activities	331 418	255 767
b) Other operating activities		
Income tax paid	(506 894)	(446 614)
Other operating payments	(113 874)	(91 564)
Other operating receipts	41 158	25 083
Loans advanced	(397)	(2 459)
Loans repayments received	1 299	3 568
Net cash flow from other operating activities	(578 708)	(511 986)
Total cash flow used in all operating activities	(247 290)	(256 219)
Investment activities		
Profit / return received	520 822	347 029
Dividend received	658 377	683 848
Rentals received	75 630	23 930
Payment for investments / investment properties	(20 730 748)	(18 152 222)
Proceeds from investments / investment properties	21 261 632	18 740 685
Fixed capital expenditures	(383 209)	(180 254)
Proceeds from sale of property and equipment	28 978	19 230
Total cash flow from investing activities	1 431 482	1 482 246
Total cash flow used in financing activities - Dividends paid	(1 510 463)	(1 408 515)
Net cash flow used in all activities	(326 271)	(182 488)
Cash and cash equivalents at the beginning of period	1 266 562	1 164 209
Cash and cash equivalents at the end of period	940 291	981 721
Reconciliation to profit and loss account		
Operating cash flows	(247 290)	(256 219)
Depreciation / amortization expense	(178 676)	(132 742)
Profit on disposal of property and equipment	22 256	16 249
Rental income	53 351	49 995
Dividend Income	654 872	680 133
Other investment income	247 681	231 102
Profit on deposit	63 055	34 000
Other income	37 628	16 326
Increase / (decrease) in assets other than cash	986 511	(271 113)
(Decrease) / increase in liabilities other than borrowings	(943 384)	590 281
Profit after tax from conventional insurance operations	696 004	958 012
Profit from window takaful operations - Operator's Fund	88 217	53 230
Profit after tax	784 221	1 011 242

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

Unconsolidated Condensed Interim Statement of Changes in Equity For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company						Total (Restated)
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves		Unappropri- ated profit	
				Unrealized gain / (loss) on revaluation of available- for-sale investment-net	Unrealized gain on fair value of investment property		
Balance as at 01 January 2018 (restated)	2 000 000	12 902	13 000 000	1 437 933	1 188 133	3 202 317	20 841 285
Total comprehensive income for the period ended 30 June 2018							
Profit after tax				1 765 146		1 011 242	1 011 242
Other comprehensive income				1 765 146		1 011 242	1 765 146
Transactions with owners recorded directly in equity							
Final dividend for the year 2017 at the rate of Rs. 6.25 (62.50%) per share						(1 250 000)	(1 250 000)
1st Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.50%) per share						(250 000)	(250 000)
Other transfer within equity							
Transfer to general reserve			500 000			(500 000)	-
Balance as at 30 June 2018 (restated)	<u>2 000 000</u>	<u>12 902</u>	<u>13 500 000</u>	<u>3 203 079</u>	<u>1 188 133</u>	<u>2 213 559</u>	<u>22 117 673</u>
Balance as at 01 January 2019	2 000 000	12 902	13 500 000	(269 657)	1 279 740	2 775 470	19 298 455
Total comprehensive income for the period ended 30 June 2019							
Profit after tax				(657 793)	(67 303)	851 524	784 221
Other comprehensive income				(657 793)	(67 303)	-	(657 793)
Transactions with owners recorded directly in equity							
Final dividend for the year 2018 at the rate of Rs. 6.25 (62.50%) per share						(1 250 000)	(1 250 000)
1st Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax						13	13
Other transfer within equity							
Transfer to general reserve			1 500 000			(1 500 000)	-
Balance as at 30 June 2019	<u>2 000 000</u>	<u>12 902</u>	<u>15 000 000</u>	<u>(927 450)</u>	<u>1 212 437</u>	<u>577 007</u>	<u>17 874 896</u>

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

Notes to the Unconsolidated Condensed Interim Financial Statements For the six months period ended 30 June 2019 (Unaudited)

1. Legal status and nature of business

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

The registered office of the Company is situated at Kamran Centre, 1st Floor 85, East, Jinnah Avenue Blue Area Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Company operates through 54 (2018: 52) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

2. Basis of preparation and statement of compliance

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

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

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

Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and 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, and 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 statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these unconsolidated condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012.

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year

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

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

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

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

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

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

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

Rupees '000

Financial assets	30 June 2019 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or loss during the period	Carrying value	Cost less Impairment	Change in unrealized gain or loss during the period
Cash and bank*	940 291	-	-	-	-
Investment in subsidiary - available-for-sale	10 000 386	90 747	-	-	-
Investments in equity securities - available-for-sale	3 563 630	(1 182 991)	-	-	-
Investments in debt securities - available-for-sale	-	-	7 788 211	-	21 889
Term Deposits	-	-	459 375	-	-
Loans and other receivables*	133 372	-	3 881	-	-
Total	14 637 679	(1 092 244)	8 251 467	-	21 889

Rupees '000

30 June 2019 (Unaudited)						
Gross carrying amounts of debt instruments that pass the SPPI test						
	AAA	AA+	AA	AA-	A	Unrated
Investments in debt securities - available-for-sale	–	100 000	50 234	100 000	80 000	7 430 180
Term deposits	180 325	115 050	–	164 000	–	–
Total	180 325	215 050	50 234	264 000	80 000	7 430 180

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

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of unconsolidated condensed interim financial statements are consistent with those followed in preparation of the annual unconsolidated financial statement of the Company for the year ended 31 December 2018 except accounting for leases as disclosed in note 3.1.

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

3.1 Change in accounting policy

During the period Company has adopted IFRS 16 'Leases'. IFRS 16 introduced a single balance sheet accounting model for lessees. As a result, the Company as a lessee, has recognized right-of-use assets representing its rights-to-use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company recognized right-of-use asset and lease liability at the lease commencement date the right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company incremental borrowing rate. The Company has applied incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from the change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, change in the assessment of whether a purchase or extension option is reasonably certain to be exercised.

The Company has applied judgment to determine the lease term for some lease contract which includes renewal options to the lessee.

The Company has applied IFRS 16 Modified approach, therefore, the comparative information has not been restated. i.e. it is presented as previously reported under IAS 17 and related interpretations.

The leases run between one year to thirty-five years. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 01 January 2019.

Summary of the effect of this change in accounting policy is as follows

Rupees '000

Impact on Statement of Financial Position	
Increase in fixed assets - right-of-use assets	151 208
Decrease in other assets (advance rent)	6 430
Increase in other liabilities - lease liability against right-of-use assets	151 700
Decrease in net asset - before tax	6 922
Impact on Profit and Loss Account	
Increase in finance cost - lease liabilities	8 412
Increase / decrease in management expenses	
Increase depreciation expense - right-of-use assets	22 384
Decrease in rent expense	23 874

4. Accounting estimates, judgements and management of insurance and financial risk

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

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

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

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

The Board of Directors in its meeting held on 24 August 2019 have announced a second interim cash dividend in respect of the year ended 31 December 2019 of Rs. 1.50 per share, 15.00 % (2018: Rs. 1.25 per share, 12.50 %). These unconsolidated condensed interim financial statements for the six months period ended 30 June 2019 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

6. Property and equipment

The details of additions and disposals during the six months period ended 30 June 2019 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Buildings	69 169	39 693	–	–
Furniture and fixtures	30 835	26 622	–	–
Office equipment	3 131	8 179	–	–
Tracker equipment	26 412	38 471	–	–
Computers	10 419	15 738	–	–
Vehicles	69 325	47 981	6 723	2 981
Capital work-in-progress	436	3 570	–	–
	<u>209 727</u>	<u>180 254</u>	<u>6 723</u>	<u>2 981</u>

7. Investment property

Rupees '000

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Opening net book value	1 879 093	1 847 093
Additions and capital improvements	23 650	21 319
Unrealized fair value gain	–	10 681
Closing book value	<u>1 902 743</u>	<u>1 879 093</u>

8. Investment in subsidiary

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	12 872 264	–	12 872 264	12 860 562	–	12 860 562
Deficit on revaluation	–	–	(2 871 878)	–	–	(2 962 625)
	<u>12 872 264</u>	<u>–</u>	<u>10 000 386</u>	<u>12 860 562</u>	<u>–</u>	<u>9 897 937</u>

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

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party*						
Listed shares	396 298	(106 219)	290 079	444 664	(20 874)	423 790
Others						
Listed shares	1 796 569	(134 165)	1 662 404	1 782 451	(51 790)	1 730 661
Unlisted shares	15 500	–	15 500	15 500	–	15 500
	1 812 069	(134 165)	1 677 904	1 797 951	(51 790)	1 746 161
Surplus on revaluation	–	–	1 595 647	–	–	2 800 527
	<u>2 208 367</u>	<u>(240 384)</u>	<u>3 563 630</u>	<u>2 242 615</u>	<u>(72 664)</u>	<u>4 970 478</u>

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

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

Rupees '000

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government Securities	7 458 211	–	7 458 211	8 098 470	–	8 098 470
Term Finance Certificates	244 118	(44 118)	200 000	144 118	(44 118)	100 000
Corporate Sukuks	130 000	–	130 000	80 000	–	80 000
Deficit on revaluation	–	–	(27 797)	–	–	(49 686)
	<u>7 832 329</u>	<u>(44 118)</u>	<u>7 760 414</u>	<u>8 322 588</u>	<u>(44 118)</u>	<u>8 228 784</u>

11. Loans and other receivables – considered good

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Loans to employees	3 881	4 783
Accrued investment income	20 755	23 493
Security deposits	10 211	8 746
Advances to suppliers	15 331	35 509
Advances to employees	6 870	5 245
Federal excise duty and sales tax	48 811	–
Other receivables	31 394	22 495
	<u>137 253</u>	<u>100 271</u>

12. Insurance / reinsurance receivables – unsecured and considered good

Due from insurance contract holders	4 165 204	3 639 468
Provision for impairment of receivables from insurance contract holders	(172 020)	(69 251)
	<u>3 993 184</u>	<u>3 570 217</u>
Due from other insurer / reinsurers	32 030	6 837
	<u>4 025 214</u>	<u>3 577 054</u>

13. Prepayments

Prepaid reinsurance premium ceded	5 079 196	5 073 281
Prepaid rent	–	17 398
Others	126 072	108 223
	<u>5 205 268</u>	<u>5 198 902</u>

Rupees '000

	Note	30 June 2019 (Unaudited)	31 December 2018 (Audited)
14. Cash and bank			
Cash and cash equivalents			
Cash in hand		–	6
Policy and revenue stamps, bond papers		23 027	12 375
		23 027	12 381
Cash at bank			
Current accounts		165 323	260 780
Saving accounts		751 941	993 401
		917 264	1 254 181
		<u>940 291</u>	<u>1 266 562</u>
15. Reserves			
Capital reserve			
Reserve for exceptional losses	15.1	12 902	12 902
Revenue reserves			
General reserve		15 000 000	13 500 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(927 450)	(269 657)
Reserve for change in fair value of investment property - net		1 212 437	1 279 740
		<u>15 297 889</u>	<u>14 522 985</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 2019 (Unaudited)	31 December 2018 (Audited)
Federal insurance fee payable	12 897	9 439
Federal excise duty and sales tax payable	–	117 355
Accrued expenses	187 513	240 272
Agent commission payable	596 532	507 253
Unearned rentals	95 536	73 257
Other deposits	885 870	826 968
Unclaimed dividends	301 875	262 338
Lease liability	151 700	–
Others	24 819	17 670
	<u>2 256 742</u>	<u>2 054 552</u>

17. Contingencies and commitments

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

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

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

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

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

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

The Commissioner, Inland Revenue (Audit) has made an assessment order for tax year 2018 by adding Service charges income. The Company had filed an appeal before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) had remanded back the matter to the concerned officer. If the appeal is decided against the Company a tax liability of Rs. 6 million would arise.

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

17.2 In 2014, 2015, 2016, 2017 and 2018, the Searle Company Limited issued bonus shares (453,612, 312,993, 664,632, 472,284 and 443,697 shares, respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981, 24,857 and 21,360 shares respectively). In this regard, a constitutional petition had been filed by the Company in Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Company. The Honourable High Court of Sindh decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Company has not paid / provided an amount of Rs. 37 million being withholding tax on bonus shares.

17.3 There are no commitments as at 30 June 2019 (31 December 2018: Nil).

18. Net insurance premium

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Written gross premium	3 435 042	3 813 189	8 981 173	9 104 965
Unearned premium reserve - opening	9 283 962	8 812 802	8 354 109	8 496 686
Unearned premium reserve - closing	(8 065 880)	(7 872 446)	(8 065 880)	(7 872 446)
Premium earned	4 653 124	4 753 545	9 269 402	9 729 205
Less:				
Reinsurance premium ceded	2 299 374	2 400 881	5 653 746	5 605 859
Prepaid reinsurance premium - opening	5 635 936	5 207 187	5 073 281	5 112 083
Prepaid reinsurance premium - closing	(5 079 196)	(4 661 962)	(5 079 196)	(4 661 962)
Reinsurance expense	2 856 114	2 946 106	5 647 831	6 055 980
	<u>1 797 010</u>	<u>1 807 439</u>	<u>3 621 571</u>	<u>3 673 225</u>
19. Net insurance claims expense				
Claim Paid	1 195 170	1 209 761	2 371 776	2 531 286
Outstanding claims including IBNR - closing	5 732 258	5 097 810	5 732 258	5 097 810
Outstanding claims including IBNR - opening	(5 362 097)	(5 023 052)	(5 176 757)	(5 572 347)
Claims expense	1 565 331	1 284 519	2 927 277	2 056 749
Less:				
Reinsurance and other recoveries received	464 019	412 711	968 412	932 064
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 442 106)	(3 040 167)	(3 363 439)	(3 538 572)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 647 854	3 102 972	3 647 854	3 102 972
Reinsurance and other recoveries revenue	669 767	475 516	1 252 827	496 464
	<u>895 564</u>	<u>809 003</u>	<u>1 674 450</u>	<u>1 560 285</u>

20. Net commission expense

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Commission paid or payable	501 332	291 105	909 613	652 052
Deferred commission expense - opening	652 920	642 272	600 740	689 587
Deferred commission expense - closing	(739 174)	(537 207)	(739 174)	(537 207)
Net commission	415 078	396 170	771 179	804 432
Less:				
Commission received or recoverable	152 571	110 717	398 758	392 227
Unearned reinsurance commission - opening	455 839	526 010	394 848	461 616
Unearned reinsurance commission - closing	(391 844)	(386 483)	(391 844)	(386 483)
Commission from reinsurers	216 566	250 244	401 762	467 360
	<u>198 512</u>	<u>145 926</u>	<u>369 417</u>	<u>337 072</u>
21. Investment income				
Income from equity securities - available-for-sale				
Dividend income	616 554	617 371	654 872	680 133
Income from debt securities - available-for-sale				
Return on debt securities	211 297	127 182	413 015	250 787
Income from term deposits				
Return on term deposits	4 011	2 601	8 090	5 986
Net realized gains / (losses) on investments	831 862	747 154	1 075 977	936 906
Available-for-sale financial assets				
Realized gains on:				
Equity securities	1 718	7 555	7 920	7 828
Realized losses on:				
Equity securities	-	(16 875)	(3 659)	(17 972)
	<u>1 718</u>	<u>(9 320)</u>	<u>4 261</u>	<u>(10 144)</u>
	833 580	737 834	1 080 238	926 762
Impairment in value of available-for-sale equity securities	(144 377)	(14 924)	(177 485)	(14 924)
Investment related expenses	(200)	(401)	(200)	(603)
Total Investment income	<u>689 003</u>	<u>722 509</u>	<u>902 553</u>	<u>911 235</u>

22. Other income

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Gain on sale of fixed assets	8 270	7 962	22 256	16 249
Return on loans to employees	74	81	161	173
Exchange gains	33 962	8 528	37 467	16 153
Return on bank balances	31 967	17 216	63 055	34 000
	<u>74 273</u>	<u>33 787</u>	<u>122 939</u>	<u>66 575</u>
23. Window takaful operations – Operator’s Fund				
Wakala fee	166 338	116 993	321 885	224 926
Management expenses	(88 887)	(63 980)	(150 153)	(109 234)
Commission expense	(57 707)	(39 355)	(111 942)	(74 122)
Investment income	13 230	5 295	22 271	9 131
Other income	2 759	1 438	7 017	2 976
Other expenses	(662)	(247)	(862)	(447)
	<u>35 071</u>	<u>20 144</u>	<u>88 216</u>	<u>53 230</u>
24. Taxation				
Current	299 423	405 538	461 978	575 328
Deferred	33 344	(126 503)	30 811	(136 118)
	<u>332 767</u>	<u>279 035</u>	<u>492 789</u>	<u>439 210</u>
For prior year(s) Super tax	–	102 292	–	102 292
	<u>332 767</u>	<u>381 327</u>	<u>492 789</u>	<u>541 502</u>
25. Earnings per share - basic and diluted				
Profit after tax (Rupees '000)	<u>413 113</u>	<u>645 347</u>	<u>784 221</u>	<u>1 011 242</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>2.07</u>	<u>3.23</u>	<u>3.92</u>	<u>5.06</u>

26. Related party transactions

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

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Transactions				
Subsidiary company				
Premium written	1 569	2 366	39 543	19 028
Premium paid	–	295	9 059	8 472
Claims paid	3 326	2 314	7 398	4 703
Dividend received	554 271	542 401	554 271	542 401
Dividend paid	36 277	35 107	36 277	35 107
Associated companies				
Premium written	47 924	74 586	205 384	203 039
Premium paid	(651)	8 403	18 138	28 144
Claims paid	33 486	29 292	63 623	137 357
Dividend paid	460 381	436 268	460 381	436 268
Bank deposit (withdrawn) / made	(25 000)	75 000	(50 000)	50 000
Key management personnel				
Premium written	4	60	189	250
Dividend paid	6 577	6 309	6 577	6 309
Compensation	57 490	50 618	102 418	91 374
Others				
Premium written	165 888	116 588	171 902	120 220
Claims paid	12 051	1 612	13 043	3 169
Dividend paid	480 258	458 220	480 258	458 220
Brokerage paid	3	236	42	236
Employees' funds				
Contribution to provident fund	7 518	5 772	13 852	12 144
Contribution to gratuity fund	7 200	4 886	14 458	9 771
Contribution to pension fund	(694)	878	(1 388)	1 852
Dividend paid	7 989	7 731	7 989	7 731
			30 June 2019 (Unaudited)	31 December 2018 (Audited)
Balances				
Others				
Balances receivable			125 416	24 691
Balances payable			(61)	(2 571)
Deposits maturing within 12 months			129 000	179 000
Bank balances			84 123	144 496
Employees' funds receivable / (payable)				
EFU gratuity fund			(14 458)	(86 847)
EFU pension fund			25 623	24 143

27. Segment Information

Rupees '000

Current period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	Six months period ended 30 June 2019 (Unaudited)
Premium receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	5 681 570	1 789 470	1 900 411	1 007 229	-	10 378 680
Less: Federal excise duty	695 771	191 884	228 478	119 470	-	1 235 603
Stamp duty	219	70 591	638	655	-	72 103
Federal insurance fee	49 362	15 105	16 550	8 784	-	89 801
Gross written premium (inclusive of Administrative surcharge)	4 936 218	1 511 890	1 654 745	878 320	-	8 981 173
Gross direct premium	4 920 820	1 485 975	1 506 454	866 843	-	8 780 092
Facultative inward premium	-	1 238	-	-	-	1 238
Administrative surcharge	15 398	24 677	148 291	11 477	-	199 843
Insurance premium earned	5 559 543	1 175 836	1 757 975	776 048	-	9 269 402
Insurance premium ceded to reinsurers	4 702 399	438 367	4 968	502 097	-	5 647 831
Net insurance premium	857 144	737 469	1 753 007	273 951	-	3 621 571
Commission income	290 117	6 812	-	104 833	-	401 762
Net underwriting income	1 147 261	744 281	1 753 007	378 784	-	4 023 333
Insurance claims	1 063 527	621 314	962 619	279 817	-	2 927 277
Insurance claims recovered from reinsurers	768 603	314 104	(12)	170 132	-	1 252 827
Net claims	(294 924)	(307 210)	(962 631)	(109 685)	-	(1 674 450)
Commission expense	(426 506)	(129 106)	(150 796)	(64 771)	-	(771 179)
Management expenses	(376 554)	(263 427)	(674 638)	(108 527)	-	(1 423 146)
Net insurance claims and expenses	(1 097 984)	(699 743)	(1 788 065)	(282 983)	-	(3 868 775)
Underwriting result	49 277	44 538	(35 058)	95 801	-	154 558
Net investment income						902 553
Rental income						53 351
Other income						122 939
Other expenses						(36 195)
Finance cost						(8 412)
Profit from window takaful operations - Operator's Fund						88 216
Profit before tax						1 277 010
						As at 30 June 2019 (Unaudited)
Corporate segment assets	9 869 090	1 991 006	815 715	1 200 766	-	13 876 577
Corporate segment assets - Takaful OPF	30 168	6 043	196 244	4 030	-	236 485
Corporate unallocated assets						27 410 739
Corporate unallocated assets - Takaful OPF						474 523
Total assets						41 998 324
Corporate segment liabilities	13 215 965	2 887 200	2 415 713	3 134 689	-	21 653 567
Corporate segment liabilities - Takaful OPF	30 890	6 279	352 733	4 628	-	394 530
Corporate unallocated liabilities						1 194 853
Corporate unallocated liabilities - Takaful OPF						21 394
Total liabilities						23 264 344
Location	External premium less reinsurance by geographical segments 2019					
Pakistan	3 618 144					
* EPZ	3 427					
Total	3 621 571					

* This represents US Dollar Equivalent in Pak Rupees

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	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	(347 785)	(240 758)	(581 781)	(101 048)	-	(1 271 372)
Net insurance claims and expenses	(1 183 366)	(624 560)	(1 567 545)	(260 618)	-	(3 636 089)
Underwriting result	89 751	143 499	125 150	146 096	-	504 496
Net investment income						911 235
Rental income						49 995
Other income						66 575
Other expenses						(32 787)
Profit from window takaful operations - Operator's Fund						53 230
Profit before tax						1 552 744
						As at 31 December 2018 (Audited)
Corporate segment assets	9 872 846	1 065 081	566 140	1 173 896	-	12 677 963
Corporate segment assets - Takaful OPF	43 226	9 011	271 746	16 810	-	340 793
Corporate unallocated assets						29 569 858
Corporate unallocated assets - Takaful OPF						280 509
Total assets						42 869 123
Corporate segment liabilities	13 582 908	1 884 044	2 413 449	2 769 154	-	20 649 555
Corporate segment liabilities - Takaful OPF	39 704	8 149	308 033	11 345	-	367 231
Corporate unallocated liabilities						1 654 505
Corporate unallocated liabilities - Takaful OPF						40 280
Total liabilities						22 711 571
	External premium less reinsurance by geographical segments 2018					
Location						
Pakistan	3 666 352					
* EPZ	6 873					
Total	3 673 225					

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

Current period	Fire and property damage	Marine, aviation and transport	Motor	Misce- llaneous	Treaty	Three months period ended 30 June 2019 (Unaudited)
Premium receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	1 676 612	1 103 375	784 404	378 999	-	3 943 390
Less: Federal excise duty	176 965	121 614	94 321	46 212	-	439 112
Stamp duty	86	34 176	281	343	-	34 886
Federal insurance fee	14 847	9 381	6 831	3 291	-	34 350
Gross written premium (inclusive of Administrative surcharge)	1 484 714	938 204	682 971	329 153	-	3 435 042
Gross direct premium	1 478 585	926 119	609 531	325 038	-	3 339 273
Administrative surcharge	6 129	12 085	73 440	4 115	-	95 769
Insurance premium earned	2 782 899	599 009	877 789	393 427	-	4 653 124
Insurance premium ceded to reinsurers	2 364 290	237 243	2 083	252 498	-	2 856 114
Net insurance premium	418 609	361 766	875 706	140 929	-	1 797 010
Commission income	161 363	3 138	-	52 065	-	216 566
Net underwriting income	579 972	364 904	875 706	192 994	-	2 013 576
Insurance claims	573 725	366 685	488 060	136 861	-	1 565 331
Insurance claims recovered from reinsurers	426 801	164 622	(12)	78 356	-	669 767
Net claims	(146 924)	(202 063)	(488 072)	(58 505)	-	(895 564)
Commission expense	(240 306)	(65 207)	(76 406)	(33 159)	-	(415 078)
Management expenses	(208 631)	(138 403)	(351 568)	(57 993)	-	(756 595)
Net insurance claims and expenses	(595 861)	(405 673)	(916 046)	(149 657)	-	(2 067 237)
Underwriting result	(15 889)	(40 769)	(40 340)	43 337	-	(53 661)
Net investment income						689 003
Rental income						23 908
Other income						74 273
Other expenses						(14 302)
Finance cost						(8 412)
Profit from window takaful operations - Operator's Fund						35 071
Profit before tax						745 880

Prior period	Fire and property damage	Marine, aviation and 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	(173 830)	(111 194)	(284 809)	(49 722)	-	(619 555)
Net insurance claims and expenses	(627 641)	(308 317)	(793 179)	(95 591)	-	(1 824 728)
Underwriting result	29 612	57 212	49 512	96 619	-	232 955
Net investment income						722 509
Rental income						30 652
Other income						33 787
Other expenses						(13 373)
Profit from window takaful operations - Operator's Fund						20 144
Profit before tax						1 026 674

28. Movement in investment

Name of investment					Rupees '000
	Held to maturity	Available-for-sale - Subsidiary	Available-for-sale - Debt securities	Available-for-sale - Equity securities	Total
At beginning of previous year	430 550	10 999 448	8 527 268	6 419 425	26 376 691
Additions	1 763 923	7 891	33 510 795	101 674	35 384 283
Disposals (sale and redemptions)	(1 687 866)	-	(33 766 283)	(409 753)	(35 863 902)
Fair value net gains / (losses) (excluding net realized losses)*	-	(1 109 402)	(42 996)	(1 113 358)	(2 265 756)
Impairment losses	-	-	-	(27 510)	(27 510)
At beginning of current year	506 607	9 897 937	8 228 784	4 970 478	23 603 806
Additions	983 907	11 702	19 710 677	812	20 707 098
Disposals (sale and redemptions)	(1 031 139)	-	(20 200 936)	(25 295)	(21 257 370)
Fair value net gains / (losses) (excluding net realized gains / losses)*	-	90 747	21 889	(1 204 880)	(1 092 244)
Impairment losses	-	-	-	(177 485)	(177 485)
At end of period	459 375	10 000 386	7 760 414	3 563 630	21 783 805

* The amount represents change in fair value of financial assets during the period.

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

As at 30 June 2019 (Unaudited)								
	Available- for-sale	Loans & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	3 548 130				3 548 130	3 548 130		
Equity securities - unquoted	15 500				15 500			15 500
Debt securities	7 760 414				7 760 414		7 760 414	
Investment in subsidiary	10 000 386				10 000 386	10 000 386		
Financial assets not measured at fair value								
Term deposits*			459 375		459 375			
Loans and other receivables*		137 253			137 253			
Insurance / reinsurance receivables*		4 025 214			4 025 214			
Reinsurance recoveries against outstanding claims*		3 647 854			3 647 854			
Cash and bank*			940 291		940 291			
Total assets of window takaful operations - Operator's Fund*	214 766	131 860	253 345		599 971		214 766	
	21 539 196	7 942 181	1 653 011	-	31 134 388	13 548 516	7 975 180	15 500
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 732 258)	(5 732 258)			
Premium received in advance*				(192 886)	(192 886)			
Insurance / reinsurance payables*				(5 788 307)	(5 788 307)			
Other creditors and accruals*				(2 256 742)	(2 256 742)			
Total liabilities of window takaful operations - Operator's Fund*				(58 496)	(58 496)			
	21 539 196	7 942 181	1 653 011	(14 028 689)	17 105 699	13 548 516	7 975 180	15 500

Rupees '000

As at 31 December 2018 (Audited)

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

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

30. Corresponding Figures

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

31. General

Figures have been rounded off to the nearest thousand rupees.

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

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 24 August 2019.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019



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Consolidated Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2019

Directors' Review to the Members on Consolidated Condensed Interim Financial Information For the six months period ended 30 June 2019

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

Consolidated gross premium was Rs. 24 billion, net premium was Rs. 18 billion and profit after tax was Rs. 646 million.

The consolidated total assets were Rs. 160 billion (31 December 2018: Rs. 159 billion) and total investments stood at Rs. 120 billion (31 December 2018: Rs. 119 billion).

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

Rupees '000

	30 June 2019 (Unaudited)
Profit before tax	1 449 438
Taxation	(803 005)
Profit after tax	646 433
Profit attributable to non-controlling interest	(235 531)
Profit attributable to ordinary shares	410 902
Unappropriated (loss) brought forward	(1 459 505)
Profit available for appropriation	(1 048 603)
Earnings per share (Rupees)	2.05

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

مجموعی کنڈینسڈ عبوری مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کا جائزہ ۳۰ جون ۲۰۱۹ء کو ختم ہونے والی ششماہی کیلئے

ہم بسمرت ای ایف یوجزل انشورنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یولائف ایٹورنس لمیٹڈ (ای ایف یولائف) کے مجموعی کنڈینسڈ عبوری مالیاتی حسابات کیجا کر کے پیش کر رہے ہیں۔
کیجا شدہ مجموعی پریئم ۲۴ بلین روپے، خالص پریئم ۱۸ بلین روپے اور منافع بعد از ٹیکس ۶۴۶ بلین روپے رہا۔
کیجا شدہ مجموعی اثاثہ جات ۱۶۰ بلین روپے تھے (۳۱ دسمبر ۲۰۱۸: ۱۵۹ بلین روپے) اور مجموعی سرمایہ کاری ۱۲۰ بلین روپے تھی (۳۱ دسمبر ۲۰۱۸: ۱۱۹ بلین روپے)۔
بورڈ آف ڈائریکٹرز کی جانب سے منافع کے درج ذیل تناسب کی سفارش کی گئی:

روپے ہزاروں میں

۳۰ جون ۲۰۱۹ء
(غیر آڈٹ شدہ)

۱ ۲۴۹ ۲۳۸	منافع قبل از ٹیکس
(۸۰۳ ۰۰۵)	ٹیکسیشن
۶۴۶ ۲۳۳	منافع بعد از ٹیکس
(۲۳۵ ۵۳۱)	نان-کنٹرولنگ سود کیلئے قابل منسوب منافع
۴۱۰ ۹۰۲	عمومی شیئرز کیلئے قابل منسوب منافع
(۱ ۲۵۹ ۵۰۵)	غیر مختص کردہ (نقصان) جو آئندہ شامل کیا جائے گا
(۱ ۰۴۸ ۶۰۳)	تناسب کے تحت دستیاب منافع
۲۶۰۵	آمدنی فی شیئر (روپے)

سیف الدین این۔ زومکا والا
چیئر مین

حسن علی عبداللہ
میجنگ ڈائریکٹر و چیف ایگزیکٹو

محمود لوہیا
ڈائریکٹر

طاہر جی۔ ساچک
ڈائریکٹر

کراچی: ۲۳ اگست ۲۰۱۹ء

Consolidated Condensed Interim Statement of Financial Position As at 30 June 2019 (Unaudited)

	Note	30 June 2019 (Unaudited)	Rupees '000 31 December 2018 (Audited) (Restated)
Assets			
Property and equipment	8	7 529 931	6 949 650
Intangible assets		7 993 576	7 999 839
Investment property	9	1 902 743	1 879 093
Investments			
Equity securities	10	22 420 063	38 222 181
Debt securities	11	79 453 627	65 280 522
Term deposits		18 413 375	15 555 707
Loans and other receivables	12	1 912 282	3 210 709
Insurance / reinsurance receivables	13	4 229 958	3 746 654
Reinsurance recoveries against outstanding claims	21	3 647 854	3 363 439
Salvage recoveries accrued		57 112	42 306
Deferred commission expense	22	739 174	600 740
Retirement benefits		11 165	–
Taxation - payments less provisions		643 662	291 132
Prepayments	14	5 264 655	5 280 084
Cash and bank	15	5 004 135	6 052 924
		<u>159 223 312</u>	<u>158 474 980</u>
Total assets of window takaful operations - Operator's Fund		<u>711 008</u>	<u>621 302</u>
Total assets		<u><u>159 934 320</u></u>	<u><u>159 096 282</u></u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		2 000 000	2 000 000
Reserves	16	17 304 722	16 727 065
Unappropriated profit		(1 459 505)	1 117 915
Capital and reserve attributable to Company's equity holders		<u>17 845 217</u>	<u>19 844 980</u>
Non-controlling interest		3 677 550	4 184 691
Total equity		<u>21 522 767</u>	<u>24 029 671</u>
Surplus on revaluation of property and equipment		966 825	969 601
Liabilities			
Insurance liabilities	17	109 413 617	107 029 274
Underwriting provisions			
Outstanding claims including IBNR	21	5 732 258	5 176 757
Unearned premium reserves	20	8 065 880	8 354 109
Unearned reinsurance commission	22	391 844	394 848
Retirement benefit obligations		–	62 704
Deferred taxation		2 534 161	2 798 590
Premium received in advance		996 491	770 933
Insurance / reinsurance payables		6 042 457	5 526 324
Other creditors and accruals	18	3 852 096	3 575 960
		<u>27 615 187</u>	<u>26 660 225</u>
Total liabilities		<u>137 028 804</u>	<u>133 689 499</u>
		<u>159 518 396</u>	<u>158 688 771</u>
Total liabilities of window takaful operations - Operator's Fund		<u>415 924</u>	<u>407 511</u>
Total equity and liabilities		<u><u>159 934 320</u></u>	<u><u>159 096 282</u></u>
Contingencies and commitments			
	19		

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

Consolidated Condensed Interim Profit and Loss Account
For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Note	Three months period ended		Six months period ended	
		30 June 2019	30 June 2018 (Restated)	30 June 2019	30 June 2018 (Restated)
Net insurance premium	20	9 421 290	8 656 976	18 491 395	10 522 762
Net insurance claims	21	(4 598 265)	(4 062 553)	(9 635 655)	(4 813 835)
Net commission and other acquisition costs	22	(2 004 762)	(1 915 009)	(3 814 275)	(2 240 232)
Insurance claims and acquisition expenses		(6 603 027)	(5 977 562)	(13 449 930)	(7 054 067)
Management expenses		(1 215 490)	(997 295)	(2 279 340)	(1 515 035)
Investment income - statutory fund	23	2 599 816	1 636 771	4 819 975	1 636 771
Net realized fair value losses on financial assets	24	(2 877 378)	(496 676)	(5 567 340)	(496 676)
Net fair value (loss) / gain on financial assets at fair value through profit and loss	25	(838 494)	(3 284 842)	1 019 971	(3 284 842)
Net change in insurance liabilities (other than outstanding claims)		(1 111 574)	1 158 369	(2 171 030)	1 158 369
Underwriting result		375 143	695 741	863 701	967 282
Investment income	26	134 732	180 108	348 282	368 834
Rental income		23 908	30 652	53 351	49 995
Other income	27	89 654	41 675	153 915	74 463
Other expenses		(25 264)	(19 976)	(49 615)	(39 390)
		223 030	232 459	505 933	453 902
Results of operating activities		598 173	928 200	1 369 634	1 421 184
Finance cost		(8 412)	-	(8 412)	-
Share of profit of associate		-	-	-	103 952
Profit from window takaful operations - Operator's Fund	28	35 071	20 144	88 216	53 230
Profit before tax		624 832	948 344	1 449 438	1 578 366
Income tax expense	29	(576 197)	(483 267)	(803 005)	(94 671)
Profit after tax		48 635	465 077	646 433	1 483 695
Profit attributable to:					
Equity holders of the parent		(58 651)	275 320	410 902	1 293 938
Non-controlling interest		107 286	189 757	235 531	189 757
		48 635	465 077	646 433	1 483 695
Earnings (after tax) per share - Rupees	30	(0.29)	1.38	2.05	6.47

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Karachi 24 August 2019

Consolidated Condensed Interim Statement of Comprehensive Income For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019	30 June 2018 (Restated)	30 June 2019	30 June 2018 (Restated)
Profit after tax	48 635	465 077	646 433	1 483 695
Other comprehensive income				
Total items that may be reclassified subsequently to profit and loss account				
Unrealized loss on available-for-sale investments during the period	(925 948)	(751 143)	(1 231 951)	(169 687)
Reclassification adjustments relating to available-for-sale investments disposed of during the period	–	9 379	2 543	9 379
Total unrealized loss for the period	(925 948)	(741 764)	(1 229 408)	(160 308)
Deferred tax on available-for-sale investments	244 048	260 061	356 529	85 919
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(494)	32	(804)	(377)
Total items that may be reclassified subsequently to profit and loss	(682 394)	(481 671)	(873 683)	(74 766)
Item not to be reclassified to profit and loss account in subsequent periods:				
Share of profit of associate (net of deferred tax)	–	–	–	7 538
Effect of change in tax rates on actuarial losses on defined benefit funds	1 340	–	–	–
Effect of change in tax rates on balance of revaluation on property and equipment	(13 656)	–	–	–
Loss on recognition of fair value of investment on business combination	–	–	–	(1 644 544)
	(12 316)	–	–	(1 637 006)
Other comprehensive income for the period	(694 710)	(481 671)	(873 683)	(1 711 772)
Total comprehensive income for the period	(646 075)	(16 594)	(227 250)	(228 077)
Total comprehensive income attributable to:				
Equity holders of the parent	(751 710)	(204 155)	(444 138)	(415 638)
Non-controlling interest	105 635	187 561	216 888	187 561
	(646 075)	(16 594)	(227 250)	(228 077)

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Karachi 24 August 2019

Consolidated Condensed Interim Cash Flow Statement For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	2019	2018 (Restated)
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	23 972 309	15 353 951
Reinsurance premium / retakaful contribution paid	(5 491 479)	(5 111 122)
Claims paid	(10 347 306)	(5 789 816)
Reinsurance and other recoveries received	1 160 113	971 835
Commission paid	(3 294 132)	(1 787 951)
Commission received	398 758	392 226
Management expenses paid	(3 351 725)	(2 072 520)
Net cash flow from underwriting activities	3 046 538	1 956 603
b) Other operating activities		
Income tax paid	(1 037 850)	(664 124)
Other operating payments	(113 874)	(112 546)
Other operating receipts	2 182 925	25 083
Loans advanced	(65 095)	(25 123)
Loans repayments received	52 428	26 052
Net cash flow from / (used in) other operating activities	1 018 534	(750 658)
Total cash flow from all operating activities	4 065 072	1 205 945
Investment activities		
Profit / return received	4 578 561	1 831 329
Dividend received	1 272 454	496 231
Rentals received	75 630	23 930
Payment for investments / investment properties	(223 857 562)	(107 615 251)
Proceeds from investments / investment properties	219 488 028	102 401 982
Fixed capital expenditures	(1 043 496)	(291 496)
Proceeds from sale of property and equipment	62 887	23 069
Acquisition of subsidiary net of cash acquired	-	18 114 119
Total cash flow from investing activities	576 502	14 983 913
Total cash flow used in financing activities - Dividends paid	(2 785 463)	(2 116 114)
Net cash flow from all activities	1 856 111	14 073 744
Cash and cash equivalents at beginning of period	21 102 024	1 164 209
Cash and cash equivalents at end of period	22 958 135	15 237 953
Reconciliation to profit and loss account		
Operating cash flows	4 065 072	1 205 945
Depreciation / amortization expense	(446 150)	(229 005)
Profit on disposal of property and equipment	39 559	18 500
Loss on disposal of investments / investment properties	(5 567 340)	(496 676)
Rental income	53 351	49 995
Dividend income	708 530	489 973
Other investment income	4 702 024	1 627 181
Share of profit from associate	-	103 952
Profit on deposit	63 055	34 000
Other income	46 582	19 670
Appreciation / (depreciation) in market value of investments	965 168	(3 334 583)
Impairment in the value of available-for-sale equity investments	(3 940)	(7 871)
(Decrease) / increase in assets other than cash	(680 199)	197 444
(Increase) / decrease in liabilities other than running finance	(3 387 496)	1 751 940
Profit after tax from conventional insurance operations	558 216	1 430 465
Profit from window takaful operations - Operator's Fund	88 217	53 230
Profit after tax	646 433	1 483 695

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

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Chairman

Karachi 24 August 2019

Consolidated Condensed Interim Statement of Changes in Equity For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Attributable to equity holders of the Company								Total (Restated)
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Unrealized gain/(loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property	Unappropriated profit	Equity attributable to equity holder of parent	Non-controlling interest	
Balance as at 01 January 2018 (Restated)	2 000 000	12 902	13 000 000	2 735 188	1 188 133	2 567 245	21 503 468		21 503 468
Total comprehensive income for the period ended 30 June 2018									
Profit after tax						1 293 938	1 293 938	189 757	1 483 695
Other comprehensive income				(72 570)		(1 637 006)	(1 709 576)	(2 196)	(1 711 772)
				(72 570)		(343 068)	(415 638)	187 561	(228 077)
Transactions with owners recorded directly in equity									
Recognition of non-controlling interest on business combination								4 291 469	4 291 469
Final dividend for the year 2017 at the rate of Rs. 6.25 (62.50%) per share						(1 250 000)	(1 250 000)		(1 250 000)
Final dividend for the year 2017 at the rate of Rs. 11.25 (112.50%) per share								(636 840)	(636 840)
1st Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.50%) per share						(250 000)	(250 000)		(250 000)
1st Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.50%) per share								(70 759)	(70 759)
Other transfer within equity									
Transfer to general reserve			500 000			(500 000)			-
Balance as at 30 June 2018 (Restated)	2 000 000	12 902	13 500 000	2 662 618	1 188 133	224 177	19 587 830	3 771 431	23 359 261
Balance as at 01 January 2019 (as reported)	2 000 000	12 902	13 500 000	1 934 423	1 279 740	1 145 831	19 872 896	4 223 836	24 096 732
Adjustment due to change in accounting policy						(27 916)	(27 916)	(39 145)	(67 061)
Balance as at 01 January 2019 (Restated)	2 000 000	12 902	13 500 000	1 934 423	1 279 740	1 117 915	19 844 980	4 184 691	24 029 671
Total comprehensive income for the period ended 30 June 2019									
Profit after tax					(67 303)	478 205	410 902	235 531	646 433
Other comprehensive income				(855 040)	(67 303)	478 205	(855 040)	(18 643)	(873 683)
				(855 040)	(67 303)	478 205	(444 138)	216 888	(227 250)
Transferred from surplus on revaluation of property and equipment on account for incremental depreciation - net of tax						2 776	2 776		2 776
Acquisition of NCI without a change in control						(8 401)	(8 401)	(3 300)	(11 701)
Transactions with owners recorded directly in equity									
Final dividend for the year 2018 at the rate of Rs. 6.25 (62.50%) per share						(1 250 000)	(1 250 000)		(1 250 000)
Final dividend for the year 2018 at the rate of Rs. 6.25 (62.50%) per share								(635 937)	(635 937)
1st Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2019 at the rate of Rs. 1.50 (15.00%) per share								(84 792)	(84 792)
Other transfer within equity									
Transfer to general reserve			1 500 000			(1 500 000)			-
Balance as at 30 June 2019	2 000 000	12 902	15 000 000	1 079 383	1 212 437	(1 459 505)	17 845 217	3 677 550	21 522 767

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Chairman

Karachi 24 August 2019

Notes to the Consolidated Condensed Interim Financial Statements For the six months period ended 30 June 2019 (Unaudited)

1. Legal status and nature of business

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

1.2 The group comprises of:

1.2.1 EFU General Insurance Limited (Holding Company)

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

The registered office of the Holding Company is located at Kamran Centre, 1st Floor 85, East, Jinnah Avenue Blue Area Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Holding Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Holding Company operates through 54 (2018: 52) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

1.2.2 EFU Life Assurance Limited (Subsidiary Company)

EFU Life Assurance Limited with 43.48 % effective holding was incorporated in Pakistan on 09 August 1992 as a public limited company and started its operation from 18 November 1992. The Subsidiary Company is listed on Pakistan Stock Exchange Limited. The registered office of the Subsidiary Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at Plot No.112, 8th East Street, Phase 1, DHA, Karachi. The Subsidiary Company is engaged in life assurance business comprising of ordinary life business, pension fund business and accident and health business and has established following funds, as required by the Insurance Ordinance, 2000.

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

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

2. Business combination

Acquisition of EFU Life Assurance Limited

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

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

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

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

	Fair values provisionally determined as at 31 March 2018	Adjustments as a result of finalization of fair value exercise	Rupees '000 Fair value finalized and adjusted retrospectively
Assets			
Property and equipment	2 164 714	1 907 019	4 071 733
Intangible assets	8 782	-	8 782
Investments			
Equity securities	30 738 647	-	30 738 647
Debt securities	61 651 064	-	61 651 064
Term deposits	12 594 100	-	12 594 100
Loans and other receivables	1 727 034	-	1 727 034
Insurance / reinsurance receivables	69 322	-	69 322
Taxation - payment less provisions	393 621	-	393 621
Prepayments	82 636	-	82 636
Cash & bank	5 520 019	-	5 520 019
Total assets	<u>114 949 939</u>	<u>1 907 019</u>	<u>116 856 958</u>
Liabilities			
Insurance liability	106 218 232	-	106 218 232
Deferred taxation	735 839	553 036	1 288 875
Premium received in advance	787 063	-	787 063
Insurance / reinsurance payables	180 453	-	180 453
Other creditors and accruals	806 215	-	806 215
Total Liabilities	<u>108 727 802</u>	<u>553 036</u>	<u>109 280 838</u>
Book value of net assets as on 31 March 2018	<u>6 222 137</u>	<u>1 353 983</u>	<u>7 576 120</u>
Percentage of net assets acquired (43 392 040 / 100 000 000)			<u>43.39%</u>
Book value of net assets acquired			<u>3 287 433</u>
Goodwill Calculation			
Market Value			11 260 234
Less: Net Assets			<u>3 287 433</u>
Goodwill			<u>7 972 801</u>

Market value of the Subsidiary Company's assets amounts to Rs. 7,576 million based on a revaluation carried out by valuer as at 31 March 2018 and revaluation has been recognized in the respective heads of account.

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

Valuation Techniques

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

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

3. Basis of preparation and statement of compliance

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

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

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

Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and 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, and Insurance Accounting Regulations, 2017, and Takaful Rules, 2012 have been followed.

Total assets, total liabilities and profit of the Window Takaful Operations of the Holding Company referred to as the Operator's Fund has been presented in these consolidated condensed interim financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of 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 consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2018.

3.1 Basis of measurement

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

3.2 Functional and presentation currency

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

3.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year.

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

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

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

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

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

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

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

Rupees '000

Financial assets	As at 30 June 2019 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or (loss) during the period	Carrying value	Cost less Impairment	Change in unrealized gain during the period
Cash and bank*	4 998 564	-	-	-	-
Investment in subsidiary	10 000 386	90 747	-	-	-
Investments in equity securities					
- available-for-sale	23 262 108	(188 182)	-	-	-
Investments in debt securities					
- available-for-sale	-	-	79 281 424	200 000	56 805
Term Deposits	-	-	18 413 375	-	-
Loans and other receivables*	133 372	-	3 881	-	-
Total	38 394 430	(97 435)	97 698 680	200 000	56 805

	As at 30 June 2019 (Unaudited)									
	Gross carrying amounts of debt instruments that pass the SPPI test									
	AAA	AA+	AA	A+	A	A-	AA-	A-1	A-1+	Unrated
Investments in debt securities										
- available-for-sale	1 540 750	3 059 555	2 118 244	50 000	80 000	65 095	1 056 503	-	-	7 430 180
Term deposits	180 325	115 050	-	100 000	-	100 000	164 000	2 550 000	15 204 000	-
Total	1 721 075	3 174 605	2 118 244	150 000	80 000	165 095	1 220 503	2 550 000	15 204 000	7 430 180

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

4. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of consolidated condensed interim financial statements are consistent with those followed in preparation of the annual consolidated financial statement of the Company for the year ended 31 December 2018 except accounting for leases in note 5.1.

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

5. Change in accounting policy

- 5.1 During the period Group has adopted IFRS 16 'Leases'. IFRS 16 introduced a single balance sheet accounting model for lessees. As a result, the Group as a lessee, has recognized right-of-use assets representing its rights-to-use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group recognized right-of-use asset and lease liability at the lease commencement date the right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. The Group has applied incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from the change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, change in the assessment of whether a purchase or extension option is reasonably certain to be exercised.

The Group has applied judgment to determine the lease term for some lease contract which includes renewal options to the lessee.

The Group has applied IFRS 16 Modified approach, therefore, the comparative information has not been restated. i.e. it is presented as previously reported under IAS 17 and related interpretations.

The leases run between one year to thirty-five years. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 01 January 2019.

Summary of the effect of this change in accounting policy is as follows

	Rupees '000
Impact on Statement of Financial Position	
Increase in fixed assets - right-of-use assets	510 425
Decrease in other assets (advance rent)	36 827
Increase in other liabilities - lease liability against right-of-use assets	496 198
Decrease in net asset - before tax	22 600
Impact on Profit and Loss Account	
Increase in finance cost - lease liabilities	29 002
Increase / decrease in management expenses	
Increase depreciation expense - right-of-use assets	84 675
Decrease in rent expense	91 077

- 5.2 During the period the Subsidiary Company changed its practice of the presentation of the surplus in the Participant Takaful Fund. Earlier this was included in the ledger account D based on the SECP's circular number SRO 88(1)/2017 dated 09 February 2017 relating to the Insurance Accounting Regulations 2017, as per which, for published financial statements under rule number 6 (i) and 6 (ii) balance in ledger accounts C and D shall be included as part of Shareholder's Equity. For this reason the surplus in the Participant Takaful Fund was earlier also included in Shareholders Equity. Subsequently in 2019 SECP issued a draft circular and invited the insurers for their comments. In the said draft circular SECP has mentioned that retained earnings of Participant Takaful Fund should be part of insurance liabilities. Accordingly based on the suggestion in the said draft circular and for better presentation, the Subsidiary Company has moved retained earnings of Participant Takaful Fund from Shareholder's Equity to insurance liabilities.

Holding Company has applied these adjustments retrospectively, as a result, for the purpose of consolidation net asset of Subsidiary Company as on 31 March 2018 has been decreased by Rs. 5 million, goodwill increased by Rs. 2 million and share of Non-controlling interest would be decreased by Rs.3 million.

Profit after tax for year ended 31 December 2018 would be lower by 64 million. Unappropriated Profit would be lower by Rs. 28 million and Non-Controlling Interest would be lower by Rs. 39 million.

6. Accounting estimates, judgements and Management of insurance and financial risk

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

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

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

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

The Board of Directors in its meeting held on 24 August 2019 have announced a second interim cash dividend in respect of the year ended 31 December 2019 of Rs. 1.50 per share, 15.00 % (2018: Rs. 1.25 per share, 12.50 %). These consolidated condensed interim financial statements for the six months period ended 30 June 2019 do not include the effect of these appropriations, which will be accounted for subsequent to the period end.

8. Property and equipment

The details of additions and disposals during the six months period ended 30 June 2019 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Buildings	69 169	54 693	–	–
Furniture and fixtures	77 955	61 235	–	–
Office equipment	12 603	14 930	–	430
Tracker equipment	26 412	38 471	–	–
Computers	89 268	25 168	–	640
Vehicles	172 512	98 169	14 149	15 776
Capital work-in-progress	436	3 570	–	–
	<u>448 355</u>	<u>296 236</u>	<u>14 149</u>	<u>16 846</u>

Rupees '000

9. Investment property

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Opening net book value	1 879 093	1 847 093
Additions and capital improvements	23 650	21 319
Unrealized fair value gain	–	10 681
Closing book value	<u>1 902 743</u>	<u>1 879 093</u>

10. Investment in equity securities

Rupees '000

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party*						
Listed shares	718 062	(378 488)	339 574	779 186	(307 622)	471 564
Mutual funds	26 717	–	26 717	25 523	–	25 523
	744 779	(378 488)	366 291	804 709	(307 622)	497 087
Others						
Listed shares	1 914 539	(151 992)	1 762 547	1 944 999	(51 790)	1 893 209
Unlisted shares	31 508	–	31 508	31 508	–	31 508
Mutual funds	107 570	(10 874)	96 696	100 147	(10 280)	89 867
	2 053 617	(162 866)	1 890 751	2 076 654	(62 070)	2 014 584
Surplus on revaluation	–	–	1 657 721	–	–	2 909 018
	2 798 396	(541 354)	3 914 763	2 881 363	(369 692)	5 420 689
At fair value through profit and loss - designated upon initial recognition						
Related Party*						
Listed shares	8 557	–	67 112	99 329	–	121 251
Mutual funds	547	–	896	444	–	805
	9 104	–	68 008	99 773	–	122 056
Others						
Listed shares	19 523 097	–	18 191 100	34 961 713	–	32 619 121
Mutual funds	271 512	–	246 192	59 215	–	60 315
	19 794 609	–	18 437 292	35 020 928	–	32 679 436
	19 803 713	–	18 505 300	35 120 701	–	32 801 492
	22 602 109	(541 354)	22 420 063	38 002 064	(369 692)	38 222 181

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

11. Investment in debt securities

Rupees '000

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity						
Government Securities	4 639 814	–	4 639 814	5 123 273	–	5 122 953
Available-for-sale						
Government Securities	7 458 211	–	7 458 211	8 098 470	–	8 098 470
Term Finance Certificates	244 118	(44 118)	200 000	144 118	(44 118)	100 000
Corporate Sukuks	130 000	–	130 000	80 000	–	80 000
Deficit on revaluation	–	–	(27 797)	–	–	(49 686)
	7 832 329	(44 118)	7 760 414	8 322 588	(44 118)	8 228 784
Fair value through profit & loss						
Government securities	59 766 110	–	59 413 486	48 278 888	–	47 849 913
Term Finance Certificates / Corporate Sukuks	7 639 913	–	7 639 913	4 075 297	–	4 078 872
	67 406 023	–	67 053 399	52 354 185	–	51 928 785
	79 878 166	(44 118)	79 453 627	65 800 046	(44 118)	65 280 522

12. Loans and other receivables – considered good		30 June 2019 (Unaudited)	Rupees '000 31 December 2018 (Audited)
Loans to employees		3 881	173 973
Accrued investment income		1 306 609	908 253
Security deposits		62 336	44 075
Advances to suppliers		136 144	144 119
Advances to employees		190 297	5 245
Federal excise duty and sales tax		48 811	–
Other receivables		164 204	1 935 044
		<u>1 912 282</u>	<u>3 210 709</u>
13. Insurance / reinsurance receivables – unsecured and considered good			
Due from insurance contract holders		4 361 554	3 795 606
Provision for impairment of receivables from insurance contract holders		(172 020)	(69 251)
		<u>4 189 534</u>	<u>3 726 355</u>
Due from other insurer / reinsurers		40 424	20 299
		<u>4 229 958</u>	<u>3 746 654</u>
14. Prepayments			
Prepaid reinsurance premium ceded		5 079 196	5 073 281
Prepaid rent		–	73 833
Others		185 459	132 970
		<u>5 264 655</u>	<u>5 280 084</u>
15. Cash and Bank			
Cash and cash equivalents			
Cash in hand		1 659	305
Policy and revenue stamps, bond papers		26 939	18 035
		28 598	18 340
Cash at bank			
Current accounts		734 280	1 492 484
Saving accounts		4 241 257	4 542 100
		<u>4 975 537</u>	<u>6 034 584</u>
		<u>5 004 135</u>	<u>6 052 924</u>
16. Reserves			
	Note	30 June 2019 (Unaudited)	31 December 2018 (Audited) (Restated)
Capital reserve			
Reserve for exceptional losses	16.1	12 902	12 902
Revenue reserves			
General reserve		15 000 000	13 500 000
Revaluation reserve for unrealized gain on available-for-sale investments - net		1 079 383	1 934 423
Reserve for change in fair value of investment property - net		1 212 437	1 279 740
		<u>17 304 722</u>	<u>16 727 065</u>

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

Rupees '000

17. Insurance liabilities

	Note	30 June 2019 (Unaudited)	31 December 2018 (Audited) (Restated)
Reported outstanding claims	17.1	2 504 527	2 281 165
Incurred but not reported claims	17.2	590 050	515 733
Investment component of unit-linked and account value policies	17.3	104 890 502	102 902 502
Liabilities under individual conventional insurance contracts	17.4	837 842	784 354
Liabilities under group insurance contracts (other than investment linked)	17.5	444 492	453 261
Participant Takaful Fund Balance		146 204	92 259
		<u>109 413 617</u>	<u>107 029 274</u>
17.1 Reported Outstanding Claims			
Gross of reinsurance			
Payable within one year		2 131 314	1 918 000
Payable over a period of time exceeding one year		639 193	646 563
		<u>2 770 507</u>	<u>2 564 563</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(265 980)	(283 398)
		<u>(265 980)</u>	<u>(283 398)</u>
Net reported outstanding claims		<u>2 504 527</u>	<u>2 281 165</u>
17.2 Incurred But Not Reported Claims			
Gross of reinsurance		711 380	634 042
Reinsurance recoveries		(121 330)	(118 309)
Net of reinsurance		<u>590 050</u>	<u>515 733</u>
17.3 Investment component of unit-linked and account value policies			
Investment component of unit-linked policies		104 890 502	102 902 502
		<u>104 890 502</u>	<u>102 902 502</u>
17.4 Liabilities under Individual Conventional Insurance Contracts			
Gross of reinsurance		1 078 555	952 718
Reinsurance credit		(240 713)	(168 364)
Net of reinsurance		<u>837 842</u>	<u>784 354</u>
17.5 Liabilities under Group Insurance Contracts (other than investment linked)			
Gross of reinsurance		597 515	532 584
Reinsurance credit		(153 023)	(79 323)
Net of reinsurance		<u>444 492</u>	<u>453 261</u>

18. Others creditors and accruals

Rupees '000

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Federal insurance fee payable	12 897	9 439
Federal excise duty and sales tax payable	–	117 355
Accrued expenses	722 425	842 463
Agent commission payable	1 094 116	1 233 511
Unearned rentals	95 536	73 257
Other deposits	885 870	826 968
Unclaimed dividends	334 959	295 664
Lease liability	496 198	–
Others	210 095	177 303
	<u>3 852 096</u>	<u>3 575 960</u>

19. Contingencies and commitments

19.1 Holding Company

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

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

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

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

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

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

The Commissioner, Inland Revenue (Audit) has made an assessment order for tax year 2018 by adding Service charges income. The Holding Company had filed an appeal before Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) remanded back the matter to the concerned officer. If the appeal is decided against the Holding Company a tax liability of Rs.6 million would arise.

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

19.2 Subsidiary Company

The Income tax assessment of the Subsidiary Company for tax year 2018 has been finalized. In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.14 million and Rs.15 million for Tax Years 2012 and 2013 respectively. The Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Subsidiary Company filed second appeal before the Appellate Tribunal against the order of CIT. The learned Appellate Tribunal Inland revenue has now decided the case in Subsidiary Company's favour. Subsequent to the period, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Subsidiary Company expects a favourable decision.

In 2015 and 2016, The Searle Company Limited issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 17,124 shares respectively) and the IBL Healthcare Ltd. issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,016 shares respectively). In this regard, a constitutional petition had been filed by the Subsidiary Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The honorable high court decided the case against the Subsidiary Company. Subsequently, the Subsidiary Company filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier 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. The amount involved is Rs 3 million.

Sindh Revenue Board has granted exemption from sales tax on life insurance premium till 30 June 2019. However, sales tax on life insurance premium on policies written in Punjab has been made applicable from November 2018. Further, Balochistan Revenue Authority has also imposed sales tax on life insurance premium effective 01 July 2015. The matter for the renewal of the exemption was taken up at the collective level by the Insurance Association of Pakistan (IAP) with the sales tax authorities of the respective provinces. In view of the fact that the matter is under the process of review with the taxation authorities, the Subsidiary Company has not started billing sales tax on life insurance premium to its customers. At 30 June 2019, the aggregate amount of sales tax on life insurance premium not yet billed by the Subsidiary Company to its customers amounted to Rs. 2,310 million. Based on the IAP's discussions with the sales tax authorities, the Subsidiary Company is hopeful that the exemption will be granted for the current year. Accordingly, the Subsidiary Company has not recorded any provision against sales tax liability in these consolidated condensed interim financial statements.

19.2.1 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 Group.

19.4 There are no commitments as at 30 June 2019 (31 December 2018: Nil).

20. Net insurance premium

	Three months period ended		Six months period ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Rupees '000			
Written gross premium	11 253 588	10 832 982	24 209 930	16 124 758
Unearned premium reserve - opening	9 283 962	8 812 802	8 354 109	8 496 686
Unearned premium reserve - closing	(8 065 880)	(7 872 446)	(8 065 880)	(7 872 446)
Premium earned	12 471 670	11 773 338	24 498 159	16 748 998
Less:				
Reinsurance premium ceded	2 493 640	2 571 137	6 012 679	5 776 115
Prepaid reinsurance premium - opening	5 635 936	5 207 187	5 073 281	5 112 083
Prepaid reinsurance premium - closing	(5 079 196)	(4 661 962)	(5 079 196)	(4 661 962)
Reinsurance expense	3 050 380	3 116 362	6 006 764	6 226 236
	<u>9 421 290</u>	<u>8 656 976</u>	<u>18 491 395</u>	<u>10 522 762</u>

21. Net insurance claims expense

	Three months period ended		Six months period ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Claim Paid	5 015 321	4 579 507	10 549 875	5 901 032
Outstanding claims including IBNR - closing	5 732 258	5 097 810	5 732 258	5 097 810
Outstanding claims including IBNR - opening	(5 362 097)	(5 023 052)	(5 176 757)	(5 572 347)
Claims expense	5 385 482	4 654 265	11 105 376	5 426 495
Less:				
Reinsurance and other recoveries received	581 469	528 907	1 185 306	1 048 260
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 442 106)	(3 040 167)	(3 363 439)	(3 538 572)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 647 854	3 102 972	3 647 854	3 102 972
Reinsurance and other recoveries revenue	787 217	591 712	1 469 721	612 660
	<u>4 598 265</u>	<u>4 062 553</u>	<u>9 635 655</u>	<u>4 813 835</u>

22. Net commission expense

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Commission paid or payable	2 070 529	1 904 775	3 938 476	2 265 722
Deferred commission expense - opening	652 920	642 272	600 740	689 587
Deferred commission expense - closing	(739 174)	(537 207)	(739 174)	(537 207)
Net commission	1 984 275	2 009 840	3 800 042	2 418 102
Less:				
Commission received or recoverable	152 571	110 717	398 758	392 227
Unearned reinsurance commission - opening	455 839	526 010	394 848	461 616
Unearned reinsurance commission - closing	(391 844)	(386 483)	(391 844)	(386 483)
Commission from reinsurers	216 566	250 244	401 762	467 360
Add: Other acquisition cost	237 053	155 413	415 995	289 490
	<u>2 004 762</u>	<u>1 915 009</u>	<u>3 814 275</u>	<u>2 240 232</u>
23. Investment income – Statutory fund				
Income from equity securities				
Fair value through profit or loss				
Dividend income	183 240	332 654	603 518	332 654
Available-for-sale				
Dividend income	6 971	22 129	10 559	22 129
Income from debt securities				
Available-for-sale				
Return on debt securities	349 836	85 293	571 885	85 293
On government securities	1 440 280	950 437	2 576 553	950 437
Held to maturity				
On government securities	101 729	69 842	212 675	69 842
Income from term deposits				
Return on term deposits	517 760	176 416	844 785	176 416
	<u>2 599 816</u>	<u>1 636 771</u>	<u>4 819 975</u>	<u>1 636 771</u>
24. Net realized fair value gains / (loss) on financial assets				
Available-for-sale financial assets				
Realized gain on:				
Equity securities	(127 727)	(630 704)	33 010	(630 704)
Realized losses on				
Equity securities	(2 749 651)	135 070	(5 600 350)	135 070
Government securities	–	(1 042)	–	(1 042)
	<u>(2 877 378)</u>	<u>(496 676)</u>	<u>(5 567 340)</u>	<u>(496 676)</u>

25. Net fair value gains / (losses) on financial assets
at fair value through profit or loss

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited) (Restated)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited) (Restated)
Net unrealized (losses) / gains on investments in financial assets - Government securities and Debt securities	(132 403)	(150 438)	34 916	(150 438)
Net unrealized (losses) / gains on investments at value through profit or loss - Equity Securities	(701 031)	(3 124 475)	993 124	(3 124 475)
Total investment income	(833 434)	(3 274 913)	1 028 040	(3 274 913)
Less: Provision for Impairment in value of available-for-sale securities - equity securities	(2 939)	(7 871)	(3 940)	(7 871)
Less: investment related expenses	(2 121)	(2 058)	(4 129)	(2 058)
	<u>(838 494)</u>	<u>(3 284 842)</u>	<u>1 019 971</u>	<u>(3 284 842)</u>

26. Investment income

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Income from equity securities - available-for-sale Dividend income	62 283	74 970	100 601	137 732
Income from debt securities - available-for-sale Return on debt securities	211 297	127 182	413 015	250 787
Income from term deposits Return on term deposits	4 011	2 601	8 090	5 986
	<u>277 591</u>	<u>204 753</u>	<u>521 706</u>	<u>394 505</u>
Net realized gains / (losses) on investments Available-for-sale financial assets Realized gains on:				
Equity securities	1 718	7 555	7 920	7 828
Realized losses on:				
Equity securities	-	(16 875)	(3 659)	(17 972)
	<u>1 718</u>	<u>(9 320)</u>	<u>4 261</u>	<u>(10 144)</u>
	<u>279 309</u>	<u>195 433</u>	<u>525 967</u>	<u>384 361</u>
Reversal in value of available-for-sale equity securities	(144 377)	(14 924)	(177 485)	(14 924)
Investment related expenses	(200)	(401)	(200)	(603)
Total Investment income	<u>134 732</u>	<u>180 108</u>	<u>348 282</u>	<u>368 834</u>

27. Other income

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Gain on sale of fixed assets	16 235	10 213	39 559	18 500
Return on loans to employees	4 785	3 425	9 115	3 517
Return on bank balances	31 967	17 216	63 055	34 000
Exchange difference	33 962	8 528	37 467	16 153
Others	2 705	2 293	4 719	2 293
	<u>89 654</u>	<u>41 675</u>	<u>153 915</u>	<u>74 463</u>

28. Window takaful operations -
Operator's Fund

Wakala fee	166 338	116 993	321 885	224 926
Management expenses	(88 887)	(63 980)	(150 153)	(109 234)
Commission expense	(57 707)	(39 355)	(111 942)	(74 122)
Investment income	13 230	5 295	22 271	9 131
Other income	2 759	1 438	7 017	2 976
Other expenses	(662)	(247)	(862)	(447)
	<u>35 071</u>	<u>20 144</u>	<u>88 216</u>	<u>53 230</u>

29. Taxation

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited) (Restated)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited) (Restated)
Current	444 485	496 888	710 978	697 864
Deferred	131 712	(168 693)	92 027	(758 265)
	<u>576 197</u>	<u>328 195</u>	<u>803 005</u>	<u>(60 401)</u>
For prior year(s) period				
Prior year tax	–	155 072	–	155 072
	<u>576 197</u>	<u>483 267</u>	<u>803 005</u>	<u>94 671</u>

30. Earnings per share - basic and diluted

Profit after tax	(Rupees '000)	(58 651)	275 320	410 902	1 293 938
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000	200 000	200 000
Earnings per share	(Rupees)	<u>(0.29)</u>	<u>1.38</u>	<u>2.05</u>	<u>6.47</u>

31. Related party transactions

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

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Rupees '000				
Transactions				
Associated companies				
Premium written	56 912	89 451	279 330	217 904
Premium paid	198	25 042	40 662	44 783
Claims paid	42 336	31 350	73 653	139 415
Claims received	–	(114)	–	(114)
Commission paid	44 380	49 460	127 253	49 460
Travelling expenses	434	1 352	434	1 352
Donation paid	994	1 114	461 912	437 382
Dividend paid	1 002 719	964 064	542 338	527 796
Interest on bank deposit	230 393	11 532	382 285	11 532
Investment sold	–	455 357	25 558	455 357
Bank deposit (withdrawn) / made	(25 000)	75 000	(50 000)	50 000
Key management personnel				
Premium written	168	1 840	512	2 030
Dividend paid	15 189	6 826	15 189	6 826
Loan to key employees	6 000	–	6 000	–
Loan recovered	1 700	997	2 600	997
Compensation	95 927	78 354	186 826	119 110
Others				
Premium written	165 888	7 899	171 902	17 937
Claims paid	12 051	1 020	13 043	2 469
Dividend paid	480 258	458 220	480 258	458 220
Brokerage paid	3	236	42	236
Employees' funds				
Contribution to provident fund	17 035	15 027	32 022	23 107
Contribution to gratuity fund	7 200	4 886	14 458	9 771
Contribution to pension fund	6 917	10 118	14 876	11 092
Dividend paid	7 989	7 731	7 989	7 731
			30 June 2019 (Unaudited)	31 December 2018 (Audited)
Balances				
Others				
Balances receivable			475 863	49 342
Balances payable			(2 567)	(3 223)
Deposits maturing within 12 months			5 929 000	5 329 000
Investment in related party			130 288	172 190
Bank balances			407 374	869 823
Employees' funds receivable / (payable)				
EFU gratuity fund			(14 458)	(86 847)
EFU pension fund			25 623	24 143

Rupees '000

For the six months period ended 30 June 2019 (Unaudited)

32. Segment Information

Current period

Premium Receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)
Less: Federal excise duty
Stamp duty
Federal insurance fee
Administrative surcharge

Gross Written Premium (inclusive of Administrative surcharge)

Gross direct premium
Facilitative inward premium
Administrative surcharge

Insurance premium earned
Insurance premium ceded to reinsurers

Net insurance premium
Commission income

Net underwriting income

Insurance claims
Insurance claims recovered from reinsurers

Net claims
Commission expense

Net insurance claims and expenses
Net investment income - statutory funds

Net Change in Insurance Liabilities
(Other than outstanding Claims)

Underwriting result
Net investment income

Rental income
Other income

Other expenses
Finance cost

Profit before tax from window takaful operations - Operator's Fund

Profit before tax

Corporate segment assets-conventional
Corporate segment assets - Takaful OPF

Corporate unallocated assets-conventional
Corporate unallocated assets - Takaful OPF

Consolidated total assets

Corporate segment liabilities
Corporate segment liabilities - Takaful OPF

Corporate unallocated liabilities
Corporate unallocated liabilities - Takaful OPF

Consolidated total liabilities

External premium less reinsurance by geographical segments 2019 (Unaudited)

18 487 968
* EPZ
3 427

Total
18 491 395

Location

Pakistan

* EPZ

Total

* This represents US Dollar Equivalent in Pak Rupees

	General Insurance				Life Assurance		Aggregate Life Assurance	Total
	File & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Shareholders' Fund		
Premium Receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	5 669 483	1 789 470	1 876 708	1 003 477	-	-	15 268 299	25 607 437
Less: Federal excise duty	695 771	191 884	228 478	119 470	-	-	-	1 235 603
Stamp duty	219	70 591	638	655	-	-	-	72 103
Federal insurance fee	49 362	15 105	16 550	8 784	-	-	-	89 801
Administrative surcharge	4 924 131	1 511 890	1 631 042	874 568	-	-	15 268 299	24 209 930
Gross direct premium	4 908 733	1 485 975	1 482 751	863 091	-	-	15 268 299	24 008 849
Facilitative inward premium	-	1 238	-	-	-	-	1 238	1 238
Administrative surcharge	15 398	24 677	148 291	11 477	-	-	-	199 843
Insurance premium earned	5 547 456	1 175 836	1 734 272	772 296	-	-	15 268 299	24 498 159
Insurance premium ceded to reinsurers	4 702 399	438 367	4 968	502 097	-	-	358 933	6 006 764
Net insurance premium	845 057	737 469	1 729 304	270 199	-	-	14 909 366	18 491 395
Commission income	290 117	6 812	104 833	104 833	-	-	-	401 762
Net underwriting income	1 135 174	744 281	1 729 304	375 032	-	-	14 909 366	18 893 157
Insurance claims	1 063 527	621 314	955 221	279 817	-	-	8 185 497	11 105 376
Insurance claims recovered from reinsurers	768 603	314 104	(12)	170 132	-	-	216 894	1 469 721
Net claims	(294 924)	(307 210)	(955 233)	(109 685)	-	-	(7 968 603)	(9 635 655)
Commission expense	(426 506)	(129 106)	(150 796)	(64 771)	-	-	(3 444 858)	(4 216 037)
Management expenses	(357 274)	(259 349)	(668 542)	(105 836)	-	-	(888 339)	(2 279 340)
Net insurance claims and expenses	(1 078,704)	(695,665)	(1,774,571)	(280,292)	-	-	(12,301,800)	(16,131,032)
Net investment income - statutory funds	-	-	-	-	-	-	272 606	272 606
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	(2 171 030)	(2 171 030)
Underwriting result	56 470	48 616	(45 267)	94 740	-	-	709 142	863 701
Net investment income	-	-	-	-	-	-	-	348 282
Rental income	-	-	-	-	-	-	-	53 351
Other income	-	-	-	-	-	-	-	153 915
Other expenses	-	-	-	-	-	-	-	(49 615)
Finance cost	-	-	-	-	-	-	-	(8 412)
Profit before tax from window takaful operations - Operator's Fund	-	-	-	-	-	-	-	88 216
Profit before tax	-	-	-	-	-	-	726 698	1 449 438
Corporate segment assets-conventional	9 869 090	1 991 006	815 715	1 200 766	-	-	116 060 033	129 936 610
Corporate segment assets - Takaful OPF	30 168	6 043	196 244	4 030	-	-	3 903 548	236 485
Corporate unallocated assets-conventional	-	-	-	-	-	-	-	29 286 702
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	-	-	474 523
Consolidated total assets	-	-	-	-	-	-	3 903 548	159 934 320
Corporate segment liabilities	13 215 965	2 887 200	2 415 713	3 134 689	-	-	112 184 533	133 838 100
Corporate segment liabilities - Takaful OPF	30 890	6 279	352 733	4 628	-	-	3 903 548	394 550
Corporate unallocated liabilities	-	-	-	-	-	-	-	3 190 704
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	-	-	21 394
Consolidated total liabilities	-	-	-	-	-	-	113 348 885	137 444 728
External premium less reinsurance by geographical segments 2019 (Unaudited)	-	-	-	-	-	-	-	-
Total	18 487 968	3 427	18 491 395	18 487 968	3 427	18 491 395	18 487 968	18 491 395

Rupees '000

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

	General Insurance				Life Assurance			Aggregate Life Assurance	Total (Restated)
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Shareholders' Fund	Statutory Funds		
Premium Receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	5 953 206	1 621 598	1 915 685	1 020 265	-	-	7 019 793	7 019 793	17 530 547
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	-	-	7 019 793	7 019 793	16 124 758
Gross direct premium	5 155 296	1 345 662	1 482 558	883 147	-	-	7 019 793	7 019 793	15 886 456
Facultative inward premium	2 225	1 470	3 695	-	-	-	-	-	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	-	-	7 019 793	7 019 793	16 748 998
Insurance premium ceded to reinsurers	5 152 180	447 266	4 813	451 721	-	-	170 256	170 256	6 226 236
Net insurance premium	935 720	753 474	1 692 695	291 336	-	-	6 849 537	6 849 537	10 522 762
Commission income	337 397	14 585	115 378	115 378	-	-	-	-	467 360
Net underwriting income	1 273 117	768 059	1 692 695	406 714	-	-	6 849 537	6 849 537	10 990 122
Insurance claims	612 557	405 687	844 019	194 486	-	-	3 372 860	3 372 860	5 429 609
Insurance claims recovered from reinsurers	243 463	161 953	(70)	91 118	-	-	119 310	119 310	615 774
Net claims	(369 094)	(243 734)	(844 089)	(103 368)	-	-	(3 253 550)	(3 253 550)	(4 813 835)
Commission expense	(466 487)	(140 068)	(141 675)	(56 202)	-	-	(1 903 160)	(1 903 160)	(2 707 592)
Management expenses	(347 785)	(240 758)	(581 781)	(101 048)	-	-	(243 663)	(243 663)	(1 515 035)
Net insurance claims and expenses	(1 183 366)	(624 560)	(1 567 545)	(260 618)	-	-	(5 400 373)	(5 400 373)	(9 036 462)
Net investment income - statutory funds	-	-	-	-	-	-	(2 144 747)	(2 144 747)	(2 144 747)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	1 158 369	1 158 369	1 158 369
Underwriting result	89 751	143 499	125 150	146 096	-	-	462 786	462 786	967 282
Net investment income	-	-	-	-	-	-	-	-	368 834
Rental income	-	-	-	-	-	-	-	-	49 995
Other income	-	-	-	-	-	-	-	-	74 463
Other expenses	-	-	-	-	-	-	-	-	(6 603)
Share of profit of associate operators - Operator's Fund	-	-	-	-	-	-	-	-	(39 390)
Profit before tax	-	-	-	-	-	-	-	-	103 952
									53 230
									1 114 295
									464 071
									1 578 366
									As at 31 December 2018 (Audited) (Restated)
Corporate segment assets-conventional	9 872 846	1 065 081	566 140	1 173 896	-	-	114 105 326	114 105 326	126 783 289
Corporate segment assets - Takaful OPF	43 226	9 011	271 746	16 810	-	-	-	-	340 793
Corporate unallocated assets-conventional	-	-	-	-	-	-	4 095 697	4 095 697	31 691 691
Corporate unallocated assets - Takaful OPF	-	-	-	-	-	-	-	-	280 509
Consolidated total assets	9 916 072	1 074 092	837 886	1 190 706	-	-	118 201 023	118 201 023	159 096 282
Corporate segment liabilities	13 582 908	1 884 044	2 413 449	2 769 154	-	-	109 371 964	109 371 964	130 021 519
Corporate segment liabilities - Takaful OPF	39 704	8 149	308 033	11 345	-	-	-	-	367 231
Corporate unallocated liabilities	-	-	-	-	-	-	1 320 761	1 320 761	3 667 980
Corporate unallocated liabilities - Takaful OPF	-	-	-	-	-	-	-	-	40 280
Consolidated total liabilities	13 622 612	1 892 193	2 721 482	2 780 499	-	-	110 692 725	110 692 725	134 097 010

External premium less reinsurance by geographical segments 2018 (Unaudited)

Location	10 515 889
Pakistan	6 873
* EPZ	
Total	10 522 762

* This represents US Dollar Equivalent in Pak Rupees

	For the three months period ended 30 June 2019 (Unaudited)										Rupees '000
	General Insurance			Life Assurance		Aggregate General Insurance	Shareholders' Fund	Statutory Funds	Aggregate Life Assurance	Total	
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty						
Premium Receivable (inclusive of FED Federal insurance fee and Administrative surcharge)	1 676 612	1 103 375	784 404	378 999	-	3 943 390	-	7 820 180	7 820 180	11 763 570	
Less: Federal excise duty	176 965	121 614	94 321	46 212	-	439 112	-	-	-	439 112	
Stamp duty	86	34 176	281	343	-	34 886	-	-	-	34 886	
Federal insurance fee	14 847	9 381	6 831	3 291	-	34 350	-	-	-	34 350	
Gross Written Premium (inclusive of Administrative surcharge)	1 484 714	938 204	682 971	329 153	-	3 435 042	-	7 820 180	7 820 180	11 255 222	
Gross direct premium	1 478 585	926 119	609 531	325 038	-	3 339 273	-	7 820 180	7 820 180	11 159 453	
Facultative inward premium	-	-	-	-	-	-	-	-	-	-	
Administrative surcharge	6 129	12 085	73 440	4 115	-	95 769	-	-	-	95 769	
Insurance premium earned	2 782 899	599 009	876 201	393 381	-	4 651 490	-	7 820 180	7 820 180	12 471 670	
Insurance premium ceded to reinsurers	2 364 290	237 243	2 083	252 498	-	2 856 114	-	194 266	194 266	3 050 380	
Net insurance premium	418 609	361 766	874 118	140 883	-	1 795 376	-	7 625 914	7 625 914	9 421 290	
Commission income	161 363	3 138	-	52 065	-	216 566	-	-	-	216 566	
Net underwriting income	579 972	364 904	874 118	192 948	-	2 011 942	-	7 625 914	7 625 914	9 637 856	
Insurance claims	573 725	366 685	480 662	136 861	-	1 557 933	-	3 827 549	3 827 549	5 385 482	
Insurance claims recovered from reinsurers	426 801	164 622	(12)	78 356	-	669 767	-	117 450	117 450	787 217	
Net claims	(146 924)	(202 063)	(480 674)	(58 505)	-	(888 166)	-	(3 710 099)	(3 710 099)	(4 598 265)	
Commission expense	(240 306)	(65 207)	(76 406)	(33 159)	-	(415 078)	-	(1 806 250)	(1 806 250)	(2 221 328)	
Management expenses	(208 631)	(138 403)	(345 670)	(57 993)	-	(750 697)	-	(464 793)	(464 793)	(1 215 490)	
Net insurance claims and expenses	(595 861)	(405 673)	(902 750)	(149 657)	-	(2 053 941)	-	(5 981 142)	(5 981 142)	(8 035 083)	
Net investment income - statutory funds	-	-	-	-	-	-	-	(1 116 056)	(1 116 056)	(1 116 056)	
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(111 574)	(111 574)	(111 574)	
Underwriting result	(15 889)	(40 769)	(28 632)	43 291	-	(41 999)	-	417 142	417 142	375 143	
Net investment income	-	-	-	-	-	134 732	-	-	-	134 732	
Rental income	-	-	-	-	-	23 908	-	-	-	23 908	
Other income	-	-	-	-	-	74 273	-	-	-	74 273	
Other expenses	-	-	-	-	-	(14 302)	-	-	15 381	89 654	
Finance cost	-	-	-	-	-	(8 412)	-	-	(10 962)	(25 264)	
Profit before tax from window takaful operations - Operator's Fund	-	-	-	-	-	35 071	-	-	-	35 071	
Profit before tax	-	-	-	-	-	203 271	-	-	421 561	624 832	

33. Movement in investment

Name of investment	Rupees '000			
	Held to maturity	Available-for-sale	Fair value through P & L	Total
At beginning of previous year	430 550	14 946 693	–	15 377 243
Additions	114 521 821	34 150 877	224 541 423	373 214 121
Disposals (sale and redemptions)	(95 655 966)	(34 190 743)	(132 499 256)	(262 345 965)
Fair value net gains / (losses) (excluding net realized losses)	–	(1 214 917)	(5 926 218)	(7 141 135)
Impairment losses	–	(45 854)	–	(45 854)
At beginning of current year	19 296 405	13 646 056	86 115 949	119 058 410
Additions	104 137 540	19 712 684	98 118 787	221 969 011
Disposals (sale and redemptions)	(100 651 139)	(20 235 850)	(98 606 396)	(219 493 385)
Fair value net gains / (losses) (excluding net realized gains / (losses))	–	(1 229 734)	1 63 865	(1 065 869)
Impairment losses	–	(181 102)	–	(181 102)
At end of current period	<u>22 782 806</u>	<u>11 712 054</u>	<u>85 792 205</u>	<u>120 287 065</u>

34. Fair Value

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

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

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

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

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

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

Rupees '000

As at 30 June 2019 (Unaudited)

	Available- for-Sale	Fair value through profit & loss	HTM	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	3 803 618	18 212 673					22 016 291	22 016 291		
Equity securities - unquoted	15 500	16 008					31 508			31 508
Government securities		59 413 486					59 413 486		59 413 486	
Mutual funds	125 175	247 089					372 264		372 264	
Sukuk bonds		3 440 626					3 440 626		3 440 626	
Debt securities	7 760 414	3 989 287					11 749 701		11 749 701	
Financial assets not measured at fair value										
Term deposits*					459 375		459 375			
Government securities			4 639 814				4 639 814		4 628 729	
Loans and other receivables*				1 912 282			1 912 282			
Insurance / reinsurance receivables*				4 229 958			4 229 958			
Reinsurance recoveries against outstanding claims*				3 647 854			3 647 854			
Advances*				138 179	2 520 665		2 658 844			
Certificate of investment*		210 000					210 000			
Cash and bank*		22 017 844			940 291		22 958 135			
Total assets of window takaful operations - Operator's Fund*	214 766			131 860	253 345		599 971		214 766	
	11 919 473	107 547 013	4 639 814	10 060 133	4 173 676	-	138 340 109	22 016 291	79 819 572	31 508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*						(5 732 258)	(5 732 258)			
Premium received in advance*						(996 491)	(996 491)			
Insurance / reinsurance payables*						(6 042 457)	(6 042 457)			
Other creditors and accruals*						(3 852 096)	(3 852 096)			
Total liabilities of window takaful operations - Operator's Fund*						(58 496)	(58 496)			
	11 919 473	107 547 013	4 639 814	10 060 133	4 173 676	(16 681 798)	121 658 311	22 016 291	79 819 572	31 508

Rupees '000

As at 31 December 2018 (Audited)

	Available- for-Sale	Fair value through profit & loss	HTM	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	38 275 882	7 374					38 283 256	38 283 256		
Equity securities - unquoted	31 508						31 508			31 508
Government securities	51 909 147						51 909 147		51 909 147	
Mutual funds	177 087						177 087		177 087	
Sukuk bonds	1 332 919						1 332 919		1 332 919	
Debt securities	10 764 737						10 764 737		10 764 737	
Financial assets not measured at fair value										
Term deposits*					15 555 707		15 555 707			
Government securities			1 063 719				1 063 719		1 047 472	
Loans and other receivables*				3 210 709			3 210 709			
Insurance / reinsurance receivables*				3 746 654			3 746 654			
Reinsurance recoveries against outstanding claims*				3 363 439			3 363 439			
Advances*				124 610	884 760		1 009 370			
Other assets*					2 695 536		2 695 536			
Certificate of investment*	210 000						210 000			
Cash and bank*	19 829 503				1 266 562		21 096 065			
Total assets of window takaful operations - Operator's Fund*	176 593			245 849	89 319		511 761			
	<u>122 707 376</u>	<u>7 374</u>	<u>1 063 719</u>	<u>10 691 261</u>	<u>20 491 884</u>	<u>-</u>	<u>154 961 614</u>	<u>38 283 256</u>	<u>65 231 362</u>	<u>31 508</u>
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*						(5 176 757)	(5 176 757)			
Premium received in advance*						(770 933)	(770 933)			
Insurance / reinsurance payables*						(5 526 324)	(5 526 324)			
Other creditors and accruals*						(3 575 960)	(3 575 960)			
Total liabilities of window takaful operations - Operator's Fund*						(60 414)	(60 414)			
	<u>122 707 376</u>	<u>7 374</u>	<u>1 063 719</u>	<u>10 691 261</u>	<u>20 491 884</u>	<u>(15 110 388)</u>	<u>139 851 226</u>	<u>38 283 256</u>	<u>65 231 362</u>	<u>31 508</u>

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

35. Corresponding Figures

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

36. General

Figures have been rounded off to the nearest thousand rupees.

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

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 24 August 2019.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

Window Takaful Operations

Condensed Interim Financial Statements

For the six months period ended 30 June 2019 (Unaudited)

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Financial Position
As at 30 June 2019 (Unaudited)

Rupees '000

	Note	30 June 2019 (Unaudited)			31 December 2018 (Audited) Aggregate
		Operator's Fund	Participants' Takaful Fund	Aggregate	
Assets					
Property and equipment	6	2 254	–	2 254	2 740
Investments					
Debt securities	7	214 766	697 097	911 863	1 035 253
Term deposits		150 000	250 000	400 000	215 000
Loans and other receivables	8	7 425	20 728	28 153	13 687
Takaful / retakaful receivables	9	8 112	225 133	233 245	248 598
Retakaful recoveries against outstanding claims	16	–	139 996	139 996	104 603
Salvage recoveries accrued		–	37 790	37 790	45 050
Deferred commission expense	17	106 327	–	106 327	106 313
Wakala fee receivable		109 748	–	109 748	228 363
Modarib fee receivable		6 575	–	6 575	7 757
Deferred wakala fee		–	318 994	318 994	309 127
Deferred taxation		889	–	889	488
Prepayments	10	1 567	155 621	157 188	205 199
Cash and bank	11	103 345	284 732	388 077	290 075
Total assets		711 008	2 130 091	2 841 099	2 812,253
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	–	100 000	100 000
Revaluation reserve available-for-sale investments		(1 819)	–	(1 819)	(1 015)
Accumulated profit		177 279	–	177 279	114 646
		275 460	–	275 460	213 631
Waqf / Participants' Takaful Fund					
Cede money		–	500	500	500
Revaluation reserve available-for-sale investments		–	(18 505)	(18 505)	(8 918)
Accumulated surplus		–	294 979	294 979	294 859
		–	276 974	276 974	286 441
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR	16	–	548 101	548 101	396 875
Unearned contribution reserves	14	–	1 061 902	1 061 902	1 050 127
Unearned retakaful rebate		–	13 725	13 725	20 656
Unearned wakala fee	15	318 994	–	318 994	309 127
Contribution received in advance		–	7 267	7 267	2 796
Takaful / retakaful payables		1 550	86 294	87 844	169 648
Wakala fee payable		–	109 748	109 748	228 363
Modarib fee payable		–	6 575	6 575	7 757
Taxation - provision less payments		56 508	–	56 508	36 949
Other creditors and accruals	12	58 496	19 505	78 001	89 883
		435 548	1 853 117	2 288 665	2 312 181
Total liabilities		435 548	1 853 117	2 288 665	2 312 181
Total equity and liabilities		711 008	2 130 091	2 841 099	2 812 253
Contingencies and commitments	13				

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

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Profit and Loss Account
For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Note	Three months period ended		Six months period ended	
		30 June 2019	30 June 2018 (Restated)	30 June 2019	30 June 2018 (Restated)
Participants' Takaful Fund - (PTF)					
Revenue Account					
Net takaful contribution	14	486 766	378 225	942,186	736 955
Wakala expense	15	(166 338)	(116 993)	(321 885)	(224 926)
Net takaful claims	16	(308 157)	(211 879)	(566 413)	(406 368)
Direct expenses		(56 681)	(41 184)	(110 062)	(87 341)
Retakaful rebate		6 167	6 354	20 082	16 604
Underwriting results		(38 243)	14 523	(36 092)	34 924
Investment income - net of modarib	18	14 686	7 690	27 042	13 185
Other income - net of modarib	19	4 069	1 648	9 170	3 232
		18 755	9 338	36 212	16 417
(Deficit) / Surplus for the period		(19 488)	23 861	120	51 341
Operator's Fund - (OPF)					
Revenue Account					
Wakala fee		166 338	116 993	321 885	224 926
Management expenses		(88 887)	(63 980)	(150 153)	(109 234)
Commission expense	17	(57 707)	(39 355)	(111 942)	(74 122)
		19 744	13 658	59 790	41 570
Investment income	18	13 230	5 295	22 271	9 131
Other income	19	2 759	1 438	7 017	2 976
Other expenses		(662)	(247)	(862)	(447)
		15 327	6 486	28 426	11 660
Profit before tax		35 071	20 144	88 216	53 230
Income tax expense		(10 700)	(5 490)	(25 583)	(15 381)
Profit after tax		24 371	14 654	62 633	37 849

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

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Karachi 24 August 2019

EFU General Insurance Limited - Window Takaful Operations
Condensed Interim Statement of Comprehensive Income
For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Three months period ended		Six months period ended	
	30 June 2019	30 June 2018 (Restated)	30 June 2019	30 June 2018 (Restated)
Participant's Takaful Fund				
(Deficit) / Surplus for the period	(19 488)	23 861	120	51 341
Other comprehensive income				
Unrealized loss on available-for-sale investments during the period - net	(11 522)	–	(9 587)	(514)
Reclassification adjustments relating to available-for-sale investments disposed of in the period - net	–	1 316	–	(7 023)
Total items that may be reclassified subsequently to profit and loss account	(11 522)	1 316	(9 587)	(7 537)
Total comprehensive income for the period	<u>(31 010)</u>	<u>25 177</u>	<u>(9 467)</u>	<u>43 804</u>
Operator's Fund				
Profit for the period	24 371	14 654	62 633	37 849
Other comprehensive income				
Fair value loss on available-for-sale investments during the period - net	(722)	–	(1 132)	–
Reclassification adjustments relating to available-for-sale investments disposed of in the period - net	–	56	–	(529)
	(722)	56	(1 132)	(529)
Deferred tax on available-for-sale investments	228	–	328	176
Total items that may be reclassified subsequently to profit and loss account	(494)	56	(804)	(353)
Total comprehensive income for the period	<u>23 877</u>	<u>14 710</u>	<u>61 829</u>	<u>37 496</u>

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Karachi 24 August 2019

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Cash Flow Statement
For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Operator's Fund	Participants' Takaful Fund	2019 Aggregate	2018 Aggregate (Restated)
Operating cash flows				
a) Takaful activities				
Takaful contribution received	-	1 128 835	1 128 835	929 229
Retakaful contribution paid	-	(185 591)	(185 591)	(169 803)
Claims paid	-	(487 267)	(487 267)	(452 848)
Retakaful and other recoveries received	-	38 767	38 767	69 418
Commission paid	(132 631)	-	(132 631)	(75 730)
Retakaful rebate received	-	13 150	13 150	11 685
Wakala fee received / (paid)	450 367	(450 367)	-	-
Management expenses paid	(149 234)	(110 062)	(259 296)	(196 206)
Net cash flow from / (used in) takaful activities	168 502	(52 535)	115 967	115 745
b) Other operating activities				
Income tax paid	(6 097)	-	(6 097)	(18 438)
Other operating payments	(4 746)	(5 153)	(9 899)	(11 388)
Other operating receipts	18 291	(9 970)	8 321	13 872
Net cash flow from / (used in) other operating activities	7 448	(15 123)	(7 675)	(15 954)
Total cash flow from / (used in) all operating activities	175 950	(67 658)	108 292	99 791
Investment activities				
Profit / return received	16 268	45 771	62 039	26 994
Modarib fee received / (paid)	11 113	(11 113)	-	-
Payment for investments	(373 351)	(749 613)	(1 122 964)	(708 000)
Proceeds from disposal of investments	219 046	831 589	1 050 635	558 804
Fixed capital expenditure	-	-	-	(114)
Total cash flow (used in) / from investing activities	(126 924)	116 634	(10 290)	(122 316)
Net cash flow from / (used in) all activities	49 026	48 976	98 002	(22 525)
Cash and cash equivalents at the beginning of the period	54 319	235 756	290 075	241 336
Cash and cash equivalents at the end of the period	103 345	284 732	388 077	218 811
Reconciliation to profit and loss account				
Operating cash flow	175 950	(67 658)	108 292	99 791
Depreciation expense	(486)	-	(486)	(503)
Loss on disposal of investments	-	-	-	(386)
Other investment income	22 271	27 042	49 313	30 141
Other income	7 017	9 175	16 192	(1 225)
(Decrease) / increase in assets other than cash	(114 243)	(18 654)	(132 897)	46 033
(Increase) / decrease in liabilities other than borrowings	(27 876)	50 215	22 339	(84 661)
Profit / surplus for the period	62 633	120	62 753	89 190
Attributed to				
Operator's Fund	62 633	-	62 633	37 849
Participants' Takaful Fund	-	120	120	51 341
	62 633	120	62 753	89 190

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

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Chairman

Karachi 24 August 2019

EFU General Insurance Limited – Window Takaful Operations
Condensed Interim Statement of Changes in Funds
For the six months period ended 30 June 2019 (Unaudited)

Rupees '000

	Operator's Fund			
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total (Restated)
Balance as at 01 January 2018 (Restated)	100 000	(75)	33 620	133 545
Total comprehensive income for the period ended 30 June 2018				
Profit for the period			37 849	37 849
Other comprehensive income		(353)		(353)
Balance as at 30 June 2018 (Restated)	<u>100 000</u>	<u>(428)</u>	<u>71 469</u>	<u>171 041</u>
Balance as at 01 January 2019	100 000	(1 015)	114 646	213 631
Total comprehensive income for the period ended 30 June 2019				
Profit for the period			62 633	62 633
Other Comprehensive Income		(804)		(804)
Balance as at 30 June 2019	<u>100 000</u>	<u>(1 819)</u>	<u>177 279</u>	<u>275 460</u>
	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
Balance as at 01 January 2018	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	<u>500</u>	<u>(8 816)</u>	<u>191 756</u>	<u>183 440</u>
Balance as at 01 January 2019	500	(8 918)	294 859	286 441
Surplus for the period			120	120
Other Comprehensive Income		(9 587)		(9 587)
Balance as at 30 June 2019	<u>500</u>	<u>(18 505)</u>	<u>294 979</u>	<u>276 974</u>

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

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Karachi 24 August 2019

EFU General Insurance Limited – Window Takaful Operations Notes to the Condensed Interim Financial Statements For the six months period ended 30 June 2019 (Unaudited)

1. Legal status and nature of business

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

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participants' Takaful Fund (PTF) on 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

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

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

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

Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and 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, and Insurance Accounting Regulations, 2017, and Takaful Rules, 2012 have been followed.

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year

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

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

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

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

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

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

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

Operator Fund

Rupees '000

Financial assets	30 June 2019 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or loss during the period	Carrying value	Cost less impairment	Change in unrealized loss during the period
Cash and bank*	103 345	-	-	-	-
Investments in debt securities - available-for-sale	-	-	217 328	-	(1 132)
Term Deposits	150 000	-	-	-	-
Loans and other receivables*	7 425	-	-	-	-
Total	260 770	-	217 328	-	(1 132)

Investments in debt securities - available-for-sale	30 June 2019 (Unaudited)						
	Gross carrying amounts of debt instruments that pass the SPPI test						
	AAA	AA+	AA-	AA	A+	A	Unrated
Investments in debt securities - available-for-sale	45 375	34 163	47 995	32 923	25 000	-	29 310
Term deposits	-	-	-	25 000	70 000	55 000	-
Total	45 375	34 163	47 995	57 923	95 000	55 000	29 310

Participants' Takaful Fund

Financial assets	30 June 2019 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or loss during the period	Carrying value	Cost less impairment	Change in unrealized loss during the period
Cash and bank*	284 732	-	-	-	-
Investments in debt securities - available-for-sale	-	-	715 602	-	(9 587)
Term Deposits	250 000	-	-	-	-
Loans and other receivables*	20 728	-	-	-	-
Total	555 460	-	715 602	-	(9 587)

Rupees '000

	30 June 2019 (Unaudited)						
	Gross carrying amounts of debt instruments that pass the SPPI test						
	AAA	AA+	AA-	AA	A+	A	Unrated
Investments in debt securities - available-for-sale	45 375	72 285	67 995	82 823	25 000	-	403 619
Term deposits	-	-	-	25 000	75 000	150 000	-
Total	45 375	72 285	67 995	107 823	100 000	150 000	403 619

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

3. Summary of significant accounting policies

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

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

4. Accounting estimates and judgements

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

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

5. Management of takaful and financial risk

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

6. Property and equipment

The details of additions and disposals during the six months period ended 30 June 2019 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Computers	-	7	-	-
	-	7	-	-

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

Rupees '000

7.1 Operator's Fund

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	30 540	–	30 540	30 575	–	30 575
Corporate Sukuks	186 788	–	186 788	147 448	–	147 448
	217 328	–	217 328	178 023	–	178 023
Deficit on revaluation	–	–	(2 562)	–	–	(1 430)
	<u>217 328</u>	<u>–</u>	<u>214 766</u>	<u>178 023</u>	<u>–</u>	<u>176 593</u>
7.2 Participants' Takaful Fund						
Fixed Income Securities						
Ijara Sukuks	420 571	–	420 571	670 117	–	670 117
Corporate Sukuks	295 031	–	295 031	197 461	–	197 461
	715 602	–	715 602	867 578	–	867 578
Deficit on revaluation	–	–	(18 505)	–	–	(8 918)
	<u>715 602</u>	<u>–</u>	<u>697 097</u>	<u>867 578</u>	<u>–</u>	<u>858 660</u>

8. Loans and other receivables - considered good

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
8.1 Operator's Fund		
Accrued investment income	6 176	3 087
Security deposits	301	301
Other receivables	948	224
	<u>7 425</u>	<u>3 612</u>
8.2 Participants' Takaful Fund		
Accrued investment income	9 663	9 285
Other receivables	11 065	790
	<u>20 728</u>	<u>10 075</u>
9. Takaful / retakaful receivables - unsecured and considered good		
9.1 Operator's fund		
These represents amount due from other takaful / retakaful of Operator's Fund		
9.2 Participants' Takaful Fund		
Due from takaful contract holders	219 955	248 598
Amounts due from other takaful / retakaful operator	5 178	–
	<u>225 133</u>	<u>248 598</u>

10. Prepayments

10.1 Operator's Fund

These represents amount paid for annual supervision fees.

Rupees '000

10.2 Participants' Takaful Funds

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Prepaid re-takaful contribution ceded	84 950	129 407
Prepaid charges for vehicle tracking devices	70 671	75 792
	<u>155 621</u>	<u>205 199</u>

11. Cash and other accounts

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
Cash and cash equivalent						
Policy stamps	–	551	551	–	649	649
Cash at bank						
Current accounts	35	12 556	12 591	30	2 802	2 832
Saving accounts	103 310	271 625	374 935	54 289	232 305	286 594
	<u>103 345</u>	<u>284 732</u>	<u>388 077</u>	<u>54 319</u>	<u>235 756</u>	<u>290 075</u>

12. Other creditors and accruals

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
12.1 Operator's Fund		
Accrued expenses	2 739	1 906
Agent balances	35 879	56 923
Others creditors	147	1 297
Retirement benefit obligations	109	128
Payable to EFU General Insurance Limited	19 622	160
	<u>58 496</u>	<u>60 414</u>
12.2 Participants' Takaful Fund		
Federal excise duty payable	17 445	20 972
Federal insurance fee payable	1 394	1 905
Other creditors	666	6 592
	<u>19 505</u>	<u>29 469</u>

13. Contingencies and commitments

There are no contingencies and commitments as at 30 June 2019 (31 December 2018: Nil).

Rupees '000

14. Net takaful contribution

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Written gross contribution	540 114	435 220	1 101 836	870 818
Unearned contribution reserve opening	1 085 096	845 875	1 050 127	823 906
Unearned contribution reserve closing	(1 061 902)	(844 891)	(1 061 902)	(844 891)
Contribution earned	563 308	436 204	1 090 061	849 833
Less:				
Retakaful contribution ceded	51 366	35 552	103 418	92 164
Prepaid retakaful contribution opening	110 125	98 188	129 406	96 475
Prepaid retakaful contribution closing	(84 949)	(75 761)	(84 949)	(75 761)
Retakaful expense	76 542	57 979	147 875	112 878
Net contribution	486 766	378 225	942 186	736 955

15. Net wakala fee

Gross wakala expense	162 264	130 018	331 752	259 408
Deferred wakala expense opening	323 068	228 284	309 127	206 827
Deferred wakala expense closing	(318 994)	(241 309)	(318 994)	(241 309)
Wakala expense	166 338	116 993	321 885	224 926

16. Net takaful claim expense

Claims paid	299 626	247 972	494 526	424 071
Outstanding claims including IBNR opening	(487 230)	(365 265)	(396 875)	(340 118)
Outstanding claims including IBNR closing	548 101	385 814	548 101	385 814
Claims expense	360 497	268 521	645 752	469 767
Less:				
Retakaful and other recoveries received	31 764	61 232	43 946	69 418
Retakaful and other recoveries in respect of outstanding claims opening	(119 420)	(87 515)	(104 603)	(88 944)
Retakaful and other recoveries in respect of outstanding claims closing	139 996	82 925	139 996	82 925
Retakaful and other recoveries revenue	52 340	56 642	79 339	63 399
Net takaful claims expense	308 157	211 879	566 413	406 368

17. Commission expense

Commission paid or payable	56 220	46 297	111 956	99 431
Deferred commission expense opening	107 814	79 461	106 313	61 094
Deferred commission expense closing	(106 327)	(86 403)	(106 327)	(86 403)
Net commission	57 707	39 355	111 942	74 122

Rupees '000

18. Investment income

18.1 Operator's Fund	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Income from debt securities available-for-sale				
– Return on debt securities (Ijara Sukuk)	6 022	391	10 163	778
Income from term deposits				
– Return on term deposits	2 313	2 341	3 094	3 958
	8 335	2 732	13 257	4 736
Add: Modarib share on PTF Investment Income	4 895	2 563	9 014	4 395
Total Investment	13 230	5 295	22 271	9 131

18.2 Participants' Takaful Funds – net of modarib

Income from debt securities available-for-sale				
– Return on debt securities (Ijara Sukuk)	14 392	7 972	27 494	14 612
Income from term deposits				
– Return on term deposits	5 189	2 281	8 562	3 482
	19 581	10 253	36 056	18 094
Net realized gains / (losses) on investments				
Available-for-sale financial assets				
Realized gains on:				
– Debt securities	–	–	–	73
Realized losses on:				
– Debt securities	–	–	–	(587)
	19 581	10 253	36 056	17 580
Add: Modarib share on PTF Investment Income	(4 895)	(2 563)	(9 014)	(4 395)
Total Investment	14 686	7 690	27 042	13 185

19. Other income

19.1 Other income - OPF

Profit on bank deposits	1 409	886	3 959	1 896
Mudarib share of profit on bank deposit	1 350	552	3 058	1 080
	2 759	1 438	7 017	2 976

19.2 Other income - PTF

Profit on bank deposits	5 424	2 207	12 233	4 319
Mudarib share on profit on bank deposit	(1 350)	(552)	(3 058)	(1 080)
Exchange loss	(5)	(7)	(5)	(7)
	4 069	1 648	9 170	3 232

20. Related party transactions

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

Rupees '000

20.1 Participants' Takaful Funds

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Others				
Contributions written	6 743	3 507	10 147	6 022
Claim paid	1 706	1 507	3 091	3 454
			30 June 2019 (Unaudited)	31 December 2018 (Audited)
Balances				
Receivable			3 785	747

21. Segment reporting

21.1 Operator's Fund

	For the six months period ended 30 June 2019 (Unaudited)					
	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	25 700	11 174	276 694	8 317	–	321 885
Management expenses	2 850	1 812	143 703	1 788	–	150 153
Commission expense	15 038	6 307	90 033	564	–	111 942
Net commission and expenses	(17 888)	(8 119)	(233 736)	(2 352)	–	(262 095)
	7 812	3 055	42 958	5 965	–	59 790
Net Investment income						22 271
Other income						7 017
Other expenses						(862)
Profit before tax						88 216
						As at 30 June 2019 (Unaudited)
Corporate segment assets	30 168	6 043	196 244	4 030	–	236 485
Corporate unallocated assets						474 523
Total assets						711 008
Corporate segment liabilities	30 890	6 279	352 733	4 628	–	394 530
Corporate unallocated liabilities						41 018
Total liabilities						435 548

Rupees '000

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

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
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)
	<u>536</u>	<u>2 113</u>	<u>32 241</u>	<u>6 680</u>	<u>–</u>	<u>41 570</u>
Net Investment income						9 131
Other income						2 976
Other expenses						(447)
Profit before tax						<u>53 230</u>
						As at 31 December 2018 (Audited)
Corporate segment assets	43 226	9 011	271 746	16 810	–	340 793
Corporate unallocated assets						280 509
Total assets						<u>621 302</u>
Corporate segment liabilities	39 704	8 149	308 033	11 345	–	367 231
Corporate unallocated liabilities						40 440
Total liabilities						<u>407 671</u>

Rupees '000

For the three months period ended 30 June 2019 (Unaudited)

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Wakala fee	13 062	5 254	144 124	3 898	–	166 338
Management expenses	1 647	911	85 270	1 059	–	88 887
Commission expense	7 735	3 183	46 538	251	–	57 707
Net commission and expenses	(9 382)	(4 094)	(131 808)	(1 310)	–	(146 594)
	<u>3 680</u>	<u>1 160</u>	<u>12 316</u>	<u>2 588</u>	<u>–</u>	<u>19 744</u>
Net Investment income						13 230
Other income						2 759
Other expenses						(662)
Profit before tax						<u>35 071</u>

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

	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
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
	<u>(285)</u>	<u>293</u>	<u>10 645</u>	<u>3 005</u>	<u>–</u>	<u>13 658</u>
Net investment income						5 295
Other income						1 438
Other expense						(247)
Profit before tax						<u>20 144</u>

21.2 Participants' Takaful Fund

Rupees '000

For the six months period ended 30 June 2019 (Unaudited)

	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	88 952	39 690	1 120 808	12 767	–	1 262 217
Less: Federal excise duty	11 182	4 163	130 166	1 470	–	146 981
Stamp duty	13	2 267	99	2	–	2 381
Federal insurance fee	770	329	9 808	112	–	11 019
Gross written contribution (inclusive of Administrative surcharge)	76 987	32 931	980 735	11 183	–	1 101 836
Gross direct contribution	75 782	31 181	840 621	11 108	–	958 692
Administrative surcharge	1 205	1 750	140 114	75	–	143 144
Takaful contribution earned	104 398	37 450	913 107	35 106	–	1 090 061
Takaful contribution ceded to retakaful	92 158	28 553	2 674	24 490	–	147 875
Net contribution revenue	12 240	8 897	910 433	10 616	–	942 186
Rebate from retakaful operator	10 525	6 424	–	3 133	–	20 082
Net underwriting income	22 765	15 321	910 433	13 749	–	962 268
Insurance claims	84 083	1 626	540 672	19 371	–	645 752
Insurance claims recovered from retakaful	75 216	1 280	–	2 843	–	79 339
Net claims	(8 867)	(346)	(540 672)	(16 528)	–	(566 413)
Wakala expense	(25 700)	(11 174)	(276 694)	(8 317)	–	(321 885)
PTF direct expense	(4)	(3)	(110 051)	(4)	–	(110 062)
Net insurance claims and expenses	(34 571)	(11 523)	(927 417)	(24 849)	–	(998 360)
Underwriting result	(11 806)	3 798	(16 984)	(11 100)	–	(36 092)
Net Investment income						27 042
Other income						9 170
Surplus for the period						120
						As at 30 June 2019 (Unaudited)
Corporate segment assets	230 611	15 560	549 147	55 044	–	850 362
Corporate unallocated assets						1 279 729
Total assets						2 130 091
Corporate segment liabilities	277 682	41 064	1 449 505	68 005	–	1 836 256
Corporate unallocated liabilities						16 861
Total liabilities						1 853 117

Rupees '000

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

	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
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 expense	(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 result	(8 423)	(1 050)	41 554	2 843	–	34 924
Net Investment income						13 185
Other income						3 232
Surplus for the period						51 341
						As at 31 December 2018 (Audited)
Corporate segment assets	206 304	22 346	562 024	100 569		891 243
Corporate unallocated assets						1 299 708
Total assets						2 190 951
Corporate segment liabilities	306 098	56 869	1 344 796	159 521		1 867 284
Corporate unallocated liabilities						37 226
Total liabilities						1 904 510

Rupees '000

For the three months period ended 30 June 2019 (Unaudited)

	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	39 879	17 082	551 008	10 982	–	618 951
Less: Federal excise duty	5 204	1 810	64 068	1 302	–	72 384
Stamp duty	5	998	47	1	–	1 051
Federal insurance fee	343	141	4 821	96	–	5 401
Gross written contribution (inclusive of Administrative surcharge)	34 327	14 133	482 072	9 583	–	540 115
Gross direct contribution	33 872	13 325	418 746	9 549	–	475 492
Administrative surcharge	455	808	63 326	34	–	64 623
Takaful contribution earned	54 185	18 670	473 918	16 535	–	563 308
Takaful contribution ceded to retakaful	48 528	14 252	2 010	11 752	–	76 542
Net contribution revenue	5 657	4 418	471 908	4 783	–	486 766
Rebate from retakaful operator	1 721	3 206	–	1 240	–	6 167
Net underwriting income	7 378	7 624	471 908	6 023	–	492 933
Insurance claims	60 622	971	290 085	8 819	–	360 497
Insurance claims recovered from retakaful	54 269	744	–	(2 673)	–	52 340
Net claims	(6 353)	(227)	(290 085)	(11 492)	–	(308 157)
Wakala expense	(13 062)	(5 254)	(144 124)	(3 898)	–	(166 338)
PTF direct expense	(1)	(1)	(56 677)	(2)	–	(56 681)
Net insurance claims and expenses	(19 416)	(5 482)	(490 886)	(15 392)	–	(531 176)
Underwriting result	26 794	13 106	962 794	21 415	–	(38 243)
Net Investment income						14 686
Other income						4 069
Deficit for the period						(19 488)

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

	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	21 750	18 259	446 170	12 843	–	499 022
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	11 263	–	435 220
Gross direct contribution	18 509	14 274	324 210	11 250	–	368 243
Administrative surcharge	354	833	65 777	13	–	66 977
Takaful contribution earned	36 146	14 537	363 520	22 001	–	436 204
Takaful contribution ceded to retakaful	31 958	11 376	–	14 645	–	57 979
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 expense	(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 result	(9 698)	74	20 195	3 952	–	14 523
Net Investment income						7 690
Other income						1 648
Surplus for the period						23 861

22. Movement in investment

22.1 Operator's Fund

Rupees '000

Name of investment	Available-for-sale	Held to maturity	Total
At beginning of previous year	30 481	122 500	152 981
Additions	153 404	586 000	739 404
Disposals (sale and redemptions)	(5 969)	(673 500)	(679 469)
Fair value net gains (excluding net realized gains)	(1 323)	–	(1 323)
At beginning of current year	176 593	35 000	211 593
Additions	68 351	305 000	373 351
Disposals (sale and redemptions)	(29 046)	(190 000)	(219 046)
Fair value net gains (excluding net realized gains)	(1 132)	–	(1 132)
At end of period	214 766	150 000	364 766

22.2 Participants' Takaful Fund

Name of investment	Available-for-sale	Held to maturity	Total
At beginning of previous year	606 540	100 000	706 540
Additions	372 528	470 000	842 528
Disposals (sale and redemptions)	(112 769)	(390 000)	(502 769)
Fair value net gains (excluding net realized gains)	(7 639)	–	(7 639)
At beginning of current year	858 660	180 000	1 038 660
Additions	129 613	620 000	749 613
Disposals (sale and redemptions)	(281 589)	(550 000)	(831 589)
Fair value net gains (excluding net realized gains)	(9 587)	–	(9 587)
At end of period	697 097	250 000	947 097

23 Fair value

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

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

23.3 Operator's Fund

Rupees '000

As at 30 June 2019 (Unaudited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	29 311				29 311		29 311	
Corporate Sukuks	185 455				185 455		185 455	
Financial assets not measured at fair value								
Investments								
Term deposits*			150 000		150 000			
Loans and other receivables*		7 425			7 425			
Takaful / retakaful receivables*		8 112			8 112			
Wakala fee receivable*		109 748			109 748			
Modarib fee receivable*		6 575			6 575			
Cash and bank balances*			103 345		103 345			
	214 766	131 860	253 345		599 971		214 766	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(58 496)	(58 496)			
	214 766	131 860	253 345	(58 496)	541 475	-	214 766	-

As at 31 December 2018 (Audited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	29 954				29 954		29 954	
Corporate Sukuks	146 639				146 639		146 639	
Financial assets not measured at fair value								
Investments								
Term deposits*			35 000		35 000			
Loans and other receivables*		3 612			3 612			
Takaful / retakaful receivables*		6 117			6 117			
Wakala fee receivable*		228 363			228 363			
Modarib fee receivable*		7 757			7 757			
Cash and bank balances*			54 319		54 319			
	176 593	245 849	89 319		511 761		176 593	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(60 414)	(60 414)			
	176 593	245 849	89 319	(60 414)	451 347	-	176 593	-

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

23.4 Participants' Takaful Fund

Rupees '000

As at 30 June 2019 (Unaudited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	403 620				403 620		403 620	
Corporate Sukuk	293 477				293 477		293 477	
Financial assets not measured at fair value								
Investments								
Term deposits*			250 000		250 000			
Loans and other receivables*		20 728			20 728			
Takaful / retakaful receivables*		225 133			225 133			
Retakaful recoveries against outstanding claims*		139 996			139 996			
Cash and bank balances*			284 732		284 732			
	697 097	385 857	534 732		1 617 686		697 097	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(548 101)	(548 101)			
Contributions received in advance*				(7 267)	(7 267)			
Takaful / retakaful payable*				(86 294)	(86 294)			
Wakala fee payable*				(109 748)	(109 748)			
Modarib fee payable*				(6 575)	(6 575)			
Other creditors and accruals*				(19 505)	(19 505)			
	697 097	385 857	534 732	(777 490)	840 196	-	697 097	-
As at 31 December 2018 (Audited)								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	662 032				662 032		662 032	
Corporate Sukuks	196 628				196 628		196 628	
Financial assets not measured at fair value								
Investments								
Term deposits*			180 000		180 000			
Loans and other receivables*		10 075			10 075			
Takaful / retakaful receivables*		242 481			242 481			
Retakaful recoveries against outstanding claims*		104 603			104 603			
Cash and bank balances*			235 756		235 756			
	858 660	357 159	415 756		1 631 575		858 660	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(396 875)	(396 875)			
Contributions received in advance*				(2 796)	(2 796)			
Takaful / retakaful payable*				(168 467)	(168 467)			
Wakala fee payable*				(228 363)	(228 363)			
Modarib fee payable*				(7 757)	(7 757)			
Other creditors and accruals*				(29 469)	(29 469)			
	858 660	357 159	415 756	(833 727)	797 848	-	858 660	-

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

24. Corresponding Figures

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

25. General

Figures have been rounded off to the nearest thousand rupees.

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

These condensed interim financial statements were authorized for issue by the Board of Directors in its meeting held on 24 August 2019.

TAHER G. SACHAK
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 24 August 2019

