



Report (Un-Audited)
THIRD QUARTER
2016



GENERAL

Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

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

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

Legal Advisor

Mohammad Ali Sayeed

Advisors

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

Shariah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

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

Investment Committee

Saifuddin N. Zoomkawala
Hasanali Abdullah
Rafique R. Bhimjee

Human Resource & Remuneration Committee

Saifuddin N. Zoomkawala
Rafique R. Bhimjee
Hasanali Abdullah

Auditors

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

Registrar

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

Website

www.efuinsurance.com

Registered Office

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

Main Offices

EFU House
M. A. Jinnah Road
Karachi

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

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Directors' Review

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


The Written Premium for the nine months period grew by 7 % to Rs. 13,069 million (including Takaful Contribution of Rs. 845 million) from Rs. 12,201 million (including Takaful Contribution of Rs. 86 million) for corresponding period last year. The Net Premium Revenue for the nine months period (including Takaful Net Contribution Revenue) was Rs. 6,011 million as against Rs. 5,018 million for the corresponding period of last year. The overall Claims ratio to Net Premium Revenue improved to 38 % as against 48 % of corresponding period of last year. The underwriting profit for the nine months period was Rs. 1,917 million as compared to Rs. 1,005 million in corresponding period of last year that is an increase of 91 %.

The after tax profit for the nine months period was Rs. 1,724 million compared to Rs. 1,495 million in the corresponding period last year.

The earnings per share for the period was Rs. 8.62 as against Rs. 7.48 in the corresponding period of last year. The Government of Pakistan has changed the tax structure of insurance companies. Now income from all sources of income would be taxed @ 31 %, whereas up till last year Dividend Income was being taxed at 12.5 % and tax on Capital Gains were at various slabs minimum was zero and maximum was 15 % depending on holding period of securities. The insurance companies generally are long term investors and this incidence of tax on capital gain was low which now would be heavy at 31 %. The additional tax for the period is Rs. 317 million (inclusive of deferred tax). This harsh tax measure would have adverse impact on growth of risk appetite of insurance companies generally. The Insurance Association of Pakistan has appealed for this to Prime Minister, Finance Minister and Special Assistant to the Prime Minister for Revenue. Had there not been additional incidence of tax, our earnings per share would have been Rs. 10.20 as against reported earnings of Rs. 8.62 and on account of this our tax charge for the nine months period was Rs. 1.04 billion.

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

The total Market value of Properties, Equity (including investment in associate), Fixed Income securities and Cash and Bank Balances as at 30 September 2016 stood at Rs. 25,828 million as compared to Rs. 25,646 million as on 31 December 2015.



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

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

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

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

۳۰ ستمبر ۲۰۱۶ء کو کمپنی کی ملکیتی جائیداد، ایکویٹیز، (بشمول ایسوسی ایٹ میں سرمایہ کاری)، فکسڈ انکم سیکیورٹیز، نقد رقوم اور بینک بیلنسز کی کل مارکیٹ ویلیو ۸۲۸،۲۵ ملین روپے رہے، جبکہ گزشتہ سال ۳۱ دسمبر ۲۰۱۵ء اسی مدت میں ۶۴۶،۲۵ ملین روپے تھا۔

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

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

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

سیف الدین این۔ زومکا والا
چیئرمین

حسن علی عبداللہ
ٹیچنگ ڈائریکٹر و چیف ایگزیکٹو

رفیق آر۔ بھیم جی
ڈائریکٹر

محمود لوٹیا
ڈائریکٹر

کراچی، ۲۲ اکتوبر ۲۰۱۶ء

ہم بسمرت آپ کی خدمت میں ۳۰ ستمبر ۲۰۱۶ء کو ختم ہونے والے نو ماہ کی مدت کے لیے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اس نو ماہ کی مدت کے دوران تحریری پری میٹیم ۷ فیصد اضافہ کے ساتھ ۱۳،۰۶۹ ملین روپے رہا (بشمول تکافل کسٹریوشن ۸۴۵ ملین روپے)، جبکہ گزشتہ سال اسی مدت میں ۱۲،۲۰۱ ملین روپے (بشمول تکافل کسٹریوشن ۸۶ ملین روپے) تھا۔ اس نو ماہ کی مدت کے دوران خالص پری میٹیم آمدن (بشمول خالص تکافل کسٹریوشن) ۶،۰۱۱ ملین روپے رہے، جبکہ گزشتہ سال اسی مدت میں ۵،۰۱۸ ملین روپے تھا۔ مجموعی کمیز اور خالص پری میٹیم آمدن کے درمیان عمومی تناسب بہتر ہو کر ۳۸ فیصد رہا، جبکہ گزشتہ سال اسی مدت کے دوران ۴۹ فیصد تھا۔ اسی نو ماہ کی مدت کے دوران انڈر رائٹنگ سے کل منافع ۱،۹۱۷ ملین روپے رہا۔ جبکہ گزشتہ سال اسی مدت میں یہ رقم ۱،۰۰۵ ملین روپے تھی یعنی اس میں ۹۱ فیصد اضافہ ہوا۔

اس نو ماہ کی مدت کے لیے بعد از ٹیکس منافع ۷۲۳،۱ ملین روپے رہا، جبکہ گزشتہ سال اسی مدت میں ۴۹۵،۱ ملین روپے تھا۔

مذکورہ مدت کی فی شیئر آمدنی ۸/۶۲ روپے رہی جبکہ گزشتہ سال کی اسی مدت میں فی شیئر آمدنی ۷/۴۸ روپے تھی۔ ٹیکس میں اضافہ کے سبب بعد از ٹیکس منافع میں کمی واقع ہوئی۔ حکومت پاکستان نے انشورنس کمپنیوں کے ٹیکس اسٹرکچر میں تبدیلی کی ہے جس کے مطابق اب آمدنی کے تمام ذرائع سے حاصل ہونے والی آمدنی پر ۳۱ فیصد کی شرح سے ٹیکس عائد کیا جائے گا جبکہ اب تک منافع منقسمہ سے حاصل ہونے والی آمدنی پر ۱۲/۵ فیصد کی شرح سے ٹیکس لاگو ہوتا تھا اور حاصیلات سرمایہ (کیپیٹل گین) پر ٹیکس کے مختلف درجات تھے جن میں کم سے کم صفر اور زیادہ سے زیادہ ۱۵ فیصد کی شرح سے ٹیکس وصول کیا جاتا تھا جو سیکورٹیز کو اپنی تحویل میں رکھنے کی مدت کے لحاظ سے نافذ ہوتا تھا۔ انشورنس کمپنیاں عمومی طور پر طویل مدت کی سرمایہ کاری کرتی ہیں اور اس وجہ سے حاصیلات سرمایہ (کیپیٹل گین) پر ٹیکس کی شرح کم ہوتی تھی جو اب ۳۱ فیصد کی بھاری شرح سے لاگو ہوگا۔ اس نو ماہ میں اضافی ٹیکس کی رقم ۳۱۷ ملین روپے (بشمول الٹو ٹیکس) ہے۔ ٹیکس کے اس سخت پیمانے سے عمومی طور پر انشورنس کمپنیوں کی ترقی میں رکاوٹیں پیدا ہوں گی۔ انشورنس ایسوسی ایشن آف پاکستان نے اس سلسلے میں وزیراعظم، وزیر خزانہ اور وزیراعظم کے معاون خصوصی برائے محصولات سے اس معاملہ پر غور کرنے کی اپیل کی ہے۔ اگر یہ اضافی ٹیکس نافذ نہیں ہوتا تو ہماری آمدنی فی شیئر ۱۰/۲۰ روپے ہوتی جو کہ ۸/۶۲ روپے بتائی گئی ہے اور اسی وجہ سے ہمارا نو ماہ کا ٹیکس چارج ۱/۰۴ ملین روپے تھا۔

Condensed Interim Balance Sheet

As at 30 September 2016 (Unaudited)

	Note	30 September 2016 (Unaudited)	31 December 2015 (Audited)
Share capital and reserves			
Authorised share capital			
200 000 000 (2015: 200 000 000)			
ordinary shares of Rs.10 each		2 000 000	2 000 000
Issued, subscribed and paid-up share capital		2 000 000	1 600 000
Reserves and retained earnings	6	14 451 512	14 247 012
		16 451 512	15 847 012
Underwriting provisions			
Provision for outstanding claims (including IBNR)		5 531 814	4 462 934
Provision for unearned premium		7 289 481	6 723 968
Commission income unearned		369 780	341 652
Total underwriting provisions		13 191 075	11 528 554
Deferred liabilities			
Deferred taxation		296 772	126 908
Creditors and accruals			
Premiums received in advance		5 936	5 350
Amounts due to other insurers / reinsurers		3 335 509	2 947 386
Accrued expenses		191 532	201 074
Agent balances		647 973	527 572
Unearned rentals		45 302	56 036
Taxation - provision less payments		278 668	107 183
Other creditors and accruals		272 207	189 443
		4 777 127	4 034 044
Other liabilities			
Other deposits		577 327	540 028
Unclaimed dividends		149 923	128 432
		727 250	668 460
Total liabilities		18 992 224	16 357 966
Total equity and liabilities		35 443 736	32 204 978
Total liabilities of takaful operations - OPF		168 519	59 057
Total equity and liabilities		35 612 255	32 264 035
Contingencies	7		

Rupees '000

	Note	30 September 2016 (Unaudited)	31 December 2015 (Audited)
Cash and bank deposits			
Cash and other equivalents		6 360	4 175
Current and other accounts		1 167 762	1 187 686
Deposits maturing within 12 months		461 449	557 135
		1 635 571	1 748 996
Loans - secured considered good			
To employees		2 382	2 114
Investments	8	19 876 720	19 166 228
Investment properties		180 399	190 646
Current assets - others			
Premiums due but unpaid - net	9	4 531 496	3 285 856
Amounts due from other insurers / reinsurers		17 360	15 839
Salvage recoveries accrued		23 545	41 999
Accrued investment income		115 983	141 689
Reinsurance recoveries against outstanding claims		3 302 669	2 232 473
Deferred commission expense		632 322	541 676
Prepayments		3 845 918	3 604 325
Security deposits		8 202	17 390
Sundry receivables		96 657	67 556
		12 574 152	9 948 803
Fixed assets - tangible and intangible	10		
Land and buildings		412 267	405 164
Furniture, fixtures and office equipments		311 023	334 638
Vehicles		230 699	248 959
Motor tracking devices		123 453	108 219
Capital work-in-progress		–	4 338
		1 077 442	1 101 318
Total assets		35 346 666	32 158 105
Total assets of takaful operations - OPF		265 589	105 930
Total assets		35 612 255	32 264 035

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

Condensed Interim Profit and Loss Account

For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

		Three months period ended 30 September					Aggregate 2016	Aggregate 2015
Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty			
Revenue account								
	507 261	406 304	830 243	142 898	–	1 886 706	1,635,159	
	(119 684)	(83 498)	(307 642)	(58 756)	–	(569 580)	(800 344)	
	(96 388)	(76 995)	(185 486)	(27 119)	–	(385 988)	(422 102)	
	11 209	(55 664)	(70 220)	22 031	–	(92 644)	(48 215)	
Underwriting result						838 494	364 498	
Investment income								
						225 446	12 543	
						35 393	29 708	
						16 187	17 628	
						1 732	6 751	
						172 314	121 048	
						(192 971)	(196 570)	
						(22 126)	(7 111)	
						235 975	(16 003)	
Profit / (loss) before tax from takaful operations - OPF	11					9 697	(62)	
Profit before tax						1 084 166	348 433	
Provision for taxation	12					(331 706)	(109 553)	
Profit after tax						752 460	238 880	
							(Restated)	
Earnings per share - basic and diluted						(Rupees) 3.76	1.19	
		Nine months period ended 30 September						
Revenue account								
	1 493 084	1 248 443	2 476 917	429 210	–	5 647 654	5 014 771	
	(276 039)	(388 210)	(1 316 124)	(166 344)	–	(2 146 717)	(2 384 490)	
	(295 357)	(246 963)	(562 217)	(84 905)	–	(1 189 442)	(1 230 612)	
	(77 613)	(180 917)	(209 370)	73 523	–	(394 377)	(394 442)	
Underwriting result						1 917 118	1 005 227	
Investment income								
						815 826	859 859	
						104 125	91 790	
						47 755	54 519	
						12 730	20 003	
						465 882	424 952	
						(545 356)	(508 379)	
						(56 366)	(38 818)	
						844 596	903 926	
Profit / (loss) before tax from takaful operations - OPF	11					197	(7 076)	
Profit before tax						2 761 911	1 902 077	
Provision for taxation	12					(1 037 411)	(406 624)	
Profit after tax						1 724 500	1 495 453	
Profit and loss appropriation account								
Balance at commencement of the period						3 734 110	1 998 197	
Profit after tax						1 724 500	1 495 453	
Issuance of bonus shares						(400 000)	–	
Final dividend for the year 2015 Rs. 7.50 (75%) per share (2014: Rs. 5.00 (50%) per share)						(720 000)	(800 000)	
1st Interim dividend for the year 2016 Re. 1.00 (10%) per share (2015: Re. 1.00 (10%) per share)						(200 000)	(160 000)	
2nd Interim dividend for the year 2016 Re. 1.00 (10%) per share (2015: Re. 1.00 (10%) per share)						(200 000)	(160 000)	
Transfers to general reserve						(2 000 000)	(1 000 000)	
Balance at the end of the period						1 938 610	1 373 650	
							(Restated)	
Earnings per share - basic and diluted						(Rupees) 8.62	7.48	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Comprehensive Income For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
Profit after tax	752 460	238 880	1 724 500	1 495 453
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	<u>752 460</u>	<u>238 880</u>	<u>1 724 500</u>	<u>1 495 453</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

Condensed Interim Statement of Changes in Equity For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit	Total
Balance as at 1 January 2015	1 600 000	9 500 000	12 902	1 998 197	13 111 099
Total comprehensive income for the period ended 30 September 2015					
Profit after tax	–	–	–	1 495 453	1 495 453
Transactions with owners, recorded directly in equity					
Final dividend paid for the year 2014 at the rate of Rs. 5.00 (50%) per share	–	–	–	(800 000)	(800 000)
1st Interim dividend paid for the year 2015 at the rate of Re. 1.00 (10%) per share	–	–	–	(160 000)	(160 000)
2nd Interim dividend paid for the year 2015 at the rate of Re. 1.00 (10%) per share	–	–	–	(160 000)	(160 000)
Other transfer within equity					
Transfer to general reserve	–	1 000 000	–	(1 000 000)	–
Balance as at 30 September 2015	<u>1 600 000</u>	<u>10 500 000</u>	<u>12 902</u>	<u>1 373 650</u>	<u>13 486 552</u>
Balance as at 1 January 2016	1 600 000	10 500 000	12 902	3 734 110	15 847 012
Total comprehensive income for the period ended 30 September 2016					
Profit after tax	–	–	–	1 724 500	1 724 500
Transactions with owners, recorded directly in equity					
Bonus shares issued	400 000	–	–	(400 000)	–
Final dividend paid for the year 2015 at the rate of Rs. 7.50 (75%) per share	–	–	–	(720 000)	(720 000)
1st Interim dividend paid for the year 2016 Re. 1.00 (10%) per share	–	–	–	(200 000)	(200 000)
2nd Interim dividend paid for the year 2016 Re. 1.00 (10%) per share	–	–	–	(200 000)	(200 000)
Other transfer within equity					
Transfer to general reserve	–	2 000 000	–	(2 000 000)	–
Balance as at 30 September 2016	<u>2 000 000</u>	<u>12 500 000</u>	<u>12 902</u>	<u>1 938 610</u>	<u>16 451 512</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

Condensed Interim Statement of Cash Flows

For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

	2016	2015
Operating activities		
a) Underwriting activities		
Premiums received	10 979 101	10 571 973
Reinsurance premiums paid	(5 821 519)	(5 094 544)
Claims paid	(3 146 260)	(4 022 330)
Reinsurance and other recoveries received	1 015 162	1 872 663
Commissions paid	(968 058)	(972 440)
Commissions received	631 565	660 016
Management expenses paid	(1 072 337)	(1 150 961)
Net cash inflow from underwriting activities	1 617 654	1 864 377
b) Other operating activities		
Income tax paid	(696 063)	(582 170)
General and administration expenses	(517 779)	(472 647)
Other operating payments	(112 853)	(75 003)
Other operating receipts	119 999	31 584
Loans advanced	(1 807)	(1 304)
Loans repayments received	1 539	1 762
Net cash outflow from other operating activities	(1 206 964)	(1 097 778)
Total cash inflow from all operating activities	410 690	766 599
Investment activities		
Profit / return received	296 589	378 925
Dividends received	614 439	457 766
Rentals received	64 767	60 475
Payments for investments	(9 693 905)	(6 121 592)
Proceeds from disposal of investments	9 427 790	5 702 931
Fixed capital expenditures	(149 570)	(178 196)
Proceeds from disposal of fixed assets	14 284	19 626
Total cash inflow from investing activities	574 394	319 935
Financing activities		
Dividend adjustment / paid	(1 098 509)	(1 098 376)
Net cash outflow from all activities	(113 425)	(11 842)
Cash at the beginning of the period	1 748 996	1 520 795
Cash at the end of the period	1 635 571	1 508 953
Reconciliation to profit and loss account		
Operating cash flows	410 690	766 599
Depreciation / amortisation expense	(181 966)	(149 009)
Rentals and investment income	891 328	926 397
Profit on deposits	47 755	54 519
Other income	12 794	25 054
Share of profit from associate	465 882	424 952
Decrease in assets other than cash	2 529 840	1 469 194
Decrease in liabilities other than running finance	(2 452 019)	(2 015 177)
Profit after tax from conventional insurance operations	1 724 304	1 502 529
Profit / (loss) from takaful operations - OPF	197	(7 076)
Profit after tax at the end of the period	1 724 501	1 495 453
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	6 360	6 068
Current and other accounts	1 167 762	1 145 183
Deposits maturing within 12 months	461 449	357 702
	1 635 571	1 508 953

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

Condensed Interim Statement of Premiums For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

Class	Three months period ended 30 September									Net premium revenue 2016	Net premium revenue 2015
	Premiums				Reinsurance						
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense			
		Opening	Closing			Opening	Closing				
Direct and facultative											
Fire and property damage	2 537 457	3 739 228	4 170 941	2 105 744	1 862 365	2 797 115	3 060 997	1 598 483	507 261	383 371	
Marine, aviation and transport	478 271	757 375	657 950	577 696	120 654	373 421	322 683	171 392	406 304	349 217	
Motor	983 566	1 618 855	1 767 271	835 150	4 907	-	-	4 907	830 243	772 059	
Miscellaneous	319 019	722 432	693 319	348 132	174 095	408 156	377 017	205 234	142 898	130 512	
Total	4 318 313	6 837 890	7 289 481	3 866 722	2 162 021	3 578 692	3 760 697	1 980 016	1 886 706	1 635 159	
Treaty - proportional	-	-	-	-	-	-	-	-	-	-	
Grand total	4 318 313	6 837 890	7 289 481	3 866 722	2 162 021	3 578 692	3 760 697	1 980 016	1 886 706	1 635 159	

Nine months period ended 30 September

Direct and facultative											
Fire and property damage	6 510 050	3 997 006	4 170 941	6 336 115	4 938 184	2 965 844	3 060 997	4 843 031	1 493 084	1 368 189	
Marine, aviation and transport	1 782 682	645 817	657 950	1 770 549	606 295	238 494	322 683	522 106	1 248 443	1 102 278	
Motor	2 722 544	1 535 166	1 767 271	2 490 439	13 522	-	-	13 522	2 476 917	2 232 634	
Miscellaneous	1 208 878	545 979	693 319	1 061 538	651 641	357 704	377 017	632 328	429 210	311 670	
Total	12 224 154	6 723 968	7 289 481	11 658 641	6 209 642	3 562 042	3 760 697	6 010 987	5 647 654	5 014 771	
Treaty - proportional	-	-	-	-	-	-	-	-	-	-	
Grand total	12 224 154	6 723 968	7 289 481	11 658 641	6 209 642	3 562 042	3 760 697	6 010 987	5 647 654	5 014 771	

Note: Premiums written includes administrative surcharge of Rs. 335.09 million (2015: Rs. 315.87 million).

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Karachi 22 October 2016

Condensed Interim Statement of Claims For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

Class	Three months period ended 30 September										
	Claims				Reinsurance					Net claims expense 2016	Net claims expense 2015
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue			
		Opening	Closing			Opening	Closing				
Direct and facultative											
Fire and property damage	381 866	2 796 702	2 967 151	552 315	275 269	2 177 053	2 334 415	432 631	119 684	197 454	
Marine, aviation and transport	132 197	879 690	841 613	94 120	8 795	428 990	430 817	10 622	83 498	113 854	
Motor	384 652	1 117 864	1 040 854	307 642	–	3 828	3 828	–	307 642	432 761	
Miscellaneous	93 620	599 856	682 196	175 960	55 497	471 902	533 609	117 204	58 756	56 275	
Total	992 335	5 394 112	5 531 814	1 130 037	339 561	3 081 773	3 302 669	560 457	569 580	800 344	
Treaty - proportional	–	–	–	–	–	–	–	–	–	–	
Grand total	992 335	5 394 112	5 531 814	1 130 037	339 561	3 081 773	3 302 669	560 457	569 580	800 344	

Class	Nine months period ended 30 September										
	Claims				Reinsurance					Net claims expense 2016	Net claims expense 2015
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue			
		Opening	Closing			Opening	Closing				
Direct and facultative											
Fire and property damage	1 102 129	2 025 050	2 967 151	2 044 230	772 658	1 338 882	2 334 415	1 768 191	276 039	484 928	
Marine, aviation and transport	437 321	868 766	841 613	410 168	38 427	447 286	430 817	21 958	388 210	458 171	
Motor	1 256 734	981 475	1 040 854	1 316 113	1	3 840	3 828	(11)	1 316 124	1 292 450	
Miscellaneous	368 531	587 643	682 196	463 084	205 596	442 465	533 609	296 740	166 344	148 941	
Total	3 164 715	4 462 934	5 531 814	4 233 595	1 016 682	2 232 473	3 302 669	2 086 878	2 146 717	2 384 490	
Treaty - proportional	–	–	–	–	–	–	–	–	–	–	
Grand total	3 164 715	4 462 934	5 531 814	4 233 595	1 016 682	2 232 473	3 302 669	2 086 878	2 146 717	2 384 490	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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Karachi 22 October 2016

Condensed Interim Statement of Expenses For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

Class	Three months period ended 30 September								Net	Net
	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expenses	Commission from reinsurers	underwriting expenses	underwriting expenses	
		Opening	Closing					2016	2015	
Direct and facultative										
Fire and property damage	220 752	322 253	371 660	171 345	96 388	267 733	182 554	85 179	34 811	
Marine, aviation and transport	61 832	58 435	55 976	64 291	76 995	141 286	8 627	132 659	129 704	
Motor	86 344	133 680	149 804	70 220	185 486	255 706	-	255 706	296 046	
Miscellaneous	24 743	56 151	54 882	26 012	27 119	53 131	48 043	5 088	9 756	
Total	393 671	570 519	632 322	331 868	385 988	717 856	239 224	478 632	470 317	
Treaty - proportional	-	-	-	-	-	-	-	-	-	
Grand total	393 671	570 519	632 322	331 868	385 988	717 856	239 224	478 632	470 317	
	Nine months period ended 30 September									
Direct and facultative										
Fire and property damage	562 625	315 351	371 660	506 316	295 357	801 673	428 703	372 970	394 924	
Marine, aviation and transport	203 627	55 272	55 976	202 923	246 963	449 886	22 006	427 880	408 333	
Motor	228 722	130 452	149 804	209 370	562 217	771 587	-	771 587	815 207	
Miscellaneous	93 485	40 601	54 882	79 204	84 905	164 109	152 727	11 382	6 590	
Total	1 088 459	541 676	632 322	997 813	1 189 442	2 187 255	603 436	1 583 819	1 625 054	
Treaty - proportional	-	-	-	-	-	-	-	-	-	
Grand total	1 088 459	541 676	632 322	997 813	1 189 442	2 187 255	603 436	1 583 819	1 625 054	

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

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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Karachi 22 October 2016

Condensed Interim Statement of Investment Income For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
Income from non - trading investments				
Return on government securities	113 114	76 228	275 645	231 430
Return on other fixed income securities and deposits	–	–	500	1 953
Amortisation of discount relative to par	(5 427)	5 113	2 096	15 841
Dividend income	55 219	49 678	172 833	159 306
Gain on sale of non - trading investments - net	47 931	12 118	353 272	402 011
	210 837	143 137	804 346	810 541
Reversal / (provision) for impairment - available for sale investments - net	15 052	(130 178)	12 756	50 364
Investment related expenses	(443)	(416)	(1 276)	(1 046)
Net investment income	<u>225 446</u>	<u>12 543</u>	<u>815 826</u>	<u>859 859</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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Chairman

Karachi 22 October 2016

Notes to the Condensed Interim Financial Statements

For the nine months period ended 30 September 2016 (Unaudited)

1. Status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 2 September 1932. The Company is listed on the Pakistan Stock Exchange and is engaged in non-life insurance business comprising of fire and property, marine, motor, miscellaneous etc.

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company was allowed to work as Window Takaful Operator on 16 April 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Company operates through 54 (2015: 53) branches in Pakistan including a branch in Export Processing Zone (EPZ).

2. Statement of compliance

- 2.1 These condensed interim financial statements of the Company for the period ended 30 September 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and SECP Takaful Rules 2012 shall prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2015.
- 2.3 Separate set of financial statements of the General Takaful operations has been annexed to these condensed interim financial statements as per the requirements of the SECP Takaful Rules, 2012.

3. Significant accounting policies

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

New / Revised Standards, Interpretations and Amendments

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

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

Improvements to Accounting Standards Issued by the IASB

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

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

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

4. Accounting estimates and judgements

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

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

5. Management of insurance and financial risk

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

6. Reserves and retained earnings

		Rupees '000	
	Note	30 September 2016 (Unaudited)	31 December 2015 (Audited)
General reserve		12 500 000	10 500 000
Reserve for exceptional losses	6.1	12 902	12 902
Retained earnings		1 938 610	3 734 110
		<u>14 451 512</u>	<u>14 247 012</u>

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

7. Contingencies

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

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

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

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

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

The department has filed appeal for the Tax Year 2013 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner Inland Revenue (Appeals) in respect of proration of expenses. If the appeal is decided against the Company, a tax liability of Rs. 5 million would be payable.

The Commissioner Inland Revenue (Audit) has amended the tax assessments of the Company for the Tax Years 2009-2013 by taxing the dividend income on full corporate tax rate as against the reduced tax rates applied by the Company. The Company has filed appeals before Commissioner Inland Revenue (Appeals) who maintained the order passed by the Commissioner Inland Revenue (Audit). Thereafter, the Company has filed appeals with Income Tax Appellate Tribunal (ITAT) and the Income Tax Appellate Tribunal (ITAT) has issued order in favour of the company for tax years 2011-2013 in respect of dividend income tax at reduced rate. In Tax Year 2014 Commissioner Inland Revenue (Audit) has amended the tax assessment on the same premise that dividend is taxable at corporate rate instead of reduced rate. The Company has filed an appeal before Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) has issued an order in favour of the Company. Afterwards the Department has filed appeal for Tax Year 2014 before Income Tax Appellate Tribunal (ITAT) against order of Commissioner (Appeals) If the appeal is decided against the Company a tax liability of 115 million would be payable. Further, The Commissioner Inland Revenue (Audit) has amended the Tax Year 2015 for which the Company has filed an appeal before Commissioner Inland Revenue (Appeals). If the appeal is decided against the Company a tax liability of 117 million would be payable.

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

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

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

8. Investments

Rupees '000

	Note	30 September 2016 (Unaudited)	31 December 2015 (Audited)
Investment in associate - EFU Life Assurance Limited	8.1 & 8.2		
Opening balance		11 570 646	9 324 920
Purchases during the period		–	5 998
Share of profit		465 882	640 068
Dividend received		(387 533)	(387 340)
		11 648 995	9 583 646
Reversal of provision for impairment		–	1 987 000
		11 648 995	11 570 646
Available for sale	8.2 & 8.4		
In related parties			
Mutual funds		75 000	205 000
Ordinary shares - net of provision		396 298	396 298
		471 298	601 298
Others - quoted			
Mutual funds		257 983	1 994 500
Ordinary shares - net of provision		2 313 682	2 288 907
Fixed income securities	8.3		
Government securities		5 184 762	2 710 877
Term finance certificates		44 118	44 618
		7 800 545	7 038 902
Net provision for impairment		(44 118)	(44 618)
		8 227 725	7 595 582
		19 876 720	19 166 228

- 8.1 The carrying amount of the investment in EFU Life Assurance Limited was tested for impairment based on value in use, in accordance with IAS 36 - Impairment of Assets. The value in use calculations were carried out by an independent actuary and are based on cash flow projections based on the budget and the forecasts approved by the management up to five years.
- 8.2 The market value of investment in associate and available for sale investments as on 30 September 2016 was Rs. 7,320 million (31 December 2015: Rs. 8,569 million) and Rs. 13,798 million (31 December 2015: Rs. 9,351 million) respectively.
- 8.3 The fixed income securities includes Government Securities amounting to Rs. 222 million (31 December 2015: Rs. 165 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.
- 8.4 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 September 2016 would have been higher by Rs. 5,570 million (31 December 2015: higher by Rs. 4,659 million).

9. Premiums due but unpaid – net – unsecured

Rupees '000

	30 September 2016 (Unaudited)	31 December 2015 (Audited)
Considered good	4 531 496	3 285 856
Considered doubtful	31 401	30 580
	<u>4 562 897</u>	<u>3 316 436</u>
Provision for doubtful balances	(31 401)	(30 580)
	<u>4 531 496</u>	<u>3 285 856</u>

10. Fixed assets – tangible and intangible

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

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)
Tangible				
Buildings	29 564	77 171	–	–
Furniture and fixtures	10 540	8 048	34	830
Office equipments	11 764	9 007	931	427
Tracker equipments	36 340	–	–	–
Computers	7 984	4 230	–	28
Vehicles	49 419	70 536	762	3 552
Fixed assets - General takaful operations (OPF)	1 366	3 119	–	–
	<u>146 977</u>	<u>172 111</u>	<u>1 727</u>	<u>4 837</u>

11. General takaful operations - OPF

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
Wakala fee	50 698	3 152	111 641	3 210
Management expenses	(22 443)	(956)	(67 196)	(1 986)
Commission expenses	(13 893)	(687)	(28 259)	(701)
Investment income	436	–	3 192	–
Profit on deposits	477	565	1 722	1 396
Modarib share of profit on deposits	535	–	1 160	–
General and administration expenses	(6 113)	(2 136)	(22 063)	(8 995)
Profit / (loss) before tax	<u>9 697</u>	<u>(62)</u>	<u>197</u>	<u>(7 076)</u>

12. Provision for taxation

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
For the period				
Current	284 826	108 222	793 984	364 604
Prior year	4 621	(6 979)	73 563	52 541
Deferred	42 259	8 310	169 864	(10 521)
	<u>331 706</u>	<u>109 553</u>	<u>1 037 411</u>	<u>406 624</u>

13. Operating segments

Rupees '000

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Treaty		Total	
	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)
Corporate segment assets – conventional	8 157 320	6 145 157	1 666 239	1 524 182	1 038 947	628 904	1 529 035	1 381 642	–	–	12 391 541	9 679 885
Corporate segment assets – Takaful OPF	19 551	8 801	3 721	823	67 956	32 674	19 657	2 269	–	–	110 885	44 567
Corporate unallocated assets – conventional											22 955 125	22 478 220
Corporate unallocated assets – Takaful OPF											154 704	61 363
Consolidated total assets											<u>35 612 255</u>	<u>32 264 035</u>
Corporate segment liabilities	10 410 893	8 814 324	1 964 268	1 928 162	2 907 336	2 597 296	2 475 322	2 209 108	–	–	17 757 819	15 548 890
Corporate segment liabilities – Takaful OPF	19 003	10 147	3 094	561	98 752	42 597	22 088	5 320	–	–	142 937	58 625
Corporate unallocated liabilities											1 234 405	809 076
Corporate unallocated liabilities – Takaful OPF											25 582	432
Consolidated total liabilities											<u>19 160 743</u>	<u>16 417 023</u>
											<u>2016 (Unaudited)</u>	<u>2015 (Unaudited)</u>
Capital expenditures											149 570	178 196
Capital expenditures – Takaful OPF											1 366	3 669
											<u>150 936</u>	<u>181 865</u>
Corporate segment depreciation – conventional	–	–	–	–	13 423	–	–	–	–	–	13 423	–
Unallocated depreciation – conventional											168 543	149 009
Unallocated depreciation – Takaful OPF											611	289
Total depreciation											<u>182 577</u>	<u>149 298</u>

Location	External premium less reinsurance by geographical segments		Carrying amount of assets by geographical segments		Carrying amount of liabilities excluding branch account by geographical segments		Capital expenditures	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Unaudited)
Pakistan – Conventional	5 629 578	4 994 510	35 120 833	32 067 890	18 894 708	16 334 631	149 570	178 196
Pakistan – Takaful OPF	111 641	3 210	265 589	–	168 519	–	1 366	3 669
*EPZ – Conventional	18 076	20 261	225 833	196 145	97 516	82 392	–	–
Total	<u>5 759 295</u>	<u>5 017 981</u>	<u>35 612 255</u>	<u>32 264 035</u>	<u>19 160 743</u>	<u>16 417 023</u>	<u>150 936</u>	<u>181 865</u>

* This represents US Dollar equivalent in Pak Rupees

14. Related party transactions

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

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
14.1 Transactions				
Associated company				
Premiums written	4 582	249	23 758	19 408
Premiums paid	2 085	236	16 811	9 896
Claims paid	3 797	1 637	7 307	5 319
Claims lodged	-	-	1 615	912
Dividends received	43 060	43 056	387 533	344 280
Dividends paid	13 626	10 901	76 306	76 306
Expenses recovered	-	-	-	2 592
Bonus shares issued - face value	-	-	27 252	-
Key management personnel				
Premiums written	204	395	581	839
Claims (refund) / paid	(11)	63	86	244
Dividends paid	825	641	4 700	4 482
Bonus shares issued - face value	-	-	1 667	-
Compensation	50 863	47 469	127 932	112 634
Others				
Premiums written	48 372	38 130	108 783	120 076
Premiums (refund) / paid	(13)	209	14 411	13 193
Claims paid	21 124	7 685	37 386	36 967
Claims lodged	2 611	2 197	8 314	4 725
Claims received	3 441	-	7 789	-
Investments made	75 000	100 415	295 000	305 415
Investments sold	110 000	50 000	425 000	276 052
Dividends paid	108 641	87 579	613 567	607 228
Bonus shares issued - face value	-	-	219 402	-
Bank deposits (withdrawn) / made	(25 000)	-	-	70 500
Brokerage paid	67	53	396	999
Employees' funds				
Contributions to provident fund	6 595	5 167	16 911	15 634
Contributions to gratuity fund	3 144	2 365	9 445	7 094
Contributions (released) / made - pension fund	(91)	60	(274)	169
Dividends paid	1 031	825	5 773	5 773
Bonus shares issued - face value	-	-	2 062	-

Rupees '000

	30 September 2016 (Unaudited)	31 December 2015 (Audited)
14.2 Balances		
Others		
Balances receivable	7 597	1 170
Balances payable	(400)	(1 512)
Deposits maturing within 12 months	145 500	145 500
Bank balances	166 367	282 269
Employees' funds receivable		
EFU gratuity fund	12 910	22 315
EFU pension fund	16 665	16 187

15. Date of authorisation for issue of financial statements

These condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 22 October 2016.

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

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

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

	Note	30 September 2016 (Unaudited)			31 December 2015 (Audited) Aggregate
		Operator's Fund	Participants' Takaful Fund	Aggregate	
Operator's Fund					
Statutory Fund		100 000	–	100 000	50 000
Accumulated loss		(2 930)	–	(2 930)	(3 127)
		97 070	–	97 070	46 873
Waqf / Participants' Takaful Fund					
Cede money		–	500	500	500
Accumulated surplus		–	86 955	86 955	11 124
		–	87 455	87 455	11 624
Qard-e-hasna		–	85 000	85 000	–
Underwriting provisions					
Provision for outstanding claims (including IBNR)		–	160 171	160 171	19 367
Provision for unearned contribution		–	545 359	545 359	148 902
Unearned retakaful rebate		–	13 626	13 626	7 206
Total underwriting provisions		–	719 156	719 156	175 475
Creditors and accruals					
Contributions received in advance		–	442	442	203
Amounts due to other takaful / retakaful operator		–	89 403	89 403	42 875
Unearned wakala fees		118 253	–	118 253	50 980
Wakala fees payable		–	75 006	75 006	34 411
Modarib fees payable		–	705	705	–
Accrued expenses		980	–	980	413
Agent balances		24 684	–	24 684	7 645
Other creditors and accruals		207	8 668	8 875	10 065
Payable to EFU General Insurance Ltd.	6	24 395	–	24 395	–
		168 519	174 224	342 743	146 592
Total liabilities		168 519	978 380	1 146 899	322 067
Total equity and liabilities		265 589	1 065 835	1 331 424	380 564

Rupees '000

30 September 2016 (Unaudited)				
Note	Operator's Fund	Participants' Takaful Fund	Aggregate	31 December 2015 (Audited) Aggregate
Cash and bank deposits				
	20	755	775	262
	35 437	146 931	182 368	48 089
	5 000	45 000	50 000	90 000
	40 457	192 686	233 143	138 351
Investments	7	20 590	305 361	325 951
Qard-e-hasna		85 000	–	85 000
Current assets - others				
	–	216 593	216 593	87 452
	–	6 290	6 290	–
	69	972	1 041	334
	–	33 033	33 033	10 895
	35 880	–	35 880	10 156
	75 006	–	75 006	34 411
	706	–	706	–
	–	118 253	118 253	50 980
	1 007	850	1 857	265
	1	102 345	102 346	40 904
	301	–	301	300
	2 501	–	2 501	116
	115 471	478 336	593 807	235 813
Fixed assets - tangible	8			
	1 941	–	1 941	1 915
	2 130	–	2 130	1 400
	–	89 452	89 452	3 085
	4 071	89 452	93 523	6 400
Total assets	265 589	1 065 835	1 331 424	380 564

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

EFU General Insurance Ltd. – Window Takaful Operations

Condensed Interim Profit and Loss Account

For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

Three months period ended 30 September							Aggregate 2016	Aggregate 2015
Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty				
PTF Revenue Account								
Net contribution revenue	2 430	492	166 958	3 375	-	173 255	3 259	
Wakala expense	(5 360)	(1 195)	(38 316)	(5 827)	-	(50 698)	(3 152)	
Net claims	(612)	(442)	(98 971)	(690)	-	(100 715)	(839)	
Direct expenses	(11)	(2)	(8 101)	(21)	-	(8 135)	-	
Retakaful rebate	3 540	657	-	2 478	-	6 675	1 199	
Underwriting results	(13)	(490)	21 570	(685)	-	20 382	467	
Investment income						1 292	-	
Profit on deposits						2 139	251	
Modarib's share on profit on deposits						(535)	-	
						2 896	251	
Surplus for the period						23 278	718	
OPF Revenue Account								
Wakala fee	5 360	1 195	38 316	5 827	-	50 698	3 152	
Management expenses	(2 302)	(523)	(16 994)	(2 624)	-	(22 443)	(956)	
Commission expense	(2 818)	(557)	(9 319)	(1 199)	-	(13 893)	(687)	
	240	115	12 003	2 004	-	14 362	1 509	
Investment income						436	-	
Profit on deposits						477	565	
Modarib's share of PTF profit on deposits						535	-	
General and administration expenses						(6 113)	(2 136)	
						(4 665)	(1 571)	
Profit / (loss) for the period						9 697	(62)	

Nine months period ended 30 September

PTF Revenue Account								
Net contribution revenue	5 307	1 152	339 338	17 323	-	363 120	3 272	
Wakala expense	(12 342)	(2 677)	(84 127)	(12 495)	-	(111 641)	(3 210)	
Net claims	(2 121)	(507)	(174 997)	(1 248)	-	(178 873)	(879)	
Direct expenses	(27)	(4)	(15 905)	(37)	-	(15 973)	-	
Retakaful rebate	8 443	1 462	-	3 342	-	13 247	1 219	
Underwriting results	(740)	(574)	64 309	6 885	-	69 880	402	
Investment income						2 471	-	
Profit on deposits						4 640	262	
Modarib's share on profit on deposits						(1 160)	-	
Other income						-	1 500	
						5 951	1 762	
Surplus for the period						75 831	2 164	
Accumulated Surplus								
Balance at the beginning of the period						11 124	-	
Surplus for the period						75 831	2 164	
Balance at the end of the period						86 955	2 164	
OPF Revenue Account								
Wakala fee	12 342	2 677	84 127	12 495	-	111 641	3 210	
Management expenses	(7 429)	(1 612)	(50 635)	(7 520)	-	(67 196)	(1 986)	
Commission expense	(6 223)	(1 312)	(18 164)	(2 560)	-	(28 259)	(701)	
	(1 310)	(247)	15 328	2 415	-	16 186	523	
Investment income						3 192	-	
Profit on deposits						1 722	1 396	
Modarib's share of PTF profit on deposits						1 160	-	
General and administration expenses						(22 063)	(8 995)	
						(15 989)	(7 599)	
Profit / (loss) for the period						197	(7 076)	

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

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

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
Operator's Fund				
Profit / (loss) for the period	9 697	(62)	197	(7 076)
Other comprehensive income	–	–	–	–
Total comprehensive income / (loss) for the period	<u>9 697</u>	<u>(62)</u>	<u>197</u>	<u>(7 076)</u>

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

MAHMOOD LOTIA
 Director

RAFIQUE R. BHIMJEE
 Director

HASANALI ABDULLAH
 Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
 Chairman

Karachi 22 October 2016

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

Rupees '000

	Operator's Fund		
	Statutory fund	Accumulated loss	Total
Balance as at 6 May 2015	–	–	–
Contribution made during the period	50 000	–	50 000
Total comprehensive income / (loss) for the period ended 30 September 2015			
Loss for the period	–	(7 076)	(7 076)
Balance as at 30 September 2015	<u>50 000</u>	<u>(7 076)</u>	<u>42 924</u>
Balance as at 1 January 2016	50 000	(3 127)	46 873
Contribution made during the period	50 000	–	50 000
Total comprehensive income for the period ended 30 September 2016			
Profit for the period	–	197	197
Balance as at 30 September 2016	<u>100 000</u>	<u>(2 930)</u>	<u>97 070</u>

	Participants' Takaful Fund		
	Cede Money	Accumulated surplus	Total
Balance as at 6 May 2015	–	–	–
Cede money	500	–	500
Surplus for the period	–	2 164	2 164
Balance as at 30 September 2015	<u>500</u>	<u>2 164</u>	<u>2 664</u>
Balance as at 1 January 2016	500	11 124	11 624
Surplus for the period	–	75 831	75 831
Balance as at 30 September 2016	<u>500</u>	<u>86 955</u>	<u>87 455</u>

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

EFU General Insurance Ltd. – Window Takaful Operations

Condensed Interim Statement of Cash Flows

For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

	Operator's Fund	Participants' Takaful Fund	2016 Aggregate	2015 Aggregate
Operating activities				
a) Takaful activities				
Contributions received	–	715 918	715 918	55 415
Retakaful contributions paid	–	(90 842)	(90 842)	(12 224)
Claims paid	–	(85 168)	(85 168)	–
Retakaful and other recoveries received	–	18 671	18 671	–
Commissions paid	(36 945)	–	(36 945)	(1 190)
Retakaful rebate received	–	19 669	19 669	8 214
Wakala fees received / (paid)	138 320	(138 320)	–	–
Management expenses	(66 381)	(6 497)	(72 878)	(1 817)
Net cash inflow from takaful activities	34 994	433 431	468 425	48 398
b) Other operating activities				
Income tax paid	(812)	(780)	(1 592)	(108)
General and administration expenses	(21 700)	–	(21 700)	(8 775)
Other operating payments	(2 387)	(9 315)	(11 702)	(1 037)
Other operating receipts	24 583	(1 379)	23 204	5 365
Net cash outflow from other operating activities	(316)	(11 474)	(11 790)	(4 555)
Total cash inflow from all operating activities	34 678	421 957	456 635	43 843
Investment activities				
Profit / return received	1 801	5 252	7 053	1 052
Modarib fee received / (paid)	1 278	(1 278)	–	–
Payments for investments	(142 703)	(544 154)	(686 857)	–
Proceeds from disposal of investments	124 481	240 689	365 170	(1 037)
Fixed capital expenditures	(1 366)	(95 843)	(97 209)	(3 669)
Total cash outflow from investing activities	(16 509)	(395 334)	(411 843)	(2 617)
Financing activities				
Contribution to the operator's fund	50 000	–	50 000	50 000
Cede money	–	–	–	500
Total cash inflow from financing activities	50 000	–	50 000	50 500
Net cash inflow from all activities	68 169	26 623	94 792	91 726
Qard-e-hasna (paid) / received	(85 000)	85 000	–	–
Cash at the beginning of the period	57 288	81 063	138 351	–
Cash at the end of the period	40 457	192 686	233 143	91 726
Reconciliation to profit and loss account				
Operating cash flows	34 678	421 957	456 635	43 843
Depreciation / amortisation expense	(611)	(9 477)	(10 088)	(289)
Investment income	3 192	2 471	5 663	–
Profit on deposits	2 882	3 480	6 362	1 658
Decrease in assets other than cash	69 517	287 064	356 581	114 806
Decrease in liabilities other than running finance	(109 461)	(629 664)	(739 125)	(164 930)
Surplus / (loss) for the period	197	75 831	76 028	(4 912)
Attributed to				
Operator's Fund	197	–	197	(7 076)
Participants' Takaful Fund	–	75 831	75 831	2 164
	197	75 831	76 028	(4 912)
Definition of cash				
Cash for the purposes of the statement of cash flows consists of:				
Cash and other equivalents	20	755	775	79
Current and other accounts	35 437	146 931	182 368	46 647
Deposits maturing within 12 months	5 000	45 000	50 000	45 000
	40 457	192 686	233 143	91 726

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

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

Rupees '000

Class	Three months period ended 30 September									Net contribution revenue 2016	Net contribution revenue 2015
	Contribution				Retakaful				Retakaful expense		
	Written	Unearned contribution reserve		Earned	Retakaful ceded	Prepaid retakaful contribution ceded					
		Opening	Closing			Opening	Closing				
Direct and facultative											
Fire and property damage	36 173	36 374	51 102	21 445	31 752	32 528	45 265	19 015		2 430	412
Marine, aviation and transport	6 316	1 931	4 832	3 415	5 500	1 652	4 229	2 923		492	66
Motor	199 187	390 400	419 631	169 956	2 998	-	-	2 998		166 958	1 153
Miscellaneous	64 403	28 699	69 794	23 308	47 634	15 319	43 020	19 933		3 375	1 628
Total	306 079	457 404	545 359	218 124	87 884	49 499	92 514	44 869		173 255	3 259
Treaty - proportional	-	-	-	-	-	-	-	-		-	-
Grand total	306 079	457 404	545 359	218 124	87 884	49 499	92 514	44 869		173 255	3 259

Class	Nine months period ended 30 September									Net contribution revenue 2016	Net contribution revenue 2015
	Contribution				Retakaful				Retakaful expense		
	Written	Unearned contribution reserve		Earned	Retakaful ceded	Prepaid retakaful contribution ceded					
		Opening	Closing			Opening	Closing				
Direct and facultative											
Fire and property damage	70 947	29 414	51 102	49 259	62 687	26 530	45 265	43 952		5 307	424
Marine, aviation and transport	11 630	853	4 832	7 651	10 016	712	4 229	6 499		1 152	66
Motor	662 586	98 541	419 631	341 496	2 158	-	-	2 158		339 338	1 153
Miscellaneous	99 657	20 094	69 794	49 957	62 508	13 146	43 020	32 634		17 323	1 629
Total	844 820	148 902	545 359	448 363	137 369	40 388	92 514	85 243		363 120	3 272
Treaty - proportional	-	-	-	-	-	-	-	-		-	-
Grand total	844 820	148 902	545 359	448 363	137 369	40 388	92 514	85 243		363 120	3 272

Note: Contributions written includes administrative surcharge of Rs.166 million (2015: Rs. 0.003 million).

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

EFU General Insurance Ltd. – Window Takaful Operations

Condensed Interim Statement of Claims

For the nine months period ended 30 September 2016 (Unaudited)

Rupees '000

Class	Three months period ended 30 September								Net Claims expense 2016	Net Claims expense 2015
	Claims				Retakaful					
	Paid	Outstanding		Claims expense	Retakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue		
	Opening	Closing			Opening	Closing				
Direct and facultative										
Fire and property damage	7 115	19 388	18 403	6 130	6 403	17 449	16 564	5 518	612	132
Marine, aviation and transport	157	636	4 902	4 423	142	572	4 411	3 981	442	–
Motor	32 584	57 195	123 582	98 971	–	–	–	–	98 971	644
Miscellaneous	5 902	16 852	13 284	2 334	5 729	16 143	12 058	1 644	690	63
Total	45 758	94 071	160 171	111 858	12 274	34 164	33 033	11 143	100 715	839
Treaty - proportional	–	–	–	–	–	–	–	–	–	–
Grand total	45 758	94 071	160 171	111 858	12 274	34 164	33 033	11 143	100 715	839
	Nine months period ended 30 September									
Direct and facultative										
Fire and property damage	14 187	11 363	18 403	21 227	12 768	10 226	16 564	19 106	2 121	132
Marine, aviation and transport	182	25	4 902	5 059	164	23	4 411	4 552	507	–
Motor	58 524	7 755	123 582	174 351	–	646	–	(646)	174 997	684
Miscellaneous	5 985	224	13 284	19 045	5 739	–	12 058	17 797	1 248	63
Total	78 878	19 367	160 171	219 682	18 671	10 895	33 033	40 809	178 873	879
Treaty - proportional	–	–	–	–	–	–	–	–	–	–
Grand total	78 878	19 367	160 171	219 682	18 671	10 895	33 033	40 809	178 873	879

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

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

Rupees '000

Class	Three months period ended 30 September						Net OPF expenses 2016	Net OPF expenses 2015
	Paid or payable	Commission		Net expense	Other management expenses			
		Opening	Closing					
Direct and facultative								
Fire and property damage	4 222	5 162	6 566	2 818	2 302	5 120	567	
Marine, aviation and transport	1 075	307	825	557	523	1 080	89	
Motor	12 230	21 991	24 902	9 319	16 994	26 313	(57)	
Miscellaneous	3 300	1 486	3 587	1 199	2 624	3 823	1 044	
Total	20 827	28 946	35 880	13 893	22 443	36 336	1 643	
Treaty - proportional	-	-	-	-	-	-	-	
Grand total	20 827	28 946	35 880	13 893	22 443	36 336	1 643	

Class	Nine months period ended 30 September						Net OPF expenses 2016	Net OPF expenses 2015
	Paid or payable	Commission		Net expense	Other management expenses			
		Opening	Closing					
Direct and facultative								
Fire and property damage	9 109	3 680	6 566	6 223	7 429	13 652	997	
Marine, aviation and transport	1 903	234	825	1 312	1 612	2 924	93	
Motor	37 861	5 205	24 902	18 164	50 635	68 799	513	
Miscellaneous	5 110	1 037	3 587	2 560	7 520	10 080	1 084	
Total	53 983	10 156	35 880	28 259	67 196	95 455	2 687	
Treaty - proportional	-	-	-	-	-	-	-	
Grand total	53 983	10 156	35 880	28 259	67 196	95 455	2 687	

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

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

Rupees '000

Class	Three months period ended 30 September							Net PTF expenses	Net PTF expenses
	Gross wakala fee	Deferred wakala fee		Net expense	PTF Direct expenses	Rebate from retakaful operations	2016	2015	
		Opening	Closing						
Direct and facultative									
Fire and property damage	9 043	9 093	12 776	5 360	11	3 540	1 831	203	
Marine, aviation and transport	2 210	676	1 691	1 195	2	657	540	4	
Motor	39 813	84 840	86 337	38 316	8 101	–	46 417	756	
Miscellaneous	16 101	7 175	17 449	5 827	21	2 478	3 370	990	
Total	67 167	101 784	118 253	50 698	8 135	6 675	52 158	1 953	
Treaty - proportional	–	–	–	–	–	–	–	–	
Grand total	67 167	101 784	118 253	50 698	8 135	6 675	52 158	1 953	

Class	Nine months period ended 30 September							Net PTF expenses	Net PTF expenses
	Gross wakala fee	Deferred wakala fee		Net expense	PTF Direct expenses	Rebate from retakaful operations	2016	2015	
		Opening	Closing						
Direct and facultative									
Fire and property damage	17 737	7 381	12 776	12 342	27	8 443	3 926	208	
Marine, aviation and transport	4 070	298	1 691	2 677	4	1 462	1 219	5	
Motor	132 193	38 271	86 337	84 127	15 905	–	100 032	787	
Miscellaneous	24 914	5 030	17 449	12 495	37	3 342	9 190	991	
Total	178 914	50 980	118 253	111 641	15 973	13 247	114 367	1 991	
Treaty - proportional	–	–	–	–	–	–	–	–	
Grand total	178 914	50 980	118 253	111 641	15 973	13 247	114 367	1 991	

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

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 20 August 2016

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

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
Participants' Takaful Fund				
Return on government securities - Ijara sukuk	1 449	–	1 485	–
Amortisation of premium relative to par	(82)	–	(86)	–
Gain on sale of non - trading investments	356	–	1 896	–
	1 723	–	3 295	–
Modarib's share on investment income	(431)	–	(824)	–
Net investment income	1 292	–	2 471	–
Operator's Fund				
Gain on sale of non - trading investments	5	–	2 368	–
Modarib's share of PTF investment income	431	–	824	–
Net investment income	436	–	3 192	–

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

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016

EFU General Insurance Ltd. – Window Takaful Operations

Notes to the Condensed Interim Financial Statements

For the nine months period ended 30 September 2016 (Unaudited)

1. Status and nature of business

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

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

2. Basis of preparation

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

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

2.1. Statement of compliance

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

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

3. Significant accounting policies

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

New / Revised Standards, Interpretations and Amendments

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

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

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

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

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

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

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

Improvements to Accounting Standards Issued by the IASB

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

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

IFRS 7 – Financial Instruments: Disclosures - Servicing contracts

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

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

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

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

4. Accounting estimates and judgements

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

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

5. Management of takaful and financial risk

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

6. Payable to EFU General Insurance Ltd.

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

7. Investments

7.1 Investments - OPF

	Note	30 September 2016 (Unaudited)	Rupees '000 31 December 2015 (Audited)
Available for sale	7.1.1 & 7.1.2		
Mutual Fund		20 590	–
		<u>20 590</u>	<u>–</u>

7.1.1 The market value of available for sale investments as on 30 September 2016 was Rs. 20.17 million (31 December 2015: Nil).

7.1.2 As per the Operator's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 September 2016 would have been lower by Rs. 0.42 million (31 December 2015: Nil).

7.2 Investments - PTF

	Note	30 September 2016 (Unaudited)	Rupees '000 31 December 2015 (Audited)
Available for sale	7.2.1 & 7.2.2		
Mutual Funds		204 245	–
Fixed income securities			
Government securities - Ijara sukuk XVII		101 116	–
		<u>305 361</u>	<u>–</u>

7.2.1 The market value of available for sale investments as on 30 September 2016 was Rs. 307.48 million (31 December 2015: Nil).

7.2.2 As per the Operator's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 September 2016 would have been higher by Rs. 2.12 million (31 December 2015: Nil).

8. Fixed assets - tangible

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

8.1 Fixed assets - OPF

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)
Tangible				
Furniture and fixtures	60	829	-	-
Office equipments	-	333	-	-
Computers	195	277	-	-
Vehicles	1 111	1 680	-	-
	<u>1 366</u>	<u>3 119</u>	<u>-</u>	<u>-</u>

8.2 Fixed assets - PTF

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)
Tangible				
Motor tracking devices	95 843	-	-	-
	<u>95 843</u>	<u>-</u>	<u>-</u>	<u>-</u>

9. Operating segment

9.1 Operator's Fund

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Treaty		Total	
	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)
Corporate segment assets	19 551	8 801	3 721	823	67 956	32 674	19 657	2 269	-	-	110 885	44 567
Corporate unallocated assets											154 704	61 363
Total assets											<u>265 589</u>	<u>105 930</u>
Corporate segment liabilities	19 003	10 147	3 094	561	98 752	42 597	22 088	5 320	-	-	142 937	58 625
Corporate unallocated liabilities											25 582	432
Total liabilities											<u>168 519</u>	<u>59 057</u>
Capital expenditures											<u>1 366</u>	<u>3 669</u>
Segment depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation											611	289
Total depreciation											<u>611</u>	<u>289</u>

9.2 Participants' Takaful Funds

Rupees '000

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Treaty		Total	
	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)
Corporate segment assets	106 347	62 611	15 243	2 814	289 792	104 031	144 753	23 345	-	-	556 135	192 801
Corporate unallocated assets											509 700	81 833
Total assets											1 065 835	274 634
Corporate segment liabilities	124 944	81 006	20 433	3 951	596 297	137 311	142 332	30 696	-	-	884 006	252 964
Corporate unallocated liabilities											94 374	10 046
Total liabilities											978 380	263 010
											2016 (Unaudited)	2015 (Unaudited)
Capital expenditures	-	-	-	-	95 843	-	-	-	-	-	95 843	-
Segment depreciation	-	-	-	-	9 477	-	-	-	-	-	9 477	-
Unallocated depreciation											-	-
Total depreciation											9 477	-

10. Related party transactions

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

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
10.1 Transactions				
Key management personnel				
Contributions written	-	-	43	7
Claim paid	54	-	108	-

11. General

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

12. Date of authorisation for issue of financial statements

These condensed interim financial statements were authorised for issue by the Board of Directors in its meeting held on 22 October 2016.

MAHMOOD LOTIA
Director

RAFIQUE R. BHIMJEE
Director


HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 October 2016



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