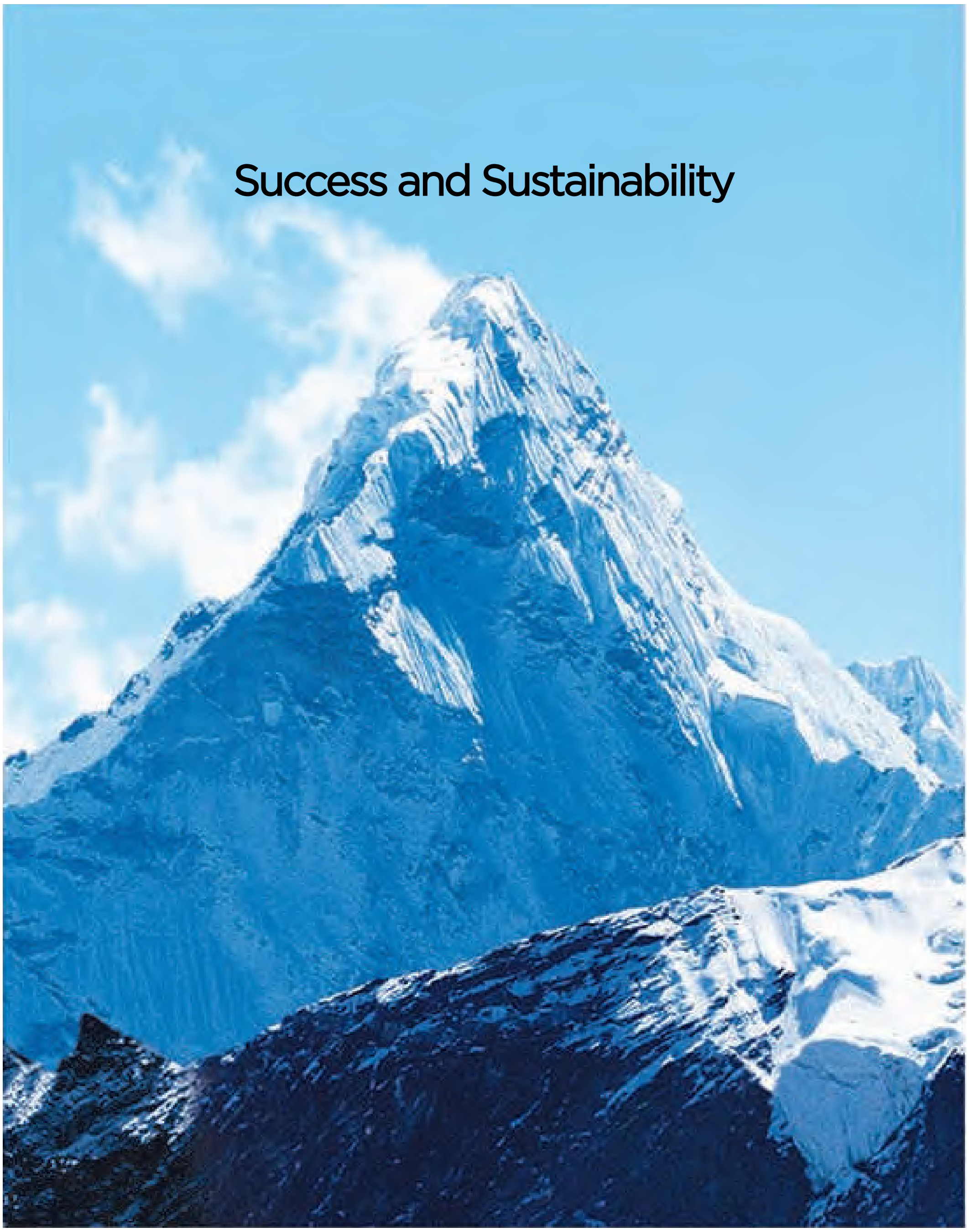
Success and Sustainability

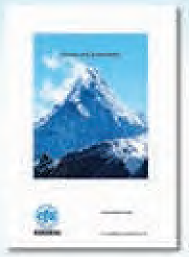


Annual Report 2018

GENERAL

EFU GENERAL INSURANCE LTD.

Success and Sustainability



The road to success is never straight. It is uphill, presents numerous twists and turns, hairpin bends, diversions and dangers of losing the way.

In this Annual Report we look back on our over eighty-five years of securing the financial futures of a great variety of clients and attempt to pinpoint some of the factors that have helped us sustain our success as Pakistan's flagship insurance brand:

- Experience brings enhanced **UNDERSTANDING**
- Technology helps improve quality of **SERVICE**
- Dedication to customer interest makes trust **GROW**
- Teamwork fosters seamless internal **COORDINATION**
- Commitment to excel makes success **BLOOM**
- Strategic alliances enhance capacity and **POWER**
- Quality human resource makes us **LEADERS**
- Continuously broadening our asset base adds to our **CAPABILITIES**
- Delivering on promises makes our brand **CREDIBLE**

The above list is by no means exhaustive. These are the factors that present themselves as the most common.

The whole is always greater than the sum of its parts; so is the case with the ingredients in the above mix. We have learned over eight and a half decades of providing superior insurance protection that success is a daily challenge and needs to be met with cogent, coordinated, prompt responses.

EFU GENERAL INSURANCE LTD.

efuinsurance.com

INSURER FINANCIAL STRENGTH

AA+	AA+	B+
Outlook Stable	Outlook Stable	Outlook Positive
JCR-VIS	PACRA	A.M.BEST

Contents







Vision & Mission

Vision

To continue our journey to be better than the best.

Mission

To provide services beyond expectation with a will to go an extra mile. In the process, continue to upgrade technology, human resource and reinsurance protection.

Our Values

Our philosophy is to be the leading Company with service above par, with integrity, excellence and professionalism. Following are our core values:

INTEGRITY & ETHICS

Conduct business with ethics, dignity, fairness and transparency.

EXCELLENCE

We measure our performance by results but more by quality of service.

PROFESSIONALISM

We believe professionalism is perfection. Business resources are utilized in a manner to achieve optimum returns on resources.

OUR PEOPLE

In EFU we work like a family. Everyone is treated with respect and without any discrimination.

CORPORATE SOCIAL RESPONSIBILITY

We donate to various institutions in health and education sectors, for improving the lifestyle of common man.

CODE OF CONDUCT

The Board has adopted the Statement of Ethics and Business Practices to be followed by Directors and Employees.

Key Financial Highlights 2018

Investment & Properties
25 483
(Rupees in million)

Underwriting Result
1 307
(Rupees in million)

Breakup Value
96.49
(Rupees)

Claims Paid
3 089
(Rupees in million)

JCR-VIS
AA+
Outlook Stable

PACRA
AA+
Outlook Stable

Cash Dividend
2 000
(Rupees in million)

Investment & Other Income
1 995
(Rupees in million)

Profit After Tax
2 171
(Rupees in million)

Shareholders Equity
19 298
(Rupees in million)

A.M.BEST
B+
Outlook Positive
For the latest rating, access www.ambest.com

Written Premium
(including Takaful Contribution)
20 813
(Rupees in million)

Total Assets Book Value
42 869
(Rupees in million)

Experience brings enhanced UNDERSTANDING

More than eighty-five years of providing protection to a large variety of customers facing a diversity of risks has yielded EFU a uniquely rich bank of experience.

This is one of the leading edges we have, and it continuously contributes to our understanding of the risk climate.

Enhanced understanding of the risks enables us to continuously improve our products. This coupled with specialized insights into the various disciplines makes possible tailoring our covers according to the demands of individual situations. It is this attention to minute detail that makes for protection that is both foolproof and affordable.

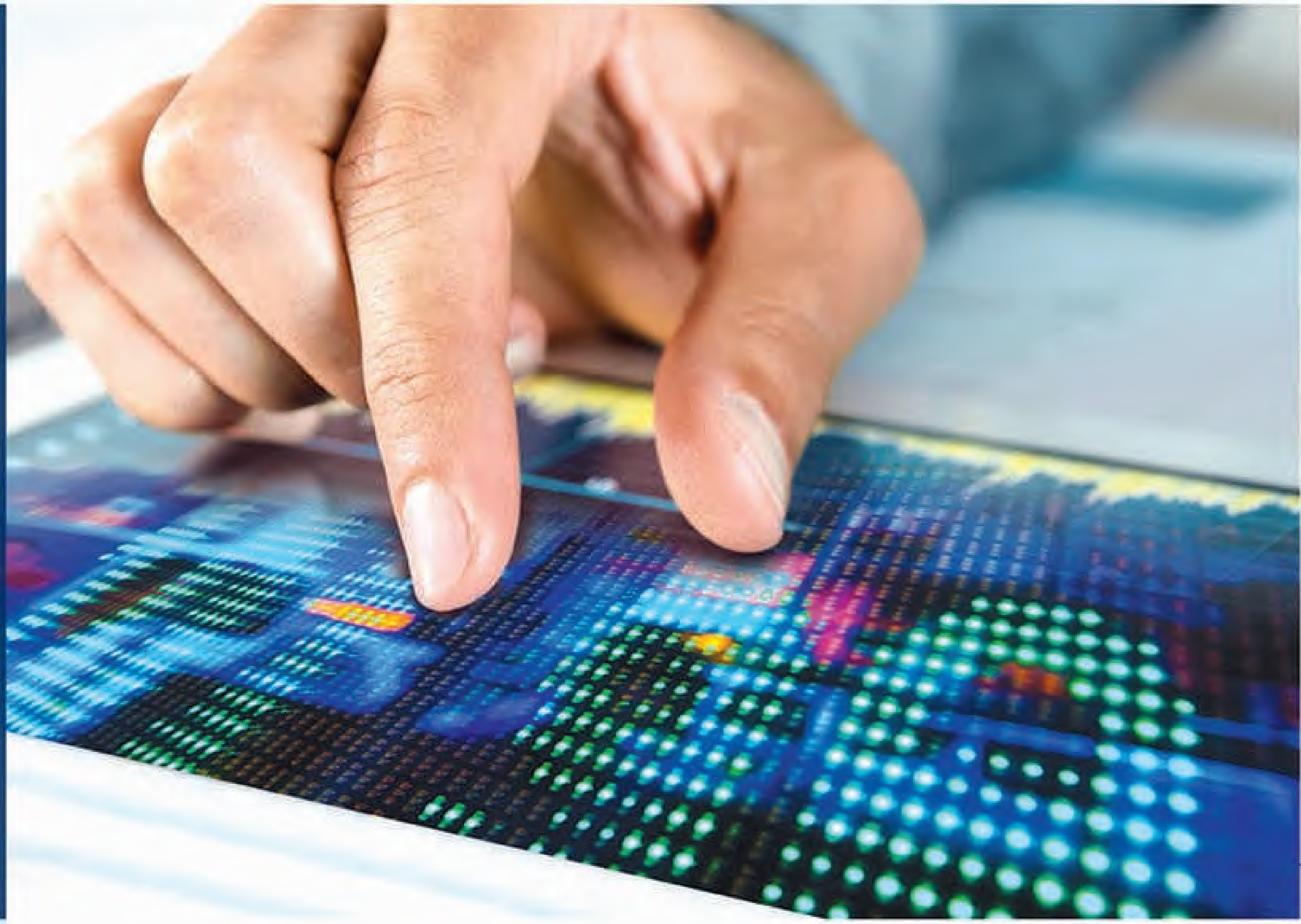
Our underwriters focus on risks' details. This sharp, unwavering focus empowers us to innovate products that meet the specific needs of a customer. This in-depth understanding sets us apart.

Technology helps improve quality of SERVICE

Insurance serves needs that have come to the fore as man has progressed. Service is the name of the game. The more well-versed you are in serving needs, the better you take care of your customers.

We at EFU realized this decades ago. Through assiduous study we pinpointed elements and actions that eased our way. We standardized them into operating procedures.

Among the lessons that we have learnt is that deploying the most recent advances in technology yields surprisingly abundant harvests. We constantly upgrade our technology capabilities in MIS, trend identification and assessment, projection and forecasting, interaction with customers and more.



The result of our continuous technology upgrades is reflex response, especially in the case of claims; a time when the customer needs us the most. EFU customers know we are there for them in rain and shine.

Dedication to customer interest makes trust GROW

Our risk-management studies have a two-fold result. They make the cover we extend affordable, and they strengthen our bond with our customers; enhance the trust they place in us.

We deem that making available impregnable protection to our customers is the sole reason for our existence.

Customer trust is an invaluable asset. Most often it flows either from the customer's prior experience with the insurer, or from the recommendation of someone whose opinion a new customer values. In either case, it stems from a belief that the insurer is prepared to go the extra mile.

'Customer first' is more than a slogan at EFU. It's a principle that's integrated into everything we do. From the way we manage your risks to the way our people work together to deliver exceptional service and value.

Teamwork fosters seamless internal COORDINATION

We pride ourselves on the cohesiveness of our people. Teamwork is one of the foremost qualities that we insist our personnel cultivate for attaining corporate goals.

Research, collation, evaluation, analysis: all require different skill-sets. All are but building blocks of the final presentation and proposal. Our teams consist of various specialists depending on the nature of the task at hand. Together they collaborate to put together the most appropriate and affordable covers for our customers. The result is success.

This success flows from our proprietary training regime which is always evolving, to better meld together discrete elements into a unified whole.

The teamwork that our people exhibit is one of the most important and valuable attributes of our workforce. Every passing year they make us proud.

Commitment to excel makes success BLOOM

The pursuit of excellence in all we do is the secret of our success. This demands pin sharp focus wedded to a holistic vision.

In a changing, evolving risk climate, dominant trends need to be identified, challenges correctly read & effective responses devised.

Time is always at a premium. It is here that talent, technology and teamwork come in. Together we move towards tomorrow, making optimum use of our resources, past experience and present knowledge for determining emerging and future risks, and innovating products that meet and exceed expectations.

We believe that excellence is an unending journey for which we continuously keep improving our best.

Over Eight and a half decades of the pursuit of excellence have made it a corporate culture. It has yielded success year after year.

Strategic alliances enhance capacity and POWER

The strength of our financial assets together with the superior quality of our people and the power of our strategic alliances give us a leading edge in the market.

Today, the risks we insure against can amount to billions. Knowledgeable businessmen think carefully before putting a pen on the dotted line.

EFU has a time honoured tradition of creating and nurturing strategic alliances. We partner with some of the highly regarded re-insurers on the world insurance horizon.

As Pakistan's largest general insurance company, we are insurers to not only individuals and business owners, but also to mammoth transnational infra-structural projects. The covers provided vary too from the routine fire, marine and transit to cyber risk and such natural calamities as earthquakes and floods, which can cause unimaginable damage and loss.

Quality human resource makes us **LEADERS**

Hire the best available and polish them into multi-faceted brilliance with our proprietary training regime. This has been our staffing policy for decades.

We encourage our people to acquire new skills, hone to perfection those that they already possess. It is no surprise that we are reputed to be the nursery of highly skilled and motivated insurance professionals.

We are an independent insurance services provider. It is these professionals that turn in envied performances every year.

Our unique bank of experience and expertise, our heritage of fair dealing and dedication to customer interest afford our people an advantage. It makes for success in competition and sustains our leadership position.

Continuously broadening our asset base adds to our CAPABILITIES

Insurance is a service that sells a promise to make good the financial losses a customer may suffer, at some time in the future, in case something untoward happens.

The equation, then, boils down to the insurer's financial strength.

We at EFU are acutely conscious of the above fact. As a matter of corporate policy, we continue to add to our assets, and to diversify our asset base as well. We write business that covers a great variety of risks and are always ready to meet any claims that may arise. A continuously increasing asset base enhances our capabilities and also helps to enhance customer confidence.

We are rated B+ Outlook Positive by A.M. Best (For the latest rating, access www.ambest.com) and AA+ Outlook Stable by JCR-VIS and PACRA. This makes us Pakistan’s highest rated insurance company.

Our customers' experience of dealing with us for over eighty five years has made brand EFU iconic, the flagship of Pakistan's insurance industry. The key is delivering on promises and continue to enhance our credibility.

Delivering on promises makes our brand CREDIBLE

The acid test of an insurer is the manner in which claims are dealt with. We have a very straight forward policy regarding claims. Deliver on the promises made.

Our asset base empowers us, the advanced technology we deploy facilitates swift response times, and our people are always there to assist clients when anything untoward happens. This combination is unbeatable.

Over eighty-five years of delivering on promises is quite a sufficient time to establish the credentials and credibility of a brand.

This credibility is an attribute that translates into invaluable confidence customers repose in us when they entrust the protection of their financial future to us.

Awards & Achievements

The Fire Protection
Association of Pakistan & National
Forum For Environment and Health (NFEH)
Fire Safety Award 2018

South Asian
Federation of Accountants (SAFA)
SAFA Best Presented Annual Report 2018 (Certificate of Merit)

The Consumer Eye Pakistan
Quality King Award 2017

The Federation of Pakistan Chambers
of Commerce & Industry, Karachi (FPCCI)
Brands of the Year Award 2017

The National Forum
for Environment & Health (NFEH)
Environment Excellence Award 2018

Most Popular Car Insurance
PakWheels.com
Brand of the Year Award 2018

Consumers Association
of Pakistan (CAP)
Consumers Choice Award 2018

The Federation of Pakistan Chambers
of Commerce & Industry, Karachi (FPCCI)
6th FPCCI Achievement Awards 2017

Institute of Chartered Accountants
of Pakistan (ICAP) & Institute of Cost
and Management Accountants of
Pakistan (ICMAP)
Best Corporate Report Award 2017

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, ACA, ACCA, 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
Central Depository
Company of Pakistan Limited
CDC House, 99-B, Block B
S.M.C.H.S., Shahra-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, Shahrah-e-Quaid-e-Azam
Lahore

Window Takaful Operations
5th Floor, EFU House
M. A. Jinnah Road
Karachi

Ownership, Operating Structure And Group Companies

EFU Group is the largest insurer group in Pakistan. EFU General (EFUG) is ranked first in the non-life insurance sector in terms of inside Pakistan business. EFUG was incorporated in 1932, as a public limited company. EFUG is engaged in writing non-life insurance and takaful business. The Company is listed on Pakistan Stock Exchange Limited.

The ownership structure is provided in detail along with the pattern of shareholding and categories of shareholders.

In March 2018, the Board of Directors assessed its control proposition in relation to its investments in EFU Life Assurance Limited and declared EFU Life as the Company's subsidiary.

Our subsidiary - EFU Life is one of the leading life insurance company. In 1990, the Government of Pakistan reopened the life insurance business to private sector. EFU Group decided to establish a life insurance company by the name of EFU Life Assurance Limited and started operations from November 1992. EFU Life was the first company to introduce Unit-linked insurance products in Pakistan. EFU Life has "Insurer Financial Strength" rating of AA+ with stable outlook from JCR-VIS.

Company Profile (www.efuinsurance.com)

EFU is the largest insurer group in the country. The group structure comprises of EFU General Insurance Limited, EFU Life Assurance Limited and Allianz EFU Health Insurance Limited.

EFU General was incorporated on September 2, 1932. The Company provides a full range of insurance services to fulfill the needs of all of its customers being commercial and individual clients. Our product portfolio includes:

- Fire and Property Damage
- Marine, Aviation and Transport
- Motor
- Miscellaneous
- Value Added Services
- Takaful

- The shares of the Company are quoted on Pakistan Stock Exchange.
- EFU is one of the few Pakistani organizations run totally by professional management and highly motivated field force.
- Policies accepted by all institutions in the country.
- Rating: Insurer Financial Strength AA+, Outlook: Stable (Rating Agencies: JCR-VIS and PACRA). The Company also achieved the highest credit rating in the insurance industry of Pakistan from A. M. Best. A. M. Best is the world's specialized insurance rating agency and has assigned Financial Strength Rating of "B+" and a Long-Term Issuer Credit Rating of "bbb-" with Positive Outlook for both.
- Client-base comprises of many leading business houses and multinational companies.
- EFU gave the emerging insurance industry the leadership, the manpower and the drive needed to grow in a situation where at one time, three-fourths of insurance was held by foreign companies.

We are in the business of providing a full range of non-life insurance products and services customized to meet the varied needs of a wide spectrum of businesses and industrial clients as well as individuals, providing Property, Marine, Aviation, Motor and other Miscellaneous products. In addition to this, Window Takaful operations have also been started since 6th May 2015. The most important aspect of our operation is that we have created a separate Risk Management Team and an Engineering Group who work closely with clients to identify various risk exposures and then provide specific insurance. This helps in loss prevention and reducing the cost of premium. Our market-driven team of inspired and technically qualified insurance personnel, specializing in civil, mechanical, metallurgy, electronics and having overseas linkages, is on-call for necessary professional advice at all times. It is our policy not only to provide protection and risk reduction but help clients develop preventive capabilities to avert major perils and calamities. Over the years we have developed a full range of insurance services for large infrastructure projects including the areas of oil/gas exploration field.

We are fully equipped with technical, marketing and managerial skills supported by reinsurance arrangements with a number of European firms of international repute to cater for all classes of specialized insurance and provide customer service of the highest quality. Our clients include both large and medium sized organizations in all sectors of the economy. We are committed to new product development and innovation, legendary customer service and a promise that everything we do, we do from the heart.

External Environment Effecting The Company

The general insurance sector's performance is strongly correlated to economic growth. The key drivers of insurance growth in a country are typically macroeconomic factors, regulatory factors and demographics of a country. In Pakistan, the insurance penetration has remained modest as compared to neighbouring countries.

During the year, the country witnessed notable changes on the political front. However, concerns on the economic front continue to persist on the back of rising inflation, current account and trade deficits which may compromise the economic growth.

Due to continuous revision in the monetary policy, discount rate has increased from 5.75 % to 10.0 % during the year, which would be under pressure for increase further along with devaluation of Pak Rupee. The Pakistan Stock Exchange has been having ups and down due to overall economic situation.

Significant Changes From Last Year

In March 2018, the Board of Directors assessed its control proposition in relation to its investments in EFU Life Assurance Limited and declared EFU Life as the Company’s subsidiary.

Strategic Objectives

- Retain leadership position in the market.
- Explore opportunities by introducing new products and diversifying current product portfolio.
- Pursue continuous improvement and technological advancement.
- Enhance corporate capabilities and motivation through skill enhancement, management development and reward programs.

Future Strategy

Our strategy for 2019 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain leading position in the industry.

To take EFU General to the greater height, we are focusing more closely on the markets and customers segments where we have a competitive edge, those where we can offer a superior value proposition to our customers.

The Window Takaful Operations are growing. We see further growth in Takaful market in 2019.

We continue to invest in our people and systems and processes to better understand our customer's needs, serve them in the way they require, increase collaboration and improve efficiency.

Strategies in Place to Achieve Objectives

Our strategy is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain leading position in the industry. To take EFU General to the greater height, in addition to writing normal conventional and takaful business, we are also focusing on the markets and customer segments where we have competitive edge and offer superior value proposition to our customers.

The Window Takaful Operations are also growing. We see further growth in Takaful market in the years to come. We have the highest takaful written contribution (premium) in the market not only in Window Takaful operating segment but even higher then dedicated takaful companies writing non-life business.

We continue to invest in our people and systems and processes to better understand our customer's needs, serve them in the way they require, increase collaboration and improve efficiency.

Resource Allocation

The Company believes in generating its own capital to implement the strategies or plans in order expand its business activities. Resources are budgeted and allocated for the management to operate professionally without Board’s intervention in operations.

Corporate Restructuring, Expansion and Discontinuance

Currently, the Company has no such plans.

Changes in Objectives / Strategies from Prior Years

There are no significant changes in the Company’s objectives / strategies as compared to prior years.

Risk Identification, Evaluation and Management Opportunities

Risk is a multi-dimensional phenomenon and a constant feature of everyday life. Fires, accidents, thefts, explosions, natural calamities and terrorism are the more common types of risk the community faces.

The dimensions and effects of such loss events have since long assumed major significance for whole economies. The question of how to predict and prevent such risks is accordingly the subject of intensive discussion both in the political sphere and among the public at large.

The complex realities of modern economic life and the growing awareness of the public at large place increasing demand on companies to pursue appropriate and far-sighted policies about risk. The same applies to insurers in determining their underwriting policies. The rapid development of new technologies and the changing nature of production processes necessitate a constant analysis of risk profiles. Both entrepreneurs and insurers therefore face enormously increased need for analytical and advisory services.

EFU works closely with clients to identify various risk exposures and then provide specific insurance proposals. This helps in loss prevention and reducing the cost of protection.

Our market-driven team of inspired and technically qualified insurance personnel, comprises specialists in civil and mechanical engineering, metallurgy, electronics, and other disciplines. They are on call for necessary professional advice at all times. Our linkages with overseas specialists are of major value to our clients. In addition to insurance protection, it is our practice to provide risk reduction advice to clients and assist them in developing preventive capabilities to avert mishaps and disasters.

BUSINESS RISKS

The Company continuously monitors and controls the risks to the business. The following are the major risks faced by the Company:

Economic and Political Risk

Volatile economic, political and financial market conditions coupled with power shortage in the country may cause hurdle in overall business scenario of the country. The Company has cautious underwriting approach to deal with such risks and increase market share without compromising profitability.

Insurance Risk

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claims. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimize insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits.

Credit Risk

The Company monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in several industries and by continually assessing the credit worthiness of counter parties.

Liquidity Risk

The Company manages it's liquidity by ensuring it has sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

Market Risk

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in government securities, equity and term finance certificate markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

Interest Rate Risk

The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

Investment Risk

The Company manages its market price risk by maintaining a diversified investment portfolio and monitors developments in equity and term finance certificate and money markets.

Reinsurance Risk

The Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health. Reinsurance arrangements in place include treaty and facultative arrangements, including catastrophe cover. The effect of such reinsurance arrangements is that the Company may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

IT Risk

To meet the challenges of changing business environment, EFU has successfully migrated its Enterprise Information on to its in house developed IT system in Oracle environment. The Company also implemented Business Intelligence Tool for better decision making, meeting business challenges, enhance controls and providing better services to customers.

OPPORTUNITIES

As a leading insurance company of the country, the Company is in a position to avail and exploit a number of opportunities. Following is the summary of significant opportunities present to the Company:

- Expand general takaful solutions through window operations;
- Increasing reach to all parts of the country through expanding distribution network;
- Develop micro insurance solutions for the socio economic group at the bottom of the pyramid;
- Focus on insurance awareness through continuous investments in communication channels and market education; and
- With increasing mobile penetration amongst the masses, utilize such platforms for customer interaction, awareness, marketing and sales.

MATERIALITY APPROACH

Management believes materiality as a key component of an effective communication with stakeholders. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company.

Product Portfolio

EFU General provides a full range of insurance services to fulfill the needs of all of its customers being commercial and individual clients. Our product portfolio includes:

FIRE AND PROPERTY DAMAGE

Our portfolio comprises of a broad spread of quality business ranging from simple residential property to very large sophisticated industrial risks. These would include activities involving complex risks relating to Oil & Gas exploration / development, petrochemicals and other major industrial risks. The fire portfolio in the main comprises of operational risks other than power generating industry.

The engineering part of the portfolio would include in the main construction risks be it simple civil work or major infrastructure projects like dams, highways etc. Other engineering risks would include coverage for breakdown of plant / machinery.

The insurance covers include both material damage as well as loss of revenue due to business interruption following the material damage.

MARINE, AVIATION AND TRANSPORT

Insurance coverage is provided for goods in transit from all over the world to Pakistan and vice versa by all means of conveyance i.e. sea, air and land. Special insurance products are also offered for large project cargoes and this class also includes for such projects, loss of revenue insurance.

Coverage is also provided for the insurances of ships, other vessels and aircraft ranging from small single general aviation to airlines. Aviation insurance includes both physical damage as well as liabilities to third parties and passengers and cargo.

MOTOR

EFU provides a full range of products for all kinds of vehicles being either private or commercial and the coverage includes physical damage including theft and liabilities as required under law. Ancillary products are also offered for personal accident to drivers, passengers, and the like.

MISCELLANEOUS

All other insurance products of various types i.e. Bankers Blanket Bond, Plastic Card, Electronic & Computer Crime, Safe Deposit Box, Money, Professional Indemnity, Directors & Officers Liability, Public & Product Liability, Crop, Livestock, Travel Insurance and all such insurances.

VALUE ADDED SERVICES

Our Company is continuously improving its systems and getting a competitive edge by introducing various online services to facilitate our customers, like e-Verify for verification of policies and certificates and online e-Cover for marine cargo cover notes. In addition, travel insurance policies are now being sold on line through the Company website.

We also provide SMS confirmation of Claim, SMS claim guidance and electronic survey reporting services to our customers in respect of Motor Insurance.

Moreover, our qualified engineers provide recommendations and guidance to our Property Insurance clients on various aspects of industrial safety including protection measures as well as sharing of information on latest techniques as per international standards.

TAKAFUL

Takaful is a community-pooling system based on the principles of brotherhood and mutual help wherein participants contribute in a fund to help those who need it most in times of financial difficulties.

The Modus Operandi of Takaful

Different models are in practice in different parts of the world. All Takaful models are based on mutuality and Shari'ah concept of Tabbaru.

The model used in Pakistan is known as Wakala-Waqf Model. In this model the pool is formed as a Waqf. All the contributions are deposited in this Waqf pool known as Participants' Takaful Fund based on the terms and conditions of Participant Membership Document, claims are paid from the same pool to the participants.

The Role of the Operator in Takaful System

The Operator serves as the Wakeel of the Waqf Fund and charges a 'Wakala fee' for it. The fee is paid from the Waqf Fund.

As the Wakeel, the Operator invests the funds available in the Waqf Pool in Shari'ah-compliant investments for profits. Since the Operator is the Mudarib and the Waqf Fund is the Rabul-ul-Maal, any profits made from the investments are shared between the two on pre-defined percentages.

Policy and Procedure for Stakeholder Engagement

Institutional Investors

The Company convenes Annual General Meeting in accordance with the Companies Act, 2017. The Company's financial reports are published every quarter and are also placed on Company's website for the shareholders and potential investors.

In compliance with the Code of Corporate Governance under the listing regulations of the stock exchange, the Company notifies information to the Stock Exchange from time to time. This helps the shareholders remain connected with the Company. The dates of Board of Directors meetings and financial results are notified to Stock Exchange.

Customers

We believe in customer trust and satisfaction being our strength over the years. To help improve customer service and meet their needs and expectation, feedback from customers is sought. In this regard, the Company's website has dedicated customer feedback section for an ongoing relationship with them.

Banks

We understand the importance of these stakeholders and ensure continuous interaction with them and manage our relationships.

Media

We continuously engage with media through issuing press releases, briefings and advertisements campaigns. We have also dedicated section on our Company's website for public relations. The website may be accessed at www.efuinsurance.com.

Regulators

To maintain compliance with applicable laws and regulations, the applicable statutory returns and forms are filed with various regulatory bodies and federal and provincial taxation authorities.

Share Price Sensitivity Analysis

Company news and performance: Company - specific factors that can affect the share price are:

- **Earnings** - News releases on earnings and profits and future estimated earnings develop investor interest in the stock of a Company.
- **Announcement of dividends** - Expected distribution from earning could increase the share prices in expectation of realisation of profit on investment.
- **Introduction of a new insurance product** - This could lead to positive earnings growth which in return affects share prices.
- **Industry performance** - Government policies specific to industry like Takaful business could result in movement of stock price.
- **Investor sentiments / confidence** - Positive economic reforms can attract investors.
- **Economic and other shocks** - An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and stock prices. An act of terrorism can also lead to a downturn in economic activity and a fall in stock prices.
- **Change in government policies** - Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect stock prices.

Investors Grievance Policy

EFU General Insurance Limited believes that relations with investors are vital for the financial lifeline and substantial growth of the organization. Relations with investors also reflect on the goodwill of the organization. It is therefore, imperative to place an efficient and effective mechanism in the organization for providing services to the investors and to re-dress their grievances in accordance with law.

The Company has accordingly provided on its website, the necessary information about the Company, the directors, auditors, share registrars, the financial data for the current period and for the last six years and daily stock update showing daily rates of the Company's shares quoted at the Pakistan Stock Exchange.

The Company Secretary of the Company is the primary contact on behalf of the Company to whom the investors can contact to re-dress their grievances and resolve their issues.

The management endeavors to investigate and resolve all the complaints and queries of the investors to their utmost satisfaction. An investor who is not satisfied can also approach the Securities & Exchange Commission of Pakistan (SECP) complaint cell through interactive link provided on our website.

Our investor grievance policy is broadly based on the following principles:

- Investors calling us in person, telephone, fax or email are received and their complaints are dealt in timely manner.
- Each and every investor is treated fairly at all the times.
- Prompt, efficient and fair treatment is given to all the complaints and queries of the investors.

Whistle Blowing Policy

In compliance with the Code of Corporate Governance, the Company has adopted a Whistle Blowing Policy. The Company has an established Code of Ethics which sets out the standards of conduct expected in the management of its business. All employees are expected to carry out their duties in a manner that is consistent with the Code. If employees become aware of circumstances which are not in compliance with the Code, they may communicate their concerns to the Managing Director.

Procedures Adopted for Quality Assurance of Products / Services

EFU General believes that meeting customer expectations comes from consistently meeting standards and delivering consistent results is at the core of quality assurance procedures. It is our responsibility to ensure that every employee understands the quality definitions and how he / she is to make certain those standards are met. Measuring the quality that is delivered is critical for consistent results. Department / Branch Heads monitor work processes and maintain quality standards.

As per ISO 9001:2008 standards, EFU General has established procedures for quality assurance of services by continually improving the effectiveness of the quality management system through the use of:

- the quality policy,
- quality objectives,
- audit results,
- analysis of data,
- corrective and preventive actions,
- regular management reviews,
- trainings,
- customer feedback system and
- monitoring / measurement activities.

The old expression, "There is always room for improvement," rings true when it comes to quality assurance. To keep our business on the cutting edge, we always ask the question, "How can we make this better?" By tweaking the process where required or by raising standards each year, we will see our overall business quality improve to levels higher than ever before.

Local Committees

The Company is associated with various chambers of commerce, associations, forums, and trade bodies to be able to actively play key role in addressing the issues concerning the organization and business community at large.

Steps Taken by the Management to Encourage Minority Shareholders to Attend the General Meetings

The management is constantly striving to increase the participation of minority shareholders at the general meetings. The Company also facilitates its members having at least ten percent of the total paid up capital, to attend annual general meetings through video-link facility.

Decisions taken at the last Annual General Meeting held on April 7, 2018

The following matters taken up in the meeting as per Agenda were approved unanimously and the decisions taken were implemented in due course:

1. Approval of minutes of the last Annual General Meeting and Extra-ordinary General Meeting.
2. Approval of Audited Accounts and Report for the year ended December 31, 2017 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. Approval of Final dividend @ Rs. 6.25 per share in addition a total of Rs. 3.75 per share was paid for three interim dividends for the year 2017 details as under:
   - The First Interim dividend was paid on May 19, 2017.
   - The Second Interim dividend was paid on September 08, 2017.
   - The Third Interim dividend was paid on November 18, 2017.
   - Final dividend was paid to the Shareholders on April 16, 2018.
4. Approval of Transfer to General Reserve of Rs. 500 million.
5. Re-appointment of KPMG Taseer Hadi & Co. as Auditors for the year 2018.
6. Approval to invest further in the shares of Associated Company, EFU life Assurance Ltd. of Rs. 1 Billon within a period of next three years.
   - Shares of EFU life Assurance purchased from time to time.
7. Approval of related party transactions with EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. transacted till last Annual General Meeting.
8. Authorize Managing Director & Chief Executive to approve the transaction carried out in normal course of business with related parties EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. till next Annual General Meeting.

Access to Reports and Enquiries

Annual Report

Annual report can be downloaded from the Company's website: www.efuinsurance.com; or printed copies obtained by writing to:

The Company Secretary
EFU General Insurance Limited
EFU House
M.A. Jinnah Road
Karachi 74000
Pakistan

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports can be accessed at website: www.efuinsurance.com; or printed copies can be obtained from the Company Secretary.

Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates etc. can be directed to Share Registrar at the following address:

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S, Shahra-e-Faisal
Karachi – 74400

Stock Exchange Listing

The shares of the Company are listed on Pakistan Stock Exchange. The symbol code is EFUG.

Annual Report & Accounts and Notice of Meeting by E-mail

If any member intends to receive the above through e-mail, he may provide us or to our Share Registrar, his consent on the consent form as available on Company's website, duly filled and signed.

The Role of Chairman and Managing Director

The roles of the Chairman and Managing Director is stated setting out a clear division of responsibilities, but is not intended to provide a definitive list of their individual responsibilities.

Chairman is responsible for leadership of the Board. In particular, he presides over meetings of the Board and ensures effective operation of the Board and its committees in conformity with the standards of corporate governance.

The Chairman sets the agenda, style and tone of Board discussions to promote constructive debate and effective decision making. The Chairman supports the Managing Director in the development of strategy.

Managing Director is responsible for leadership of the business and managing it within the authorities delegated by the Board and the Articles of Association of the Company. He develops strategy proposals for recommendation to the Board and ensures that agreed strategies are reflected in the business, develop annual plans, consistent with agreed strategies, for presentation to the Board for support, plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans.

The Managing Director develops an organisational structure and establishes processes and systems to ensure the efficient organisation of resources. He is responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies, leads the executive team, including the development of performance contracts and appraisals and ensures that financial results are communicated to all the stakeholders.

The Managing Director develops and maintains an effective framework of internal controls over risk in relation to all business activities including the Group's trading activities, ensures that the flow of information to the Board is accurate, timely and clear, establishes a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate.

The Chairman and Managing Director meet regularly to review issues, opportunities and problems.

Annual Evaluation of Board's Performance

The Board has placed a mechanism to evaluate its performance annually as required by the Code of Corporate Governance. The mechanism devised is based on the emerging and leading trends on the functioning of the Board and improving its effectiveness. The placement and functioning of evaluation mechanism is out sourced to Pakistan Institute of Corporate Governance.

MD's Performance Review

Managing Director's performance is monitored and evaluated by the Board against the objectives and performance targets set by the Board.

Avoiding Actual and Perceived Conflict of Interest

The Company is committed to the transparent disclosure, management and monitoring of existing and potential conflicts of interest. The Company's Board is also cognizant of its obligations as required under the Code of Corporate Governance, 2017 (COCG) to ensure that Directors avoid conflicts of interest between their responsibilities and their other interests. All Board members have a duty to avoid actual or perceived conflicts of interest.

Every director of the Company who is in any way interested in any contract or arrangement to be entered by the Company is required to disclose the nature of his concern or interest to the Board and shall not take part in the discussion or vote on the matter.

Every year in conformity with the section 153 of Companies Act, 2017, COCG and Insurance Companies (Sound and Prudent Management) Regulations, 2016, the Directors of the Company are required to provide a signed Statement of Compliance. The statement requires all the Directors to disclose the names of the companies, firms and businesses where they are associated and that they comply with all legal requirements to hold the position as Directors.

Policy for Safety of Records of the Company

The Company abides by the requirement of Section 220 of the Companies Act, 2017, for the maintenance of books of accounts. In addition to this, retention of the Company's records is also based on their administrative and operational requirement. The Company has implemented a comprehensive plan for maintenance of its physical and electronic data.

In line with this, a proper record room has been maintained at its Head Office for safe custody of the various physical documents; where the records are stacked on pre-numbered racks. All records along with rack number have been entered in the record management system from where any record can be traced by entering the particular of record required.

For timely recovery of its soft data on the Cloud, on-site and remote Data Recovery (DR) site is available with the Company.

Business Continuity Plan / Disaster Recovery Plan

Without a defined, communicated and tested Business Continuity Plan (BCP) / Disaster Recovery Plan (DRP), the risk of extended unavailability of business processes and information systems in the event of any catastrophe increases exponentially. Further, absence of appropriate management plan can also result in damage to reputation, high costs of resumption and lost business.

The Company has developed a comprehensive Disaster Recovery Plan by using cloud technology services, addressing all the critical business functions and systems within the domain of Data Centre.

The principal objective of the disaster recovery program is to develop, test and document a well-structured and easily understood plan which will help the Company recover quickly and effectively from an unforeseen emergency situation which may interrupt business operations.

The plan is being periodically tested and reviewed to ensure that all essential aspects have been adequately covered and that all relevant individuals are fully aware of their responsibilities in the event of a disaster.

The Company also has taken following measures to ensure quick and smooth availability of data recovery:

- Live testing is also performed by the relevant department to respond spontaneously.
- Training of responsible staff is also carried out on regular basis.
- Daily data backup is stored in Bank Lockers at designated branch.

TORs of Audit Committee

The committee comprises of four members, including the Chairman of the committee who is an independent director appointed vide circular resolution dated January 6, 2018 to comply with the requirement of Code of Corporate Governance Regulations, 2017 and others are non-executive Directors. The Board has satisfied itself that Audit Committee consists of at least one member having relevant financial experience and knowledge to qualify as financially literate as required by the Code. The Committee focus is to oversee the effectiveness of internal controls, internal audit function, compliance and other responsibilities assigned by the Board of Directors.

The terms of reference of the Audit Committee as determined by Board of Directors are as follows:

(a) determination of appropriate measures to safeguard the Company's assets;

(b) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards; and
- compliance with statutory and regulatory requirements.

(c) review of preliminary announcement of results prior to its external communication and publication;

(d) review of all related party transactions and recommending approval of the Board of Directors thereon;

(e) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

(f) review of management letter issued by external auditors and discuss management's response thereto;

(g) ensuring coordination between the internal and external auditors of the Company;

(h) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

(i) consideration of major findings of internal investigations and management's response thereto;

(j) ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;

(k) review of Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

(l) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

(m) determination of compliance with relevant statutory requirements;

(n) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;

(o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements;

(p) consideration of any other issue or matter as may be assigned by the Board of Directors.

Sr. No.	Name of Directors	Number of Meetings attended	
1.	Mr. Mohammed Iqbal Mankani	4 meetings attended	(Independent Director)
2.	Mr. Taher G. Sachak	4 meetings attended	(Non-Executive Director)
3.	Mr. Ali Raza Siddiqui	3 out of 4 meetings attended	(Non-Executive Director)
4.	Mr. Daanish Bhimjee	*2 meetings attended	(Non-Executive Director)
5.	Mr. Muneer Bhimjee	*2 meetings attended	(Non-Executive Director)

*New Audit Committee was constituted on April 27, 2018 by the Board of Directors in which Mr. Daanish Bhimjee was appointed new member in place of Mr. Muneer Bhimjee.

Report of the Audit Committee
For the year ended December 31, 2018

The Audit Committee comprises of three non-executive directors and one independent director being Chairman of the committee. Four meetings of the Committee were held during the year 2018. The members of the Audit Committee are qualified professionals and possess enriched working experience at senior management levels. Further, one qualified chartered accountant with diversified professional experience is member of the Audit Committee. Based on reviews and discussions in these meetings, the Committee reports that:

1. The Committee reviewed and approved quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
2. The Company issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company.
3. The CEO and the CFO have endorsed the standalone as well as consolidated financial statements of the Company and the Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the financial statements and compliance with regulations and applicable accounting standards.
4. The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as applicable in Pakistan.
5. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
6. Proper books of accounts have been maintained by the Company.
7. The Committee reviewed and approved all related party transactions and recommended them for approval of the Board of Directors.
8. The Committee oversees Company’s risk management and internal control framework and reviews their adequacy in relation to the risks faced by the Company. The Company's system of internal control established at all levels is sound in design and is continually evaluated for effectiveness and adequacy. The Company’s Internal Control framework consists of: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring. These components work to establish and implement sound internal control within the Company through directed leadership, risk management function, financial control and internal audit and compliance.
9. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed Internal Audit department. The Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.
10. The role of Internal Audit is to assess risk management processes and internal control as well as to ensure implementation of and compliance with the defined policies and procedures. Internal Audit submits its reports directly to audit committee for appropriate actions and ensure timely follow-up on audit findings to ensure that corrective actions are taken in a timely manner.
11. The Committee on the basis of internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.
12. The Internal Auditor has full access to the Chairman of the Board Audit Committee, further internal auditor meets senior management to discuss internal audit reports and is fully independent to access the management any time to discuss audit issues in order to make the audit process transparent and effective and ensure that the identified risks are mitigated to safeguard the interest of the Company. The Committee evaluate head of internal audit performance jointly with chief executive.
13. The external auditors KPMG Taseer Hadi & Co, Chartered Accountants had direct access to the Committee and necessary coordination with internal auditors was ensured.
14. The Audit Committee has discussed with the external auditors and management, all the key matters identified during external audit and has taken appropriate actions accordingly.
15. The Committee assessed the effectiveness of external audit process by evaluating the experience and technical excellence of auditors in the Company’s business and the regulatory environment, demonstration of professional integrity and objectivity and timely communications and reports so as to allow committee to take appropriate actions.
16. The Committee recommended to the Board of Directors for appointment of KPMG Taseer Hadi & Co, Chartered Accountants as external auditors and their remuneration for the year ending December 31, 2019.
17. The Committee is of the view that the annual report was fair, balanced and understandable and provide complete information for shareholders to assess the Company’s position and performance, business model and strategy.
18. The Committee has complied with all the applicable provisions of Code of Corporate Governance, presence of sufficient commercial and financial experience and knowledge to carry out audit matters and assisted Board by delivering reports on timely basis.

Human Resource Management Policies

Our policy rests on belief that success and accomplishment of our Company be determined by the success and accomplishment of our employees. We promote and encourage honest and ethical behavior in our business activities. There is no discrimination amongst employees on the basis of religion, race, ethnicity and gender. At EFU individual care and guidance in a friendly family community is at the heart of our philosophy. We aim to help each employee realize his / her full potential.

Succession Planning

In EFU General, succession planning is a process whereby we ensure that our employees are developed to fill vacant posts within the Company. Through our succession planning process, we develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles.

EFU prides on its formidable team of professionals. The Company lays great emphasis on building and nurturing its intellectual capital. These thoroughly trained professionals ensure that EFU maintains its competitive edge in the market.

EFU has the lowest turnover ratio not only in the insurance industry but almost in the entire corporate sector, as EFU culture is of a family.

Notice of Meeting

Notice is hereby given that the 86th Annual General Meeting of the Shareholders of EFU General Insurance Ltd. will be held at the Registered Office of the Company at Kamran Centre, 1st Floor, 85 East, Jinnah Avenue, Blue Area, Islamabad, on Tuesday April 23, 2019 at 10:00 a.m. to:

A. ORDINARY BUSINESS:

1. confirm the minutes of the 85th Annual General Meeting held on April 07, 2018.
2. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2018 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. consider and if thought fit to approve the payment of Final Dividend at the rate of 62.5% i.e. Rs. 6.25 per share as recommended by the Board of Directors and also approve the 37.5% i.e. Rs. 3.75 per share Interim Cash Dividends already paid to the Shareholders for the year ended December 31, 2018.
4. appoint Auditors of the Company for the year 2019 and fix their remuneration. The Audit Committee and the Board of Directors have recommended the name of M/S KPMG Taseer Hadi & Co., Chartered Accountants for re-appointment as auditors

B. SPECIAL BUSINESS:

5. to consider, and if thought fit, to pass the following resolutions with or without modification(s) as Special Resolutions:

   "Resolved that the transactions carried out by the Company in the normal course of business with EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. (related parties) in 2018 be and are hereby ratified, approved and confirmed."

   "Further Resolved that the Managing Director & Chief Executive be and is hereby authorized to approve all the transactions carried out in the normal course of business with EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. till the next Annual General Meeting."

6. to consider, and if thought fit, to pass the following resolutions with or without modification(s) as Special Resolutions:

   "RESOLVED that the Article of Association of EFU General Insurance Ltd., be and is hereby amended, the following amendment be made in Article of Association of the Company to Change the whole wording of clause No. 80

   80) the right of vote through postal ballot which include electronic voting and voting though Ballot Paper shall be provided to members of the company as per Companies (Postal Ballot) Regulation, 2018, as may be amended from time to time, and the company shall response to the demand of poll and shall follow the complete procedure of carrying out voting as per Companies (Postal Ballot) Regulations, 2018, as may be amended from time to time.

   RESOLVED that the Company's Chief Financial Officer Mr. Altaf Gokal and or Company Secretary Mr. Amin Punjani be and are hereby authorized to appoint e-service provider as required under Companies (Postal Ballot) Regulations, 2018.

   RESOLVED that information about casting vote through e-voting to foreign shareholders shall be communicated / given through email".

7. transact any other matter with the permission of the chair.

   Attached to this notice of meeting being sent to the members is a statement under Section 134(3)(b) of the Companies Act, 2017 setting forth:

   a. All material facts concerning the resolutions contained in items 5 and 6 of the notice.
   b. Status of previous approval of investments in associated company.

By Order of the Board

AMIN PUNJANI
Company Secretary

Karachi: 22 March 2019

NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.

2. CDC Account holders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

(i) In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

(i) In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. For exercising electronic voting (e-voting) right through E-Voting services provider under Companies (Postal Ballot) Regulation, 2018:

i. If Company receives demand for poll through e-voting from members having not less than one tenth of the voting power the Company will arrange for e-voting exercise.

ii. The company shall provide its Members with the option of e-voting or voting by postal ballot in accordance with the provision of Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately or not later than seven days from the date of Annual General Meeting, through a letter duly signed by them, i.e. Name, Folio / CDC A/C No., E-mail Address, Contact Number to the share Registrar of the Company (Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400)

iii. Representative of our share registrar at CDC, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan will be appointed as execution officer for the meeting.

iv. The proxy / e-voting form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

4. The Share Transfer Books of the Company will be closed from April 17, 2019 to April 23, 2019 (both days inclusive). Transfers received in order by our Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on April 16, 2019 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend.

5. Members are requested to notify / submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided / notified:

a. Change in their addresses;

b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities.

6. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO 787 (I) / 2014 dated September 08, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future.

In this regards, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of member(s) to timely update the share registrar of any change in his (her / its / their) registered email address at the address of Company's Registrar.

7. ELECTRONIC DIVIDEND MANDATE

Under section 242 of Companies Act, 2017 it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, CDC House, 99-B, Block 'B', S.M.C.H.S, Main Shahra-e-Faisal, Karachi-74400, in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

8. SUBMISSION OF VALID CNIC / SNIC (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore, advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 without any further delay.

9. DEDUCTION OF WITHHOLDING TAX ON THE AMOUNT OF DIVIDEND

Pursuant to SECP directives vide Circular No.19/2014 dated October 24, 2014 SECP has directed all companies to inform shareholders about changes made in the section 150 of the Income Tax Ordinance, we hereby advise shareholder as under;

(i) The Government of Pakistan through Finance Act, 2016 and 2017 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a. for filers of income tax returns:	15 %
b. for non-filers of income tax returns:	20 %

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @20% instead @15%.

(ii) In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint-holder shall be presumed to have an equal number of shares.

(iii) For any query / problem / information, the investors may contact the Company and / or the Share Registrar at the following phone numbers & email address. The contact number of Company Secretary is 021-32313471-90 & email: amin.punjani@efuinsurance.com and the contact numbers of Share Registrar, Central Depository Company of Pakistan Limited is 021-111-111-500 & email: info@cdcpak.com.

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar, Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

10. CONSENT FOR VIDEO CONFERENCING FACILITY

Pursuant to the provision to the Companies Act, 2017 the members can also avail the video Conferencing facility. In this regard, please fill the following and submit to registered address of the Company at least 10 days before the holding of annual general meeting. If the Company receives consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I / We, _______________ of ______________________, being a member of EFU General Insurance Ltd. holder of ______ ordinary share(s) as per registered folio / CDC no. _______ hereby opt for video conferencing facility.

11. UNCLAIMED DIVIDEND

As per the provision of section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders, uploaded on Company website and Final notice was issued in newspaper on October 23, 2018. In case, no claim is lodged with the Company in the given time, deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

12. DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS:

As per section 72 of the Companies Act, 2017 every existing company shall be required to replaced its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing regulations of the stock exchange.

Statement under section 134(3) of the Companies Act, 2017:

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on April 23, 2019.

1. Item No. 5 of the Notice

Transactions carried out with related parties during the year ended December 31, 2018 to be passed as a Special Resolution.

The transactions carried out in normal course of business with associated companies (related parties) are approved by the Board as recommended by the Audit Committee on quarterly basis. In the case of EFU Life Assurance Ltd and Allianz EFU Health Insurance Ltd., a majority of the Directors were interested and in accordance with the provisions of Section 208 of the Companies Act, 2017. Such transactions, therefore, are being placed before the shareholders for approval through special resolution proposed to be passed in the annual general meeting.

In view of the above, the normal business transactions conducted during the year 2018 with EFU Life Assurance Ltd and Allianz EFU Health Insurance Ltd as per following details are being placed before the shareholders for their consideration and approval/ratification.

Amount in PKR '000'

EFU Life Assurance Ltd.	Premium written	23,527
EFU Life Assurance Ltd.	Premium paid	24,044
EFU Life Assurance Ltd.	Claims paid	11,016
EFU Life Assurance Ltd.	Dividend received	650,881
EFU Life Assurance Ltd.	Dividend paid	46,809
Allianz EFU Health Insurance Ltd.	Premium written	2,243
Allianz EFU Health Insurance Ltd.	Premium paid	19,990
Allianz EFU Health Insurance Ltd.	Claims paid	880

The names of Directors with interest as director in related parties:

i. Mr. Saifuddin N. Zoomkawala, Director of the Company is also a director in EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd.
ii. Mr. Hasanali Abdullah, Director of the Company is also a director in EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd.
iii. Mr. Taher G. Sachak, Director of the Company is also a director in EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd.
iv. Mr. Ali Raza Siddiqui, Director of the Company is also a director in EFU Life Assurance Ltd.
v. Mr. Mahmood Lotia, Director of the Company is also a director in Allianz EFU Health Insurance Ltd.

Authorization to the Chief Executive for the approval of transactions carried out and to be carried out with EFU Life Assurance Ltd. & Allianz EFU Health Insurance Ltd. (related parties) till the next Annual General Meeting to be passed as a Special Resolution.

The Company would be conducting transactions with EFU Life Assurance Ltd and Allianz EFU Health Insurance Ltd in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. as detailed herein above. Therefore, in order to comply with the provisions of clause 5.19.6(b) of the Rule Book of Pakistan Stock Exchange Limited under Code of Corporate Governance, the shareholders may authorize the Managing Director & Chief Executive to approve transactions carried out and to be carried out in the normal course of business with EFU Life Assurance Ltd and Allianz EFU Health Insurance Ltd till the next Annual General Meeting.

The names of Directors and nature and extent of their interest in the proposed resolution is the same as mentioned above.

2. Item No.6 of the notice

To give effect to the Companies (Postal Ballot) Regulations, 2018, Shareholders' approval is being sought to amend the Articles of Association of the Company.

Status of approvals for investment in Associated undertakings:

As required by Regulation no. 4(2) information under Regulation 3 of the Companies' (investment in associated companies and associated undertakings) Regulations, 2017, the status of approvals is as follows:

i. total investment approved;

(a) Rs. 100 Million in EFU Life was approved by the shareholders at Annual General Meeting of the Company held on April 05, 2014 out of this Rs. 95.413 was utilized till 2017 and the balance of Rs. 4.587 was used in 2018

(b) Rs. 1 Billion in EFU Life was further approved by the shareholders at Annual General Meeting of the Company held on April 07, 2018.

ii. amount of investment made to date;

The amount of Rs. 4.587 million was invested out of the remaining balance of Rs. 100 million approved on April 05, 2014 and Rs. 3.304 million from the amount of Rs. 1 billion approved by the shareholders at Annual General meeting of the Company held on April 07, 2018.

iii. reasons for not having made complete investment so far where resolution required it to be implemented in specified time;

The period in which the investment of Rs. 1 Billion is to be made as approved by the shareholders is up to April 6, 2021. Investment will be made on availability of shares at reasonable price.

iv. and material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.

Since the date of passing the initial resolution by the shareholders of the Company on April 07, 2018 the shareholders equity of the investee company has increased to Rs. 6,028 million from Rs. 5,963 million due to increase in Reserves and un-appropriated profits.

Board of Directors

Saifuddin N. Zoomkawala
Chairman

Hasanali Abdullah
Managing Director & Chief Executive

Abdul Rehman Haji Habib
Director

Taher G. Sachak
Director

Ali Raza Siddiqui
Director

Mohammed Iqbal Mankani
Director

Mahmood Lotia
Director

Saad Bhimjee
Director

Daanish Bhimjee
Director

Directors Profile

SAIFUDDIN N. ZOOMKAWALA
Chairman

Mr. Saifuddin N. Zoomkawala has been associated with EFU Group since 1964. He also worked as General Manager for Credit & Commerce Insurance Company at UAE, an insurance company of EFU group. He served as Managing Director of EFU General Insurance Limited from July 10, 1990 till July 2011 when he was elected Chairman of the Company.

He is Chairman of Allianz EFU Health Insurance Limited, EFU Services (Pvt.) Limited and Director of EFU Life Assurance Limited, all being EFU Group Companies. He was Chairman of EFU Life Assurance Limited from February 1999 to July 2011.

He is Director on the Board of German Pakistan Chamber of Commerce and Industry and is on the Board of Governors of:

Shaukat Khanum Memorial Trust and Research Centre
Burhani Hospital
Sindh Institute of Urology and Transplantation
Fakhr-e-Imdad Foundation

HASANALI ABDULLAH
Managing Director & Chief Executive

Mr. Hasanali Abdullah is Chartered Accountant and Certified Director from Pakistan Institute of Corporate Governance (PICG). He has been associated with EFU General Insurance Ltd. since 1979 and is Managing Director & Chief Executive of the company from 2011. He is Director of EFU Life Assurance Ltd., Allianz EFU Health Insurance Ltd., EFU Services (Private) Ltd., Tourism Promotion Services (Pakistan) Limited (owners of Serena Hotels in Pakistan), Honorary Treasurer of Aga Khan Hospital & Medical College Foundation, Member of National Committee of Pakistan Branch of Aga Khan University Foundation Geneva. Director of Institute of Financial Markets of Pakistan.

He has served on the Boards, Council and Committees of various Aga Khan Development Network institutions from 1976 to 2002. He has been Director of PICG in 2011, Chairman of Insurance Association of Pakistan for the year 2008, 2010 - 11 and 2016 - 2017, Executive Committee Member of Federation of Pakistan Chambers of Commerce & Industries for 2011 & 2017 and Chairman of Pakistan Insurance Institute 2014 - 15.

ABDUL REHMAN HAJI HABIB
Director

Mr. Abdul Rehman Haji Habib belongs to Business community. He was Chairman of Arag Group. In 1971-72 he was President of Karachi Chamber of Commerce & Industry and in 1976-77 he was President of the Federation of Pakistan Chamber of Commerce & Industry.

He is associated with EFU for the last 35 years.

TAHER G. SACHAK
Director

Mr. Taher G. Sachak has studied in UK and is a graduate in Business Studies from Bournemouth University, and also has a post-graduate Diploma in Management Studies from Liverpool University. Following his studies he joined the British Civil Service and after 5 years decided to pursue a career in life assurance. He held executive positions in major UK Life Assurance Companies, Allied Dunbar, Trident Life and finally Century Life before coming to Pakistan in 1994 to join EFU Life.

He is also Managing Director of EFU Life, Vice Chairman of Allianz EFU Health, Executive Committee Member of Pakistan Insurance Institute and a "Certified Director" from Pakistan Institute of Corporate Governance.

ALI RAZA SIDDIQUI
Director

Mr. Ali Raza Siddiqui is a Partner at JS Private Equity. From 2005 - 2010, he was an Executive Director at JS Investments Limited. Prior to joining JS Group he was Assistant Vice President at AIM Investments in Houston, a wholly owned subsidiary of INVESCO (formerly known as AMVESCAP PLC). At AIM, Mr. Siddiqui was part of a team responsible for the management of over USD 60 billion in fixed income assets.

Mr. Siddiqui also serves on the Boards of EFU Life Assurance, Pakistan International Bulk Terminals Limited, Jahangir Siddiqui & Co. Ltd., the Mahvash & Jahangir Siddiqui Foundation, Fakhr-e-Imdad Foundation and Future Trust. He holds a Bachelor's Degree from Cornell University with double majors in Economics and Government.

MOHAMMED IQBAL MANKANI
Director

Mr. Mohammed Iqbal Mankani started his career with Eastern Federal Union Insurance Co. in 1968 as Junior Officer. In 1970 he helped set up the first Branch of EFU in SITE Karachi.

Mr. Mankani was sent on deputation to Credit & Commerce Insurance Co., Dubai, a joint venture of EFU where he worked in various Senior Positions.

In 2001, Mr. Mankani was requested by the Executive Office of His Highness, Ruler of Dubai and Dubai Islamic Bank to help set up the first local Takaful company Dubai Islamic Insurance & Reinsurance Co. On behalf of this company, Mr. Mankani helped set up a Takaful company in Kuwait in 2009. He was also a Board Member of Amity Health, a joint venture between Dubai Islamic Insurance and AGILITY Health of South Africa. He remained with Dubai Islamic Insurance as the General Manager and Chief Operating Officer until 2012. He then set up his own Consulting Company M.I.M. Business Consultants.

Mr. Mankani is a qualified Director of Education in Corporate Governance and is a frequent speaker at seminars and also advises various companies on the subject of Corporate Governance.

Mr. Mankani has been part of the UAE Insurance industry for the last 43 years and has been twice elected member of the UAE Insurance Business Group under the Dubai Chamber of Commerce representing the Takaful industry until 2012.

He has been a frequent speaker at many insurance seminars in Malaysia, UAE etc. Mr. Mankani was a director in Hyatt-e-Tayabah, Iran and an active member of the Canadian Business Council in Dubai, Institute of Insurance and Risk Management Canada and Canadian Marketing Association.

MAHMOOD LOTIA
Director

Mr Lotia started his insurance career in April 1974 then trained at the M&G Reinsurance Company, UK. From April 1977 he worked with Adamjee Insurance Company Ltd and Commercial Union Assurance Pakistan Branch and overseas with Abu Dhabi National Insurance Company. On return to Pakistan in August 1991 joined EFU General Insurance Ltd and currently is in-charge of the Company's technical operations including underwriting, claims and reinsurance. He is the Senior Deputy Managing Director.

Mr Lotia has remained associated with Insurance Association of Pakistan in various capacities since 1980 and served on nearly all technical committees. He was Chairman for the year 2014-2015 and currently is a member of the Executive Committee.

He is a certified director by PICG and currently is a Director on the board of Allianz-EFU Health Insurance Ltd.

SAAD BHIMJEE
Director

Mr. Saad Bhimjee is an Insurance and Risk Management professional with over ten years of experience in Canadian and UK markets. He is presently working for Aon Canada as Vice President and is based in their Vancouver office. Prior to joining Aon Canada he worked for United Insurance Brokers (UIB) in London with a focus on Middle East & Asian countries including Pakistan. Saad Bhimjee holds a Bachelor's degree in Economics from University College London (UCL) and a Master's degree in Insurance & Risk Management from Cass Business School London. He also has an ACII designation

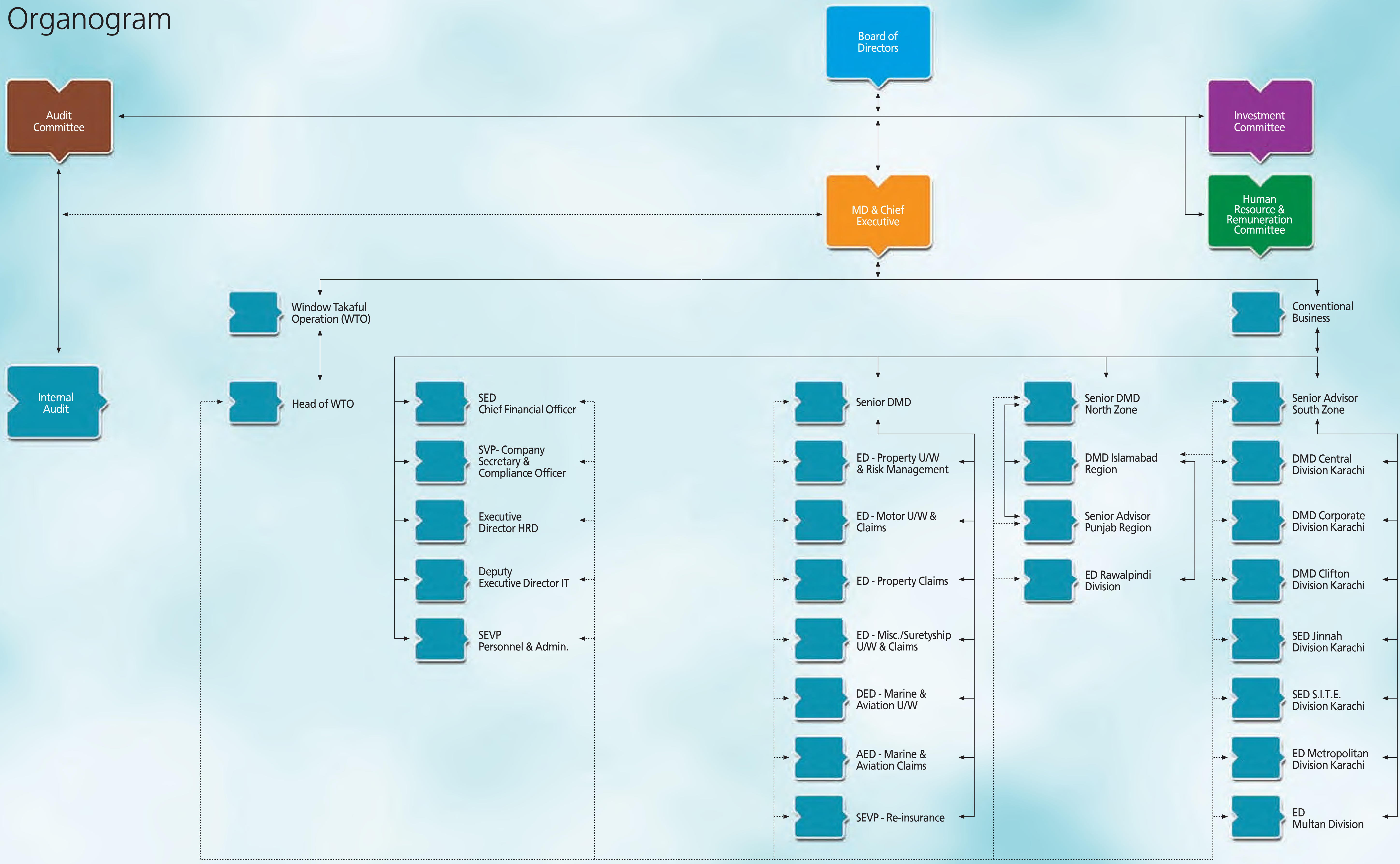
DAANISH BHIMJEE
Director

Daanish Bhimjee has been working in the financial services sector for over 15 years. His most recent position was with Standard Chartered Bank, where he was a Managing Director in charge of Financial Institutions Investment Banking for Africa and Middle East. Prior to that he was with Barclays Investment Bank and Rothschild in the UK.

Daanish has advised insurance, bank and government clients on a wide variety of M&A, strategic advisory and capital raising projects across Europe, Middle East and Africa. He has worked on projects in over 20 countries and advised on transactions with aggregate valuations in excess of $150 billion.

Daanish is a chartered accountant from the Institute of Chartered Accountants of England and Wales. He has a degree in Economics from the University of Cambridge.

Organogram


Board of Directors
Audit Committee
Investment Committee
MD & Chief Executive
Human Resource & Remuneration Committee
Window Takaful Operation (WTO)
Conventional Business
Internal Audit
Head of WTO
SED Chief Financial Officer
SVP- Company Secretary & Compliance Officer
Executive Director HRD
Deputy Executive Director IT
SEVP Personnel & Admin.
Senior DMD
ED - Property U/W & Risk Management
ED - Motor U/W & Claims
ED - Property Claims
ED - Misc./Suretyship U/W & Claims
DED - Marine & Aviation U/W
AED - Marine & Aviation Claims
SEVP - Re-insurance
Senior DMD North Zone
DMD Islamabad Region
Senior Advisor Punjab Region
ED Rawalpindi Division
Senior Advisor South Zone
DMD Central Division Karachi
DMD Corporate Division Karachi
DMD Clifton Division Karachi
SED Jinnah Division Karachi
SED S.I.T.E. Division Karachi
ED Metropolitan Division Karachi
ED Multan Division

Financial Calendar

Results

First quarter ended 31 March 2018	Announcement Date	April 27, 2018
Half year ended 30 June 2018	Announcement Date	August 20, 2018
Third quarter ended 30 September 2018	Announcement Date	October 29, 2018
Year ended 31 December 2018	Announcement Date	March 22, 2019

Dividends

Final Cash 2018	Announcement Date	March 22, 2019
	Entitlement Date	April 17, 2019
	Statutory limit upto which payable (within 15 working days of AGM)	May 14, 2019
First Interim Cash 2018	Announcement Date	April 27, 2018
	Entitlement Date	May 11, 2018
	Paid on	May 18, 2018
	Statutory limit upto which payable	May 31, 2018
Second Interim Cash 2018	Announcement Date	August 20, 2018
	Entitlement Date	September 04, 2018
	Paid on	September 07, 2018
	Statutory limit upto which payable	September 24, 2018
Third Interim Cash 2018	Announcement Date	October 29, 2018
	Entitlement Date	November 13, 2018
	Paid on	November 16, 2018
	Statutory limit upto which payable	December 03, 2018

Date of Issuance of Annual Report 2018	**April 01, 2019**
Date of Annual General Meeting	**April 23, 2019**

Management

Managing Director
Hasanali Abdullah, F.C.A.

Senior Deputy Managing Director
Mahmood Lotia, A.C.I.I.
Qamber Hamid, LL.B., LL.M.

Deputy Managing Director
Abdur Rahman Khandia, A.C.I.I.
M. Akbar Awan
Nudrat Ali
S. Salman Rashid

Senior Executive Directors
Altaf Qamruddin Gokal, F.C.A.
K. M. Anwer Pasha, B.B.A.
Muhammad Iqbal Lodhia
Syed Muhammad Haider, M.Sc.

Executive Directors
Abdul Sattar Baloch
Aftab Fakhruddin, B.E., Dip C.I.I.
Darius H. Sidhwa, F.C.I.I.
Imran Ahmed, M.B.A., B.E., A.C.I.I.
Kamran Arshad Inam, M.B.A., B.E.
Khurram Nasim, B.S. (Ins. Mgmt)
M. Shehzad Habib
Mohammad Iqbal Dada, M.A., A.C.I.I.
S. Aftab Hussain Zaidi, M.A., M.B.A.
Salim Razzak Bramchari, A.C.I.I.
Syed Kamran Rashid

Deputy Executive Directors
Abdul Hameed Qureshi, M.Sc.
Abdul Wahid
Ali Kausar
Javed Iqbal Barry, M.B.A., L.L.B., F.C.I.I.
Khalid Usman
M. Shoaib Razzak Bramchari
Muhammad Sohail Nazir, M.Sc., A.C.I.I.
Musakhar-uz-Zaman, B.E.
Satwat Mahmood Butt, M.B.A.

Assistant Executive Directors
Abdul Majeed
Babar A. Sheikh
Badar Amin Sissodia
Javed Akhtar Shaikh, B.B.A.
Kauser Ali Zuberi
Khalid Ashfaq Ahmed
Mazhar H. Qureshi
Mohammad Arif, M.A.
Muhammad Naeem M. Hanif
Muhammad Sheeraz, M.B.A.
Munawar, F.C.A.
Nadeem Ahmad Khan
Ross Masood M.B.E.
Syed Amir Aftab
Syed Asim Iqbal, M.B.A.
Syed Basit Hussain

Senior Executive Vice Presidents
Abdul Qadir Memon, M.Sc.
Ali Ghulam Ali, A.C.A.
Arshad Ali Khan, F.C.M.A.
Aslam A. Ghole, F.C.I.S.
Atif Anwar, F.C.C.A., M.B.A.
Faisal Gulzar
Fakhruddin Saifee
Farrukh Aamir Beg, M.B.A.
Fatima Bano, M.B.A., A.C.I.I.
Irfan Raja Jagirani
Kamran Bashir, M.B.A.
Kashif Gul, B.E.
Liaquat Ali Khan, F.C.I.I., A.M.P.I.M.
M. A. Qayum, M.Com
Malik Firdaus Alam
Mansoor Abbas Abbasi, B.E.
Masroor Hussain
Mohammad Afzal Khan, E.M.B.A.
Mohammad Amin Sattar, M.Com
Mohammad Kamil Khan, M.A.
Mohammad Naeem Shaikh, A.C.I.I.
Ms. Ansa Azhar, A.C.I.I.
Muhammad Arif Khan
Muhammad Arshad Khan
Muhammad Mujtaba
Muhammad Najeeb Anwar
Muhammad Rashid Akmal, M.B.A.
Muhammad Sohail
Muhammad Tawheed Alam, M.B.A., B.E.
Muhammad Yousuf Jagirani, M.A.
Murtaza Noorani, F.C.C.A, C.A.T.
Nadeemuddin Farooqi, L.L.B.
Pervez Ahmad, M.B.A.
Quaid Jauhar
Riaz Ahmad
S. Anwar Hasnain, M.B.A.
Shah Asghar Abbas, M.B.A.
Shahzad Zakaria
Shamim Pervez, M.B.A.
Shazim Altaf Kothawala
Syed Abid Raza Rizvi, M.Com
Syed Ahmad Hassan, M.B.A.
Syed Farhan Ali Bokhari, M.B.A.
Syed Nazish Ali, A.C.I.I.
Syed Shahid Hussain, L.L.B.
Umair Ali Khan, M.A.
Usman Ali Khan
Zarar Ibn Zahoor Bandey
Zia Mahmood

Executive Vice Presidents
Aamer Ali Khan
Abdul Bari
Abdul Hameed
Abdul Mateen Farooqui, M.Sc.
Abdul Rashid
Ali Asghar, B.E.
Ali Raza
Asadullah Khan
Ashfaque Ahmed
Ejaz Ahmed Khan, M.B.A.
Farhat Iqbal
Farman Ali Afridi, B.E.
Ghulam Haider, M.Sc.
Iftikharuddin, L.L.B.
Imran Saleem, M.B.A., M.C.S.
Javed Iqbal Khan
Kaleem Imtiaz, M.A.
Liaquat Imran
Mansoor Ahmed
Muhammad Hussain
Muhammad Ilyas Khan, A.C.I.I.
Muhammad Naseem
Muhammad Razzaq Chaudhry
Muhammad Salahuddin
Rao Abdul Hafeez Khan
Rehan Ul Haq Qazi
Riazuddin, M.A.
Rizwan Ahmed, M.B.A.
S. Asim Ijaz

S. M. Aamir Kazmi, L.L.B.
S. Tayyab Hassan Gardezi, M.Sc.
Saifullah
Salma Altaf, M.B.A.
Shafaqat Ali
Shahab Khan
Usman Ali, L.L.B.
Waheed Yousuf, M.B.A.
Waseem Ahmed
Zia Ur Rehman
Zulfiqar Ali Khan, M.Sc., F.C.I.I.

Senior Vice Presidents

Abdul Aziz
Abdul Shakoor Piracha
Aftab Ahmed, L.L.B.
Agha Ali Khan
Amanullah Khan
Amin Punjani, A.C.A., A.C.C.A.
Amir Arif Bhatti
Amjad Irshad, B.B.A.
Arshad Aziz Siddiqui
Asif Mehmood
Atif Haider Khan, M.B.A.
Chaudhary Sheraz Qamer, M.B.A.
Fouzia Naz
Hasan Riaz, M.B.A.
Haseeb Ahmad Bajwa, L.L.B.
Ikramul Ghani, M.A.
Imran Yasin, M.B.E., A.C.I.I.
Irfan Ahmad, A.C.M.A., C.I.A.
Junaid Agha
Khalid Rafiq, M.B.A.
Khawaja Samiullah
M. Asif Ehtesam, M.B.A.
Mansoor Hassan Khan
Mirza Mutahir Hussain
Mohammad Adil Khan
Mohammad Idrees Abbasi
Mohammad Saleem
Mohsin Ali Baig
Muhammad Ikram, M.B.A.
Muhammad Maroof Chaudhry
Muhammad Mushtaq
Muhammad Naeem Ahsan
Muhammad Saleem Gaho
Muhammad Shahjahan Khan
Muhammad Sirajuddin
Muhammad Taufiq
Muhammad Usman
Nadeem Ahmed
Noman Mehboob, M.B.A.
Noman Shahid, M.B.A.
Quaid Johar
Rahim Khowaja, M.A.
S. M. Adnan Ashraf Jelani, A.C.I.I.
S. M. Shamim
Saima Morkas, F.C.C.A.
Salimullah Khan, M.Com.
Sarfaraz Mehmood Khan
Sarfaraz Mohammad Khan
Shah Hussain, L.L.B.
Shahab Saleem
Shahzeb Lodhi
Sikandar Kasbati
Tariq Mahmood
Wahaj ur Rehman, M.B.A.
Waqar Ahmed, M.Sc.
Zahid Hussain, A.C.I.I.
Zohaib A. Khan, M.B.A., L.L.B.
Zohair Sharih

Vice Presidents

Ali Farman, M.A.
Aliya Jaffer Dossa
Arshad Hameed
Asif Ahmed Butt
Aziz Ahmed
Farkhanda Jabeen, A.C.I.I.
Farrukh Ahmad Qureshi
Habib Ali
Imran Ahmed Siddiqui, LL.B.
Imran Ahmed, M.Sc
Imran Qasim
Imtiaz Ahmed
Intikhab Ahmed
Israr Gul, M.A.
Kashif Karim Gilani, A.C.M.A.
Kausar Hamad, M.B.A.
Khalid Akhtar, M.B.A.
Mansoor Hassan Siddiqi, M.Sc.
Mazhar Ali
Mohammad Amin Memon
Mohammad Mustafa
Mohammad Shoaib
Mudassar Raza
Muhammad Ahmer Siddiqui
Muhammad Ali
Muhammad Ali
Muhammad Anwar Amdani
Muhammad Asif
Muhammad Farhan Rasheed
Muhammad Kashif
Muhammad Mubeen
Muhammad Mushtaq
Muhammad Rafique Khawaja, M.A.
Muhammad Sarwar
Muhammad Shoaib Naziruddin
Naif Javaid, M.B.A.
Najma Riaz, M.A.
Naseem Ahmed
Naseer Ahmad
Nausherwan Haji
Nayyar Sultana, L.L.B.
Nida Muazzam, B.E.
Nimra Inam, M.A.
Noushad Alam Siddiqui, M.B.A.
Onaib-ur-Rehman, M.B.A.
Owais Nawaz Khan
Raja Azhar Rafique
Rana Zafar Iqbal
Rao Nafees Murtaza
Reaz Hussain Siddiqui, L.L.B.
Rizwana Iftikhar
S. Arshad Sajjad Rizvi, M.B.A.
S. Ferozuddin Haider
S. Imran Raza Jafri
S. Khaliluddin
S. M. Farhan Asfi
S. Mahmood Razi
Saeed Ahmed
Saleem Hameed Qureshi, M.A.
Shabbir Hussain
Shadab Mohammad Khan
Shahbaz Khan
Shaheena Ashfaq, M.A.
Shaikh Muhammad Khurram
Sheraz Mansoor
Syed Mohammad Saleem
Syed Mudassar Ali
Syed Shabeeh Hyder Shah
Syed Zee Waqar
Zahid Qureshi, M.B.A.
Zainul Abedin

Assistant Vice Presidents

A. Qayyum A.H. Khalfe
Abdul Saboor
Ahmed Ali
Allah Dino Khan
Altaf Hussain
Amir Alvi
Aneel Ahmed Khan
Anwer Mahmood
Arif Hussain
Arshad Hussain
Asif Ali Khan
Asif Iqbal
Dr. Aftab Ali, M.B.B.S.
Faiz Muhammad
Farhan Qamar Siddiqui
Farooq Shaukat
Fazal Hussain
Fazal-Ur-Rehman Butt
Fiaz Ahmed, M.B.A.
Ghulam Abbas, M.B.A.
Ijaz Anwar Chughtai
Imran Siddiq
Izhar Fatima
Jahangir Khan
Jazib Hassan Khan
K.M. Elias
Kamran Vohra
Kashif, M.Sc
Khalida
Khalil Ahmed
M. Haroon
M. Saeed, M.A.
Mahmood Sualeh
Mahmooda Bano
Mansoor Anwar
Maqsood Ahmed
Masud Akhter
Mehboob Ahmed, M.A.
Mian Ali Raza
Mohammad Mustafa Ismail
Mohammad Rashid Salim Siddiqi
Muhammad Allauddin
Muhammad Arshad Siddiqi
Muhammad Asif, M.A.
Muhammad Attaullah Khan
Muhammad Imran Hanif
Muhammad Irfan
Muhammad Kashif Sheikh
Muhammad Merajuddin
Muhammad Moosa
Muhammad Rashid
Muhammad Saeed
Muhammad Tariq
Muhammad Tauseef
Muhammad Yamin
Mukhtar Alam
Mumtaz Ahmed
Munir Ahmed Awan
Murad Ali
Navaid Ahmed
Noor Asghar Khan
Omair Atiq Muhammadi
Omran Ghias Qureshi
Qazi Maqsood Ahmed
Rafiullah Khan
Rahim
Rashid Saeed Butt
Riaz-ul-Haq
Rizwan Jalees
S. Ikhlaq Hussain Naqvi
S. Sajjad Haider
S.M. Noor-uz-Zaman
Saeed Iqbal
Saifuddin
Sana Atif
Shahzad Qamar
Shazia Hussain, M.A.
Syed Kamal Ahmed
Syed Muhammad Ali
Syed Muhammad Faysal
Syed Sajjad Haider Zaidi
Talha Sher Chishti
Tanveer Ahmed
Waqas Ahmad Sheikh
Zeeshan Ahmed

Medical Officer

Dr. Aftab Ali, M.B.B.S.

Window Takaful Operations

Assistant Executive Director

M. Vaqaruddin, M.B.A., A.C.I.I.

Senior Executive Vice President

Kashif Masood, M.B.A, A.C.I.I.

Marketing Executives

Senior Executive Directors

Altaf Kothawala
Jahangir Anwar Shaikh

Executive Directors

Abdul Wahab Polani
Ali Safdar
Muhammad Khalid Saleem, M.A.

Deputy Executive Directors

Ali Rafiq Chinoy
Agha S. U. Khan
Khuzema T. Haider Mota
Mahmood Ali Khan, M.A.

Assistant Executive Directors

Abdul Wahab
Adeel Ahmed
Akhtar Kothawala
Khalid Mehmood Mirza
Rashid Habib, M.A.
Rizwan Siddiqui
S. Ashad H. Rizvi
S. Shahid Mahmood, M.A.
Saad Anwer
Saad Reyaz
Shahab Khan, B.C.S.
Shahid Younus
Syed Imran Zaidi, M.B.A.
Tauqir Hussain Abdullah
Yousuf Alavi

Senior Executive Vice Presidents

Asif Elahi
Azmat Maqbool, M.B.A.
Imran Ali Khan
Khalid Devan, M.B.A.

Mohammad Rizwanul Haq
Muhammad Aamir Khadeli, M.B.A.
Muhammad Farooq
Muhammad Imran Naeem, A.C.A.
Muhammad Shakeel, M.B.A.
Muhammad Umer Memon
Muhammad Younus
Muhammad Younus Khadeli
Nargis Mehmood
Syed Iftikhar Haider Zaidi, M.A.
Syed Muhammad Iftikhar
Syed Sadiq Ali Jafri
Syed Shahid Raza

Executive Vice Presidents

A. Ghaffar A. Karim
Adnan Sharif
Azharul Hassan Chishty
Ejaz Ahmed
Faisal Khalid, M.Sc.
Imdadullah Awan
Jameel Masood
M. Adnan Sharif
M. Arif Bhatti
Malik Akhtar Rafique
Mian Abdul Razak Raza, M.A.
Ms. Shazia Rahil Razzak
Muhammad Arfeen
Muhammad Javed
Muhammad Mushtaq Najam Butt
Muhammad Shamim Siddiqui
Muneeb Farooq Kothawala
Rana Khalid Manzoor
Seema N. Jagirani
Syed Baqar Hasan, M.A.
Tahir Ali Zuberi
Wasim Ahmed

Senior Vice Presidents

Amjad Irshad
Babar Zeeshan
Bashir Ahmed Sangi
Dr. Ghulam Jaffar
Faisal Hassan
Faisal Mahmood Jaffery
Faraz Javed
Farid Khan
Hamid-Us-Salam
Imran Ghaffar
Inayatullah Khalil
Kayomarz H. Sethna
Kh. Zulqarnain Rasheed
Khalid Mehmood
M. Anis-ur-Rehman
Mahnoor Atif
Ms. Shela Farooq Kothawala
Mubashir Saleem
Muhammad Aamir Hanif
Muhammad Asif Jawed, M.A.
Muhammad Awais Memon
Muhammad Azim Hanif
Muhammad Haroon Akbar, M.B.A.
Muhammad Rehan Iqbal Booti
Muhammad Saleem Babar, M.B.A.
Qasim Ayub
Raja Jamil
Rashid A. Islam
Rizwan-ul-Haque
S. Sohail Haider Abidi
S.M. Shamim
Shahid Raza Kazmi
Shakil Wahid
Somia Ali
Syed Nisar Ahmed, M.A.
Waleed Polani
Wasif Mubeen, L.L.B.
Zakaullah Khan

Vice Presidents

Abul Nasar
Ahmed Saeed Khan
Aman Nazar Muhammad
Arshad Iqbal, M.B.A.
Ashiq Hussain Bhatti
Bilquis Ahmed
Hassan Abbas Shigri
Jalaluddin Ahmed
M. Ashraf Samana
M. Nadeem Shaikh
Ms. Fauzia Khawja
Ms. Sadia Khanum
Ms. Shahida Aslam
Muhammad Iftikhar Siddiqui
Muhammad Iqbal
Muhammad Siddiq
Muhammad Tayyab Nazir
Muhammad Zia-ul-Haq
Rashid Umer Burney
Shehzad Ali Shivjani
Sohail Raza
Syed Abid Raza
Syed Ali Haider Rizvi
Syed Mobin A. Niazi
Syed Muhammad Waseem
Syed Rashid Ali
Syed Rizwan Haider, M.Sc.
Tariq Jamil, M.B.E.
Tauseef Hussain Khan

Assistant Vice Presidents

Ahmed Ali
Ahmed Nawaz, M.A.
Aizaz-ur-Rehman
Anwar Mahmood
Atif Muzaffar
Danish Saleem Qayum
Javed Iqbal Cheema
Khurram Younas
M.A. Qayyum Khan
Mrs. Shagufta Asrar Ahmed
Muhammad Asif
Muhammad Hunzala
Muhammad Imran
Muhammad Mujahid Ali
Muhammad Musarat Hussain, M.Sc.
Muhammad Naveed Asghar
Nadeem A. Siddiqui
Noman Khan
Qamar Aziz
S. Shakeel Hassan Bakhtiar
Shahid Iqbal
Syed Mojiz Hasan
Syed Zulfiqar Mehdi
Tahir Ali, M.B.A.
Taimoor Zaib
Uzair Ahmed Khan

Chairman's Review

It indeed gives me immense pleasure in presenting 86th Annual Report of your Company.

The Unconsolidated Written Premium for the year was Rs. 20.8 billion (including Takaful Contribution of Rs. 2,033 million). Your Company has a market share of 24 % inside Pakistan and continues to lead the non-life insurance business in the country.

The consolidated (inclusive of EFU Life) Written Premium was Rs. 42 billion, Net Premium was Rs. 31 billion and Total Assets were Rs. 159 billion.

The economy is facing a slowdown in the overall economic activity in the near term. However, the fundamentals of economy remain intact where the new government can leverage this potential to commence new industrialization phase going forward. In this backdrop, development of Special Economic Zones (SEZs) under the framework of CPEC will play an important role.

During the year, your Company achieved highest credit rating in the insurance industry of Pakistan from A. M. Best. The Financial Strength Rating of "B+" and a Long-term Issuer Credit Rating of "bbb-" with Positive Outlook for both has been assigned. In addition, the Company is also rated by two national rating agencies i.e. JCR-VIS and PACRA. Both the rating agencies have assigned rating of AA+ with Stable Outlook.

Your Company is managed by insurance professionals. As a service provider, the Company continues to invest in people, systems and processes to deliver sustainable, profitable growth in a challenging and competitive business environment and maintain leading position in the country.

I wish to place on record my appreciation and gratitude for the support received by the Company from the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance. I would also like to thank the field force, officers and staff of the Company for the dedicated efforts.

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 22 March 2019

چیئرمین کا جائزہ

آپ کی کمپنی کی ۸۶ ویں سالانہ رپورٹ پیش کرتے ہوئے میں دلی مسرت محسوس کر رہا ہوں۔

سال کے لئے غیر مجموعی تحریری پریمیئم ۲۰٫۸ بلین روپے (بشمول ۲٫۰۳۳ ملین روپے کا تکافل کنٹری بیوشن) تھا۔ آپ کی کمپنی پاکستان کے اندر ۲۴ فیصد مارکیٹ شیئر کی حامل ہے اور ملک میں نان۔ لائف انشورنس کاروبار میں سبقت برقرار رکھنے کا سلسلہ جاری ہے۔

مجموعی (بشمول ای ایف یو لائف) تحریری پریمیئم ۴۲ بلین روپے تھا، خالص پریمیئم ۳۱ بلین روپے اور مجموعی اثاثہ جات ۱۵۹ بلین روپے تھے۔

معیشت کو مستقبل قریب میں مجموعی معاشی سرگرمیوں میں سست روی کا سامنا ہے، تاہم معیشت کی بنیادیں استوار ہیں جن سے استفادہ کرتے ہوئے نئی حکومت صنعت کاری کے نئے دور کی طرف پیش قدمی کر سکتی ہے۔ اس پس منظر میں سی پیک (چین پاکستان اقتصادی راہداری) کے تحت خصوصی اقتصادی زونز (SEZs) کا قیام اہم کردار ادا کرے گا۔

سال کے دوران آپ کی کمپنی نے اے۔ ایم۔ بیسٹ کی جانب سے پاکستان کی انشورنس انڈسٹری میں بلند ترین کریڈٹ ریٹنگ حاصل کی۔ کمپنی کو "B+" فنانشل اسٹرینتھ ریٹنگ اور لونگ ٹرم ایشوئر کریڈٹ ریٹنگ "bbb-" مع دونوں کے لئے مثبت رجحانات تفویض کئے گئے۔ اس کے علاوہ کمپنی کو ملک کی دو کریڈٹ ریٹنگ ایجنسیوں یعنی JCR-VIS اور PACRA کی جانب سے بھی ریٹنگ دی گئی ہے۔ دونوں ریٹنگ ایجنسیوں نے AA+ مع مثبت آؤٹ لک کی ریٹنگ تفویض کی ہے۔

آپ کی کمپنی کا انتظام انشورنس کے پیشہ ور ماہرین کے ہاتھوں میں ہے۔ ہم خدمات کے فراہم کنندہ ہیں اور کمپنی اپنے انسانی وسائل، سسٹمز اور طریقہ ہائے کار میں مستقل سرمایہ کاری کرتی ہے تاکہ کاروبار کے مسابقانہ اور آزمائشیں کرنے والے ماحول میں جاری رہنے والی منافع بخش ترقی اور ملک میں اپنی قائدانہ حیثیت برقرار رکھی جائے۔

میں سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور ہمارے تمام ری انشوررز کی جانب سے کمپنی کو حاصل سرپرستی اور تعاون پر ان کی مستقل معاونت پر انہیں خراجِ تحسین پیش کرتا ہوں اور ان کا مشکور ہوں۔ میں اپنی فیلڈ فورس، آفیسرز اور کمپنی کے اسٹاف کی جانب سے ان کی مخلصانہ کوششوں کا بھی شکر گزار ہوں۔

سیف الدین این۔ زومکاوالا
چیئرمین

کراچی ۲۲ مارچ ۲۰۱۹ء

Report of the Directors to Shareholders

The Directors of your Company are pleased to present the Eighty Sixth Annual Report of the Company for the year ended December 31, 2018.

Your Company's profit after tax for the year 2018 was Rs. 2.17 billion as compared to Rs. 2.50 billion in 2017. The earning per share was Rs. 10.86 as against restated earning per share of Rs. 12.50 (restated) last year.

Your Company continues to maintain the leading position in the industry. Your Company had written Direct Premium and takaful business inside Pakistan of Rs. 20.8 (inclusive of Rs. 2,033 million of takaful contribution) as compared to Rs. 20.4 billion (inclusive of Rs. 1,567 million of takaful contribution) in 2017, while the Net Premium Revenue (including takaful net contribution revenue) was Rs. 9.1 billion as compared to Rs. 8.7 billion (including takaful net contribution revenue) in 2017. Underwriting profit was Rs. 1.31 billion compared to Rs. 1.63 billion in 2017.

The Board of Directors at its meeting held on 28 March 2018 has assessed its control position in relation to its investments in EFU Life Assurance Limited and therefore, EFU Life is a subsidiary of your Company.

Economic Review

The economy is undergoing growing inflationary pressures as the average headline inflation during first half of fiscal year 2019 has reached to 6.1 % as against 3.8 % during the same period last year.

Keeping in view the escalating inflationary pressure in the economy and deteriorating external account position, State Bank of Pakistan has reversed its expansionary monetary policy stance. Cumulatively, the central bank has raised the policy rate by 425 basis points in 2018.

Company's performance

The segment wise performance was as follows:

FIRE AND PROPERTY

The written premium was Rs. 11,257 million compared to Rs. 11,721 million in 2017. Claims as percentage of net premium revenue were 30 % as against 28 % in 2017. The underwriting profit for the year was Rs. 543 million compared to Rs. 635 million in 2017.

MARINE, AVIATION AND TRANSPORT

The written premium increased by 9 % to Rs. 2,426 million compared to Rs. 2,235 million in 2017. Claims as a percentage of net premium revenue were 38 % as against 36 % in 2017 and the underwriting profit was Rs. 236 million compared to Rs. 287 million in 2017.

MOTOR

The written premium was Rs. 3,492 million compared to Rs. 3,452 million in 2017. Claims as percentage of net premium revenue were 50 % as against 48 % in 2017 and the underwriting profit was Rs. 241 million compared to Rs. 430 million in 2017.

OTHERS

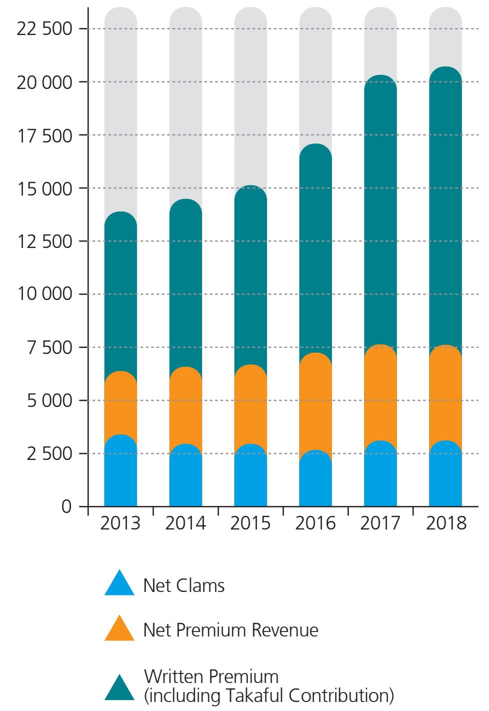
The written premium for the year increased by 12 % to Rs. 1,605 million compared to Rs. 1,430 million in 2017. Claims as percentage of net premium revenue remained constant as compared to last year at 34 %. The underwriting profit for the year was Rs. 287 million compared to Rs. 280 million in 2017.

Window Takaful Operations

The written contribution revenue for the year was Rs. 2,033 million as against Rs. 1,567 million in the previous year; while net contribution revenue was Rs. 1,559 million compared to Rs. 1,088 million in 2017. Participants' Takaful Fund Surplus for the year was Rs. 154 million compared to Rs. 112 million in 2017 and profit from Operator's Funds for the year was Rs. 81 million as against Rs. 47 million last year.

WRITTEN PREMIUM
(including Takaful Contribution)
NET PREMIUM REVENUE
AND NET CLAIMS

(Rupees in Million)



Investment Income

The Stock Market was volatile during this year also. The total investment income for the year was Rs. 1,612 million as against Rs. 1,512 million last year. The dividend income for the year was Rs. 912 million as against Rs. 969 million last year.

Information Technology

The company continues to adopt latest technology to fulfill the challenges of the industry and provide better services to customers. The company acquired Huawei Dorado5000 V3 - Fastest All Flash Storage and latest Huawei 2288H V5 Servers along with Oracle Virtualization Manager.

The company also implemented high-end and redundant switching in the Data Center for improved services to customers.

Earnings per share

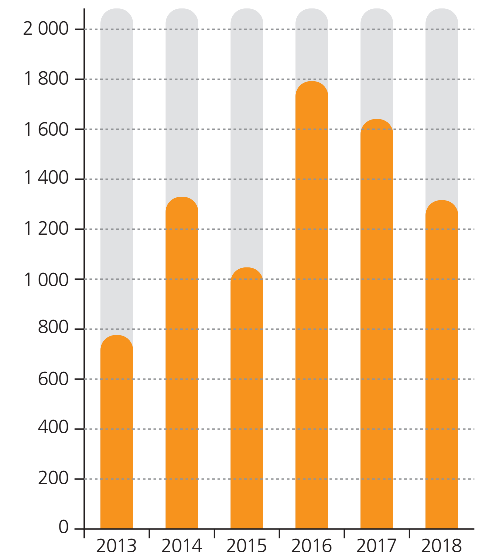
Your Company has reported earnings per share of Rs. 10.86 for the year as compared to Rs. 12.50 (restated) in 2017.

Appropriation and Dividend

The profit after tax was Rs. 2,171 million as compared to Rs. 2,500 million in 2017. Your Directors have recommended a final cash dividend of Rs. 6.25 per share (62.50 %) to the shareholders whose names appear in the share register of the Company at the close of business on 16th April 2019. This cash dividend is in addition to interim cash dividends of Rs. 3.75 per share (37.5 %) declared during the year.

UNDERWRITING RESULTS

(Rupees in Million)



		Rupees '000
Balance at commencement of the year i.e. January 01, 2017		3 952 317
Interim cash dividends 2017 @ 37.5 % (2016: 30 %)	750 000	
Final cash dividend 2017 @ 62.5 % (2016: 70 %)	1 250 000	
Transfer to General Reserve - 2017	500 000	2 500 000
Balance brought forward from previous year		1 452 317
Profit after tax for the year		2 079 666
Other Comprehensive Loss		(6 513)
Amount available for appropriation		3 525 470
The Directors recommend that this amount be appropriated in the following manner:		
Less: Appropriation		
Interim cash dividends 2018 @ 37.5 % (2017: 37.5 %)	750 000	
Proposed final cash dividend 2018 @ 62.5 % (2017: 62.5 %)	1 250 000	
Transfer to general reserve	1 500 000	3 500 000
Carry forward to next year		25 470

Market Share

Based on the available published financial information as of 30 September 2018 and based on the statistics published by The Insurance Association of Pakistan, your Company has market share of 24 % of the private non-life insurance sector business in Pakistan.

Credit Rating

Your Company achieved the highest credit rating in the insurance industry of Pakistan from A. M. Best. A. M. Best is the world's specialized insurance rating agency and has assigned Financial Strength Rating of "B+" and a Long-Term Issuer Credit Rating of "bbb-" with Positive Outlook for both.

In addition to the above, the Company is also rated by two national rating agencies i.e. JCR-VIS and PACRA. Both the rating agencies have assigned rating of AA+ with stable outlook.

Human Resource

At EFU, we believe in advocating matchless leadership, in thought and in the way we work together. We encourage our officers to reach their full potential, as individuals and as teams.

We provide stress less working environments and methods with evolving social need and challenging market conditions, appreciating the ever-changing working preferences of generations and personalities. Our people appreciate being largely free to organize their day, as we promote open culture where dialogue and different perspectives are valued.

We engage young talent as management trainees, educate and polish them by class room theoretical and practical trainings at various levels in alignment with the needs of clients.

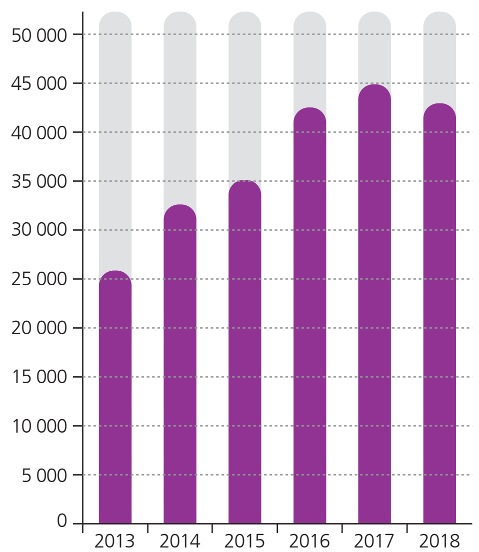
We encourage and support our employees to pursue insurance professional qualification ACII, from Chartered Insurance Institute (UK). We have numbers of chartered insurers, chartered accountants and professional engineers in the Company.

The management encourages and supports HR department initiative to provide in house technical conventional, takaful and soft skill courses throughout Pakistan. Training facilities of your Company have also been acknowledged and recognized by Securities & Exchange Commission of Pakistan.

We support insurance institutes by sponsorship programs and events and nominating officers to various professional courses and seminars. Our senior executives deliver lectures on technical subjects at the Insurance Institutes events.

TOTAL ADJUSTED ASSETS

(Rupees in Million)



Other Accreditations

EFU General received following awards during 2018.

S. No.	Awards	Organizer
1.	FPCCI Achievement Award & Gold Medal	Federation of Pakistan Chamber of Commerce & Industry (FPCCI)
2.	Brands of the year Award	Federation of Pakistan Chambers of Commerce & Industry (FPCCI)
3.	Consumers Choice Award	Consumers Association of Pakistan (CAP)
4.	Certificate of Merit	South Asian Federation of Accountants (SAFA)
5.	Best Corporate Report Award	Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP)
6.	Most Popular Car Insurance Brand of the year Award	PakWheels.com
7.	Environment Excellence Award	The National Forum for Environment & Health (NFEH)
8.	Fire Safety Award	The Fire Protection Association of Pakistan and National Forum For Environment and Health (NFEH)
9.	Quality King Award	The Consumer Eye Pakistan

Significant Entity's Objectives

Your Company will continue to lay emphasis on being the preferred insurer as well as maintaining its leading position within Pakistan.

Key measures for key performance indicators (KPIs)

The Company is persistently endeavoring to lay emphasis on being the preferred insurer as well as maintaining its leadership position in the industry.

The key measures for KPIs against stated objectives of the Company are stated as under:

- Improving underwriting results - The business managers are continuously making efforts to increase business from their existing operational fields of operations and also explore untapped markets.
- Improved overheads - We continue to look at the expense base and control and try to make additional mileage from each rupee spent.
- Continue to be market leader - With over eight decades of market presence, EFU is a brand name of Insurance in Pakistan. EFU General is the most powerful and trusted insurer in Pakistan.
- Customer satisfaction - At EFU General, customer service is a promise, a determination to do what is right for the customers. We have earned the trust of customers with our dedication to serve them in the best possible manner and always delivering on our promises.
- Increasing shareholders' wealth - Maximizing shareholders' wealth is among the core objectives of the Company. Increasing the Company's value would also satisfy the other goals.

Analysis of How the Entity's Performance Met / Exceeded Short of Forward-Looking Disclosures made in Prior Periods

Your Company had set financial targets for 2018 of being the largest and the best Company in the insurance sector and pleased to report that your Company continues to maintain the lead position inside Pakistan.

Progress in 2018

Continue to be the market leader in the country was the Company's foremost objective which was maintained with great zeal and enthusiasm of its employees to work selflessly for the organization in the leadership of its experienced management team. The Company believes that its strength lies in customer trust and satisfaction. Over eighty-six years of the Company's existence points towards the fact that, the quality of service, customer satisfaction and employees' motivation are the key areas where management has always taken necessary measures for improvement. Throughout the year different training programs were carried out to enhance and improve the employees' skills. This leads to greater customer satisfaction and increased trust. We work with the slogan for our employees as “My Insurance Company” and for customers as “Your Insurance Company”.

Prospects in 2019

The key performance indicators devised for achieving the management objective remain; maximization of customer satisfaction, improvement in underwriting results, controlling overhead costs, increasing shareholders' wealth and continue to be market leader in Pakistan.

Forward Looking Statement

Our strategy for 2019 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain leading position in Pakistan.

Skilled human resource is a major challenge facing the insurance industry. Therefore, the Company intends to continue investing in people and making EFU General the best place to build career and developing the competencies and skills of their employees along with technical abilities to innovate new products. More importantly, inculcating ethics and good business practices.

We will continue investing in systems and processes to further improve service to customers and increase collaboration with them and improve efficiency. The Company believes that its strength lies in customer trust and satisfaction.

More than eight successful decades of the Company's existence points towards the fact that, the quality of service, customer satisfaction and employees' motivation are the key areas where management on on-going basis continues to take measures for improvement.

The way to continuous success will be the persistent execution of our strategic plan to build a more competitive and successful business and improved results and maintain the lead position in Pakistan.

The key performance indicators devised for achieving the management objective remains to be maximization of customer satisfaction, improvement in underwriting results, control and maintain overhead costs at reasonable levels, increasing shareholders' wealth and continue to be market leader in Pakistan.

Information Sources and Assumptions

The data used for projections and assumptions are based on past trend analysis, future considerations and prevailing market conditions. We also take into account current scenarios and macro-economic indicators while providing future estimates. An in-house team of professionals work together to prepare projections. Realistic measures are taken while preparing forecast and estimates. The projections are reviewed by top management before being presented to the board for their approval.

Reinsurance

Your Company continues to enjoy very sound reinsurance arrangements with leading international (securities), like SCOR Global P&C, Swiss Reinsurance Company, Allianz SE Reinsurance Company, Hannover Reinsurance Company, Toa

Reinsurance Company Ltd, PartnerRe Ltd, Korean Reinsurance Company, and Lloyds of London all of them being A rated.

Related Party Transactions

At each board meeting the Board of Directors approve Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

Capital Management and Liquidity

The Company maintains strong financial base. Your Company carefully administers its liquidity to ensure its ability to meet all its obligations efficiently. The Company operates and honours its obligations through the cash flow generated from its core business as well as investment and other income.

The Company’s solvency as at 31st December 2018 was Rs. 8.2 billion as against required solvency of Rs. 1.9 billion i.e. excess of Rs. 6.3 billion over minimum required solvency (which is more than three times the minimum required).

Enterprise Risk Management (ERM)

ERM function established in 2017 is overseen by Risk Management and Compliance Committee to identify and monitor overall risks of the Company.

EFU General is committed to enhancing its overall profitability through optimization of value added activities, while maintaining a strong risk-adjusted capitalization. The Company has further strengthened its risk management function through embedding ERM with the decision making along with nurturing ERM culture within its processes.

Hierarchical chart depicting the risk reporting structure:

Board Committees

Your Company maintains following four board committees:

Audit Committee

The Board is responsible for effective implementation of sound internal control system including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principle responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations. The Board's Audit Committee comprises of the following members:

1. Mr. Mohammed Iqbal Mankani
2. Mr. Ali Raza Siddiqui
3. Mr. Taher G. Sachak
4. Mr. Daanish Bhimjee

Investment Committee

The Company has a Board level investment committee that meets at least once a quarter to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company. The Board's Investment Committee comprises of the following members:

1. Mr. Saifuddin N. Zoomkawala
2. Mr. Hasanali Abdullah
3. Mr. Daanish Bhimjee

Ethics, Human Resources and Remuneration Committee

The committee is responsible for recommending to the Board human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company. The Board's Human Resource and Remuneration Committee comprises of the following members:

1. Mr. Mohammed Iqbal Mankani
2. Mr. Saifuddin N. Zoomkawala
3. Mr. Hasanali Abdullah

Management Committees

As part of the Corporate Governance, your Company maintains following four management committees which meet at least once every quarter:

Underwriting Committee

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

Claims Settlement Committee

This committee devises the claims settlement policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are maintained. Particular attention is paid to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims dispute to be brought to its attention and decides how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees the newly established Grievance Function of the Company.

Reinsurance and Coinsurance Committee

This committee ensures that adequate reinsurance arrangements are made for the insurance company's businesses. It peruses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

Risk Management and Compliance Committee

The risk management and compliance committee oversees the activities of the risk management function of the Company and makes appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function.

The committee is also responsible for monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures.

Risks to Business

Business risks and mitigation factors are described in detail on page 32 of this Annual Report.

Environmental Impact

The Company provides cover against various risks to which the Trade, Industry and Individuals of the Country are exposed to, on the basis of experience. Our experienced and qualified team makes sincere efforts to create a healthy environment for Trade and Industry in carrying out their business and the Public in general.

Since our business of covering the risk involves human intellectual skills, therefore, it does not have any adverse environmental impact. We have placed green beautiful plant pots on all floors in abundance for positive impact on environment.

Corporate Social Responsibility

The impact of our presence in society is both direct and indirect. The impact flows from the resources we consistently mobilize and the investments we make.

Energy conservation

Every year, we do our in-house Energy Conservation Audit which is bench marked by monthly reports. In this way, we keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. A rotation system is also introduced in which HVAC system (Gas Fired Cooling Towers) are turned on and off on set intervals. Lights are switched off during Lunch break.

Environmental protection measures

The Company is well aware of its social responsibility in regard to environmental protection. Therefore, we encourage healthy environment and take steps which could add value to our belief.

Community investment and welfare schemes

We donate to different institutions mainly in health and education sectors to support various less privileged classes of our country.

Consumer protection measures

Emphasis on earning the trust of the customers is the keystone of EFU's corporate culture. It is the first thing that we inculcate in new inductees in our human resource. “Keep delivering on promises and customers will keep coming back” was our credo when we opened for business, it is our credo now, and will remain so for the future.

With protection from EFU, business houses have grown and diversified, enhancing the country's economic progress and our business portfolio. It is no surprise that with many customers the status of EFU is that of a “family insurer”. It is also gratifying that every year a noteworthy part of our new business comes from referrals by our existing customers, some of whom have been insuring with us for generations.

JCR-VIS and PACRA rate us “AA+” with Stable Outlook and more recently A. M. Best has rated us as “B+” and a Long-Term Issuer Credit Rating of “bbb-” with Positive Outlook for both which is highest in Pakistan but the more valuable reflection for us is the way customers perceive us. Most often this is expressed in just three words; “My Insurance Company”. This is the reason why we have slogan of “EFU - Your Insurance Company”.

Company's relations with stakeholders

We have very positive and practical approach towards relations with various stake holders particularly with regulatory authorities i.e. Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), other Insurance Companies, the Reinsurers, and The Insurance Association of Pakistan (IAP).

The Company Secretary is responsible for adhering and implementing all the applicable laws, regulations and conventions in order to keep the organization at its highest professional standards.

Know Your Customers (KYC)

With significant employees, client, vendor and agent base that the Company caters, we maintain our database which is timely authenticated through access to NADRA Verisys system. In this regard a web link has been created with NADRA for verification of stakeholders' identity.

Employment of special persons

The Company is an equal opportunity employer, irrespective of their physical disability.

Occupational safety and health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has a dedicated medical facility which includes clinic and a Chief Medical Officer at Karachi to take care of employees and their families' health matters and also advise on preventive health care.

Sports activities

The Company maintains an in-house games facility including Table Tennis, Snooker, Chess, Carom and Draught for both male and female employees. In addition, gym facilities are also available for employees' fitness.

EFU Sports and recreation club has promoted various sports events over time. Annual winner's prize Distribution Ceremony of sports was arranged by EFU Sports and Recreation Club. The Company also have cricket and table tennis teams which participate in various tournaments. Currently, following championship trophies are under EFU's belt:

- Insurance Association of Pakistan Table Tennis tournament 2018
- Insurance Association of Pakistan chess tournament 2018
- Karachi Insurance Institute Table Tennis tournament 2018

Business ethics and anti-corruption measures

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this and are required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and Business Practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

National cause donations

Your Company, being a responsible corporate, donates every year. In 2018, the Company donated Rs. 15.6 million to various organizations including, Professional Education Foundation, The Aga Khan Hospital and Medical College Foundation, Fakhr-e-Imdad Foundation, Sindh Institute of Urology and Transplantation, The Kidney Centre, Shaukat Khanum Memorial Trust, Burhani Medical Welfare Association, The Aman Foundation, Memon Medical Institute, amongst others.

Contribution to National Exchequer

Your Company contributes substantially to the national economy in terms of taxes and duties and the contribution is increasing as the Company is growing. This year the Company contributed Rs. 4.5 billion to the National Exchequer in the form of Federal Excise Duty, Sales Tax, Income Tax, Federal Insurance Fee, Custom Duties, Policy Stamps etc.

Relationship with other Stakeholders

Your Company continues to maintain good relationship with:

- Its employees by providing good working environment;
- Its clients through building trust and providing quality service;
- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and complying with applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills.

Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. These estimates are based on experience and various other assumptions that management and the Board believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

Provision for unearned premiums

The unearned premium reserve is the unexpired portion of the premium which relates to business in force at the balance sheet date. Unearned premiums have been calculated by applying 1/24th method as specified in the SEC (Insurance) Rules, 2002.

Premium deficiency reserve (liability adequacy test)

The expected future liability is estimated by reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

Employees' retirement benefits

Your Company operates defined benefit pension fund and defined benefit gratuity fund for its eligible employees. The accounting treatment is carried out in accordance with International Accounting Standard (IAS) 19 - Employee Benefits. The amounts recognized in respect of the above schemes represent the present value of defined obligations adjusted for re-measured gains and losses as reduced by the fair value of plan assets.

Deferred taxation

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting and taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

Investments

As required by Insurance Rules, 2017, your Company has commenced recording Investment in equities and fixed income securities at fair value effective January 2018. As a consequence, the Investments in Subsidiary is now accounted for at fair value and classified as available-for-sale investments in the unconsolidated condensed interim financial statements.

The Company has changed its accounting policies for determination of income from Subsidiary / Associates from equity method of accounting to dividend accrual basis.

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

Impairment in value of investments

All impairment losses are recognized in the profit and loss account. Reversal in impairment is taken to Other Comprehensive Income. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

Investment properties

During the year, the Company has changed its accounting policy for valuation of Investment properties from cost model to fair value model in accordance with IAS 40 - Investment Property.

Valuation of investment properties are carried out by qualified independent valuers. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

Useful lives of fixed assets

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Premium due but unpaid

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A statement to this effect is annexed with the report.

The Directors of your Company were elected at the Extraordinary General Meeting held on July 08, 2017 w.e.f. July 10, 2017 for a term of three years expiring on July 9, 2020.

During the year 2018, five meetings of the Board were held. The attendance at the meetings were as under:

S. No.	Name of Directors	Number of meetings attended
1	Saifuddin N. Zoomkawala *(Non-Executive Director)*	4
2	Hasanali Abdullah *(Executive Director)*	5
3	Abdul Rehman Haji Habib *(Non-Executive Director)*	5
4	Muneer R. Bhimjee *(Non-Executive Director)* *Resigned on 27th April 2018*	2
5	Taher G. Sachak *(Non-Executive Director)*	5
6	Ali Raza Siddiqui *(Non-Executive Director)*	4
7	Mohammad Iqbal Mankani *(Independent Director)*	4
8	Mahmood Lotia *(Executive Director)*	3
9	Saad Bhimjee *(Non-Executive Director)*	5
10	Daanish Bhimjee *Joined on 27th April 2018*	3

Leave of absence was granted to the Directors who could not attend board meetings.

Statement of Ethics and Business Practices

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations. The Statement of Ethics and Business Practices is also placed at the Company's website.

Corporate and Financial Reporting Framework

a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

b) Proper books of accounts have been maintained by the Company.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

d) The International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statement and any departure from there has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

h) The key operating and financial data for the last six years is annexed.

i) Trading of shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, executives, their spouses and minor children and substantial shareholders were:

Purchase of shares	No. of shares
Mr. Hasanali Abdullah	2 600
Mr. Daanish Bhimjee	500
Mr. Jaffer Dossa	10 400
Jahangir Siddiqui & Company Limited	1 000 000

j) The value of investments of provident, gratuity and pension funds based on their audited accounts as on December 31, 2018 were:

Provident Fund	Rs. 750 million
Gratuity Fund	Rs. 339 million
Pension Fund	Rs. 232 million

k) The statement of pattern of shareholding in the Company as at 31 December 2018 is included with the Report.

KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible are willing to continue as auditors, as suggested by Audit Committee are recommended for reappointment as auditors of the Company for the ensuing year.

We would like to thank our valued customers for their continued patronage and support and to Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

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.

DAANISH BHIMJEE	MAHMOOD LOTIA	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

جو ڈائریکٹرز بورڈ کے اجلاسوں میں شریک نہیں ہوئے تھے ان ڈائریکٹرز کے لئے غیر حاضری کی چھٹی منظور کر لی گئی تھی۔

ضابطہ اخلاق اور کاروباری طریقہ کار

بورڈ نے ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ اپنایا ہے۔ تمام اہلکاروں کو اس اسٹیٹمنٹ سے آگاہ کیا گیا ہوا ہے اور ان کے لئے ضروری ہے کہ وہ کاروباری اور قواعد و ضوابط سے متعلق ضابطہ اخلاق اور کاروبار کے طریقہ کار اور قوائد پر عملدرآمد کریں۔ ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ کمپنی کی ویب سائٹ پر بھی درج کر دیا گیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

اے۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کی تمام معلومات کو صاف و شفاف انداز میں واضح کرنے کے ساتھ اس کے آپریشنز کے نتائج، نقد کی آمدورفت اور ایکویٹی میں تبدیلیاں شامل ہیں۔

ب۔ اکاؤنٹس کی کتابیں کمپنی کی جانب سے قوائد وضوابط کے مطابق تیار کی گئی ہیں۔

سی۔ موزوں اکاؤنٹنگ پالیسیز پر مالیاتی اسٹیٹمنٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لئے مستقل اپنائی جاتی ہیں جو موزوں اور محتاط اندازوں پر منحصر ہوتی ہیں۔

ڈی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر، جیسا کہ پاکستان میں نافذ العمل ہے، مالیاتی اسٹیٹمنٹ کی تیاری کی جاتی ہے اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کر دیا جاتا ہے۔

ای۔ داخلی کنٹرول کا نظام مستحکم طور پر ترتیب دیا گیا ہے اور موثر طور پر عملدرآمد کے ساتھ اس کی نگرانی بھی کی جاتی ہے۔

ایف۔ کمپنی کی اس صلاحیت پر کسی قسم کے شکوک وشبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے۔

جی۔ کارپوریٹ گورنینس کے بہترین طریقہ کار سے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے کوئی قابل اثر اندازی انحراف نہیں کیا گیا۔

ایچ۔ گزشتہ ۶ سال کیلئے نمایاں آپریٹنگ اور فنانشل اعداد وشمار منسلک ہیں۔

آئی۔ چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری، ایگزیکٹیوز ان کے شریک حیات اور نابالغ بچوں اور حقیقی شیئر ہولڈرز کی جانب سے شیئرز کی خرید و فروخت:

شیئرز کی خریداری	شیئرز کی تعداد
جناب حسن علی عبداللہ	۲،۶۰۰
جناب دانش بھیم جی	۵۰۰
جناب جعفر ڈوسا	۱۰،۴۰۰
جہانگیر صدیقی اینڈ کمپنی لمیٹڈ	۱،۰۰۰،۰۰۰

جے۔ پراویڈنٹ فنڈ، گریجویٹی اور پنشن فنڈز کی سرمایہ کاریوں کی مالیت ۳۱ دسمبر ۲۰۱۸ء کے مطابق ان کے آڈٹ شدہ حسابات پر مبنی ہیں، ان کی تفصیل یہ ہے:

پراویڈنٹ فنڈ	۷۵۰ ملین روپے
گریجویٹی فنڈ	۳۳۹ ملین روپے
پنشن فنڈ	۲۳۲ ملین روپے

کے۔ کمپنی میں ۳۱ دسمبر ۲۰۱۸ء کو شیئر ہولڈنگ کی جو صورتحال تھی اس کا اسٹیٹمنٹ رپورٹ میں شامل ہے۔

کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی بناء پر بحیثیت آڈیٹرز کام جاری رکھنے کے خواہشمند ہیں جیسا کہ آڈٹ کمیٹی کی جانب سے بھی آنے والے سال کے لئے ان کی دوبارہ بحیثیت آڈیٹرز تقرری کے لئے سفارش کی گئی ہے۔

ہم اپنے معزز کسٹمرز کی مسلسل سرپرستی اور حمایت کے لئے ان کا شکریہ ادا کرنا چاہیں گے جبکہ پاکستان ری انشورنش کمپنی لمیٹڈ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے ان کی رہنمائی اور معاونت پر بھی شکرگزار ہیں۔

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

دانش بھیم جی	محمود لوٹیا	حسن علی عبداللہ	سیف الدین این۔ زومکاوالا
ڈائریکٹر	ڈائریکٹر	مینجنگ ڈائریکٹر و چیف ایگزیکٹیو	چیئرمین

کراچی ۲۲ مارچ ۲۰۱۹ء

اپنے صارفین کو جانیے (کے وائی سی)

کلیدی ملازمین، صارفین، وینڈرز اور ایجنٹ کا دائرہ کار جن کے ساتھ کمپنی معاملت کرتی ہے، اس کے ساتھ ساتھ ہم نے اپنا ڈیٹا بیس بھی مرتب کر رکھا ہے جو نادرا کے ویریسیز سسٹم کے ساتھ رسائی کے ذریعے بروقت شناخت کرلیا جاتا ہے۔ اس سلسلے میں اسٹیک ہولڈرز کی شناخت کی تصدیق کیلئے نادرا کے ساتھ ایک ویب لنک تشکیل دیا گیا ہے۔

خصوصی افراد کیلئے روزگار

کمپنی ملازمتوں کے مساوی مواقع فراہم کرتی ہے اور خصوصی افراد کو ان کی طبی معذوری سے بالاتر ہو کر عمل کرتے ہوئے انہیں ملازمت دی جاتی ہے۔

دوران کار تحفظ اور صحت

کمپنی کے دفاتر میں آگ بجھانے کے مختلف آلات موجود ہیں۔ مزید برآں کمپنی نے کراچی اسٹاف کے لئے ایک کلینک بھی قائم کر رکھی ہے جس میں ایک کل وقتی چیف میڈیکل آفیسر موجود ہے تاکہ اہلکاروں اور ان کے اہلِ خانہ کے صحت سے متعلق مسائل کی دیکھ بھال کے ساتھ انہیں صحت کے بارے میں مشورے بھی دیئے جاسکیں۔

اسپورٹس کی ایکٹیوٹیز

کمپنی نے ان ہاؤس کھیلوں کی سرگرمیوں بشمول ٹیبل ٹینس، اسنوکر، شطرنج، کیرم اور ڈرافٹس مرد و خواتین دونوں ملازمین کیلئے بندوبست کر رکھا ہے۔ علاوہ ازیں ملازمین کی فٹنس کیلئے جم کی سہولتیں بھی دستیاب ہیں۔

ای ایف یو اسپورٹس اور ریکریشن کلب نے ہمہ وقت کھیلوں کے مختلف ایونٹس کو فروغ دیا ہے۔ کھیلوں کی سالانہ انعامات کی تقسیم کی تقریب کا انتظام ای ایف یو اسپورٹس اینڈ ری کریشن کلب کی جانب سے کیا گیا تھا۔ کمپنی کی کرکٹ اور ٹیبل ٹینس کی ٹیمیں بھی موجود ہیں جو مختلف ٹورنامنٹس میں شرکت کرتی رہتی ہیں۔ موجودہ طور پر ای ایف یو کے زیر انتظام درج ذیل چیمپئن شپ ٹرافیز منعقد کی گئیں:

- انشورنس ایسوسی ایشن آف پاکستان ٹیبل ٹینس ٹورنامنٹ ۲۰۱۸ء
- انشورنس ایسوسی ایشن آف پاکستان شطرنج ٹورنامنٹ ۲۰۱۸ء
- کراچی انشورنس انسٹی ٹیوٹ ٹیبل ٹینس ٹورنامنٹ ۲۰۱۸ء

کاروباری اقدار اور انسدادِ بدعنوانی اقدامات

بورڈ نے اقدار اور کاروباری طریقہ کار کے بارے میں ایک بیان تیار کر رکھا ہے۔ تمام ملازمین کو اس سے آگاہ کردیا گیا ہے اور ان کیلئے یہ ضروری ہے کہ وہ کاروبار اور ضوابط سے متعلق ان قوانین پر مکمل عمل درآمد کریں اقدار اور کاروباری طریقہ کار کے بارے میں بیان سالمیت، وقار، کلچر اور عزت و احترام کے ساتھ صارفین، ساتھیوں اور عوام الناس کے ساتھ اخلاقی معاملات پر مبنی ہے۔

عطیات برائے قومی مقاصد

آپ کی کمپنی ایک ذمہ دار کارپوریٹ ہونے کی حیثیت سے ہر سال عطیات دیتی ہے۔ ۲۰۱۸ء میں کمپنی نے مختلف اداروں کو ۶ء۱۵ ملین روپے عطیات دیئے۔ عطیات دئے جانے والے اداروں میں پروفیشنل ایجوکیشن فاؤنڈیشن، دی آغا خان اسپتال اور میڈیکل کالج فاؤنڈیشن، فخر امداد فاؤنڈیشن، سندھ انسٹی ٹیوٹ آف یورولوجی اینڈ ٹرانسپلانٹیشن، دی کڈنی سینٹر، شوکت خانم میموریل ٹرسٹ، برہانی میڈیکل ویلفیئر ایسوسی ایشن، دی امن فاؤنڈیشن، میمن میڈیکل انسٹی ٹیوٹ وغیرہ شامل ہیں۔

قومی خزانے میں ادائیگی

آپ کی کمپنی ٹیکسوں اور ڈیوٹیز کی مد میں قومی معیشت کے لئے مستقل بنیادوں پر شریک کار ہے اور یہ شراکت کمپنی کی ترقی کے ساتھ مسلسل بڑھ رہی ہے۔ اس سال کمپنی نے فیڈرل ایکسائز ڈیوٹی، سیلز ٹیکس، انکم ٹیکس، فیڈرل انشورنس فیس، کسٹم ڈیوٹیز، پالیسی اسٹیمپس وغیرہ کی شکل میں سرکاری خزانے میں ۵ء۴ بلین روپے جمع کرائے۔

دیگر اسٹیک ہولڈرز کے ساتھ تعلقات

آپ کی کمپنی تمام اسٹیک ہولڈرز کے ساتھ خوشگوار تعلقات قائم رکھتی ہے:

- اپنے ملازمین کو کام کرنے کا بہترین ماحول فراہم کرتی ہے۔
- اپنے کسٹمرز کو بہترین معیار کی سروس فراہم کرکے کمپنی پر ان کے اعتماد میں روز افزوں اضافہ کرتے ہیں۔
- کاروباری دنیا سے دیانتدارانہ معاملات سے۔
- حکومت سے تجارتی آزادی اور مسابقتی عمل کو فروغ دے کر اور متعلقہ قوانین کی پابندی سے؛ اور
- عمومی طور پر سوسائٹی میں محفوظ اور صحتمند جائے کار فراہم کرنے اور اپنے ملازمین کو اپنی صلاحیتیں اُجاگر کرنے کے مواقع فراہم کرتے ہیں۔

ممکنہ غیر یقینی صورت حالات کے تعین کے ماخذ

مالیاتی اسٹیٹمنٹ کی تیاری مینجمنٹ اور بورڈ آف ڈائریکٹرز کے ایسے تخمینہ جات اور اندازوں کی متقاضی ہوتی ہے جو کہ اثاثہ جات، مالی ذمہ داریوں، ریونیوز اور اخراجات اور منسلکہ اتفاقی اخراجات کی رقومات کے حوالے ہوتے ہیں۔ یہ تخمینہ جات، سابق تجربات اور دیگر مختلف مشاہدوں پر منحصر ہوتے ہیں جن کے بارے میں انتظامیہ اور بورڈ کو حالات کے تحت مناسب ہونے کا یقین ہوتا ہے جن کے نتائج اثاثہ جات کی آگے لائی ہوئی قدر و قیمت اور مالی ذمہ داریوں کے بارے میں اندازے تشکیل دینے کی بنیاد فراہم کرتے ہیں جو کہ دیگر وسائل سے حاصل نہیں ہوتے۔ اصل نتائج مختلف مشاہدوں اور صورتحال کے تحت ان تخمینہ جات سے مختلف ہوسکتے ہیں۔ تخمینہ کردہ غیر یقینی صورتحال کے اہم شعبے جو مالیاتی اسٹیٹمنٹس میں ظاہر کردہ شدہ رقومات پر اثر انداز ہوسکتے ہیں، ان پر ذیل میں روشنی ڈالی جارہی ہے۔

ان ارنڈ (Unearned) پریمیئم کے لئے مختص کردہ گنجائش

ان ارنڈ پریمیئم ریزرو، حاصل شدہ پریمیئم کے اس حصے کے لئے رکھا جاتا ہے جس کا تعلق ایسی پالیسیز سے ہوتا ہے جن کی معیاد بیلنس شیٹ کی تاریخ تک پوری نہیں ہوئی ہوتی۔ ان ارنڈ پریمیئم کا حساب (SEC (Insurance Rules, 2002 میں بیان کردہ 1/24 کے طریقہ کار کے مطابق لگایا گیا ہے۔

پریمیئم ڈیفیشینسی ریزرو (لائبلیٹی ایڈیکویسی ٹیسٹ)

مستقبل میں متوقع ذمہ داری کا تخمینہ معاہدے کے اس حصے کے دوران تجربے کے حوالے سے لگایا جاتا ہے جو کہ پورا ہوچکا ہو اور اس میں ان نمایاں نقصانات کو بھی پیش نظر رکھا جاتا ہے جن کی پالیسی کی بقیہ مدت کے دوران پھر واقع ہونے کی توقع نہیں ہوتی، معہ مستقبل میں ایسے ممکنات کی توقع جن کا معقول امکان ہو۔ پریمیئم ڈیفیشینسی ریزرو تبدیلیوں کو زیر نظر سال کے پرافٹ اینڈ لاس اکاؤنٹ میں اخراجات یا آمدن کے طور پر ظاہر کیا جاتا ہے۔

واجب الادا کلیمز کے لئے گنجائش (بشمول IBNR)

ہر طرح کے کلیمز کے سلسلے میں واجب الادا کلیمز کی ایک ذمہ داری مالیاتی حسابات کی تاریخ تک طے کی جاتی ہے۔ جس کا پیمانہ مستقبل کی متوقع ادائیگیوں کی غیر رعایت شدہ مالیت

ہے۔ واجب الادا کلیمز کے حصول میں ایسے کلیمز سے متعلق رقومات جن کی اطلاع دی گئی ہو تاہم ان کو نمٹایا نہ گیا ہو، کلیمز واجب ہوں لیکن (IBNR) رپورٹ نہ کیے گئے ہوں اور نمٹائے جانے والے متوقع کلیمز کی مالیت شامل ہے۔

واجب الادا کلیمز کے تحت ری انشورنس کی ریکوریز کو ایک اثاثے کے طور پر تسلیم کیا جاتا ہے اور وصول کی جانے والی متوقع رقم کے طور پر جانچا جاتا ہے۔

اسٹاف کی ریٹائرمنٹ بینیفٹس

آپ کی کمپنی اپنے تمام اہل اسٹاف کیلئے صراحت شدہ پینشن فنڈ اور صراحت شدہ گریجویٹی فنڈ بینیفٹس فراہم کرتی ہے۔ اس کا تخمینہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز IAS-19 ایمپلائی بینیفٹس کے مطابق لگایا جاتا ہے۔ مذکورہ بالا اسکیموں کے سلسلے میں ظاہر کی ہوئی رقومات طے کردہ مالی ذمہ داریوں کی موجودہ قدر و قیمت کی نمائندگی کرتی ہیں اور ان کو حاصل شدہ فوائد اور نقصانات کے مطابق دوبارہ جانچا جاتا ہے۔

ڈیفرڈ ٹیکسیشن

ڈیفرڈ ٹیکس کا اظہار بیلنس شیٹ لائبلیٹی میتھڈ کے حساب سے ان تمام وقتی تفاوتوں کو پیش نظر رکھتے ہوئے مالیاتی رپورٹنگ اور ٹیکسیشن مقاصد کیلئے اثاثوں اور واجب الادا ذمہ داریوں کی رقوم کے طور پر ظاہر کی جاتی ہیں۔ ڈیفرڈ ٹیکس کی رقم کا تعین بیلنس شیٹ کی تاریخ پر ٹیکس کی موثر شرح کے مطابق آگے لائے ہوئے اثاثوں اور ذمہ داریوں کی وصولی یا ادائیگی کے متوقع طریقے کار پر منحصر ہوتا ہے۔

سرمایہ کاریاں

انشورنس رولز ۲۰۱۷ کے مطابق آپ کی کمپنی نے جنوری ۲۰۱۸ء سے حصص اور مقررہ آمدن کی حامل سیکیورٹیز کو مناسب شرح سے ریکارڈ کرنا شروع کردیا ہے۔ نتیجتاً سبسیڈری میں سرمایہ کاری اب مناسب شرح پر شمار کی جاتی ہے اور غیر مجتمع مختصر عبوری مالی اسٹیٹمنٹ میں برائے فروخت سرمایہ کاری (اثاثہ) کے زمرے میں شمار کی گئی ہے۔

کمپنی نے سبسیڈری/ایسوسی ایٹس میں سرمایہ کاری سے آمدن کے تعین کیلئے اپنی اکاؤنٹنگ پالیسیز کو حصص کی مالیت کے طریقہ کار سے حاصل شدہ منافع منقسمہ کے حجم کے طریقہ کار میں تبدیل کرلیا ہے۔ اکاؤنٹنگ پالیسیز میں دونوں تبدیلیاں IAS کے تقاضوں کے مطابق موثر بر ماضی لاگو کی گئی ہیں۔ اسی مناسبت سے تقابلی جائزے از سر نو بیان کئے گئے ہیں۔

سرمایہ کاری کی قدر میں کمی

قدر میں کمی نفع نقصان کے حسابات میں ظاہر کی گئی ہے نقصان کا فائدے میں بدلنا دیگر مجموعی آمدن میں ظاہر کیا گیا ہے نقصان کیلئے مختصیات کا جائزہ، بیلنس شیٹ کی ہر تاریخ پر لیا جانا ہے اور ان جاری بہترین اندازوں کے مطابق ردّوبدل کیا جاتا ہے۔

جائیداد میں سرمایہ کاری

اس سال جائیداد میں سرمایہ کاری کی نسبت کمپنی نے جائیداد کی مالیت کے تخمینوں کے بارے میں اپنی اکاؤنٹنگ پالیسیز کو قیمتِ خرید کی بجائے مناسب قیمت کے طریقہ کار سے تبدیل کیا ہے جو کہ جائیداد میں سرمایہ کاری بابت IAS 40 کے مطابق ہے۔

جائیداد کی مالیت کے تخمینے اہل بیرونی تخمینہ کار کرتے ہیں۔ کاروباری اخلاقیات اور کاروباری طریقہ ہائے کار کے بارے میں بیان کمپنی کی ویب سائٹ پر بھی موجود ہے۔

فکسڈ اثاثہ جات کی کارآمد مدت

اثاثوں کی باقی ماندہ مالیت، کارآمد مدت، اور اس مدت میں کمی کا تخمینہ لگانے کے طریقہ کار پر ہر مالی سال کے اختتام پر نظر ثانی کی جاتی ہے اور اگر اس کارآمد مدت میں کمی کا اثر نمایاں ہو تو اس میں رد و بدل کیا جاتا ہے۔

غیر موصول واجب الادا پریمیئم

ہر مالیاتی اثاثے کی قیمت کا اندازہ ہر بیلنس شیٹ کی تاریخ پر لگایا جاتا ہے تاکہ اس بات کا تعین کیا جاسکے کہ آیا کوئی معروضی شواہد موجود ہیں کہ یہ نقصان زدہ ہے۔ مالیاتی اثاثے اس وقت نقصان زدہ سمجھے جاتے ہیں جب معروضی شواہد موجود ہوں کہ کسی ایک یا ایک سے زائد واقعات نے اس اثاثے کے مستقبل میں ہونے والے کیش فلو پر منفی اثر ڈالا ہے۔

کوڈ آف کارپوریٹ گورنینس پر عملدرآمد

ریگولیٹری اتھارٹیز کی جانب سے جاری شدہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کو پورا کیا گیا ہے۔ اس رپورٹ میں اس مفہوم کا ایک بیان شامل ہے۔

آپ کی کمپنی کے ڈائریکٹرز غیر معمولی اجلاسِ عام منعقدہ ۸ جولائی ۲۰۱۷ء کو منتخب ہوئے اور ۳ سالہ مدت کے ۱۰ جولائی ۲۰۱۷ء سے شروع ہوتی ہے اور ۹ جولائی ۲۰۲۰ء کو ختم ہوجائے گی۔

سال ۲۰۱۸ء کے دوران بورڈ کے ۵ اجلاس منعقد ہوئے۔ اجلاسوں میں شرکت کی تعداد مندرجہ ذیل میں دی گئی ہے:

نمبر شمار	ڈائریکٹرز کے نام	شرکت کردہ اجلاس کی تعداد
۱۔	سیف الدین این۔ زمکاوالا (نان۔ ایگزیکٹوڈائریکٹر)	۴
۲۔	حسن علی عبداللہ (ایگزیکٹیوڈائریکٹر)	۵
۳۔	عبدالرحمٰن حاجی حبیب (نان۔ ایگزیکٹیوڈائریکٹر)	۵
۴۔	منیر آر۔ بھیم جی (نان ایگزیکٹوڈائریکٹر) ۲۷ اپریل ۲۰۱۸ء کو مستعفی ہوئے	۲
۵۔	طاہر جی۔ ساچک (نان۔ ایگزیکٹیوڈائریکٹر)	۵
۶۔	علی رضا صدیقی (نان ایگزیکٹوڈائریکٹر)	۴
۷۔	محمد اقبال منکانی (انڈیپنڈنٹ ڈائریکٹر)	۴
۸۔	محمود لوٹیا (ایگزیکٹوڈائریکٹر)	۳
۹۔	سعد علی بھیم جی (نان ایگزیکٹیوڈائریکٹر)	۵
۱۰۔	دانش بھیم جی (نان ایگزیکٹیوڈائریکٹر) ۲۷ اپریل ۲۰۱۸ء سے شامل ہوئے	۳

متعلقہ پارٹی ٹرانزیکشنز

منسلکہ کمپنیوں/متعلقہ پارٹیوں کے ساتھ کمپنی کی ٹرانزیکشنز بورڈ آف ڈائریکٹرز کی منظوری ہر بورڈ میٹنگ میں دی جاتی ہے۔ متعلقہ پارٹیوں کے ساتھ طے پانے والی تمام ٹرانزیکشنز آرمز لینتھ (Arm's Length) کی بنیاد پر کئے جاتے ہیں۔

کیپٹل مینجمنٹ اور لیکویڈیٹی

کمپنی سرمائے کی مستحکم پوزیشن برقرار رکھتی ہے۔ آپ کی کمپنی لیکویڈیٹی کے بارے میں مستقل محتاط رہتی ہے تاکہ اپنی تمام ذمہ داریوں کو فی الفور انجام دے سکے۔ کمپنی اپنے بنیادی کاروبار، سرمایہ کاری اور دیگر آمدنی سے حاصل ہونے والے نقد وسائل سے اپنے روزمرہ کے اخراجات اور اپنی انشورنس کی ذمہ داریوں سے عہدہ براہ ہوتی ہے۔

کمپنی کی مالی استعداد ۳۱ دسمبر ۲۰۱۸ء کو ۲ء۸ بلین روپے تھی جبکہ قانونی طور پر درکار مالی استعداد ۹ء۱ بلین روپے ہے یعنی درکار مالی استعداد سے ۳ء۶ بلین روپے سے زائد تھی (جو کہ کم سے کم درکار مالی استعداد سے ۳ گنا زیادہ تھی)۔

انٹرپرائز رسک مینجمنٹ (ERM)

ای آر ایم کا نظام ۲۰۱۷ء میں متعارف ہوا اور رسک مینجمنٹ اینڈ کمپلائنس کمیٹی کی جانب سے کمپنی کے مجموعی خطرات وخدشات کی نشاندہی کرنے اور اس کی نگرانی کرنے کی غرض سے وضع کیا گیا تھا۔

ای ایف یو جنرل ویلیو ایڈیٹ سروس پر خصوصی نگاہ رکھتے ہوئے اپنے مجموعی منافع جات میں اضافے کے لئے پُرعزم ہے جبکہ رسک کو ایڈجسٹ کرنے کے لئے ایک مضبوط حکمت عملی برقرار رکھی جارہی ہے۔ کمپنی نے ای آر ایم کے نفاذ مع فیصلہ کن صلاحیت اور اپنی تمام تر سرگرمیوں کے اندر ای آر ایم کلچر کو فروغ دینے کے ذریعے اپنے خطرات سے نمٹنے کے عمل کو مزید بہتر بنایا ہے۔

فرائض کا چارٹ خطرات کے رپورٹ کرنے کے ڈھانچے کی نشاندہی کرتا ہے۔

بورڈ کمیٹیز

آپ کی کمپنی نے مندرجہ ذیل چار بورڈ کمیٹیاں قائم کی ہوئی ہیں:

آڈٹ کمیٹی

بورڈ داخلی کنٹرول کے ایک مستحکم نظام کے موثر نفاذ بشمول کنٹرول کے تمام طریقہ کار پر عملدرآمد کا ذمہ دار ہے۔ آڈٹ کمیٹی کو انتظامی کنٹرول کی موزونیت کے جائزے اور ممکنہ خطرات پر نظر رکھنے اور ان کو سنبھالنے میں انٹرنل آڈیٹر کی معاونت حاصل ہے تاکہ کمپنی کی وقعت میں اضافہ ہو اور کمپنی کے آپریشنز غیر جانبدار اور معروضی یقین دہانی میسر رہے۔ انٹرنل آڈیٹر کی بنیادی ذمہ داری وقتاً فوقتاً آپریشنل کنٹرولز کی موزونیت آڈٹ کرنا پالیسیز اور طریقہ کار کا تواتر سے نفاذ جانچتے رہنا، قوانین اور ریگولیشنز سے مطابقت کو پرکھتے رہنا ہے۔ بورڈ کی آڈٹ کمیٹی میں مندرجہ ذیل ارکان شامل ہیں:

۱ جناب محمد اقبال منکانی
۲ جناب علی رضا صدیقی
۳ جناب طاہر جی۔ ساچک
۴ جناب دانش بھیم جی

انویسٹمنٹ کمیٹی

کمپنی کے پاس بورڈ کی سطح کی ایک انویسٹمنٹ کمیٹی ہے جو کہ انویسٹمنٹ پورٹ فولیو کا جائزہ لینے کیلئے سہ ماہی میں کم از کم ایک بار اجلاس بلاتی ہے۔ کمیٹی کمپنی کیلئے سرمایہ کاری کی پالیسی تیار کرنے کی بھی ذمہ دار ہے۔ بورڈ کی انویسٹمنٹ کمیٹی درج ذیل ارکان پر مشتمل ہے:

۱ جناب سیف الدین این۔ زومکاوالا
۲ جناب حسن علی عبداللہ
۳ جناب دانش بھیم جی

ضابطہ اخلاق، ہیومن ریسورس اور ری میونریشن کمیٹی

یہ کمیٹی بورڈ کو کمیٹی کی ہیومن ریسورس مینجمنٹ پالیسیوں کے لئے سفارشات دینے کے ساتھ سلیکشن، جائزہ لینے اور کمپنی کے اہم افسران کے مشاہروں کے تعین کی ذمہ دار ہے۔ بورڈ کی ہیومن ریسورس اور ری میونریشن کمیٹی میں مندرجہ ذیل ارکان شامل ہیں:

۱ جناب محمد اقبال منکانی
۲ جناب سیف الدین این۔ زومکاوالا
۳ جناب حسن علی عبداللہ

مینجمنٹ کمیٹی

کارپوریٹ گورنینس کے حوالے سے آپ کی کمپنی نے درج ذیل چار انتظامی کمیٹیز قائم کی ہیں جو ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد کرتی ہیں۔

انڈر رائٹنگ کمیٹی

انڈر رائٹنگ کمیٹی آپ کی کمپنی کی انڈر رائٹنگ پالیسی تشکیل دیتی ہے۔ یہ انشورنس میں ممکنہ طور پر پیش آنے والے مختلف اقسام کے خطرات کا جائزہ لیتی ہے، اس کے لئے معیارات کا تعین کرتی ہے اور مختلف انشورنس کورز کی پریمیئم پالیسی طے کرتی ہے، کمیٹی باقاعدگی سے کمپنی کی انڈر رائٹنگ اور پریمیئم پالیسیوں کا جائزہ، متعلقہ عناصر مثلاً کاروباری پورٹ فولیو اور مارکیٹ میں ہونے والی تبدیلیوں کو مدنظر رکھتے ہوئے لیتی ہے۔

کلیمز سیٹلمنٹ کمیٹی

یہ کمیٹی کمپنی کے کلیمز کو نمٹانے کی پالیسی تشکیل دیتی ہے۔ یہ کمپنی کے کلیمز کی پوزیشن پر نگاہ رکھنے کے ساتھ اس امر کو یقینی بناتی ہے کہ کلیمز کیلئے مناسب ریزروز موجود ہوں۔ خاص نوعیت کے کلیمز کے کیسز یا ایسے واقعات جن کی بدولت کلیمز کا ایک مخصوص سلسلہ شروع ہوجانے پر خصوصی توجہ دی جاتی ہے، اسے دیکھنا بھی اس کمیٹی کی ذمہ داری ہے۔ کلیمز سیٹلمنٹ کیسز سے نمٹنے کیلئے بھی اقدامات کی نگرانی کرتی ہے۔ کمیٹی کمپنی کیلئے قائم شدہ گریوانس فنکشن (Grievance Function) کی نگرانی بھی کرتی ہے۔

ری انشورنس اور کوانشورنس کمیٹی

یہ کمیٹی اس امر کو یقینی بناتی ہے کہ کمپنی کے انشورنس کاروبار کیلئے ری انشورنس کے مناسب انتظامات کئے گئے ہیں۔ یہ مجوزہ ری انشورنس کے معاہدوں سے قبل ان کا تنقیدی نگاہ سے مشاہدہ کرتی ہے، وقتاً فوقتاً کئے جانے والے انتظامات کا جائزہ لیتی رہتی ہے اور شرکت کرنے والے ری انشوررز سے اتفاق رائے حاصل کرنے کی ذمہ دار ہوتی ہے اس کے علاوہ مارکیٹ کے اُتار چڑھاؤ کی روشنی میں ان انتظامات کے لئے موزوں ترین اقدامات کرتی ہے۔ علاوہ ازیں مستقبل کے حوالے سے ری انشورنس پروگرام کے موثر ہونے کی جانچ بھی کرتی رہتی ہے۔

رسک مینجمنٹ اور کمپلائنس کمیٹی

رسک مینجمنٹ اور کمپلائنس کمیٹی کمپنی کے رسک مینجمنٹ فنکشن (خطرات کے بندوبست) کے امور کی سرگرمیوں کی نگرانی کرتی ہے اور بورڈ کو خطرات کے بندوبست کے امور کے دائرے کے اندر آنے والے ممکنہ خطرات سے نمٹنے کے موزوں سفارشات پیش کرتی ہے۔

کمیٹی عملدرآمد کے فنکشن کے امور کی نگرانی کیلئے بھی ذمہ دار ہے اور کمپلائنس کے سلسلے میں بیمہ شدہ فرد کے پروفائل کے ساتھ قابل عمل قوانین نیز اندرونی پالیسیوں اور طریقہ کار کی نگرانی بھی کرتی ہے۔

کاروبار کے لئے خطرات

کاروبار میں ممکنہ طور پر پیش آنے والے خطرات اور ان سے منسلک عناصر کی تفصیل سے وضاحت اس سالانہ رپورٹ کے صفحہ نمبر ۳۲ پر کی گئی ہے۔

ماحولیاتی اثرات

کمپنی تجربے کی بنیاد پر ٹریڈ، صنعت، افراد اور ملک کو درپیش مختلف خطرات سے تحفظ فراہم کررہی ہے۔ ہماری تجربہ کار اور ماہر ٹیم اپنے کاروبار کی انجام دہی اور اسے بہتر طور پر چلانے کے لئے صنعت وتجارت اور عوام الناس کے لئے ایک صاف ستھرا اور صحت مند ماحول فراہم کرنے کے لئے سنجیدہ کوششیں کررہی ہے۔

چونکہ ہمارا کاروبار انسانی پیشہ ورانہ اور دانشورانہ مہارت پر مبنی خطرات سے تحفظ فراہم کرنا ہے اس لئے اس سے کوئی مضر رساں ماحولیاتی اثرات مرتب نہیں ہوتے۔ ہم نے ماحولیات پر خوشگوار اور مثبت اثرات مرتب کرنے کے لئے تمام فلورز پر سرسبز وخوبصورت پودوں کے گملے سجا رکھے ہیں۔

کارپوریٹ سوشل ریسپانسبلٹی

سماج میں ہماری موجودگی کے اثرات بلاواسطہ اور بالواسطہ دونوں طرح موجود ہیں ان وسائل کے ذریعے اثرات جن کا ہم مستقل استعمال کررہے ہیں اور وہ سرمایہ کاریاں بھی جن کی ہم مختلف کاروبار کے ذریعے کرتے ہیں۔

توانائی کا تحفظ

ہر سال ہم اپنا توانائی کے تحفظ (Energy Conservation) کا ان۔ہاؤس آڈٹ کرتے ہیں جو ماہانہ رپورٹس کے ذریعے واضح کیا جاتا ہے۔ اس طریقے سے ہم اپنی توانائی کی بچت پر انتہائی قریب سے نگاہ رکھتے ہیں۔ ہمارے دفاتر میں استعمال کیے جانے والے بجلی کے تمام آئٹمز توانائی۔ دوست ہیں۔ اس سلسلے میں ایک روٹیشن سسٹم بھی متعارف کرایا گیا ہے جس میں ایچ وی اے سی (HVAC) سسٹم (گیس فائرڈ کولنگ ٹاورز) وقفوں کے دوران بجلی کو آن اور آف کرتے رہتے ہیں۔ کھانے کے وقفے کے دوران بجلی بند رہتی ہے۔

ماحولیاتی تحفظ کے اقدامات

کمپنی مالیاتی تحفظ کے سلسلے میں اپنی سماجی ذمہ داری سے بخوبی آگاہ ہے لہٰذا ہم صحت مند ماحول کی حوصلہ افزائی کرتے ہیں اور وہ اقدامات کرتے ہیں جو ہمارے اس یقین میں اضافہ کرتا رہے۔

کمیونٹی انویسٹمنٹ اور سماجی بہبود کی اسکیمیں

ہم خاص طور پر صحت وتعلیم کے شعبوں میں مختلف اداروں کو عطیات دیتے ہیں تاکہ ہمارے ملک کے پسماندہ طبقات کی ہر ممکن معاونت کی جاسکے۔

صارف کے تحفظ کے اقدامات

صارفین کے اعتماد کو حاصل کرنے پر زور ای ایف یو کے کارپوریٹ کلچر کا بنیادی حصہ ہے۔ یہ وہ پہلی چیز ہے جس میں ہم اپنے انسانی وسائل میں نئے لوگوں کو شامل کرتے ہیں "اپنے وعدوں کی تکمیل اور صارفین کو اپنے پاس برقرار رکھنا" ہمارا وہ عقیدہ تھا جس پر ہم نے اپنے کاروبار کا آغاز کیا تھا اور اب بھی ہمارا یہی عقیدہ ہے اور ہم اسے مستقبل میں بھی برقرار رکھیں گے۔

ای ایف یو سے تحفظ کے ساتھ کاروباری ادارے پھل پھول رہے ہیں اور مختلف شعبوں میں کام کرکے ملک کی اقتصادی ترقی اور ہمارے کاروباری پورٹ فولیو میں بھی اضافہ کررہے ہیں۔ یہ امر حیرت انگیز نہیں ہے کہ بیشتر صارفین کو ای ایف یو کے "فیملی انشورر" کا درجہ حاصل ہے۔ یہ امر بھی باعثِ تقویت ہے کہ ہر سال ہمارے موجودہ صارفین کے ذریعے حاصل کردہ حوالوں سے ایک قابلِ قدر تعداد میں نئے افراد ہمارے کاروبار کا حصہ بن رہے ہیں جن میں سے کچھ ہمارے ساتھ جنریشن کے لئے بیمہ حاصل کرچکے ہیں۔

JCR-VIS اور PACRA نے ہمیں +AA مع مستحکم آؤٹ لُک کی ریٹنگ تفویض کی ہے اور حال ہی میں اے ایم بیسٹ نے ہمیں "+B" اور لونگ ٹرم ایشوئر کریڈٹ ریٹنگ "-bbb" مع دونوں کیلئے مثبت رجحانات تفویض کئے ہیں جو پاکستان میں سب سے بلند تر ہے۔ تاہم ہمارے لئے زیادہ اہمیت صارفین کے اعتماد سے ملتی ہے جن میں سے بہتر صرف ۳ الفاظ ہیں "میری انشورنس کمپنی" (My Insurance Compny) کے ذریعے اس کا اظہار کرتے ہیں یہ ہی وہ وجہ ہے جس کی وجہ سے ہمارا نعرہ ہے کہ "ای ایف یو۔ آپ کی انشورنس کمپنی"۔

حصہ داروں کے ساتھ کمپنی کے تعلقاتِ کار

ہم بیشتر اسٹیک ہولڈرز خصوصی ریگولیٹری اتھارٹیز یعنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، فیڈرل بورڈ آف ریونیو (ایف بی آر)، اسٹیٹ بینک آف پاکستان (ایس بی پی)، ایمپلائز اولڈ سمیت دیگر بیمہ کمپنیوں، بیمہ کاروں اور انشورنس ایسوسی ایشن آف پاکستان (آئی اے پی) کے ساتھ تعلقات کے ضمن میں ایک انتہائی مثبت اور عملی رویہ رکھتے ہیں۔

کمپنی سیکریٹری تمام قابلِ نفاذ قوانین، ضوابط اور کنونشن کی نگرانی اور اس پر عملدرآمد کے لئے ذمہ دار ہیں جو ادارے کو بلند ترین پیشہ ورانہ معیار پر برقرار رکھنے کے لئے ضروری ہے۔

ہیومن ریسورس

ای ایف یو میں ہم اندازِ فکر اور باہمی کارگزاری کے طریقہ ہائے کار میں بے مثال قیادت کی ترغیب پر یقین رکھتے ہیں۔ ہم اپنے آفیسرز کی بطور افراد اور بطور ٹیم کے ارکان ان کی صلاحیتوں کے درجہ کمال تک پہنچنے میں حوصلہ افزائی کرتے ہیں۔

ہم اپنے کارکنوں کو مارکیٹ کے مسابقتی حالات اور بدلتی ہوئی سماجی ضروریات کے مطابق کام کے طریقہ ہائے کار اور دباؤ سے آزاد ماحول فراہم کرتے ہیں، اس امر کا خیال رکھتے ہوئے کہ مختلف شخصیات اور نسلوں کے کام کرنے کے انداز مستقل بدلتے رہتے ہیں۔ ہمارے کارکنان اپنے اوقاتِ کار کو منظم کرنے میں بڑی حد تک آزاد ہونے کو تحسین کی نگاہ سے دیکھتے ہیں کیونکہ ہم ایسے آزاد کارپوریٹ کلچر کو فروغ دے رہے ہیں جس میں باہمی مشاورت اور مختلف نکتہ ہائے نظر کی قدر کی جاتی ہے۔

ہم باصلاحیت نوجوانوں کو بطور مینجمنٹ ٹرینیز مواقع دیتے ہیں، انہیں مختلف سطحوں پر کلاس رومز میں تھیوری کی تعلیم اور کلائنٹس کی ضروریات کے مطابق عملی تربیت فراہم کرتے ہیں۔

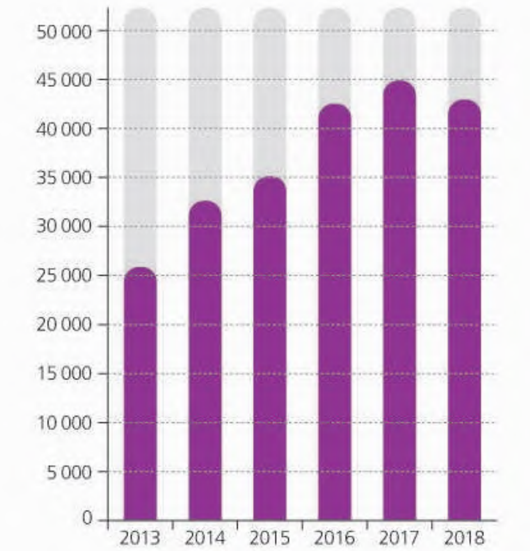
ہم اپنے کارکنان کی چارٹرڈ انشورنس انسٹی ٹیوٹ (برطانیہ) سے انشورنس کی پیشہ ورانہ اہلیت کے حصول میں حوصلہ افزائی اور معاونت کرتے ہیں۔ ہمارے یہاں چارٹرڈ انشوررز، چارٹرڈ اکاؤنٹینٹس اور پیشہ ور انجینئرز کی بڑی تعداد موجود ہے۔

انتظامیہ ایچ آر ڈپارٹمنٹ کی اس پیش رفت کی حوصلہ افزائی اور اس میں معاونت کرتی ہے کہ کارکنان کو پاکستان بھر میں کمپنی میں ہی تیکنیکی، روایتی، تکافل اور شائستہ ہنرمندی کے کورسز میں تربیت دی جائے۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بھی آپ کی کمپنی کی تربیتی سہولیات کا اعتراف کیا ہے۔

ہم انشورنس انسٹی ٹیوٹس سے بھی ان کے مختلف پروگرامز اور ایونٹس کی سپانسر شپ اور اپنے کارکنان کو شمولیت کے لئے نامزد کرکے معاونت کرتے ہیں۔ ہمارے سینئر ایگزیکٹوز انشورنس انسٹی ٹیوٹس کے ایونٹس میں تیکنیکی موضوعات پر لیکچر بھی دیتے ہیں۔

TOTAL ADJUSTED ASSETS

(Rupees in Million)



دیگر اسناد

ای ایف یو جنرل انشورنس نے ۲۰۱۸ء کے دوران مندرجہ ذیل ایوارڈز حاصل کیے:

نمبر شمار	ایوارڈ	آرگنائزر
۱	FPCCI اچیومنٹ ایوارڈ اور گولڈ میڈل	فیڈریشن آف پاکستان چیمبر آف کامرس اینڈ انڈسٹری (FPCCI)
۲	برانڈز آف دی ایئر ایوارڈ	فیڈریشن آف پاکستان چیمبر آف کامرس اینڈ انڈسٹری (FPCCI)
۳	کنزیومرز چوائس ایوارڈ	کنزیومرز ایسوسی ایشن آف پاکستان (CAP)
۴	سرٹیفکیٹ آف میرٹ	ساؤتھ ایشین فاؤنڈیشن آف اکاؤنٹینٹس (SAFA)
۵	بیسٹ کارپوریٹ رپورٹ ایوارڈ	انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹ آف پاکستان (ICAP) اور انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹینٹس آف پاکستان (ICMAP)
۶	موسٹ پاپولر کار انشورنس برانڈ آف دی ایئر ایوارڈ	PakWheels.com
۷	انوائرمنٹ ایکسیلنس ایوارڈ	دی نیشنل فورم فار انوائرمنٹ اینڈ ہیلتھ (NFEH)
۸	فائر سیفٹی ایوارڈ	دی فائر پروٹیکشن ایسوسی ایشن آف پاکستان اور نیشنل فورم فار انوائرمنٹ اینڈ ہیلتھ (NFEH)
۹	کوالٹی کنگ ایوارڈ	دی کنزیومر آئی پاکستان

ادارے کے اہم مقاصد

آپ کی کمپنی انشورنس کرانے والوں کا پسندیدہ انشورر رہنے اور پاکستان میں اپنی لیڈرشپ برقرار رکھنے کے لئے مستقل سرگرم رہتی ہے۔

کلیدی کارکردگی کے کلیدی پیمانے (KPIs)

کمپنی، بیمہ کرانے والوں کے ترجیحی بیمہ کار رہنے اور انشورنس کے شعبہ میں اپنی قائدانہ حیثیت برقرار رکھنے پر زور دینے میں مسلسل مصروفِ عمل رہتی ہے۔

کمپنی کے اعلانیہ مقاصد کی نسبت کے پی آئیز کے کلیدی پیمانے درج ذیل ہیں:

- انڈر رائٹنگ نتائج میں بہتری۔ بزنس منیجرز اپنے اپنے دائرہ کار میں موجود حاصل شدہ بزنس بڑھانے اور مزید نیا بزنس حاصل کرنے کے لئے نئی مارکیٹس کا جائزہ لیتے رہتے ہیں۔
- اوور ہیڈز میں بہتری۔ ہم مسلسل کُل اخراجات کا جائزہ لیتے رہتے ہیں، انہیں کنٹرول کرتے ہیں اور ہر خرچ کئے جانے والے روپے سے زیادہ سے زیادہ فوائد حاصل کرنے کی کوشش کرتے ہیں۔
- مارکیٹ میں قائدانہ حیثیت برقرار رکھنا۔ آٹھ دہائیوں سے زائد مدت سے مارکیٹ میں موجودگی کی بدولت ای ایف یو پاکستان میں انشورنس کا یکتا برانڈ ہے۔ ای ایف یو جنرل پاکستان میں انشورنس کا سب سے مضبوط اور اعتماد کئے جانے والا انشورر ہے۔
- کسٹمر کا اطمینان۔ ای ایف یو جنرل کے یہاں کسٹمر سروس ایک عہد ہے، ایک عزم کہ کسٹمر کے حق میں جو صحیح ہے، وہی کرنا ہے۔ ہم نے اپنے کسٹمرز کا اعتماد اپنی اس لگن سے حاصل کیا ہے کہ ان سے کئے گئے وعدے پورے کرنے ہیں اور ان کی خدمت بہترین طریقے سے کرنی ہے۔
- شیئر ہولڈرز کے سرمائے میں اضافہ۔ شیئر ہولڈرز کے سرمائے میں زیادہ سے زیادہ اضافہ کرنا کمپنی کے مرکزی مقاصد میں شامل ہے، کمپنی کی قدر و قیمت میں اضافہ از خود باقی ماندہ مقاصد کی تکمیل کردے گا۔

اس امر کا تجزیہ کہ ادارے کی کارکردگی کس طرح آنے والی مدتوں کے ضمن میں اظہارات کے مطابق رہی/ ان سے متجاوز ہوئی/ ان سے کم رہی۔

آپ کی کمپنی نے انشورنس کے شعبے کی وسیع ترین اور بہترین کمپنی ہونے کی حیثیت سے ۲۰۱۸ء کے لئے مالیاتی اہداف طے کئے تھے اور بمسرت اطلاع دیتے ہیں کہ آپ کی کمپنی کی پاکستان میں اولین پوزیشن برقرار رہے۔

۲۰۱۸ء میں ترقی اور پیشرفت

ملک میں مارکیٹ لیڈر کی حیثیت سے سرگرم رہنا کمپنی کا سب بڑا ہدف تھا جس کو انتہائی کوششوں اور عزم کے ساتھ ادارے کے لئے کام کرنے والے اس کے ملازمین نے اپنی تجربہ کار انتظامی ٹیم کی سربراہی میں اپنی انتہائی کوششوں کے ذریعے برقرار رکھا۔ کمپنی اس امر پر یقین رکھتی ہے کہ بیمہ کار کا اعتماد اور اطمینان ان میں ہی اس کی اصل قوت پوشیدہ ہے۔ کمپنی کے قیام کے ۸۶ سے زائد سالوں میں حقائق کے ضمن میں یہ واضح ہوتا ہے کہ سروس کا معیار، صارف کا اطمینان اور ملازمین کا عزم ولگن ایسے شعبے ہیں جہاں انتظامیہ ہمیشہ بہتری کیلئے ضروری اقدامات کرتی رہتی ہے۔ سال کے دوران مختلف تربیتی پروگرامز ملازمین کی صلاحیتوں کو بہتر بنانے اور اضافے کے لیے انجام دیئے گئے۔ اس کے نتیجے میں صارفین کے اطمینان اور اعتماد میں اضافہ ہوا۔ ہم اپنے ملازمین کیلئے سلوگن "میری انشورنس کمپنی" اور صارفین کیلئے "آپ کی انشورنس کمپنی" کے ساتھ کام کرتے ہیں۔

۲۰۱۹ء میں امکانات

کارکردگی کے کلیدی اشاریئے انتظامیہ کے اغراض و مقاصد کے ان حصول کے لئے برقرار ہیں: صارفین کا زیادہ سے زیادہ اطمینان، انڈر رائٹنگ نتائج میں بہتری، زائد اخراجات پر کنٹرول کرنا، شیئر ہولڈرز کے سرمائے میں اضافہ اور پاکستان میں مارکیٹ لیڈر کے طور پر اپنی پوزیشن کو برقرار رکھنا۔

مستقبل کے جائزے کا بیان

۲۰۱۹ء کے لئے ہماری حکمتِ عملی کی ساخت، بدلتے ہوئے اور مسابقتی کاروباری ماحول میں جاری رہنے والی منافع بخش ترقی فراہم کرتی ہے۔ تاکہ کمپنی کی پاکستان میں اولین پوزیشن برقرار رہے۔

ہنرمند انسانی وسائل انشورنس کے شعبہ کیلئے بڑا چیلنج ہے۔ تاہم کمپنی کا ارادہ ہے کہ انسانی وسائل میں سرمایہ کاری جاری رکھی جائے اور ای ایف یو جنرل کو اپنے کارکنان کے لئے کیریئر بنانے، اہلیت اور ہنر بڑھانے اور ایسی تیکنیکی قابلیت حاصل کرنے کے لئے بہترین ماحول بنایا جائے تاکہ نئے پراڈکٹس تخلیق ہوسکیں۔ مزید اہم یہ بھی ہے کہ اپنے لوگوں میں کاروباری اخلاقیات اور بہتر کاروباری طریقہ ہائے کار رائج کئے جائیں۔

ہم کسٹمرز کے ساتھ تعاون اور کارکردگی میں بہتری لانے کیلئے سسٹمز اور طریقہ ہائے کار میں بھی سرمایہ کاری جاری رکھیں گے۔ کمپنی کو یقین ہے کہ اس کی قوت کسٹمرز کے اعتماد اور اطمینان میں ہے۔

آٹھ دہائیوں سے زائد کمپنی کا کاروباری اُفق پر کامیابی سے جگمگانا اس امر کی گواہی ہے کہ سروس کا معیار، کسٹمرز کا اطمینان اور کارکنان کی لگن وہ کلیدی شعبے ہیں جہاں انتظامیہ تواتر سے بہتری کیلئے اقدامات کرتی رہتی ہے۔

مسلسل کامیابیوں کا راستہ ہماری اس حکمتِ عملی پر سختی سے عملدرآمد ہے کہ ایک زیادہ مسابقتی اور کامیاب کاروباری ادارہ بنایا جائے جو بہتر سے بہتر نتائج پیش کرے اور پاکستان میں قائدانہ حیثیت برقرار رکھے۔

انتظامیہ کے مقاصد کے حصول کیلئے وضع کئے گئے کارکردگی کے کلیدی اشاریئے، کسٹمرز کے اطمینان، انڈر رائٹنگ نتائج میں بہتری، اوور ہیڈ اخراجات کو ایک مناسب حد پر قائم رکھنا اور پاکستان میں قائدانہ حیثیت برقرار رکھنا ہی ہیں۔

معلوماتی ذرائع اور مفروضے

مستقبل کے اعداد وشمار اور مفروضوں کیلئے استعمال ہونے والا ڈیٹا ماضی کے رجحانات کے جائزے، مستقبل کے غوروخوض اور مارکیٹ کی موجودہ صورتحال پر مبنی ہیں۔ ہم اکاؤنٹ کی موجودہ صورتحال اور میکرو اکنامک اشاریوں کو بھی مستقبل کے تخمینہ جات فراہم کرتے وقت ملحوظ خاطر رکھتے ہیں۔ پروفیشنلز کی ایک ان۔ ہاؤس ٹیم مشترکہ طور پر مستقبل کے اعداد وشمار تیار کرتی ہے۔ حقیقی اقدامات متوقع اعداد وشمار اور تخمینے کی تیاری کے وقت کیے جاتے ہیں۔ متوقع اعداد وشمار کا جائزہ بورڈ کی منظوری کے لئے پیش کیے جانے سے قبل اعلیٰ انتظامیہ کی جانب سے لیا جاتا ہے۔

ری انشورنس

آپ کی کمپنی کے ری انشورنس انتظامات نہایت معتبر ہیں۔ سرکردہ بین الاقوامی (سیکیورٹیز) مثلاً SCOR گلوبل P&C، سوئس ری انشورنس کمپنی، آلیانز SE ری انشورنس کمپنی، ہان اوور ری انشورنس کمپنی، ٹواری انشورنس کمپنی لمیٹڈ، پارٹنر ری لمیٹڈ، کورین ری انشورنس کمپنی اور لائیڈز آف لندن جن سب کو "A" ریٹنگ حاصل ہے۔

ممبران کے لئے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

آپ کی کمپنی کے ڈائریکٹرز کو کمپنی کی ۸۶ویں سالانہ رپورٹ اختتام سال ۳۱ دسمبر ۲۰۱۸ء پیش کرتے ہوئے خوشی ہورہی ہے۔

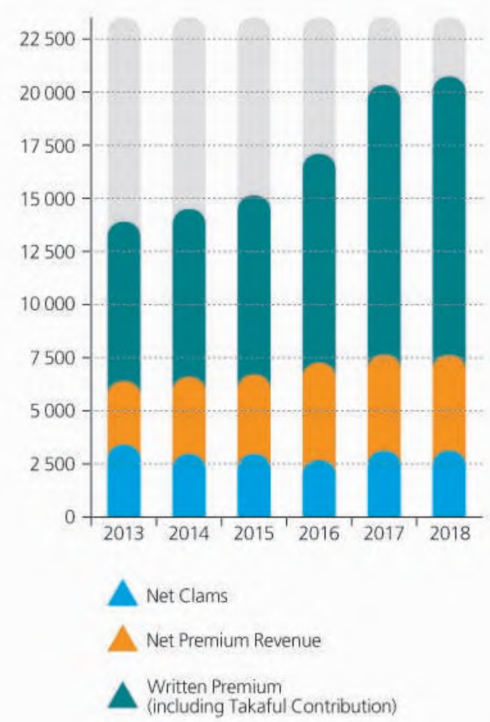
سال ۲۰۱۸ء میں کمپنی کا منافع بعد از ٹیکس ۱۷ء۲ بلین روپے رہا جبکہ ۲۰۱۷ء میں یہ منافع ۵۰ء۲ بلین روپے تھا۔ فی شیئر آمدن ۸۶ء۱۰ روپے رہی جبکہ گزشتہ سال آمدنی ۵۰ء۱۲ روپے (ری اسٹیٹڈ) تھی۔

آپ کی کمپنی نے انڈسٹری میں اپنی مرکزی حیثیت کو برقرار رکھنے کا سلسلہ جاری رکھا ہے۔ آپ کی کمپنی نے پاکستان کے اندر براہِ راست تحریری پریمیئم اور تکافل بزنس میں ۸ء۲۰ بلین روپے کا منافع حاصل کیا (بشمول ۰۳۳،۲ ملین روپے کا تکافل کنٹریبیوشن) جبکہ ۲۰۱۷ء میں ۴ء۲۰ بلین روپے (بشمول ۵۶۷،۱ ملین روپے کا تکافل کنٹریبیوشن) تھا جبکہ خالص پریمیئم آمدن (بشمول خالص تکافل کنٹریبیوشن) ۱ء۹ بلین روپے رہا جبکہ ۲۰۱۷ء میں ۷ء۸ بلین روپے (بشمول خالص تکافل کنٹریبیوشن) تھا۔ انڈر رائٹنگ منافع ۳۱ء۱ بلین روپے ہوا جبکہ ۲۰۱۷ء میں ۶۳ء۱ بلین روپے تھا۔

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۲۸ مارچ ۲۰۱۸ء میں ای ایف یو لائف ایشورنس لمیٹڈ میں اپنی سرمایہ کاریوں سے متعلق اپنی کنٹرول پوزیشن کا جائزہ لیا اور ای ایف یو لائف کو ذیلی ادارہ قرار دیا۔

WRITTEN PREMIUM
(including Takaful Contribution)
NET PREMIUM REVENUE
AND NET CLAIMS

(Rupees in Million)



اقتصادی جائزہ

ملکی معیشت مستقل طور پر افراطِ زر کے دباؤ سے تنزلی کی طرف جارہی ہے کیونکہ مالی سال ۲۰۱۹ء کی پہلی ششماہی کے دوران اوسطاً ہیڈ لائن افراطِ زر ۱ء۶ فیصد تک پہنچ چکا ہے جبکہ گزشتہ سال کی اس مدت کے دوران ۸ء۳ فیصد تھا۔

معیشت پر افراطِ زر کے بڑھتے ہوئے دباؤ کے پیش نظر اور بیرونی اکاؤنٹ پوزیشن کی بدتر صورتحال کے سبب اسٹیٹ بینک آف پاکستان نے اپنا توسیع مانیٹری پالیسی اقدام واپس لے لیا۔ مجموعی طور پر سینٹرل بینک نے ۲۰۱۸ء میں ۴۲۵ بنیادی پوائنٹس کے ذریعے پالیسی ریٹ بڑھائے۔

کمپنی کی کارکردگی

شعبہ جات کے لحاظ سے کارکردگی درج ذیل کے مطابق رہی:

فائیر و پراپرٹی

تحریری پریمیئم ۲۰۱۷ء میں ۲۱۷،۱۱ ملین روپے کے مقابلے میں اس سال ۲۵۷،۱۱ ملین روپے رہا۔ کلیمز کی شرح کمپنی کے خالص پریمیئم آمدن کے تناسب سے ۳۰ فیصد رہی جبکہ ۲۰۱۷ء میں ۲۸ فیصد تھی۔ اس سال کیلئے انڈر رائٹنگ منافع ۵۴۳ ملین روپے رہا جبکہ گزشتہ سال ۲۰۱۷ء میں یہ منافع ۶۳۵ ملین روپے تھا۔

میرین، ایوی ایشن و ٹرانسپورٹ

تحریری پریمیئم ۲۰۱۷ء میں ۲۳۵،۲ ملین روپے کے مقابلے میں اس سال کے دوران ۹ فیصد بڑھ کر ۴۲۶،۲ ملین روپے رہا۔ کلیمز کی شرح کمپنی کے خالص پریمیئم آمدن کا ۳۸ فیصد رہی جبکہ ۲۰۱۷ء میں ۳۶ فیصد تھی اور اس سال انڈر رائٹنگ منافع ۲۳۶ ملین روپے رہا جبکہ گزشتہ سال ۲۰۱۷ء میں ۲۸۷ ملین روپے تھا۔

موٹر

تحریری پریمیئم ۲۰۱۷ء میں ۴۵۲،۳ ملین روپے کے مقابلے میں اس سال ۴۹۲،۳ ملین روپے رہا۔ خالص پریمیئم آمدن کی فیصدی شرح کے مطابق کلیمز ۵۰ فیصد رہے جو ۲۰۱۷ء میں ۴۸ فیصد تھے جبکہ انڈر رائٹنگ منافع ۲۰۱۷ء میں ۴۳۰ ملین روپے کے مقابلے میں اس سال ۲۴۱ ملین روپے رہا۔

دیگر شعبہ جات

سال کیلئے تحریری پریمیئم ۱۲ فیصد بڑھ کر ۶۰۵،۱ ملین روپے رہا جبکہ گزشتہ سال ۲۰۱۷ء میں ۴۳۰،۱ ملین روپے تھا۔ کلیمز کی شرح کمپنی کے خالص پریمیئم آمدن کا شرح فیصد گزشتہ سال میں ۳۴ فیصد کے مقابلے میں اس سال بھی اسی سطح پر برقرار رہا۔ انڈر رائٹنگ منافع اس سال ۲۸۷ ملین روپے رہا جبکہ ۲۰۱۷ء میں ۲۸۰ ملین روپے تھا۔

ونڈو تکافل آپریشن

اس سال کیلئے تحریری کنٹریبیوشن مبلغ ۰۳۳،۲ ملین روپے رہی جبکہ گزشتہ سال یہ رقم ۵۶۷،۱ ملین روپے تھی خالص کنٹریبیوشن مبلغ ۵۵۹،۱ ملین روپے رہی جبکہ ۲۰۱۷ء میں ۰۸۸،۱ ملین روپے تھی۔ شراکت دار تکافل فنڈ کا سرپلس مبلغ ۱۵۴ ملین روپے رہا جبکہ ۲۰۱۷ء میں ۱۱۲ ملین روپے تھا اور آپریٹرز کے فنڈز سے منافع جات (برائے شیئر ہولڈر) اس سال کیلئے ۸۱ ملین روپے تھے جیسا کہ مقابلتاً گزشتہ سال ۴۷ ملین روپے کا منافع حاصل ہوا۔

سرمایہ کاری سے آمدن

اسٹاک مارکیٹ بھی اس سال کے دوران اتار چڑھاؤ کا شکار رہی۔ سال کیلئے مجموعی سرمایہ کار آمدنی ۶۱۲،۱ ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ سال ۵۱۲،۱ ملین روپے تھی۔ سال کیلئے منافع منقسمہ کی آمدنی ۹۱۲ ملین روپے رہی جبکہ گزشتہ سال ۹۶۹ ملین روپے تھی۔

انفارمیشن ٹیکنالوجی

کمپنی نے انڈسٹری کو درپیش چیلنجوں کو پورا کرنے کیلئے مستقل طور پر جدید ترین ٹیکنالوجی کو رائج کرنے کا سلسلہ جاری رکھا ہے اور اپنے صارفین کو بہترین خدمات فراہم کررہی ہے۔ کمپنی نے ہواوے Dorado5000 V3 ۔ تیز ترین آل فلیش اسٹوریج اور جدید تر ہواوے 2288H V5 سرورز بشمول اوریکل ورچوئلائزیشن مینیجر حاصل کیے ہیں۔

کمپنی نے صارفین کیلئے بہتر اور تیز رفتار سروسز کیلئے ڈیٹا سینٹر میں ہائی۔ اینڈ اور ری ڈینڈنٹ سوئچنگ بھی نافذ کیا ہے۔

آمدنی فی شیئر

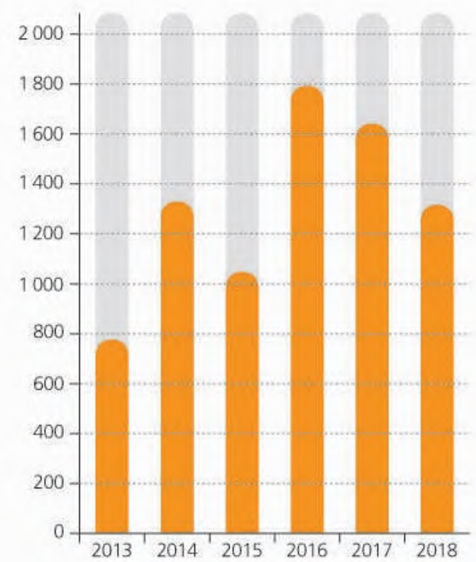
آپ کی کمپنی نے اس سال فی شیئر آمدن ۸۶ء۱۰ روپے ظاہر کی ہے جبکہ ۲۰۱۷ء میں (ری اسٹیٹڈ) یہ آمدن ۵۰ء۱۲ روپے تھی۔

مختص رقوم اور منافع منقسمہ

بعد از ٹیکس منافع ۱۷۱،۲ ملین روپے رہا جبکہ ۲۰۱۷ء میں ۵۰۰،۲ ملین روپے تھا۔ آپ کے ڈائریکٹرز نے حتمی نقد منافع منقسمہ بحساب ۲۵ء۶ روپے فی شیئر (۵۰ء۶۲ فیصد) ادا کرنے، جن شیئر ہولڈر کے نام ۱۶ اپریل ۲۰۱۹ء کو کاروباری اوقات کے اختتام پر کمپنی کے شیئر رجسٹر میں موجود ہوں کیلئے اجراء کی سفارش کی ہے۔ یہ نقد منافع منقسمہ سال کے دوران اعلان کردہ ۷۵ء۳ روپیہ فی شیئر یعنی (۵ء۳۷ فیصد) کے عبوری نقد منافع منقسمہ کے علاوہ ہے۔

UNDERWRITING RESULTS

(Rupees in Million)



روپے ہزاروں میں

سال کے آغاز یعنی		۳ ۹۵۲ ۳۱۷
یکم جنوری ۲۰۱۷ء کے آغاز پر بیلنس		
عبوری نقد منافع منقسمہ ۲۰۱۷ء		
بشرح ۵ء۳۷ فیصد (۲۰۱۶ء: ۳۰ فیصد)	۷۵۰ ۰۰۰	
مجوزہ حتمی نقد منافع منقسمہ ۲۰۱۷ء		
بشرح ۵ء۶۲ فیصد (۲۰۱۶ء: ۷۰ فیصد)	۱ ۲۵۰ ۰۰۰	
جنرل ریزرو کو ٹرانسفر ۔ ۲۰۱۷ء	۵۰۰ ۰۰۰	۲ ۵۰۰ ۰۰۰
گزشتہ سال سے آگے لایا گیا بیلنس		۱ ۴۵۲ ۳۱۷
اس سال کیلئے بعد از ٹیکس منافع		۲ ۰۷۹ ۶۶۶
دیگر کمپری ہینسو نقصان		(۶ ۵۱۳)
مختص کرنے کے لئے دستیاب رقم		۳ ۵۲۵ ۴۷۰
ڈائریکٹرز سفارش کرتے ہیں کہ یہ رقم حسب ذیل		
حساب سے مختص کی جائے:		
منہا: مختص رقوم		
عبوری نقد منافع منقسمہ ۲۰۱۸ء		
بشرح ۵ء۳۷ فیصد (۲۰۱۷ء: ۵ء۳۷ فیصد)	۷۵۰ ۰۰۰	
مجوزہ حتمی نقد منافع منقسمہ ۲۰۱۸ء		
بشرح ۵ء۶۲ فیصد (۲۰۱۷ء: ۵ء۶۲ فیصد)	۱ ۲۵۰ ۰۰۰	
جنرل ریزرو کو ٹرانسفر	۱ ۵۰۰ ۰۰۰	۳ ۵۰۰ ۰۰۰
آئندہ سال کے لئے آگے لیجایا گیا		۲۵ ۴۷۰

مارکیٹ شیئر

۳۰ ستمبر ۲۰۱۸ء کے مطابق دستیاب شائع شدہ مالیاتی حسابات پر منحصر اور دی انشورنس ایسوسی ایشن آف پاکستان کی جانب سے شائع کردہ اعداد و شمار کی بنیاد پر آپ کی کمپنی پاکستان میں نجی نان۔ لائف انشورنس سیکٹر کے بزنس میں ۲۴ فیصد مارکیٹ شیئر کی حامل ہے۔

کریڈٹ ریٹنگ

آپ کی کمپنی نے اے۔ ایم۔ بیسٹ کی جانب سے پاکستان کی انشورنس انڈسٹری میں بلند ترین کریڈٹ ریٹنگ حاصل کی۔ اے۔ ایم بیسٹ دنیا کی اسپیشلائزڈ انشورنس ریٹنگ ایجنسی ہے اور اس نے "B+" فنانشل اسٹرینتھ ریٹنگ اور لونگ ٹرم ایشوئر کریڈٹ ریٹنگ "bbb-" مع دونوں کے لئے مثبت رجحانات تفویض کئے گئے۔

مذکورہ بالا کے علاوہ کمپنی کو ملک کی دو کریڈٹ ریٹنگ ایجنسیوں یعنی JCR-VIS اور PACRA کی جانب سے بھی ریٹنگ دی گئی ہے۔ دونوں ریٹنگ ایجنسیوں نے AA+ مع مثبت آؤٹ لُک کی ریٹنگ تفویض کی ہے۔

Key Financial Data

(Rupees in Million)

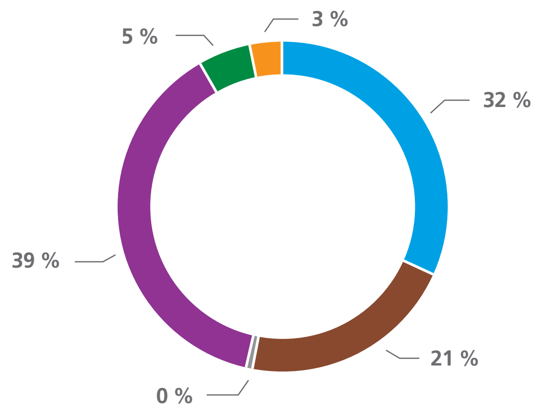
	2018	2017	2016	2015	2014	2013
Written Premium (including Takaful Contribution)	20 813	20 405	17 195	15 214	14 514	13 882
Earned Premium	18 923	17 730	15 435	14 648	14 269	13 270
Net Premium Revenue	7 562	7 615	7 243	6 677	6 532	6 342
Underwriting Result	1 307	1 632	1 789	1 053	1 316	772
Investment and Other Income	1 995	1 774	2 043	4 058	1 584	1 408
Profit / (loss) before tax	3 262	3 662	3 781	4 809	2 262	1 623
Profit / (loss) after tax	2 171	2 500	2 392	4 034	1 829	1 392
Paid-up Capital	2 000	2 000	2 000	1 600	1 600	1 250
Shareholders' Equity	19 298	20 841	21 084	15 847	13 111	11 908
Breakup Value per Share (Rs.)	96.49	104.21	105.42	99.04	81.94	95.26
Investments & Properties	25 483	28 224	26 260	19 914	16 459	15 802
Cash & Bank Balances	1 267	1 164	1 196	1 192	922	1 283
Total Assets	42 869	43 654	41 343	32 264	29 227	28 939
Dividend %	100.00	100.00	100.00	75.00	60.00	50.00
Bonus %	–	–	–	25.00	–	28.00

Statement of Value Added

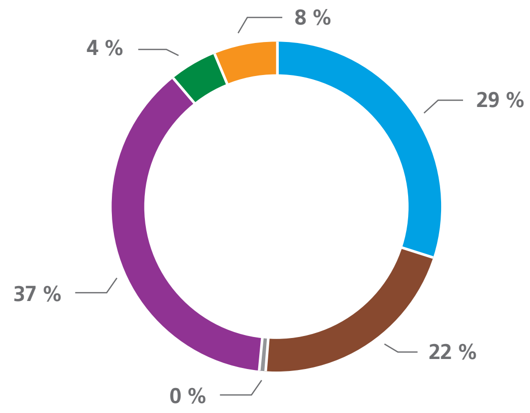
Rupees in Million

	2018	2017
Wealth generated		
Net premium revenue	7 562	7 615
Investment income	1 612	1 512
Rental income	104	97
Other income	165	369
	9 443	9 593
Less: Claims, Commission & Expenses (excluding employees remuneration, depreciation and donations)	(4 381)	(4 235)
Profit / (loss) from general takaful operations - OPF	117	47
Net wealth generated	5 179	5 405
Wealth distribution		
Employees remuneration	1 644	1 550
Income tax	1 091	1 161
Contribution to society / donations	16	12
	2 751	2 723
Distribution		
Cash Dividend	2 000	2 000
	2 000	2 000
Retained in equity		
Depreciation	263	229
Retained earnings	165	453
	428	682
	5 179	5 405

Value Added - 2018



Value Added - 2017



Employees Remuneration | Income Tax | Contribution to Society / Donations
Distribution | Depreciation | Reserves Earnings

Vertical Analysis of
Statement of Financial Position & Profit and Loss Account

Rupees in Million

	2018		2017		2016		2015		2014		2013	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Statement of Financial Position												
Assets												
Property, plant and equipment	2 616	6.10	1 289	2.95	1 147	2.78	1 101	3.41	920	3.15	860	2.97
Investment property	1 879	4.38	1 847	4.23	1 548	3.74	191	0.59	213	0.73	230	0.80
Investments in subsidiary / associate	9 898	23.08	10 999	25.20	9 285	22.46	11 571	35.86	9 325	31.91	9 191	31.76
Investments												
Equity Securities	4 970	11.59	6 419	14.71	9 493	22.96	4 885	15.14	3 758	12.86	5 235	18.09
Debt Securities	8 229	19.20	8 527	19.53	5 262	12.73	2 711	8.40	2 565	8.77	344	1.19
Term Deposits	507	1.19	431	0.99	672	1.63	557	1.73	599	2.05	801	2.77
Loans and other receivables	100	0.23	119	0.27	243	0.59	229	0.71	255	0.87	83	0.29
Insurance / reinsurance receivables	3 577	8.34	2 819	6.46	3 998	9.67	2 232	6.92	3 390	11.60	4 138	14.30
Reinsurance recoveries against outstanding claims	3 363	7.85	3 539	8.11	3 425	8.28	3 302	10.23	3 186	10.90	2 889	9.98
Salvage recoveries accrued	42	0.10	68	0.16	37	0.09	42	0.13	26	0.09	14	0.05
Deferred commission expense	601	1.40	690	1.58	565	1.37	542	1.68	562	1.92	568	1.96
Taxation - payments less provision	–	–	110	0.25	–	–	–	–	–	–	10	0.03
Prepayments	5 199	12.13	5 202	11.92	4 207	10.18	3 604	11.17	3 507	12.00	3 292	11.38
Cash and bank	1 267	2.95	1 164	2.67	1 196	2.89	1 192	3.69	922	3.15	1 283	4.43
Total Assets	42 248	98.55	43 223	99.01	41 077	99.36	32 158	99.67	29 227	100.00	28 939	100.00
Total assets of Window Takaful Operations - Operator's Fund	621	1.45	431	0.99	266	0.64	106	0.33	–	–	–	–
Total Assets	**42 869**	**100.00**	**43 654**	**100.00**	**41 343**	**100.00**	**32 264**	**100.00**	**29 227**	**100.00**	**28 939**	**100.00**
Equity and Liabilities												
Capital and reserves attributable to Company's equity holders												
Ordinary share capital	2 000	4.67	2 000	4.58	2 000	4.84	1 600	4.96	1 600	5.47	1 250	4.32
Reserves	14 523	33.88	15 639	35.82	15 444	37.35	10 513	32.58	9 513	32.55	9 013	31.14
Unappropriated profit	2 775	6.47	3 202	7.34	3 640	8.81	3 734	11.57	1 998	6.84	1 645	5.68
Total Equity	19 298	45.02	20 841	47.74	21 084	51.00	15 847	49.12	13 111	44.86	11 908	41.15
Surplus on revaluation of property and equipment	859	2.00	–	–	–	–	–	–	–	–	–	–
Liabilities												
Underwriting provisions												
Outstanding claims including IBNR	5 177	12.08	5 572	12.76	5 415	13.10	4 463	13.83	5 652	19.34	6 622	22.88
Unearned premium reserves	8 354	19.49	8 497	19.46	7 389	17.87	6 724	20.84	6 364	21.77	6 118	21.14
Unearned reinsurance commission	395	0.92	462	1.06	344	0.83	342	1.06	296	1.01	287	0.99
Retirement benefit obligation	63	0.15	72	0.16	1	0.00	58	0.18	46	0.16	32	0.11
Deferred taxation	825	1.92	1 123	2.57	1 337	3.23	127	0.39	117	0.40	86	0.30
Premium received in advance	57	0.13	31	0.07	5	0.01	5	0.02	5	0.02	9	0.03
Insurance / reinsurance payables	5 333	12.44	4 992	11.44	3 585	8.67	2 947	9.14	2 070	7.08	2 351	8.13
Other creditors and accruals	2 055	4.79	1 814	4.16	1 844	4.46	1 585	4.91	1 518	5.19	1 524	5.27
Taxation - provision less payments	47	0.11	–	–	206	0.50	107	0.33	48	0.17	–	–
Total Liabilties	22 304	52.03	22 563	51.69	20 125	48.68	16 358	50.70	16 116	55.14	17 031	58.85
Total equity and liabilities	42 462	99.05	43 405	99.43	41 208	99.67	32 205	99.82	29 227	100.00	28 939	100.00
Total liabilities of Window Takaful Operations - Operator's Fund	408	0.95	250	0.57	135	0.33	59	0.18	–	–	–	–
Total equity and liabilities	**42 869**	**100.00**	**43 654**	**100.00**	**41 343**	**100.00**	**32 264**	**100.00**	**29 227**	**100.00**	**28 939**	**100.00**

Vertical Analysis of
Statement of Financial Position & Profit and Loss Account

Rupees in Million

	2018		2017		2016		2015		2014		2013	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Profit and Loss Account												
Written Premium	**18 780**	–	**18 838**	–	**16 100**	–	**15 008**	–	**14 514**	–	**13 882**	–
Net Premium Revenue	**7 562**	**100.00**	**7 615**	**100.00**	**7 243**	**100.00**	**6 677**	**100.00**	**6 532**	**100.00**	**6 342**	**100.00**
Net Insurance Claims	(3 089)	(40.85)	(2 975)	(39.07)	(2 694)	(37.20)	(2 998)	(44.90)	(2 973)	(45.51)	(3 406)	(53.71)
Net Commission	(588)	(7.77)	(662)	(8.69)	(588)	(8.12)	(620)	(9.28)	(761)	(11.65)	(789)	(12.44)
Total Insurance claims and acquisition expenses	(3 677)	(48.62)	(3 637)	(47.76)	(3 282)	(45.32)	(3 618)	(54.18)	(3 734)	(57.16)	(4 195)	(66.15)
Management Expenses	(2 579)	(34.10)	(2 346)	(30.80)	(2 172)	(29.98)	(2 007)	(30.06)	(1 482)	(22.69)	(1 375)	(21.68)
Underwriting Results	1 307	17.28	1 632	21.44	1 789	24.70	1 052	15.76	1 316	20.15	772	12.17
Investment Income	1 612	21.32	1 512	19.86	1 877	25.92	1 919	28.74	1 434	21.96	1 284	20.24
Rental Income	104	1.38	97	1.27	141	1.94	130	1.95	119	1.82	101	1.59
Other Income	161	2.13	118	1.54	19	0.26	26	0.39	31	0.47	23	0.36
Non-recurring - reversal of provision for impairment	–	–	–	–	–	–	1 987	29.76	–	–	–	–
Changes in fair value of investment property	11	0.14	299	3.92	–	–	–	–	–	–	–	–
Other Expenses	(50)	(0.66)	(43)	(0.57)	(50)	(0.70)	(302)	(4.52)	(638)	(9.77)	(557)	(8.78)
Results of operating activities	3 145	41.59	3 615	47.47	3 775	52.13	4 812	72.07	2 262	34.63	1 623	25.59
Profit from Window Takaful Operations - Operator's Fund	117	1.55	47	0.62	6	0.08	(3)	(0.05)	–	–	–	–
Profit before Tax	3 262	43.14	3 662	48.09	3 781	52.21	4 809	72.02	2 262	34.63	1 623	25.59
Income Tax Expense	(1 091)	(14.43)	(1 161)	(15.25)	(1 389)	(19.18)	(775)	(11.61)	(433)	(6.63)	(231)	(3.64)
Profit after Tax	**2 171**	**28.71**	**2 500**	**32.84**	**2 392**	**33.03**	**4 034**	**60.41**	**1 829**	**28.00**	**1 392**	**21.95**

Horizontal Analysis of
Statement of Financial Position & Profit and Loss Account

	Rupees in Million						% Increase / (decrease) over preceding year					
	2018	2017	2016	2015	2014	2013	2018	2017	2016	2015	2014	2013
Statement of Financial Position												
Assets												
Property, plant and equipment	2 616	1 289	1 147	1 101	920	860	102.94	12.38	4.17	19.67	6.97	(1.27)
Investment property	1 879	1 847	1 548	191	213	230	1.73	19.31	710.47	(10.33)	(7.40)	11.11
Investments in subsidiary / associate	9 898	10 999	9 285	11 571	9 325	9 191	(10.02)	18.45	(19.76)	24.08	1.45	2.32
Investments												
Equity Securities	4 970	6 419	9 493	4 885	3 758	5 235	(22.58)	(32.39)	94.32	29.98	(28.22)	45.74
Debt Securities	8 229	8 527	5 262	2 711	2 565	344	(3.50)	62.04	94.09	5.69	645.63	(58.61)
Term Deposits	507	431	672	557	599	801	17.63	(35.87)	20.64	(7.02)	(25.22)	22.47
Loans and other receivables	100	119	243	229	255	83	(15.97)	(51.03)	6.11	(10.20)	207.22	(30.26)
Insurance / reinsurance receivables	3 577	2 819	3 998	2 232	3 390	4 138	26.88	(29.49)	79.12	(34.16)	(18.08)	(36.94)
Reinsurance recoveries against outstanding claims	3 363	3 539	3 425	3 302	3 186	2 889	(4.98)	3.32	3.72	3.64	10.28	2.30
Salvage recoveries accrued	42	68	37	42	26	14	(38.24)	83.78	(11.91)	61.53	85.71	7.69
Deferred commission expense	601	690	565	542	562	568	(12.90)	22.12	4.24	(3.56)	(1.06)	–
Taxation - payments less provision	–	110	–	–	–	10	(100.00)	100.00	–	–	(100.00)	(90.91)
Prepayments	5 199	5 202	4 207	3 604	3 507	3 292	(0.06)	23.65	16.73	2.76	6.53	21.43
Cash and bank	1 267	1 164	1 196	1 192	922	1 283	8.84	(2.68)	0.33	29.28	(28.14)	26.27
Total Assets	42 248	43 223	41 077	32 158	29 227	28 939	(2.26)	5.22	27.73	10.02	1.00	(0.41)
Total assets of Window Takaful Operations - Operator's Fund	621	431	266	106	–	–	44.08	62.03	151.94	100.00	–	–
Total Assets	**42 869**	**43 654**	**41 343**	**32 264**	**29 227**	**28 939**	**(1.80)**	**5.58**	**28.13**	**10.39**	**1.00**	**(0.41)**

Horizontal Analysis of Statement of Financial Position & Profit and Loss Account

	Rupees in Million						% Increase / (decrease) over preceding year					
	2018	2017	2016	2015	2014	2013	2018	2017	2016	2015	2014	2013
Equity and Liabilities												
Capital and reserves attributable to Company's equity holders												
Ordinary share capital	2 000	2 000	2 000	1 600	1 600	1 250	–	–	25.00	–	28.00	–
Reserves	14 523	15 639	15 444	10 513	9 513	9 013	(7.14)	1.26	46.90	10.51	5.54	7.77
Unappropriated profit	2 775	3 202	3 640	3 734	1 998	1 645	(13.34)	(12.04)	(2.52)	86.88	21.45	8.36
Total Equity	19 298	20 841	21 084	15 847	13 111	11 908	(7.41)	(1.16)	33.04	20.86	10.10	6.98
Surplus on revaluation of property and equipment	859	–	–	–	–	–	100.00	–	–	–	–	–
Liabilities												
Underwriting provisions												
Outstanding claims including IBNR	5 177	5 572	5 415	4 463	5 652	6 622	(7.09)	2.89	21.33	(21.04)	(14.65)	(25.32)
Unearned premium reserves	8 354	8 497	7 389	6 724	6 364	6 118	(1.69)	15.00	9.88	5.65	4.02	11.09
Unearned reinsurance commission	395	462	344	342	296	287	(14.51)	34.30	0.58	15.54	3.13	26.99
Retirement benefit obligation	63	72	1	58	46	32	(12.50)	7100.00	(98.29)	26.08	43.75	300.00
Deferred taxation	825	1 123	1 337	127	117	86	(26.54)	(16.01)	952.75	8.54	36.04	(2.28)
Premium received in advance	57	31	5	5	5	9	83.87	520.00	–	–	(44.45)	(25.00)
Insurance / reinsurance payables	5 333	4 992	3 585	2 947	2 070	2 351	6.83	39.24	21.64	42.36	(11.96)	34.49
Other creditors and accruals	2 055	1 814	1 844	1 585	1 518	1 524	13.28	(1.63)	16.34	4.41	(0.40)	3.60
Taxation - provision less payments	47	–	206	107	48	–	100.00	(100.00)	92.52	122.91	100.00	–
Total Liabilties	22 304	22 563	20 125	16 358	16 116	17 031	(1.15)	12.11	23.02	1.50	(5.38)	(5.00)
Total Equity and Liabilities	42 462	43 405	41 208	32 205	29 227	28 939	(2.18)	5.33	27.95	10.18	1.00	(0.41)
Total liabilities of Window Takaful Operations - Operator's Fund	408	250	135	59	–	–	63.20	85.18	128.81	100.00	–	–
Total Equity and Liabilities	**42 869**	**43 654**	**41 343**	**32 264**	**29 227**	**28 939**	**(1.80)**	**5.58**	**28.13**	**10.39**	**1.00**	**(0.41)**
Profit and Loss Account												
Written Premium	18 780	18 838	16 100	15 008	14 514	13 882	(0.31)	17.00	7.27	3.40	4.55	12.31
Net Premium Revenue	7 562	7 615	7 243	6 677	6 532	6 342	(0.70)	5.13	8.47	2.21	3.00	5.54
Net Insurance Claims	(3 089)	(2 975)	(2 694)	(2 998)	(2 973)	(3 406)	3.83	10.43	(10.15)	0.84	(12.72)	3.30
Net Commission	(588)	(662)	(588)	(620)	(761)	(789)	(11.18)	12.58	(5.17)	(18.53)	(3.55)	5.48
Total Insurance claims and acquisition expenses	(3 677)	(3 637)	(3 282)	(3 618)	(3 734)	(4 195)	1.09	(10.81)	9.29	(3.11)	(10.99)	3.70
Management Expenses	(2 579)	(2 346)	(2 172)	(2 007)	(1 482)	(1 375)	9.93	8.01	8.22	35.42	7.78	7.00
Underwriting Results	1 307	1 632	1 789	1 052	1 316	772	(19.92)	(8.78)	70.05	(20.07)	70.46	13.69
Investment Income	1 612	1 512	1 877	1 919	1 434	1 284	6.61	(19.45)	(2.19)	33.82	11.68	(5.38)
Rental Income	104	97	141	130	119	101	7.21	(31.21)	8.46	9.24	17.82	3.06
Other Income	161	118	19	26	31	23	36.44	521.05	(26.93)	(16.13)	34.78	(11.54)
Non-recurring - reversal of provision for impairment	–	–	–	1 987	–	–	–	–	(100.00)	100.00	–	–
Changes in fair value of investment property	11	299	–	–	–	–	(96.33)	100.00	–	–	–	–
Other Expenses	(50)	(43)	(50)	(302)	(638)	(557)	16.27	(14.00)	(83.45)	(52.67)	14.54	2.01
Results of operating activities	3 145	3 615	3 775	4 812	2 262	1 623	(13.01)	(4.24)	21.56	112.73	39.37	–
Profit from Window Takaful Operations - Operator's Fund	117	47	6	(3)	–	–	148.93	683.33	100.00	(100.00)	–	–
Profit before Tax	3 262	3 662	3 781	4 809	2 262	1 623	(10.93)	(3.15)	21.38	112.59	39.37	0.55
Income Tax Expense	(1 091)	(1 161)	(1 389)	(775)	(433)	(231)	(6.03)	(16.42)	79.21	78.98	87.44	371.42
Profit after Tax	**2 171**	**2 500**	**2 392**	**4 034**	**1 829**	**1 392**	**(13.16)**	**4.51**	**(40.70)**	**120.55**	**31.39**	**(11.00)**

Cash Flow Summary

Rupees in Million

	2018	2017	2016	2015	2014	2013
Cash Flow Summary						
Operating Activities	20	3 096	826	1 342	(214)	1 219
Investing Activities	2 016	(1 015)	582	136	295	(194)
Financing Activities	(1 934)	(2 113)	(1 289)	(1 250)	(643)	(612)
Cash and Cash Equivalents at year end	1 267	1 164	1 196	1 192	922	1 283

Financial Ratios

		2018	2017	2016	2015	2014	2013
Profitability							
Profit / (Loss) after Tax / Net Insurance Premium	%	28.71	32.84	33.03	30.66	28.00	21.95
Profit / (Loss) before Tax / Net Insurance Premium	%	43.14	48.09	52.21	42.27	34.63	25.59
Underwriting Result / Net Insurance Premium	%	17.28	21.44	24.70	15.76	20.15	12.17
Underwriting Result / Written Premium	%	6.96	8.67	11.11	7.01	9.07	5.56
Profit / (Loss) before Tax / Total Income	%	34.10	37.80	40.72	32.26	27.87	20.94
Profit / (Loss) after Tax / Total Income	%	22.69	25.81	25.77	23.40	22.54	17.97
Profit / (Loss) before Tax / Written Premium	%	17.37	19.44	22.49	18.80	15.59	11.69
Profit / (Loss) after Tax / Written Premium	%	11.56	13.27	14.86	13.64	12.60	10.03
Combined Ratio	%	83.38	79.13	76.00	88.75	89.61	96.61
Management Expenses / Net Insurance Premium	%	34.10	30.80	29.98	30.05	22.69	21.68
Net Claims / Net Insurance Premium	%	40.85	39.07	37.20	44.90	45.51	53.72
Net Commission / Net Insurance Premium	%	7.77	8.69	8.12	9.28	11.65	12.43
Other Expenses / Net Insurance Premium	%	0.66	0.57	0.70	4.52	9.77	8.78
Return to Share Holders							
Return on Assets *	%	5.06	5.73	5.79	6.34	6.26	4.81
Return on Equity *	%	10.77	12.00	11.35	12.92	13.95	11.69
Earnings per Share *	Rs.	10.86	12.50	11.96	12.79	11.43	11.14
Earnings per Share (Restated) *	Rs.	10.86	12.50	11.96	12.79	11.43	8.70
Earnings Growth *	%	(13.12)	4.52	(6.49)	11.90	31.38	(11.00)
Price to Earnings Ratio *	Times	9.21	12.23	12.62	11.22	13.37	8.25
Dividend Yield	%	10.00	6.54	6.62	5.23	3.92	5.44
Breakup Value per Share	Rs.	96.49	104.21	105.42	99.04	81.94	95.26

		2018	2017	2016	2015	2014	2013
Market Data							
Face Value (per share)	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	100.00	152.90	151.00	143.50	152.89	91.92
Market Price per share - Highest during the year	Rs.	157.99	175.01	179.21	168.06	159.48	99.20
Market Price per share - Lowest during the year	Rs.	99.76	133.17	116.71	133.78	92.22	77.32
Karachi Stock Exchange 100 Index	Points	37,067	40,471	47,807	32,816	32,131	25,261
Market Capitlization	(Rs. M)	20,000	30,580	30,200	22,960	24,462	11,490
Price to Book Value	Times	1.04	1.47	1.43	1.45	1.87	0.96
Cash Dividend per Share	Rs.	10.00	10.00	10.00	7.50	6.00	5.00
Cash Dividend	%	100.00	100.00	100.00	75.00	60.00	50.00
Stock Dividend	%	–	–	–	25.00	–	28.00
Dividend Pay out	%	92.08	80.00	83.61	58.64	52.49	57.47
Dividend Cover	Times	1.09	1.25	1.20	1.71	1.91	2.23
Performance / Liquidity							
Current Ratio	Times	1.30	1.36	1.55	1.19	1.17	1.10
Cash / Current Liabilities	%	5.90	5.43	6.36	7.34	5.76	7.57
Total Assets Turnover	Times	0.18	0.17	0.18	0.21	0.22	0.22
Fixed Assets Turnover	Times	5.67	5.73	5.71	4.83	4.47	4.56
Total Liabilities / Equity	Times	1.16	1.08	0.95	1.03	1.23	1.43
Paid-up Capital / Total Assets	%	45.02	47.74	51.00	49.12	44.86	41.15
Earning Assets / Total Assets	%	59.68	64.92	64.10	62.43	57.19	54.89
Equity / Total Assets	%	45.02	47.74	51.00	49.12	44.86	41.15
Return on Capital Employed	%	16.90	17.57	17.93	17.81	17.25	13.63

* For the purpose of comparative analysis only, non-recurring item of reversal of provision for impairment of Rs 1.99 billion in 2015 has been excluded.

The Company has consistently paid dividends which has strengthened dividend yield over the last few years. Simultaneously, this has resulted in increase in shareholders' wealth through increased market capitalization.

Free Cash Flow

Rupees in Million

Particulars	2018 Rs. '000	2017 Rs. '000
Net cash flow from operating activities	20	3 096
Net cash generated from / (used in) investing activities	2 016	(1 015)
Net cash outflow from financing activities	(1 934)	(2 113)
Free Cash Flows	**102**	**(32)**

Economic Value Added

Net Operating Profit after Tax	2 171	2 500
Less: Cost of Capital	–	–
Economic Value Added	**2 171**	**2 500**

Indicators and Performance Measures

Overall growth in the insurance industry has a positive relationship with growth in the economy. Insurance industry plays an important role in the economy by managing and indemnifying financial risk and by serving as institutional investor in the capital market.

The Company is continuously working towards exploring new horizons and avenues to increase the market base. The Company is offering both Conventional as well as Takaful products to its customers. We are not only the largest and oldest insurance Company in Pakistan but we are also the leading insurer in terms of market share in Pakistan.

Assumptions in Compiling Indicators

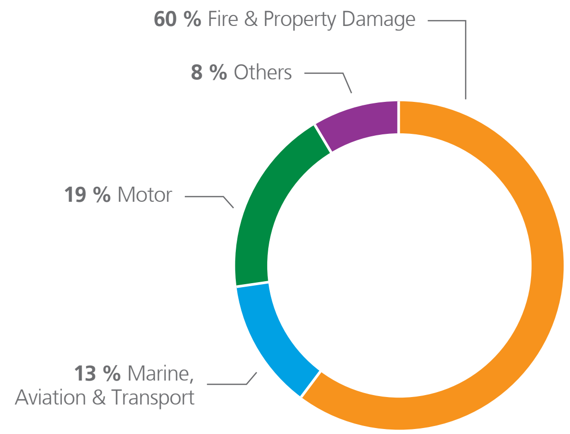
Being a service provider, the Company undertakes various considerations while compiling the indicators such as Company's financial position, financial performance, liquidity position, market standing and customer perception. These assumptions are reviewed, monitored and if needed, amended periodically.

Comments on Key Financial Data

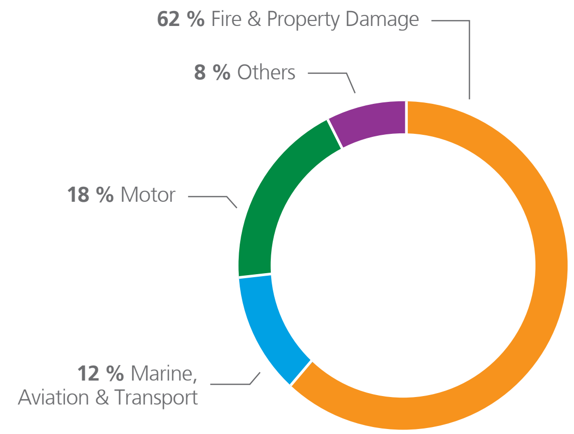
- During the year, gross written premium (including takaful contribution) continued its growth trajectory to clock in at PKR 20.8 billion as against PKR 20.4 billion last year. The 5-year compound annual growth rate (CAGR) for gross written premium stands at 8.4 %.
- The net premium revenue has also been depicting consistent growth over the last several years, underlining the company's sufficient capital adequacy to assume risk.
- The combined ratio has shown constant improvement over the period of five years with 87.65 % in 2014 to 83.38 % in 2018 on account of improved underwriting and lower claims ratio over the years.
- Underwriting profits have been growing at a compound annual growth rate (CAGR) of 11.1 % over the last 5 years, underscoring the company's robust operational efficiency.
- Given the vigilant and dynamic investment strategies of the company, investment & other income has been growing at a steady rate. For the year, investment & other income has clocked in at PKR 1.95 billion despite the heightened volatility in capital and money markets.
- Profit before tax and profit after tax have been increasing at a 5-year compound annual growth rate (CAGR) of 14.9 % and 9.2 % respectively – emphasizing the overall forte of the company.
- Along with the robust profitability, the company has been maintaining a healthy payout ratio of above 80 % on average.

Analysis of Financial Statements

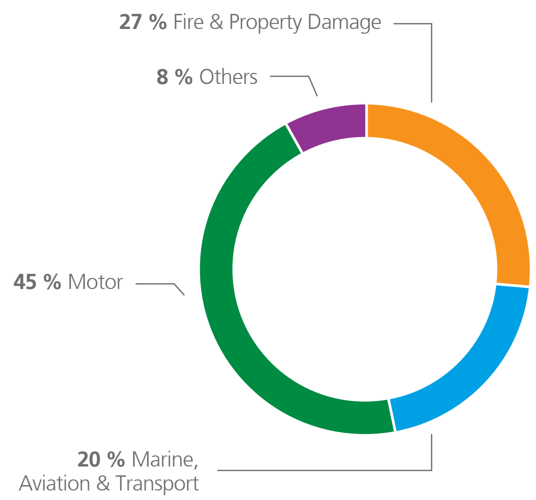
Gross Premium - 2018



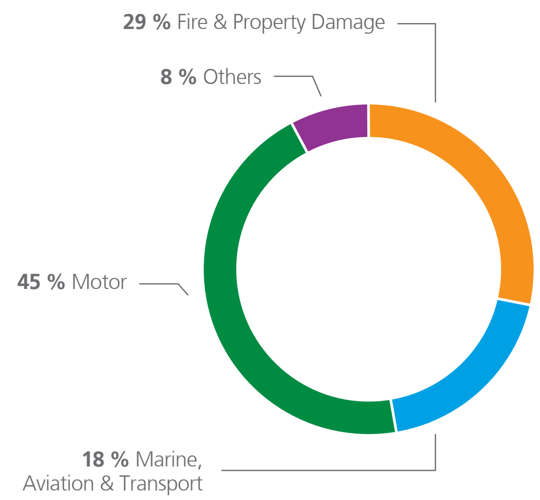
Gross Premium - 2017



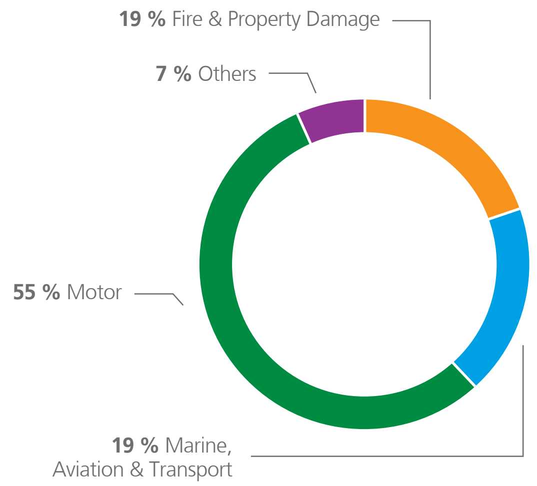
Net Premium Revenue - 2018



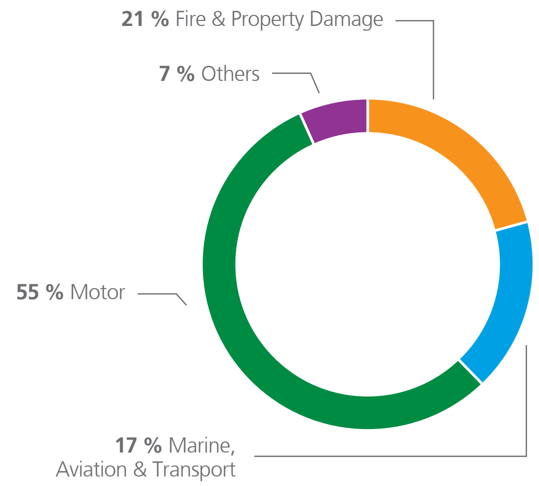
Net Premium Revenue - 2017



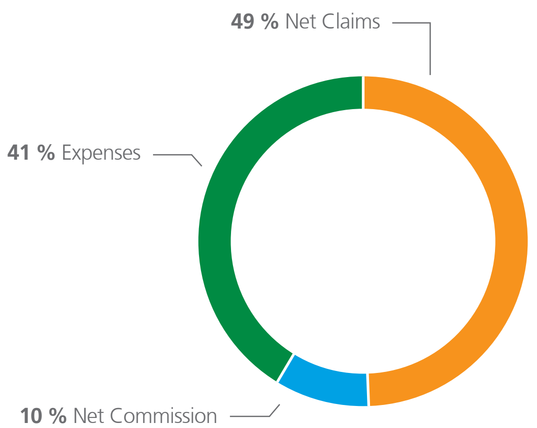
Net Claims - 2018



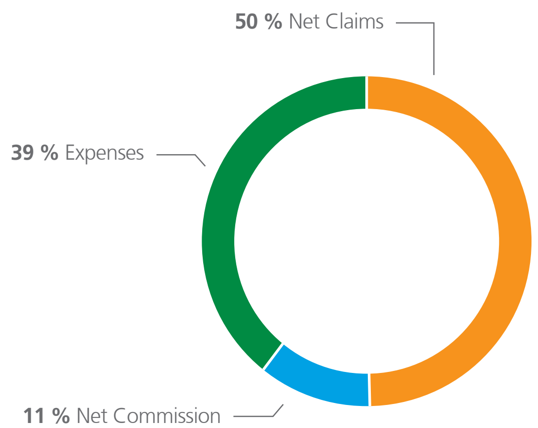
Net Claims - 2017



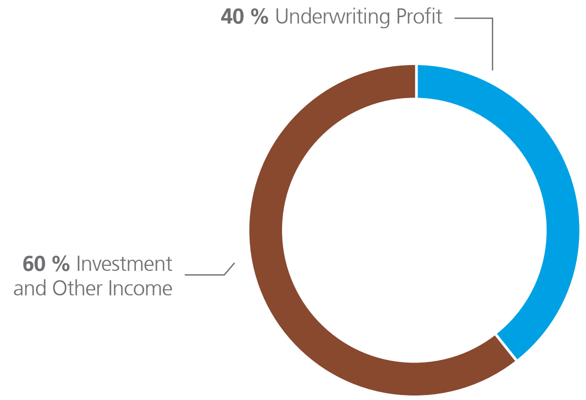
Combined Expenses - 2018



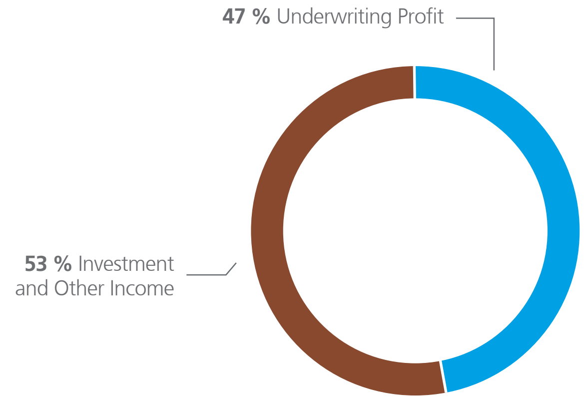
Combined Expenses - 2017



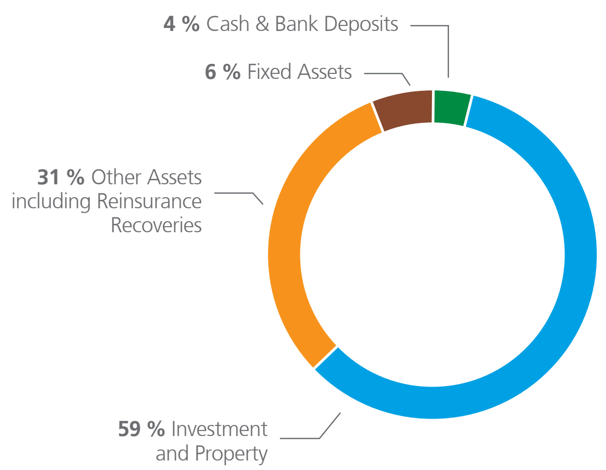
Analysis of Income - 2018



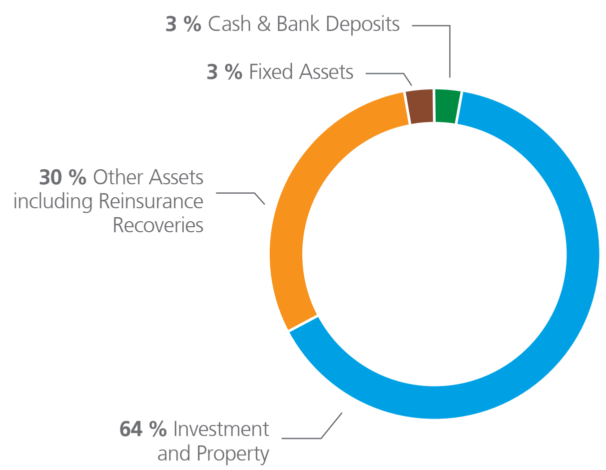
Analysis of Income - 2017



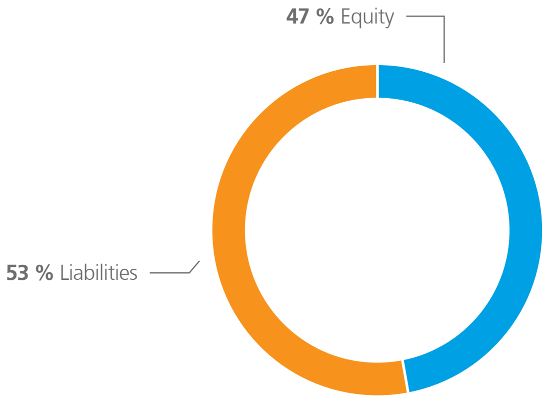
Total Assets - 2018



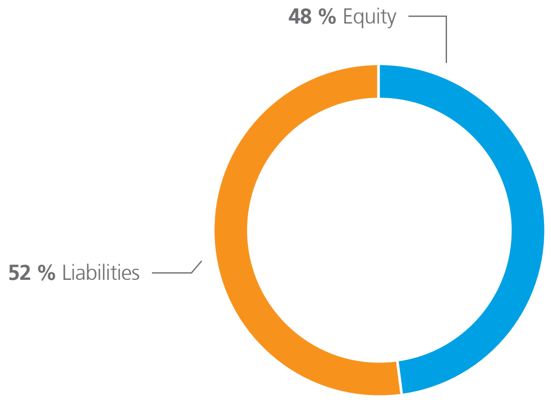
Total Assets - 2017



Total Equity and Liabilities - 2018

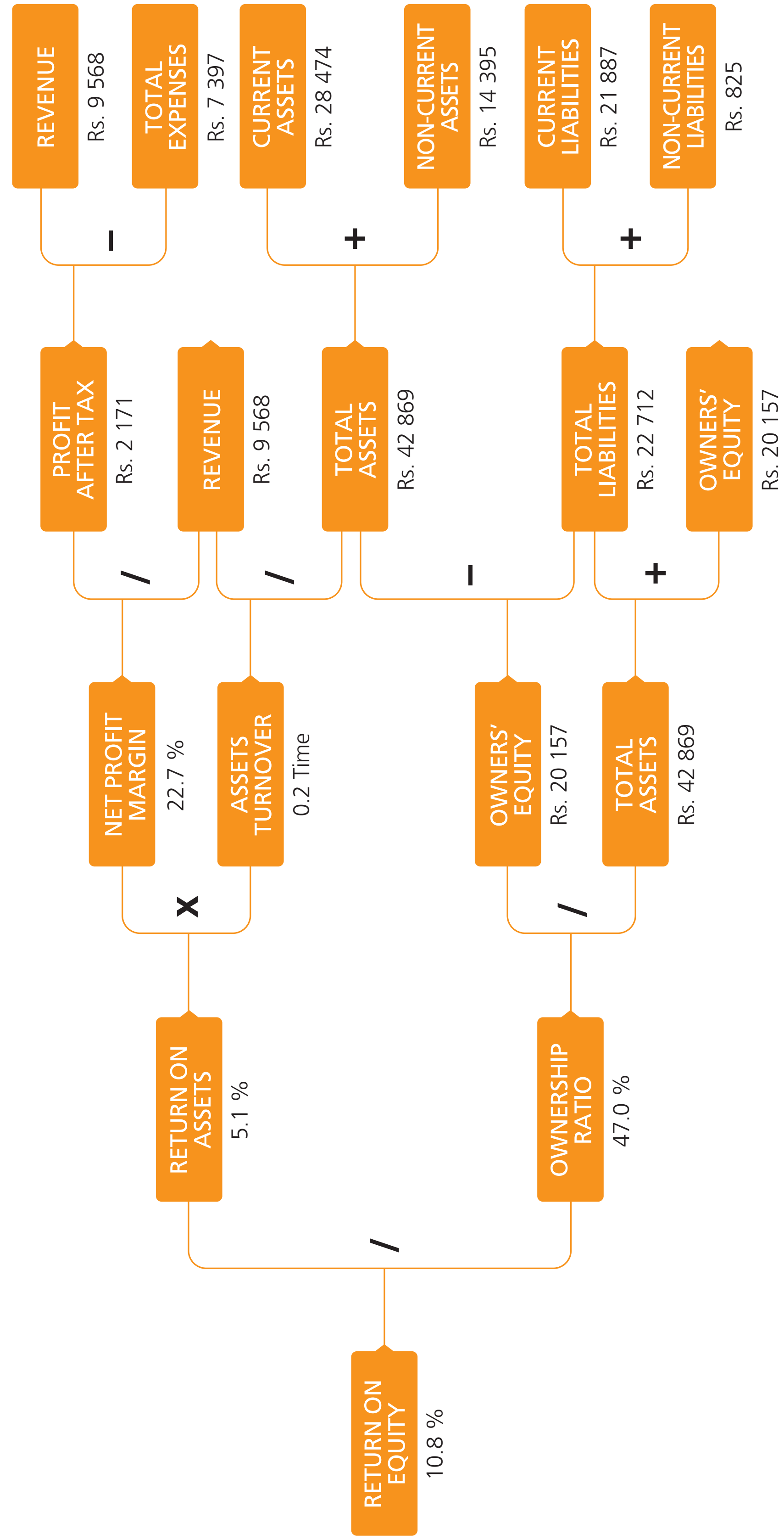


Total Equity and Liabilities - 2017



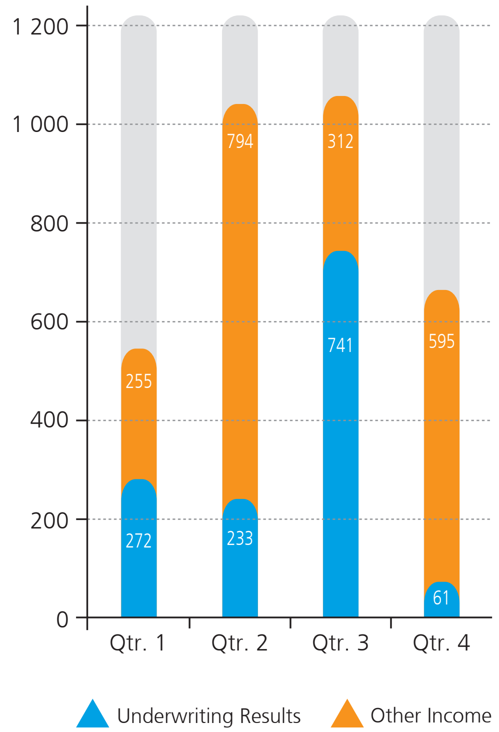
DuPont Analysis

Rupees in Million



Analysis of Variation in Results Reported in Quarterly Accounts

PROFIT BEFORE TAX
(Rupees in Million)



Qtr 1: The Company reported Profit before tax of Rs. 527 million in the first quarter comprising of underwriting results of Rs. 272 million and investment income of Rs. 255.

Qtr 2: This quarter resulted in Profit before tax of Rs. 1,027 million inclusive of underwriting results of Rs. 233 million and investment income of Rs. 794 million. The investment income includes dividend from subsidiary of Rs. 542 million.

Qtr 3: The Company recorded written premiums of Rs. 5,322 million during the third quarter along with notable impact in claim ratio resulting in underwriting results of Rs. 741 million.

Qtr 4: The fourth quarter resulted in Profit before tax of Rs. 656 million mainly comprising of investment income of Rs. 468 million. The increase in investment income pertains to capital gain from sale of investments of Rs. 160 million.

Compliance with International Financial Reporting Standards (IFRS)

Your Company complies with the applicable International Accounting Standards (IAS)/IFRS vital for true and fair preparation and presentation of financial information. Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders.

The International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as applicable in Pakistan, have been followed in preparation of the financial statement. The adoption of IFRS status is explained in detail in note 2.1 of annexed unconsolidated and consolidated financial statements.

Adherence to the International Integrated Reporting Framework (IR)

With over 85 years of customers' trust, EFU stands as Pakistan's largest and the oldest general insurer, always ready to go the extra mile to serve better. EFU provides full range of insurance service for Fire, Engineering, Marine, Aviation, Motor, Other insurance and Takaful products.

Our strategy is designed to deliver sustainable, profitable growth in competitive business environment and to maintain leading position in the country.

The management of your Company firmly believes in adherence to the best corporate governance practices and its reporting thereof is committed to generate greater value for the organization and its stakeholders.

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2017 For the year ended December 31, 2018

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG 2017).

The Company has applied the principles contained in the Code in the following manner:

1. The total numbers of Directors are nine as per the following:

   a: Male: 9
   b: Female: 0

2. The Insurer encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Mohammed Iqbal Mankani
Non-Executive Directors	Mr. Saifuddin N. Zoomkawala
	Mr. Abdul Rehman Haji Habib
	Mr. Taher G. Sachak
	Mr. Ali Raza Siddiqui
	Mr. Saad Bhimjee
	Mr. Daanish Bhimjee
Executive Directors	Mr. Hasanali Abdullah
	Mr. Mahmood Lotia

   The independent director meets the criteria of independence as laid down under the code and CCG 2017.

3. The directors have confirmed that none of them is serving as a director in more than five listed companies including this company (excluding the listed subsidiary of listed holding companies).
4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. A casual vacancy occurring on the Board during the year on April 27, 2018 on resignation of Mr. Muneer R. Bhimjee was filled up by the Directors by co-opting Mr. Daanish Bhimjee as director on the same day.
6. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and CCG 2017. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer, other Executive Director and key Officers have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose and the Board met atleast once in every quarter. The Board has complied with the requirement of the Act and CCG 2017 with respect to frequency, recording and circulating minutes of meeting of Board. Written notices of Board meetings, along with agenda and working papers were circulated atleast seven days before the meeting.
10. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2017.
11. Eight directors of the Company have acquired certification under the Director's training program from Pakistan Institute of Corporate Governance, and one newly elected director will certify himself in the year 2019. During the year, a Director Mr. Saad Bhimjee (non-executive director) has attended the Certified Director's training program.
12. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the code.
13. The management of the Company has submitted a Booklet to the Board of Directors during the year to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance.
14. There was no change of Chief Financial Officer (CFO) & Corporate Secretary and Head of Internal Audit in 2018. The Board had approved the remuneration of CFO & Company Secretary and the Head of Internal Audit Department. The Board of Directors have now appointed Mr. Amin Punjani as Company Secretary of the Company.
15. The Directors' Report for this year has been prepared in compliance with the requirements of the code and CCG 2017 and fully describes the salient matters required to be disclosed.
16. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
17. The directors, Chief Executive Officer and Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
18. The company has complied with all the corporate and financial reporting requirements of the code and CCG 2017.
19. The Board has formed the following Board Committees:

   Ethics, Human Resource and Remuneration Committee:

Name of the Member	Category
Mr. Mohammed Iqbal Mankani	Chairman - Independent Director
Mr. Saifuddin N. Zoomkawala	Member - Non Executive Director
Mr. Hasanali Abdullah	Member - Executive Director

   Investment Committee:

Name of the Member	Category
Mr. Saifuddin N. Zoomkawala	Chairman - Non Executive Director
Mr. Hasanali Abdullah	Member - Executive Director
Mr. Daanish Bhimjee	Member - Non Executive Director
Mr. Altaf Gokal	Chief Financial Officer & Corporate Secretary
Mr. Atif Anwer	Senior Executive Vice President (Finance)

20. The Board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors and one is an independent director. The chairman of the Committee is an independent and non-executive director. The composition of the Audit Committee is as follows:

   Audit Committee:

Name of the Member	Category
Mr. Mohammed Iqbal Mankani	Chairman - Independent Director
Mr. Taher G. Sachak	Member - Non Executive Director
Mr. Ali Raza Siddiqui	Member - Non Executive Director
Mr. Daanish Bhimjee	Member - Non Executive Director

21. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman
Mr. Mahmood Lotia	Member
Mr. Khurram Ali Khan	Member (resigned on January 01, 2019)
Mr. Kamran Arshad Inam	Member
Mr. Imran Ahmed	Member - Secretary
Mr. Khurram Nasim	Member
Mr. Muhammad Sohail Nazir	Member

Claim Settlement Committee:

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman
Mr. Aftab Fakhruddin	Member - Secretary
Mr. Badar Amin Sissodia	Member
Mr. Farrukh Aamir Baig	Member
Ms. Fatima Bano	Member

Reinsurance & Co-insurance Committee:

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman
Mr. Mahmood Lotia	Member
Mr. Altaf Gokal	Member
Mr. Khurram Ali Khan	Member (resigned on January 01, 2019)
Mr. Kamran Arshad Inam	Member
Mr. Imran Ahmed	Member
Mr. Darius H. Sidhwa	Member
Mr. Khurram Nasim	Member
Mr. Muhammad Sohail Nazir	Member
Mr. Pervez Ahmed	Member - Secretary

Risk Management & Compliance Committee:

Name of the Member	Category
Mr. Mahmood Lotia	Chairman
Mr. Altaf Gokal	Member
Mr. Khurram Ali Khan	Member (resigned on January 01, 2019)
Mr. Darius H. Sidhwa	Member
Mr. Hameed Qureshi	Member
Mr. Atif Anwar	Member - Secretary
Mr. Ali Ghulam Ali	Member
Mr. Amin Punjani	Member (joined on March 22, 2019)

The functions of Nominations Committee are being performed by the Board.

22. The meetings of the Committees except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter. The Quarterly meetings of audit committee was held prior to the approval of interim and final results of the company. The terms of references of the Committees have been formed and advised to the Committees for compliance.

23. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on a regular basis.

24. The Chief Executive Officer, Chief Financial Officer & Corporate Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation	Qualification	Experience
Mr. Hasanali Abdullah	Chief Executive Officer	FCA	Working in EFU since 1979
Mr. Altaf Gokal	Chief Financial Officer	FCA	Working in EFU since 1989
Mr. Amin Punjani	Company Secretary and Compliance Officer	ACA, ACCA, M.A.	Working in EFU since 2017
Mr. Ali Ghulam Ali	Head of Internal Audit	ACA	Working in EFU since 2011
Mr. Mahmood Lotia	Head of Underwriting, Claims, Reinsurance and Risk Management	A.C.I.I	Working in EFU since 1991
Mr. M. Vaqaruddin	Head of Window Takaful Operations	M.B.A, A.C.I.I	Working in EFU since 2014
Mr. Aftab Fakhruddin	Head of Grievance Function	B.E, Dip. C.I.I	Working in EFU since 1990

25. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the institute of Chartered Accountants of Pakistan.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the code.

28. The Board ensures that the risk management system of the Company is in place as per the requirements of the code.

29. The company has set up a Risk Management function, which carries out its tasks as covered under the code.

30. The Company has been rated by AM Best, PACRA and JCR-VIS and the rating assigned by these rating agencies on September 28, 2018, December 24, 2018 and June 29, 2018 respectively. PACRA and JCR-VIS has assigned rating of AA+ with stable outlook while AM Best has assigned rating of B+ with positive outlook.

31. The Board has set up Grievance function in compliance with the requirements of the code.

32. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the code.

33. We confirm that all other material principles contained in the code and CCG 2017 have been complied.

DAANISH BHIMJEE	MAHMOOD LOTIA	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Independent Auditor's Report
To the Members of EFU General Insurance Limited
Review Report to the Statement of Compliance contained in Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of EFU General Insurance Limited for the year ended 31 December 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2018.

KPMG Taseer Hadi & Co.
Chartered Accountants

Muhammad Taufiq

Karachi 22 March 2019

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles

We were engaged by the Board of Directors of EFU General Insurance Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2018, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

– Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;

– Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shari'ah Advisor and the board of directors;

– Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and

– Review the statement of management's assessment of compliance of the Takaful transactions for the year ended 31 December 2018 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 31 December 2018, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi 22 March 2019

Statement of Compliance with the Shari'ah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of EFU General Insurance Limited ('the Company') for the year ended December 31, 2018 are in compliance with the takaful rules, 2012.

Further we confirmed that:

– The Company has developed and implemented all the policies and procedures in accordance with takaful rules, 2012 and rulings of the Shari'ah Advisor along with a comprehensive mechanism to ensure compliance with such ruling and takaful rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the audit Committee / Shari'ah Advisor and the Board of Directors have been implemented;

– The Company has imparted training / orientations and ensured availability of all manuals / arrangements approved by Shari'ah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;

– All the products and polices have been approved by the Shari'ah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor; and

– The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the takaful rules, 2012.

This has been duly confirmed by the Shari'ah Advisor of the Company.

HASANALI ABDULLAH
Managing Director & Chief Executive

Karachi 22 March 2019

MUFTI MUHAMMAD IBRAHIM ESSA
Graduate from Jamiah Darul Uloom Karachi, Pakistan
Shari'ah Advisor - Islamic Finance and Takaful / Retakaful
Email: mibrahimesa@yahoo.com
Phone: (92) (21) 02135049775, +92.322.2671867

المفتی ابراہیم عیسیٰ
خریج الجامعۃ دار العلوم کراتشی
المشیر الشرعی للامور المالیۃ الاسلامیۃ

Annual Shari'ah Review Report
For the year ended December 31, 2018

الحمد لله رب العالمين والعاقبۃ للمتقين والصلاة والسلام على اشرف الانبياء والمرسلين وعلى اٰ لہ
واصحابہ اجمعين .امابعد

The company, EFU General Insurance Limited started its Window Takaful Operations on 6th May 2015. By the grace of Allah, the year under review was the fourth successful year of Takaful in EFU General. In this year, the Management, sales personals and Board of Directors shown their sincere efforts for the promotion of Takaful and underwritten good numbers in Takaful that crossed 2 billion of Takaful contributions and maintained to be the Takaful Leader of the Industry.

Progress of the Year:

During the period under review; EFU General Window Takaful Operations (EFU General-WTO) has achieved significant successes, details of which are as follow:

1. Alhamdulillah, EFU General- Window Takaful Operations maintained to be the Takaful Leader of the Industry and achieved the milestone by underwriting 2 billion Takaful contributions in 2018.
2. Dedicated Window Takaful Branch of Head office successfully recorded the Takaful contracts executed during the year.
3. Divisions and Branches fully participated in the business of Takaful in the different locations of the Country. Now the number of divisions have been allowed to underwrite and record the business independently. By this way, the Divisions confidently underwritten the Takaful policies which increased the size of Takaful and they provided the excellent service of Takaful to their Participants.
4. Significant success has been achieved in the Takaful Agreements with Islamic Banks. At this stage, I am thankful to the Partners Banks for the confidence they have shown on EFU General-WTO's Takaful Products. During the year, number of Islamic Banks entered into MOU with EFU General-WTO.

Shari'ah Certification:

As Shari'ah Advisor of EFU General-WTO; I confirm that:

- I have carefully reviewed all the product documents of EFU General-WTO including Waqf Deed, PTF Policies, Takaful Policies, Brochures, MOU with Islamic Banks, and Retakaful Agreements etc. and Alhamdulilalh I have found them in accordance with Shari'ah Principles. Further, I confirm that the Takaful Policies issued during the year under review are in accordance with the guidelines of Shari'ah.
- For the investment purpose of Takaful Funds, a Shari'ah Compliant Investment Policy has been drafted with the consultation of undersigned and all the investments of Takaful are undertaken in accordance with this Policy. Moreover, all Bank Accounts of Takaful are separate from the conventional insurance business and are maintained in Islamic Banks.
- Dedicated Window Takaful Branch and other related Departments of head office, before launching any Takaful Product, take guidance and advice of Shari'ah from the undersigned and always develop the Takaful Products in accordance with the guidelines provided by me as Shari'ah Advisor.
- Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that EFU General has realized criticalities of this issue and from the day one, Alhamdulillah, all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues are kept separate from its conventional insurance business, as per requirement of Shari'ah.
- Conducting Training and Development is an imperative for understanding the principles of Takaful and its practical outline. For this purpose EFU General fulfilled its responsibility and arranged classroom training sessions for takaful in all over Pakistan; from Head Office to the Distribution (Sales) force level working in their respective fields and I personally felt that participants gained significantly from these training sessions. I hope EFU General will continue this practice in the future.

While concluding; I state that the Shari'ah principles were followed in practical implementation of EFU General-WTO in this year. I am grateful to the Board of Directors of EFU General, Management, Head of Window Takaful Operations, Divisional and Branch Heads and all relevant departments who cooperated with me and provided me every possible support to ensure Shari'ah Compliance in our Takaful practices.

In the end; I pray to Allah Almighty that the passion and dedication with which EFU General has launched its Window Takaful Operations; may Allah Almighty grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to EFU General Window Takaful Operations.

والسلام علیکم ورحمۃ اللہ وبرکاتہ

Mufti Muhammad Ibrahim Essa
Shari'ah Advisor

EFU General Insurance Limited
Window Takaful Operations

24th January, 2019

Profile of Shari'ah Advisor - Window Takaful Operations

Shari'ah Advisor of EFU General Insurance Limited - Window Takaful Operations is Mufti Ibrahim Essa, a well-known recognized Shari'ah Scholar in field of Islamic Finance and Takaful. Mufti Ibrahim Essa has completed his Darse Nizami (Masters in Quran and Sunnah) and Takhassus Fil Ifta (Specialization in Islamic Jurisprudence) from Jamiah Darul Uloom Karachi.

Currently he is working as Teacher and Member of Darul Ifta Darul – Uloom Karachi. Mufti Ibrahim Essa is also associated as Chairman Shari'ah Supervisory Board - Zarai Taraqiyati Bank Limited and Member Shari'ah Supervisory Board – Habib Metropolitan Bank Limited and Bank of Khyber. He is also the Shari'ah Advisor of Equitable Financial Solutions (Australia), EFU Life Assurance and Allianz EFU Health Insurance Limited. Mufti Ibrahim has also written more than Three thousand Fatawa on different topics.

Mufti Ibrahim Essa looks after the matters of Takaful in EFU General Insurance Limited.

Independent Auditor's Report
To the members of EFU General Insurance Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of EFU General Insurance Limited (the "Company"), which comprise the unconsolidated statement of financial position as at 31 December 2018, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2018 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements for the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Valuation of Claim Liabilities** Refer notes 3.17 and 25 to the unconsolidated financial statements relating to valuation of claim liabilities. The Company's claim liabilities represents 23% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions. We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of judgment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Obtained an understanding, evaluated the design and tested the controls related to recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Analyzed the trends of claims reported as against the Company's historical performance and evaluated the reasonableness of major variations; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
2.	**Revenue Recognition Risk** Refer notes 3.7, 3.14.3, 24 and 28 to the unconsolidated financial statements relating to revenue recognition risk. The Company receives its revenue primarily from two main sources namely; premiums and investments income. Premiums from insurance policies comprise of 92% of the total revenue. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premiums and investment income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums and investment income in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Tested the investment income transaction on sample basis where investment income was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate period.

S. No.	Key Audit Matters	How the matter was addressed in our audit
3.	**Valuation of insurance / reinsurance receivables** Refer notes 3.11.1 and 14 to the unconsolidated financial statements relating to valuation of insurance / reinsurance receivables. The Company's insurance / reinsurance receivables represents 8% of its total assets which are stated net of provision for impairment of Rs. 69 million. Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions. We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for the recognition and valuation of receivables; • Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; • Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end; • Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liabilities; and • Assessed the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.
4.	**Classification, Valuation and Impairment of Investments** Refer notes 3.15, 9, 10, 11 and 12 to the unconsolidated financial statements relating to classification, Valuation and Impairment of Investments. The Company's investment portfolio comprise of government debt securities, equity securities, other fixed income securities and term deposits. Investments carried at Available for Sale represent 98% of the total investments while investments classified as Held to Maturity represent 2% of the total investments. We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for classification and valuation of investments and for impairment of investments classified as available for sale; • Tested, on a sample basis, specific investments buying and selling transactions and classification recorded with underlying documentation; • Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and • Assessed the appropriateness of impairment in the value of available for sale securities held by the Company in accordance with accounting and reporting standards as applicable in Pakistan.

S. No.	Key Audit Matters	How the matter was addressed in our audit
5.	**Changes in accounting policies due to introduction of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017** Refer notes 3.1 and 4.1 to the unconsolidated financial statements relating to changes in accounting policies due to introduction of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective for the year ended 31 December 2018. These regulations contained a new format of financial statements and changed the presentation basis. These changes also required changes in basis of valuation of various investments. Because of the significance of the change, this was identified as key audit matter.	Our audit procedures in respect of this matter included the following: • Evaluated the adequacy and completeness of the disclosures relating to changes in accounting policies and adjustments required in accordance with accounting and reporting standards as applicable in Pakistan; and; • Evaluated the adequacy and completeness of additional disclosures as required under new accounting regulations.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the Other Information. The Other Information comprises the information included in the Company's Annual Report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi 22 March 2019

Independent Auditor’s Report
To the members of EFU General Insurance Limited
Report on the Audit of the Window Takaful Operations

Opinion

We have audited the annexed financial statements of **EFU General Insurance Limited - Window Takaful Operations** (the “Company”), which comprise the statement of financial position as at 31 December 2018, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2018 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the Other Information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi 22 March 2019

Unconsolidated Financial Statements

For the year ended 31 December 2018

Unconsolidated Statement of Financial Position
As at 31 December 2018

Rupees '000

	Note	31 December 2018	(Restated) 31 December 2017	(Restated) 01 January 2017
Assets				
Property and equipment	6	2 615 648	1 289 023	1 147 419
Intangible assets	7	–	–	–
Investment property	8	1 879 093	1 847 093	1 548 008
Investments in subsidiary / associate	9	9 897 937	10 999 448	9 285 042
Investments				
Equity securities	10	4 970 478	6 419 425	9 493 420
Debt securities	11	8 228 784	8 527 268	5 261 736
Term deposits	12	506 607	430 550	671 880
Loans and other receivables	13	100 271	118 618	242 788
Insurance / reinsurance receivables	14	3 577 054	2 819 069	3 997 872
Reinsurance recoveries against outstanding claims	25	3 363 439	3 538 572	3 424 617
Salvage recoveries accrued		42 306	68 458	36 627
Deferred commission expense	26	600 740	689 587	564 645
Taxation - payments less provisions		–	109 962	–
Prepayments	15	5 198 902	5 202 181	4 207 314
Cash and bank	16	1 266 562	1 164 209	1 195 586
		42 247 821	43 223 463	41 076 954
Total assets of Window Takaful Operations - Operator's Fund		621 302	430 641	266 096
Total assets		42 869 123	43 654 104	41 343 050
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	17	2 000 000	2 000 000	2 000 000
Reserves	18	14 522 985	15 638 968	15 443 591
Unappropriated profit		2 775 470	3 202 317	3 640 318
Total equity		19 298 455	20 841 285	21 083 909
Surplus on revaluation of property and equipment		859 097	–	–
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	25	5 176 757	5 572 347	5 415 030
Unearned premium reserves	24	8 354 109	8 496 686	7 388 680
Unearned reinsurance commission	26	394 848	461 616	343 977
Retirement benefit obligations	19	62 704	71 805	588
Deferred taxation	20	824 875	1 122 889	1 337 047
Premium received in advance		56 514	31 487	4 597
Insurance / reinsurance payables	21	5 333 106	4 992 011	3 584 545
Other creditors and accruals	22	2 054 552	1 814 387	1 843 752
Taxation - provision less payment		46 595	–	206 350
Total liabilities		22 304 060	22 563 228	20 124 566
		42 461 612	43 404 513	41 208 475
Total liabilities of Window Takaful Operations - Operator's Fund		407 511	249 591	134 575
Total equity and liabilities		42 869 123	43 654 104	41 343 050
Contingencies and commitments	23			

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Unconsolidated Profit and Loss Account
For the year ended 31 December 2018

Rupees '000

	Note	2018	(Restated) 2017
Net insurance premium	24	7 562 349	7 614 558
Net insurance claims	25	(3 088 870)	(2 975 071)
Net commission and other acquisition cost	26	(587 650)	(661 516)
Insurance claims and acquisition expenses		(3 676 520)	(3 636 587)
Management expenses	27	(2 579 025)	(2 345 543)
Underwriting results		1 306 804	1 632 428
Investment income	28	1 612 336	1 512 280
Rental income	29	103 991	96 990
Other income	30	161 227	117 507
Change in fair value of investment property	8	10 681	298 769
Other expenses	31	(50 127)	(43 243)
		1 838 108	1 982 303
Results of operating activities		3 144 912	3 614 731
Profit from window takaful operations - Operator's Fund	32	117 452	46 855
Profit before tax		3 262 364	3 661 586
Income tax expense	33	(1 091 091)	(1 161 256)
Profit after tax		2 171 273	2 500 330
Earnings (after tax) per share - Rupees	34	10.86	12.50

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Unconsolidated Statement of Comprehensive Income
For the year ended 31 December 2018

Rupees ‘000

	2018	(Restated) 2017
Profit after tax	2 171 273	2 500 330
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss		
Unrealized loss on available-for-sale investments during the year	(1 305 601)	(2 560 077)
Reclassification adjustments relating to available-for-sale investments disposed off during the year	149 247	99 486
Unrealized (loss) / gain on available-for-sale investments during the year of subsidiary / associate company	(1 109 402)	1 640 516
Total unrealized loss on available-for-sale investments	(2 265 756)	(820 075)
Deferred tax on available-for-sale investments	374 417	801 858
Deferred tax on available-for-sale investments of subsidiary / associate company	184 689	(527 092)
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(940)	24
	(1 707 590)	(545 285)
Item not to be reclassified to profit and loss account in subsequent periods:		
Actuarial losses on defined benefit plans	(9 305)	(68 249)
Related deferred tax	2 792	20 580
	(6 513)	(47 669)
Net other comprehensive income	(1 714 103)	(592 954)
Total comprehensive income for the year	457 170	1 907 376

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Unconsolidated Cash Flow Statement
For the year ended 31 December 2018

Rupees ‘000

	2018	(Restated) 2017
Operating cash flows		
a) Underwriting activities		
Insurance premium received	18 037 169	20 042 423
Reinsurance premium paid	(10 980 508)	(9 668 087)
Claims paid	(4 930 350)	(5 099 250)
Reinsurance and other recoveries received	1 657 225	2 136 686
Commission paid	(1 420 758)	(1 714 066)
Commission received	862 510	971 685
Management expenses paid	(2 291 052)	(2 114 942)
Net cash flow from underwriting activities	934 236	4 554 449
b) Other operating activities		
Income tax paid	(985 977)	(1 404 893)
Other operating payments	(63 216)	(122 763)
Other operating receipts	136 726	70 411
Loans advanced	(4 137)	(4 685)
Loans repayments received	2 420	3 877
Net cash flow from other operating activities	(914 184)	(1 458 053)
Total cash flow from all operating activities	20 052	3 096 396
Investment activities		
Profit / return received	744 153	667 455
Dividend received	915 470	970 280
Rental received	106 262	112 334
Payment for investments / investment properties	(35 405 602)	(16 907 070)
Proceeds from investments / investment properties	36 014 646	14 483 997
Fixed capital expenditures	(397 910)	(386 045)
Proceeds from sale of property and equipment	39 447	43 794
Total cash flow from investing activities	2 016 466	(1 015 255)
Total cash flow from financing activities - dividends paid	(1 934 165)	(2 112 518)
Net cash flow from all activities	102 353	(31 377)
Cash and cash equivalents at the beginning of year	1 164 209	1 195 586
Cash and cash equivalents at the end of year	1 266 562	1 164 209
Reconciliation to profit and loss account		
Operating cash flow	20 052	3 096 396
Depreciation / amortization expense	(275 668)	(238 120)
Profit on disposal of property and equipment	33 836	37 472
Profit on disposal of investments / investment properties	150 745	99 487
Rental income	103 991	96 990
Dividend Income	911 901	969 057
Other investment income	549 689	443 737
Profit on deposit	81 729	71 336
Other income	45 663	8 698
Change in fair value of investment properties	10 681	298 769
Increase in assets other than cash	348 149	228 744
Decrease / (increase) in liabilities other than borrowings	73 053	(2 659 091)
Profit after tax from conventional insurance operations	2 053 821	2 453 475
Profit from window takaful operations - Operator's Fund	117 452	46 855
Profit after tax	2 171 273	2 500 330

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Unconsolidated Statement of Changes in Equity
For the year ended 31 December 2018

Rupees '000

	Attributable to equity holders of the Company						
			Revenue reserves				
	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	Unapprop-riated profit	Total (Restated)
Balance as at 01 January 2017 as previously reported	2 000 000	12 902	12 500 000			2 388 169	16 901 071
Restatement due to change in accounting policies (refer note 4) - net of deferred tax				1 983 218	947 471	1 252 149	4 182 838
Balance as at 01 January 2017 (restated)	2 000 000	12 902	12 500 000	1 983 218	947 471	3 640 318	21 083 909
Total comprehensive income for the year ended 31 December 2017							
Profit after tax					240 662	2 259 668	2 500 330
Other comprehensive income				(545 285)		(47 669)	(592 954)
				(545 285)	240 662	2 211 999	1 907 376
Transactions with owners recorded directly in equity							
Final dividend for the year 2016 at the rate of Rs. 7.00 (70%) per share						(1 400 000)	(1 400 000)
1st Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)
2nd Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)
3rd Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)
Other transfer within equity							
Transfer to general reserve			500 000			(500 000)	
Balance as at 31 December 2017 (restated)	2 000 000	12 902	13 000 000	1 437 933	1 188 133	3 202 317	20 841 285
Balance as at 01 January 2018 as previously reported	2 000 000	12 902	13 000 000			2 034 319	17 047 221
Restatement due to change in accounting policies (refer note 4) - net of deferred tax				1 437 933	1 188 133	1 167 998	3 794 064
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 year ended 31 December 2018							
Profit after tax					91 607	2 079 666	2 171 273
Other comprehensive income				(1 707 590)		(6 513)	(1 714 103)
				(1 707 590)	91 607	2 073 153	457 170
Transactions with owners recorded directly in equity							
Final dividend for the year 2017 at the rate of Rs. 6.25 (62.5%) per share						(1 250 000)	(1 250 000)
1st Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)
2nd Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)
3rd Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)
Other transfer within equity							
Transfer to general reserve			500 000			(500 000)	
Balance as at 31 December 2018	2 000 000	12 902	13 500 000	(269 657)	1 279 740	2 775 470	19 298 455

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Notes to the Unconsolidated Financial Statements
For the year ended 31 December 2018

1. Legal status and nature of business

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

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Company operates through 53 (2017: 52) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

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

2. Basis of preparation and statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, shall prevail.

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these unconsolidated financial statement 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 financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.1 Basis of measurement

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

2.3 Standards, interpretations and amendments effective during the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements. During the year, certain new standards and amendments to existing standards became effective. However, they did not have material effect on these unconsolidated financial statements.

SECP vide its S.R.O. 88(1)/2017 and S.R.O. 89(1)/2017 dated 09 February 2017 has issued Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 which prescribed a new format for the financial statements of Insurance Companies, effective from the year ended 31 December 2018. Accordingly, these unconsolidated financial statements are prepared in accordance with the new format.

In addition, Companies Act 2017 also became effective for the financial statements for the year ended 31 December 2017. As the Company's unconsolidated financial statements are prepared in accordance with the format prescribed by the Insurance Rules, 2017, it did not have a direct impact on the financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.

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

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. However, SECP through its notification no. S.R.O 229 (I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 for reporting period / year ending on or after 30 June 2019. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 01 July 2018). The amendments address 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 adopted the temporary exemption which allows the Company to defer the application of both IFRS 9 and IFRS 17 until 31 December 2021.

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

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's unconsolidated financial statements.

Amendment to IFRS 3 'Business Combinations'-Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's unconsolidated financial statements.

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of unconsolidated financial statements are consistent to all years presented in these unconsolidated financial statements except for the change in valuation of available-for-sale investments, valuation of investment properties, property and equipment, investment in subsidiary / associate change in format for preparation of unconsolidated financial statements as disclosed in note 4 and the standards, which became effective during the current year.

3.1 Property and equipment

The Company has changed its accounting policy for land and building as disclosed in note 4.3

Land is measured at cost at the time of initial recognition and is subsequently carried at revalued amount. Building is initially measured at cost and upon revaluation, is carried at revalued amount less accumulated depreciation and impairment, if any; all other operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.

Land and building are revalued by independent professionally qualified valuer to ensure that the net carrying amount does not differ materially from the fair value. The surplus arising on revaluation of fixed assets is credited to the "surplus on revaluation of property and equipment".

Depreciation is calculated on straight line basis at the rates specified in note 6.1 to these unconsolidated financial statements.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from surplus on revaluation of assets to unappropriated profit through statement of changes in equity to record realisation of surplus to the extent of the incremental depreciation charges for the year.

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account currently.

Gains or losses on disposal of property and equipment are included in profit and loss account.

3.1.1 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible fixed assets.

3.2 Intangible asset

Material computer software licenses acquired are capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years using the straight line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortization on additions to intangibles is charged from the month in which an asset is available for use, while no amortization is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software programmes are recognized as an expense when incurred.

The assets' residual values, useful lives and method for amortization are reviewed at each financial year end and adjusted if impact on amortization is significant.

3.3 Investment properties

The investment property policy is given under note 4.2.

3.4 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those, which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Fire and property insurance contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other insurances like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, mobilization and performance bonds, workers compensation etc. are included under miscellaneous insurance cover.

3.5 Commission

3.5.1 Deferred commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

3.5.2 Commission income

Commission from reinsurers is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements is recognized when the Company's right to receive the same are established.

3.6 Premium

For all the insurance contracts, premiums / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognized as written from the date of attachment of the risk to the policy / cover note and over the period of the insurance from inception to the expiry of policy. Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

3.7 Unearned premiums reserves

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge, which relates to business in force at the financial statement date. Unearned premiums have been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

3.8 Premium deficiency reserve (liability adequacy test)

At each financial statement date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after financial statement date in respect of policies in force at financial statement date with the carrying amount of unearned premium liability. Any deficiency is recognized by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable.

The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

The expected ultimate net claim ratios for the unexpired periods of policies in force at financial statement date for each class of business is as follows:

	2018	2017
– Fire and property damage	27 %	27 %
– Marine, aviation and transport	36 %	38 %
– Motor	48 %	49 %
– Miscellaneous	35 %	42 %

3.9 Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognizing premium revenue.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognized at the same time when reinsurance premiums are recognized as an expense.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each financial statement date. If there is objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

3.10 Receivables and payables

3.10.1 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss account.

Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

3.10.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each financial statement date and adjusted to reflect current best estimates.

3.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Company has four primary business segments for reporting purposes namely, fire and property, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.4.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand.

3.13 Revenue recognition

3.13.1 Premium

The revenue recognition policy for premiums is given under note 3.6.

3.13.2 Commission income

The revenue recognition policy for commission income is given under note 3.5.2.

3.13.3 Investment income

Return on investments, profit and loss sharing accounts and bank deposits are recognized using effective interest rate method.

Profit or loss on sale of investments is recognized at the time of sale.

3.13.4 Dividend Income

Dividend income is recognized when right to receive such dividend is established.

3.14 Investments

– In subsidiary - available-for-sale
– In equity securities - available-for-sale
– In debt securities - available-for-sale
– In term deposits - held to maturity

3.14.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments.

3.14.2 Measurement

3.14.2.1 Available-for-sale

Available-for-sale Investments are those non-derivative instruments that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the Statement of Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within Statement of Comprehensive Income. Whereas, any reversal in impairment is taken in Statement of Comprehensive Income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

3.14.2.2 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

3.14.3 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the financial statement. The resultant gains and losses are included in the profit and loss account.

3.15 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

3.16 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.16.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

3.16.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.16.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. The Company takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

3.17 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

3.17.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.17.2 Deferred

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial statement date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.18 Employees' retirement benefits

3.18.1 Defined benefit plans

The Company operates the following employee defined benefit plans:

– Funded gratuity scheme

The Company operates an approved gratuity fund for all employees who complete qualifying period of service.

– Funded pension scheme

Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

3.18.2 Defined contribution plan

The Company contributes to a provident fund scheme, which covers all permanent employees. Both the Company and the employees make equal contributions to the fund at the rate of 8.33 % of basic salary.

3.19 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.20 Dividend and bonus shares

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

3.21 Expenses of management

Expenses of management have been allocated to various revenue accounts on equitable basis.

3.22 Rental income

Rental income on investment properties is recognized over the term of lease.

3.23 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.5.2.

3.24 Compensated absences

The liability towards compensated absences accumulated by the employees is provided in the period in which they are earned.

3.25 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the financial statement date. Exchange gains or losses, if any, are taken into profit and loss account.

3.26 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or losses on de-recognition of financial assets and financial liabilities are taken to income directly.

3.27 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. Change in accounting policies

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

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

Had the accounting policy not been changed, available-for-sale investments, reserves and deferred taxation would have been higher by Rs. 2,751 million, Rs. 1,953 million and Rs. 798 million (December 2017: lower by Rs. 3,907 million, Rs. 2,735 million and Rs. 1,172 million) respectively.

4.2 During the year, the Company has changed its accounting policy for valuation of investment properties from cost model to fair value model as per IAS 40 investment property. Where investment property is measured at purchase cost on initial recognition including directly attributable to the acquisition of the investment property and subsequently at fair value with any change therein recognized in profit and loss account.

Subsequently cost is included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account.

This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS-8 'Accounting Policy, Change in Accounting Estimates and Error'. The comparatives have been restated accordingly.

Had the accounting policy not been changed, investment property and deferred taxation would have been lower by Rs. 1,723 million, Rs. 431 million and depreciation expense would have been higher by Rs. 25 million (December 2017: Rs. 1,697 million, and Rs. 509 million and Rs. 25 million) respectively.

4.3 During the year the Company has changed its accounting policy for its land and building from cost model to revaluation model as per IAS 16.

Had the accounting policy not been changed, property and equipment and deferred taxation would have been lower by Rs. 1,210 million and Rs. 351 million respectively.

4.4 During the year, the Company has changed format for preparation of its unconsolidated financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of unconsolidated financial statements of the Company for the year ended 31 December 2018.

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

Had the accounting policy not been changed, investment in subsidiary / accociate, reserve and deferred tax would be higher by Rs. 2,963 million, Rs. 2,222 million and Rs. 741 million (2017: Rs. 1,132 million, Rs. 792 million and Rs. 340 million).

4.6 As per note 4.1, 4.2, 4.4 and 4.5 retrospective adjustments have been made in these unconsolidated financial statements and comparatives have been revised as follows:

Effect on Statement of Unconsolidated Financial Position

Rupees '000

	31 December 2017			31 December 2016		
	Balance Previously Reported	Adjustment	Balance Restated	Balance Previously Reported	Adjustment	Balance Restated
Property and equipment	1 222 290	66 733	1 289 023	1 084 911	62 508	1 147 419
Investment property	149 120	1 697 973	1 847 093	174 081	1 373 927	1 548 008
Investments in subsidiary / associate	12 131 105	(1 131 656)	10 999 449	11 949 485	(2 664 443)	9 285 042
Investments						
Equity securities	2 505 215	3 914 209	6 419 424	3 195 534	6 297 886	9 493 420
Debt securities	8 533 957	(6 689)	8 527 268	5 191 510	70 226	5 261 736
Total assets from Window Takaful						
Operations - Operator's Fund	433 587	(107)	433 480	267 353	(143)	267 210
Deferred taxation	(376 377)	(746 399)	(1 122 776)	(380 062)	(957 123)	(1 337 185)
Reserves	(13 012 902)	(2 626 066)	(15 638 968)	(12 512 902)	(2 930 689)	(15 443 591)
Unappropriated profit	(2 034 319)	(1 167 998)	(3 202 317)	(2 388 169)	(1 252 149)	(3 640 318)

	Rupees '000
	31 December 2017
Impact on Unconsolidated Profit and Loss Account	
Profit after tax	156 511
Impact on Unconsolidated Statement of Comprehensive Income	
Other comprehensive income - net of tax	(545 285)
Impact on earning per share	0.78

4.7 During the year the Companies Act, 2017 has been implemented, however there is no impact on these unconsolidated financial statements.

5. Accounting estimates and judgements

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are:

	Note
– Property and equipment	3.1
– Investment properties	3.3
– Unearned premiums reserve	3.7
– Premium deficiency reserve (liability adequacy test)	3.8
– Receivables and payables related to insurance contracts	3.10.1
– Provision for outstanding claims (including IBNR)	3.16.1
– Taxation	3.17
– Employees' retirement benefits	3.18
– Impairment	3.19

6. Property and equipment

Rupees '000

	Note	2018	2017
Operating assets	6.1	2 613 078	1 280 473
Capital work-in-progress	6.2	2 570	8 550
		2 615 648	1 289 023

6.1 Operating assets

2018

	Cost / Revaluation					Rate	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December	%	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	81 664	–	–	1 209 287	1 290 951	0	–	–	–	–	1 290 951
Buildings	613 285	81 374	–	707	695 366	5	173 162	32 719	–	205 881	489 485
Furniture and fixtures	526 868	43 446	(3 712)	–	566 602	10	367 585	36 080	(3 712)	399 953	166 649
Office equipment	286 680	16 816	(1 108)	–	302 388	10	176 267	25 449	(851)	200 865	101 523
Computer equipment	165 514	34 704	(405)	–	199 813	30	151 248	11 519	(405)	162 362	37 451
Vehicles	701 526	134 220	(84 232)	–	751 514	20	410 472	106 455	(78 878)	438 049	313 465
Tracker equipment	271 068	93 330	–	–	364 398	20	87 398	63 446	–	150 844	213 554
	2 646 605	403 890	(89 457)	1 209 994	4 171 032		1 366 132	275 668	(83 846)	1 557 954	2 613 078

2017 (Restated)

	Cost				Rate	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	As at 31 December	%	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	81 664	–	–	81 664	0	–	–	–	–	81 664
Buildings	542 024	71 261	–	613 285	5	144 353	28 809	–	173 162	440 123
Furniture and fixtures	492 495	35 039	(666)	526 868	10	333 253	34 998	(666)	367 585	159 283
Office equipment	278 853	7 846	(19)	286 680	10	151 121	25 165	(19)	176 267	110 413
Computer equipment	156 419	9 214	(119)	165 514	30	144 424	6 943	(119)	151 248	14 266
Vehicles	621 646	162 325	(82 445)	701 526	20	390 467	96 128	(76 123)	410 472	291 054
Tracker equipment	176 508	94 560	–	271 068	20	41 321	46 077	–	87 398	183 670
	2 349 609	380 245	(83 249)	2 646 605		1 204 939	238 120	(76 927)	1 366 132	1 280 473

6.1.1 Details of tangible assets disposed off during the year are as follows:

Rupees '000

Category of Assets (Mode of disposal)	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
Furniture & Fixtures					
Written down value below Rs. 50,000	3 712	3 712	–	443	Various
	3 712	3 712	–	443	
Office equipments (Negotiation)	454	197	257	60	Ali Quli
Written down value below Rs. 50,000	654	654	–	28	Various
	1 108	851	257	88	
Computers					
Written down value below Rs. 50,000	405	405	–	27	Various
	405	405	–	27	
Vehicles (Negotiation)	1 538	1 128	410	1 000	Faysal Auto Dealer Karachi
	1 779	59	1 720	1 743	Honda Quaideen
	2 586	1 465	1 121	1 000	Mrs. Shua-ul-Ambia Riaz
	6 145	4 609	1 536	3 200	Ali Bhai Motors
	692	473	219	300	M. Kaleem Imtiaz Employee
	691	518	173	300	Syed Muhammad Shahid Naqvi
Written down value below Rs. 50,000	70 801	70 626	175	31 346	Various
	84 232	78 878	5 354	38 889	
Total	89 457	83 846	5 611	39 447	

Rupees '000

		2018	2017
6.2	Capital work-in-progress		
	Advances for renovation and equipment	2 570	8 550
		2 570	8 550

7. Intangible assets

	2018									
	Cost					Amortization				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Computer softwares	74 796	–	–	74 796	33	74 796	–	–	74 796	–
	74 796	–	–	74 796		74 796	–	–	74 796	–

Rupees '000

	2017									
	Cost					Amortization				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Computer softwares	74 796	–	–	74 796	33	74 796	–	–	74 796	–
	74 796	–	–	74 796		74 796	–	–	74 796	–

		2018	(Restated) 2017
8.	**Investment property**		
	Opening net book value	1 847 093	1 548 008
	Additions and capital improvement	21 319	317
	Unrealized fair value gain	10 681	298 768
	Closing book value	1 879 093	1 847 093

Market value of these investment properties amounts to Rs. 1,879 million based on a revaluation carried out by different valuer as at 31 December 2018 and revaluation gain of Rs. 11 million has been recognized in the profit and loss.

The fair value of investment properties was determined by external, independent property valuers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment properties every year.

The fair value of the investment properties has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used) and which is considered as highest and best use of investment property.

8.1 Valuation Techniques

The valuers have 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 analyzed 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.

9. Investment in subsidiary / associate

Rupees '000

	2018			2017 (Restated)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	12 860 562	–	12 860 562	–	–	–
Deficit on revaluation (refer note 1.1 and 4.5)	(2 962 625)	–	(2 962 625)	–	–	–
Associate						
Listed shares	–	–	–	12 852 671	–	12 852 671
Deficit on revaluation (refer note 1.1 and 4.5)	–	–	–	(1 853 223)	–	(1 853 223)
	9 897 937	–	9 897 937	10 999 448	–	10 999 448

Rupees '000

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

	2018 Cost	2018 Impairment / provision	2018 Carrying value	2017 (Restated) Cost	2017 (Restated) Impairment / provision	2017 (Restated) Carrying value
Related party *						
Listed shares	444 664	(20 874)	423 790	444 664	(13 471)	431 193
Others						
Listed shares	1 782 451	(51 790)	1 730 661	2 133 539	(70 017)	2 063 522
Unlisted shares	15 500	–	15 500	10 500	–	10 500
	1 797 951	(51 790)	1 746 161	2 144 039	(70 017)	2 074 022
Surplus on revaluation	2 800 527	–	2 800 527	3 914 210	–	3 914 210
	5 043 142	(72 664)	4 970 478	6 502 913	(83 488)	6 419 425

* 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.

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

Rupees '000

	Note	2018 Cost	2018 Impairment / provision	2018 Carrying value	2017 (Restated) Cost	2017 (Restated) Impairment / provision	2017 (Restated) Carrying value
Government Securities							
Pakistan Investment Bonds		1 343 101	–	1 343 101	2 977 076	–	2 977 076
Treasury Bills		6 755 369	–	6 755 369	5 556 881	–	5 556 881
		8 098 470	–	8 098 470	8 533 957	–	8 533 957
Term Finance Certificate							
Others							
New Allied Electronics Limited	11.1	3 481	(3 481)	–	3 481	(3 481)	–
Agritech Limited - 3rd Issue (B)	11.2	5 665	(5 665)	–	5 665	(5 665)	–
Agritech Limited - 3rd Issue (A)	11.3	34 972	(34 972)	–	34 972	(34 972)	–
Soneri Bank Limited	11.4	100 000	–	100 000	–	–	–
		144 118	(44 118)	100 000	144 118	(44 118)	–
Corporate Sukuks							
Others							
Dubai Islamic Bank Limited	11.5	80 000	–	80 000	–	–	–
Deficit on revaluation		(49 686)	–	(49 686)	(6 689)	–	(6 689)
		8 272 902	(44 118)	8 228 784	8 571 386	(44 118)	8 527 268

Rupees '000

		No. of Certificate 2018	No. of Certificate 2017	Face Value	Value of Certificate 2018	Value of Certificate 2017
11.1	New Allied Electronics Limited	2 000	2 000	5 000	10 000	10 000
11.2	Agritech Limited - 3rd Issue (B)	1 133	1 133	5 000	5 665	5 665
11.3	Agritech Limited - 3rd Issue (A)	7 000	7 000	5 000	35 000	35 000
11.4	Soneri Bank Limited	20 000	–	5 000	100 000	–
11.5	Dubai Islamic Bank Limited	16 000	–	5 000	80 000	–
		46 133	10 133		230 665	50 665

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	31 December 2018
3 Years Pakistan Investment Bonds	2019	6.28 - 6.39	Half yearly	823 900	792 404
3 Years Pakistan Investment Bonds	2019	6.11	Half yearly	250 000	247 383
5 Years Pakistan Investment Bonds	2019	6.52	Half yearly	256 600	257 746
3 Months Treasury Bills	2019	8.75	On maturity	6 777 500	6 751 251
					8 048 784
Term Finance Certificates (TFCs) – quoted					
New Allied Electronics Limited *	2012	12.92	Quarterly	3 481	3 481
Agritech Limited – 3rd Issue (B) *	2017	11.00	Half yearly	5 665	5 665
Agritech Limited – 3rd Issue (A) *	2019	13.35	Quarterly	34 972	34 972
Soneri Bank Limited	Perpetual	12.54	Half yearly	100 000	100 000
					144 118
Corporate Sukuks – quoted					
Dubai Islamic Bank Limited	Perpetual	12.27	Monthly	80 000	80 000
					8 272 902

The amount of Pakistan Investment Bonds includes Rs. 207 million (2017: Rs. 219 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

Rupees '000

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	31 December 2017
3 Years Pakistan Investment Bonds	2018	5.77 - 8.08	Half yearly	1 605 400	1 614 982
3 Years Pakistan Investment Bonds	2019	6.29 - 6.39	Half yearly	823 900	827 919
3 Years Pakistan Investment Bonds	2019	6.11	Half yearly	250 000	252 280
5 Years Pakistan Investment Bonds	2019	6.52	Half yearly	256 600	275 489
6 Months Treasury Bills	2018	5.82 - 5.88	On maturity	750 000	743 814
3 Months Treasury Bills	2018	5.90	On maturity	4 830 000	4 812 784
					8 527 268
Term Finance Certificates (TFCs) – quoted					
New Allied Electronics Limited *	2012	12.92	Quarterly	3 481	3 481
Agritech Limited - 3rd Issue (B) *	2017	11.00	Half yearly	5 665	5 665
Agritech Limited - 3rd Issue (A) *	2019	13.35	Quarterly	34 972	34 972
					44 118
					8 571 386

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

Rupees '000

	Note	2018	2017
12. Investment in term deposits			
Held to maturity			
Deposits maturing within 12 months			
Term deposit certificates - local currency	12.1 & 12.3	260 721	244 000
Term deposit certificates - foreign currency	12.2	245 886	186 550
		506 607	430 550

12.1 The rate of return on term deposit certificates issued by various banks ranges from 8.00 % to 10.00 % per annum (2017: 5.10 % to 6.90 % per annum) depending on tenure. These term deposit certificates have maturities upto March 2019.

12.2 The rate of return on foreign currency term deposit certificates issued by various banks ranges from 1.20 % to 2.10 % per annum (2017: 2.10 % per annum) depending on tenure. These term deposit certificates have maturities upto March 2019.

12.3 This includes an amount of Rs. 8.5 million (2017: Rs. 8.5 million) under lien with banks against guarantees issued in favour of the Company.

Rupees '000

	Note	2018	2017
13. Loans and other receivables - considered good			
Loans to employees		4 783	5 393
Accrued investment income		23 493	66 616
Security deposits		8 746	7 780
Advances to suppliers		35 509	33 115
Advances to employees		5 245	3 665
Other receivables		22 495	2 049
		100 271	118 618
14. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		3 639 468	2 829 996
Provision for impairment of receivables from Insurance contract holders		(69 251)	(27 814)
		3 570 217	2 802 182
Due from other insurer / reinsurers		6 837	16 887
		3 577 054	2 819 069
15. Prepayments			
Prepaid reinsurance premium ceded	24	5 073 281	5 112 083
Prepaid rent		17 398	12 703
Others		108 223	77 395
		5 198 902	5 202 181
16. Cash and bank			
Cash and cash equivalents			
Cash in hand		6	2
Policy and revenue stamps, bond papers		12 375	9 802
		12 381	9 804
Cash at bank			
Current accounts		260 780	233 422
Saving accounts	16.1 & 16.2	993 401	920 983
		1 254 181	1 154 405
		1 266 562	1 164 209

Cash and short term borrowing include following for the purposes of the cash flow statement:

	2018	2017
Cash and cash equivalents	1 266 562	1 164 209

16.1 The rate of return on saving accounts from various banks ranges from 8.00 % to 9.70 % per annum (2017: 3.75 % to 6.20 % per annum) depending on the size of average deposits.

16.2 This includes an amount of Rs. 50 million (2017: Rs. 24.2 million) under lien with a bank against facility obtained.

17. Share capital

17.1 Authorized Capital

Rupees '000

Number of shares '000 2018	2017		2018	2017
200 000	200 000		2 000 000	2 000 000

17.2 Issued, subscribed & paid-up share capital

Rupees '000

Number of shares '000 2018	2017		2018	2017
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
199 750	199 750	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	1 997 500	1 997 500
200 000	200 000		2 000 000	2 000 000

17.2.1 As at 31 December 2018, EFU Life Assurance Limited, a subsidiary undertaking, held 4 680 961 (2017: 13 626 105) ordinary shares of Rs. 10 each.

Rupees '000

	Note	2018	(Restated) 2017
18. Reserves			
Capital reserve			
Reserve for exceptional losses	18.1	12 902	12 902
Revenue reserves			
General reserve		13 500 000	13 000 000
Revaluation reserve for unrealized (loss) / gain on available-for-sale investments - net		(269 657)	1 437 933
Reserve for change in fair value of investment property - net		1 279 740	1 188 133
		14 522 985	15 638 968

18.1 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.

19. Staff retirement benefits

The latest actuarial valuation as at 31 December 2018 uses a discount rate of 12.90 % (2017: 8.20 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 9.80 % and 0.00 % (2017: 5.20 % and 2.10 %) respectively per annum in the long term.

Rupees '000

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
19.1 Reconciliation of the present value of defined benefit obligations				
At the beginning of the year	280 809	365 990	278 214	329 987
Current service cost	1 885	17 214	1 990	15 898
Interest cost	22 080	28 706	21 613	25 884
Remeasurement loss due to:				
Change in financial assumptions	(75 695)	676	–	–
Experience	2 058	45 279	1 756	15 080
Benefits paid	(23 096)	(31 830)	(22 764)	(20 859)
At the end of the year	208 041	426 035	280 809	365 990
19.2 Changes in fair value of plan assets				
At the beginning of the year	249 514	325 311	279 401	328 138
Interest income	19 557	27 038	21 749	26 274
Remeasurement gain / (loss) due to:				
Investment return	(14 850)	(22 136)	(29 847)	(21 566)
Contributions paid by company	212	40 679	195	13 324
Contributions paid by employees	847	–	780	–
Benefits paid	(23 097)	(31 830)	(22 764)	(20 859)
At the end of the year	232 183	339 062	249 514	325 311
19.3 Charge to profit and loss account				
Service cost				
Current service cost	1 885	17 214	1 990	15 898
Employee contributions	(847)	–	(780)	–
Net interest (income) / cost	2 523	1 668	(136)	(390)
Chargeable in profit and loss account	3 561	18 882	1 074	15 508
19.4 Remeasurements recognised in other comprehensive income				
Change in financial assumptions	(75 695)	676	–	–
Experience on obligation	2 058	45 279	1 756	15 080
Investment return	14 850	22 136	29 847	21 566
Chargeable in statement of comprehensive income	(58 787)	68 091	31 603	36 646
Total defined benefit cost	(55 226)	86 973	32 677	52 154
19.5 (Asset) / liability on balance sheet				
At the beginning of the year	31 295	40 679	(1 187)	1 849
Defined benefit cost	(55 226)	86 973	32 677	52 154
Contributions paid by company	(212)	(40 679)	(195)	(13 324)
At the end of the year	(24 143)	86 973	31 295	40 679
Reconciliation				
Obligation	208 041	426 035	280 809	365 990
Plan assets	(232 183)	(339 062)	(249 514)	(325 311)
Net (asset) / liability on balance sheet	(24 142)	86 973	31 295	40 679

19.6 Historical data

Rupees '000

	2017	2016	2015	2014	2013
Pension					
Present value of defined benefit obligation	280 809	278 214	229 022	208 786	195 560
Fair value of plan assets	(249 514)	(279 401)	(245 209)	(242 916)	(199 090)
(Surplus) / deficit	31 295	(1 187)	(16 187)	(34 130)	(3 530)
Experience adjustment					
- Actuarial loss / (gain) on obligation	1 756	10 451	16 348	4 024	1 110
- Actuarial (loss) / gain on assets	29 847	33 506	(4 526)	34 439	13 206

	2017	2016	2015	2014	2013
Gratuity					
Present value of defined benefit obligation	365,990	329 987	286 272	268 232	268 728
Fair value of plan assets	(325 311)	(328 138)	(308 587)	(306 545)	(296 591)
(Surplus) / deficit	40 679	1 849	(22 315)	(38 313)	(27 863)
Remeasurements due to:					
- Actuarial loss / (gain) on obligation	15 080	16 810	10 639	4 073	(1 567)
- Actuarial gain / (loss) on assets	21 566	15 124	4 099	24 216	781

19.7 Composition of fair value of plan assets

Fund investments	Pension				Gratuity			
	2018		2017		2018		2017	
Debt	81%	189 796	78%	194 334	87%	297 969	76%	249 010
Equity	9%	20 160	20%	50 782	7%	22 426	23%	74 256
NIT	9%	20 002	0%	–	6%	20 002	0%	–
Cash	1%	2 224	2%	4 398	0%	(1 335)	1%	2 044
	100%	232 182	100%	249 514	100%	339 062	100%	325 310

The expected charge to pension and gratuity fund for the year 2019 amounts to Rs. 31 million.

19.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

Impact on obligation of 1 % change in assumptions

Assumptions	1 % increase	1 % decrease
Discount rate	(32 236)	35 920
Salary increase	23 676	(21 654)
Pension increase	13 634	(12 329)

Weighted average duration of the plan is 7.6 years.

Rupees '000

Projected payments	Pension	Gratuity
Company contributions 2019	219	30 661
Benefit payments:		
2019	25 988	85 260
2020	26 500	29 643
2021	26 944	29 185
2022	29 815	94 575
2023	29 581	62 951
2024 - 2028	147 079	382 133

	2018	(Restated) 2017
20. Deferred taxation		
Deferred debits arising in respect of:		
Premium due but unpaid	(20 083)	(8 344)
Impairment of TFCs	(12 794)	(13 235)
Defined benefit plans	(20 101)	(17 310)
Deferred credits arising in respect of:		
Fair value of investment property	420 649	501 574
Revaluation of property and equipment	350 899	–
Accelerated tax depreciation	49 123	43 946
Unrealized gain on available-for-sale investments	57 182	616 258
	824 875	1 122 889

21. Insurance / reinsurance payable

These amounts represent amount payable to other insurers and reinsurer

22. Other creditors and accruals

	2018	2017
Federal insurance fee payable	9 439	12 510
Federal excise duty and sales tax payable	117 355	170 800
Accrued expenses	240 272	227 879
Agent commission payable	507 253	499 929
Unearned rentals	73 257	70 986
Other deposits	826 968	543 677
Unclaimed dividends	262 338	196 503
Others	17 670	92 103
	2 054 552	1 814 387

23. Contingencies and commitments

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

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

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

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

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

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

No provision has been made in these unconsolidated 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.

23.2 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. 37.09 million being withholding tax on bonus shares.

23.3 There are no commitments as at 31 December 2018 (31 December 2017: Nil).

Rupees '000

	2018	2017
24. Net Insurance premium		
Written gross premium	18 780 177	18 837 706
Unearned premium reserve - opening	8 496 686	7 388 680
Unearned premium reserve - closing	(8 354 109)	(8 496 686)
Premium earned	18 922 754	17 729 700
Less:		
Reinsurance premium ceded	11 321 603	11 075 552
Prepaid reinsurance premium - opening	5 112 083	4 151 673
Prepaid reinsurance premium - closing	(5 073 281)	(5 112 083)
Reinsurance expense	11 360 405	10 115 142
	7 562 349	7 614 558

Rupees '000

	2018	2017
25. Net Insurance claim expense		
Claim paid	4 956 502	5 067 420
Outstanding claims including IBNR - closing	5 176 757	5 572 347
Outstanding claims including IBNR - opening	(5 572 347)	(5 415 030)
Claims expense	4 560 912	5 224 737
Less:		
Reinsurance and other recoveries received	1 647 175	2 135 711
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 538 572)	(3 424 617)
Reinsurance and other recoveries in respect of outstanding claims - closing	3 363 439	3 538 572
Reinsurance and other recoveries revenue	1 472 042	2 249 666
	3 088 870	2 975 071

25.1 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and in the case of marine, general average adjustments take longer for the final amounts to be determined which exceed one year. All amounts are presented in gross numbers before reinsurance. Claims of last five years are given below:

Rupees '000

Accident year	2014	2015	2016	2017	2018
Estimate of ultimate claims costs:					
– At end of accident year	200 746	62 928	60 052	90 497	–
– One year later	213 387	59 103	66 533	71 354	–
– Two years later	211 873	44 729	66 533	–	–
– Three years later	212 369	45 179	–	–	–
– Four years later	212 369	–	–	–	–
Current estimate of cumulative claims	212 369	45 179	66 533	71 354	–
Cumulative payments to date	(182 121)	(22 904)	(3 619)	(53 500)	–
Liability recognized in balance sheet	30 248	22 275	62 914	17 854	–

Rupees '000

	2018	2017
26. Net commission expense		
Commission paid or payable	1 428 082	1 640 504
Deferred commission expense - opening	689 587	564 645
Deferred commission expense - closing	(600 740)	(689 587)
Net commission	1 516 929	1 515 562
Less:		
Commission received or recoverable	862 511	971 685
Unearned reinsurance commission - opening	461 616	343 977
Unearned reinsurance commission - closing	(394 848)	(461 616)
Commission from reinsurance	929 279	854 046
	587 650	661 516

	Note	2018	(Restated) 2017
27. Management expenses			
Salaries, wages and benefits	27.1	1 528 599	1 438 150
Bonus		115 327	112 039
Gratuity		16 737	14 062
Rent, rates and taxes		43 602	41 743
Telephone		19 536	18 282
Postage and telegram		8 027	7 481
Gas, electricity and fuel expenses		51 278	48 554
Printing and stationery		37 863	31 111
Travelling, club and entertainment		105 246	89 784
Depreciation		262 972	228 809
Repair and maintenance		53 491	54 392
Publicity		51 617	45 155
Service charges		(52 748)	(66 883)
Bank charges and commission		5 625	5 355
Tracker		151 533	136 158
Bad debts		41 437	18 161
Inspection fee		28 019	8 548
Annual supervision fee - SECP		32 080	29 870
Training		5 618	6 147
Insurance expense		4 051	2 959
Sundries		69 115	75 666
		2 579 025	2 345 543

27.1 These include Rs. 26.28 million (2017: Rs. 23.87 million) being contribution for employees' provident fund.

Rupees '000

	Note	2018	(Restated) 2017
28. Investment income			
Income from subsidiary - available-for-sale			
Dividend income		650 881	678 700
Income from equity securities - available-for-sale			
Dividend income		261 020	290 357
Income from debt securities - available-for-sale			
Return on debt securities		566 051	470 433
Income from term deposits			
Return on term deposits		12 354	12 294
		1 490 306	1 451 784
Net realized gains / (losses) on investments			
Available-for-sale financial assets			
Realized gains on:			
Equity securities		177 993	98 462
Debt securities		–	24 047
Realized losses on:			
Equity securities		(27 246)	(22 581)
Debt securities		–	(442)
		150 747	99 486
		1 641 053	1 551 270
Impairment in value of available-for-sale equity securities		(27 510)	(37 555)
Investment related expenses		(1 207)	(1 435)
Total Investment income		1 612 336	1 512 280
29. Rental income			
Rental income		152 161	143 813
Less: Expenses of investment property		(48 170)	(46 823)
		103 991	96 990
30. Other income			
Gain on sale of fixed assets		33 836	37 472
Return on loans to employees		373	260
Exchange gains		45 289	8 439
Return on bank balances		81 729	71 336
		161 227	117 507
31. Other expenses			
Legal & professional fee other than business related		14 825	13 307
Auditor's remuneration	31.1	4 465	4 489
Subscription to association		15 243	13 607
Charity and donations		15 594	11 840
		50 127	43 243

Rupees '000

		2018	2017
31.1	Auditor's remuneration		
	Audit fee	2 250	2 100
	Special certifications and sundry advisory services	1 836	2 118
	Out-of-pocket expenses	379	271
		4 465	4 489

31.2 Donations

Donations include the following in whom the directors are interested:

Name of Director	Interest in donee	Name and address of donee	2018	2017
Saifuddin N. Zoomkawala	Board Member	Shaukat Khanum Memorial Trust 7A Block R-3, M.A. Johar Town, Lahore	500	750
Saifuddin N. Zoomkawala	Board Member	SIUT Civil Hospital, New Labour Colony, Nanakwara, Karachi	500	500
Saifuddin N. Zoomkawala and Ali Raza Siddiqui	Board Member	Fakhr-e-Imdad Foundation Mirpurkhas Digri Road, Mirwah Gorchani, Mirpurkhas	330	850
Hasanali Abdullah	Board Member	The Aga Khan Hospital and Medical College Foundation, Stadium Road, Karachi.	715	–

	2018	2017
32. Window Takaful Operations - Operator's Fund		
Wakala fee	497 644	301 082
Management expenses	(236 364)	(171 706)
Commission expense	(171 788)	(95 622)
Investment income	22 664	9 699
Other income	6 014	4 059
Other expenses	(718)	(657)
	117 452	46 855

Rupees '000

	2018	(Restated) 2017
33. Taxation		
For current year		
Current	962 829	1 021 077
Deferred	(87 005)	80 925
Super tax	66 636	–
	942 460	1 102 002
For prior year(s)		
Prior year tax	46 339	(41 072)
Super tax	102 292	100 326
	148 631	59 254
	1 091 091	1 161 256

33.1 Relationship between tax expense and accounting profit

	Effective tax rate %		Rupees '000	
	2018	2017	2018	2017
Profit before taxation			3 262 364	3 661 586
Tax at the applicable rate	29.00	30.00	946 086	1 098 476
Tax effects of deductions not allowed	0.16	0.20	5 341	7 430
Tax effects of items considered separately	–	(0.05)	–	(1 881)
Tax effects of change in tax rate	(2.32)	(0.06)	(75 604)	(2 024)
Prior year tax	1.42	(1.12)	46 339	(41 071)
Average effective tax rate charged on income	28.26	28.97	922 162	1 060 930
Effect of super tax	5.18	3.08	168 929	100 326
Total average effective tax rate	33.44	32.05	1 091 091	1 161 256

33.2 The Finance Act, 2018, amended Section 5A of Income Tax Ordinance, 2001. According to which now every public limited company are required to pay at the rate of 5 percent of its accounting profit before tax. However, this tax shall not apply in case of a public limited company, which distributes at least 20 percent of its after tax profits within six months of the end of the relevant tax year through cash.

The final dividend proposed by the Board of Directors of the Company as disclosed in note 41 to the unconsolidated financial statements, along with interim dividends paid during the year, exceed the prescribed minimum dividend requirement as referred above. Accordingly, no provision of income tax in this respect has been made in these unconsolidated financial statements.

34. Earnings per share - basic and diluted		2018	(Restated) 2017
Profit after tax	(Rupees '000)	2 171 273	2 500 330
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	10.86	12.50

35. Compensation of Directors and Executives

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

Rupees '000

	2018				2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	–	2 700	–	2 700	–	2 850	–	2 850
Managerial remuneration	33 480	16 200	268 585	318 265	31 080	14 400	234 696	280 176
Leave encashment	–	–	14 790	14 790	–	–	14 342	14 342
Bonus	–	–	48 639	48 639	–	–	40 774	40 774
Retirement benefits	–	–	19 734	19 734	–	–	16 388	16 388
Rent and house maintenance	3 075	–	–	3 075	2 698	–	–	2 698
Utilities	430	232	20 051	20 713	336	189	18 818	19 343
Medical expenses	609	531	7 999	9 139	828	1 629	7 410	9 867
Leave passage	1 073	388	4 804	6 265	647	379	5 060	6 086
Total	38 667	20 051	384 602	443 320	35 589	19 447	337 488	392 524
Number of persons	1	6	152	159	1	6	133	140

35.1 The Chief Executive Officer is provided with Company maintained cars, furniture, accommodation and medical insurance cover. The Executives are provided with free use of Company cars, medical insurance cover and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Company car, maintained furnished accommodation, medical insurance cover and residential utilities.

The Non Executive Directors were paid Directors meeting fee of Rs. 2.7 million (2017: Rs. 2.9 million). No other remuneration was paid to Non Executive Directors.

36. 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 year other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

Rupees '000

	2018	2017
Transactions		
Subsidiary company		
Premium written	6 865	–
Premium paid	15 867	–
Claims paid	8 627	–
Dividend received	650 881	–
Dividend paid	46 810	–
Associated companies		
Premium written	315 244	259 817
Premium paid	28 167	34 573
Claims paid	196 544	91 134
Dividend received	–	678 700
Dividend paid	584 562	692 030
Bank deposit made / (withdrawn)	25 000	(75 000)
Key management personnel		
Premium written	778	1 192
Claims paid	–	221
Dividend paid	8 437	9 015
Compensation	207 124	189 985
Others		
Premium written	22 592	24 961
Claims paid	3 568	2 749
Investments made	–	200 000
Investments sold	–	375 000
Dividend paid	628 083	636 784
Brokerage paid	527	207
Employees' funds		
Contribution to provident fund	26 277	23 867
Contribution to gratuity fund	18 754	15 508
Contribution to pension fund	3 561	1 074
Dividend paid	10 309	11 082
Balances		
Others		
Balances receivable	24 691	24 273
Balances payable	(2 571)	(73 912)
Deposits maturing within 12 months	179 000	154 000
Bank balances	–	106 039
Employees' funds payable		
EFU gratuity fund	(86 847)	(40 510)
EFU pension fund	(24 143)	(31 295)

37. Segment information

Rupees '000

Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	12 895 905	2 886 201	4 010 360	1 822 916	–	21 615 382
Less: Federal excise duty	1 525 679	312 835	481 888	200 622	–	2 521 024
Stamp duty	577	122 959	1 474	1 417	–	126 427
Federal insurance fee	112 535	24 245	34 923	16 051	–	187 754
Gross written premium (inclusive of Administrative surcharge)	11 257 114	2 426 162	3 492 075	1 604 826	–	18 780 177
Gross direct premium	11 213 071	2 372 921	3 133 247	1 580 617	–	18 299 856
Facultative inward premium	3 621	1 470	–	–	–	5 091
Administrative surcharge	40 422	51 771	358 828	24 209	–	475 230
Insurance premium earned	11 553 011	2 430 015	3 417 118	1 522 610	–	18 922 754
Insurance premium ceded to reinsurers	9 535 277	878 659	10 098	936 371	–	11 360 405
Net insurance premium	2 017 734	1 551 356	3 407 020	586 239	–	7 562 349
Commission income	674 538	34 375	–	220 366	–	929 279
Net underwriting income	2 692 272	1 585 731	3 407 020	806 605	–	8 491 628
Insurance claims	1 463 294	892 590	1 701 763	503 265	–	4 560 912
Insurance claims recovered from reinsurers	863 674	307 046	(106)	301 428	–	1 472 042
Net claims	(599 620)	(585 544)	(1 701 869)	(201 837)	–	(3 088 870)
Commission expense	(838 143)	(278 589)	(283 314)	(116 883)	–	(1 516 929)
Management expenses	(711 638)	(485 507)	(1 181 149)	(200 731)	–	(2 579 025)
Net insurance claims and expenses	(2 149 401)	(1 349 640)	(3 166 332)	(519 451)	–	(7 184 824)
Underwriting result	542 871	236 091	240 688	287 154	–	1 306 804
Net investment income						1 612 336
Rental income						103 991
Other income						161 227
Other expenses						(50 127)
Change in fair value of investment property						10 681
Profit from Window Takaful Operations - Operator's Fund						117 452
Profit before tax						3 262 364

Rupees '000

Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
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

Location	External premium less reinsurance by geographical segments 2018
Pakistan	7 546 657
* EPZ	15 692
Total	7 562 349

* This represents US Dollar equivalent in Pak Rupees

Rupees '000

Prior year

	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	13 546 851	2 647 480	3 966 812	1 623 043	–	21 784 186
Less: Federal excise duty	1 707 973	291 954	478 723	176 933	–	2 655 583
Stamp duty	615	97 845	1 607	1 676	–	101 743
Federal insurance fee	117 738	22 371	34 659	14 386	–	189 154
Gross written premium (inclusive of Administrative surcharge)	11 720 525	2 235 310	3 451 823	1 430 048	–	18 837 706
Gross direct premium	11 657 135	2 185 729	3 096 998	1 404 129	–	18 343 991
Facultative inward premium	24 027	1 113	–	–	–	25 140
Administrative surcharge	39 363	48 468	354 825	25 919	–	468 575
Insurance premium earned	10 714 230	2 171 350	3 440 911	1 403 209	–	17 729 700
Insurance premium ceded to reinsurers	8 524 015	754 531	16 304	820 292	–	10 115 142
Net insurance premium	2 190 215	1 416 819	3 424 607	582 917	–	7 614 558
Commission income	625 671	40 436	–	187 939	–	854 046
Net underwriting income	2 815 886	1 457 255	3 424 607	770 856	–	8 468 604
Insurance claims	2 630 463	593 983	1 647 192	353 099	–	5 224 737
Insurance claims recovered from reinsurers	2 007 779	87 459	(107)	154 535	–	2 249 666
Net claims	(622 684)	(506 524)	(1 647 299)	(198 564)	–	(2 975 071)
Commission expense	(863 197)	(256 320)	(285 635)	(110 410)	–	(1 515 562)
Management expenses	(694 767)	(406 989)	(1 061 817)	(181 970)	–	(2 345 543)
Net insurance claims and expenses	(2 180 648)	(1 169 833)	(2 994 751)	(490 944)	–	(6 836 176)
Underwriting result	635 238	287 422	429 856	279 912	–	1 632 428
Net investment income						1 512 280
Rental income						96 990
Other income						117 507
Other expenses						(43 243)
Change in fair value of investment property						298 769
Profit from Window Takaful Operations - Operator's Fund						46 855
Profit before tax						3 661 586

Rupees '000

Prior year

	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Corporate segment assets	9 623 292	1 020 762	579 921	1 003 794	–	12 227 769
Corporate segment assets - Takaful OPF	26 159	4 429	144 487	6 942	–	182 017
Corporate unallocated assets						30 995 694
Corporate unallocated assets - Takaful OPF						248 624
Total assets						43 654 104
Corporate segment liabilities	14 035 587	1 855 601	2 450 302	2 256 262	–	20 597 752
Corporate segment liabilities - Takaful OPF	22 634	4 009	194 668	15 380	–	236 691
Corporate unallocated liabilities						1 965 476
Corporate unallocated liabilities - Takaful OPF						12 900
Total liabilities						22 812 819

Location	External premium less reinsurance by geographical segments 2017
Pakistan	7 598 839
* EPZ	15 719
Total	7 614 558

* This represents US Dollar equivalent in Pak Rupees

38. Movement in Investment

Rupees '000

Name of investment	Held to maturity	Availabe-for-sale subsidiary	Availabe-for-sale	Total
At beginning of pervious year	671 880	9 285 042	14 755 156	24 712 078
Additions	1 623 884	73 891	15 208 978	16 906 753
Disposals (sale and redemptions)	(1 865 214)	–	(12 519 296)	(14 384 510)
Fair vaue net gain				
(excluding net realized gains)	–	1 640 515	(2 460 590)	(820 075)
Impairment losses	–	–	(37 555)	(37 555)
At beginning of year	430 550	10 999 448	14 946 693	26 376 691
Additions	1 763 923	7 891	33 612 469	35 384 283
Disposals (sale and redemptions)	(1 687 866)	–	(34 176 036)	(35 863 902)
Fair value net gains				
(excluding net realized gains)	–	(1 109 402)	(1 156 354)	(2 265 756)
Impairment losses	–	–	(27 510)	(27 510)
At end of year	506 607	9 897 937	13 199 262	23 603 806

39. Management of insurance and financial risk

39.1 Insurance risk

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the vary nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimise insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Company may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

The Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health.

39.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The Company has limited its exposure to catastrophic and riot events by use of reinsurance arrangements.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at financial statement date:

	2018				2017			
Class	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	61	37	65	32	63	34	67	37
Marine, aviation & transport	15	20	7	9	13	22	7	8
Motor	13	36	20	51	14	38	19	47
Miscellaneous	11	7	8	8	10	6	7	8
	100	100	100	100	100	100	100	100

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The Company's class wise major gross risk exposure is as follows:

Rupees '000

Class	2018	2017
Fire and property damage	158 826 990	158 550 000
Marine, aviation and transport	96 978 630	105 300 000
Motor	47 040	46 500
Miscellaneous	16 398 450	11 130 600

Since the Company operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

39.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the financial statement date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the financial statement date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the financial statement date.

39.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of financial statement date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

39.1.4 Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the unconsolidated financial statements. The impact on the profit before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analysed below. The sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all other assumptions constant.

Rupees '000

	Profit before tax		Shareholders' equity	
	2018	2017	2018	2017
Impact of change in claim liabilities by + 10 %				
Fire and property damage	(67 202)	(68 844)	(47 713)	(48 191)
Marine, aviation and transport	(35 806)	(44 206)	(25 422)	(30 944)
Motor	(64 914)	(77 017)	(46 089)	(53 912)
Miscellaneous	(13 409)	(13 310)	(9 520)	(9 317)
	(181 331)	(203 377)	(128 744)	(142 364)
Impact of change in claim liabilities by - 10 %				
Fire and property damage	67 202	68 844	47 713	48 191
Marine, aviation and transport	35 806	44 206	25 422	30 944
Motor	64 914	77 017	46 089	53 912
Miscellaneous	13 409	13 310	9 520	9 317
	181 331	203 377	128 744	142 364

39.2 Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

39.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Company's maximum exposure to credit risk:

Rupees '000

	2018	2017
Financial assets		
Term deposits	506 607	430 550
Loans and other receivables	100 271	118 618
Insurance / reinsurance receivables	3 577 054	2 819 069
Reinsurance recoveries against outstanding claims	3 363 439	3 538 572
Cash and bank	1 266 562	1 164 209
	8 813 933	8 071 018

The credit quality of Company's bank balances and deposits can be assessed with reference to external credit ratings as follows:

Rating	2018	2017
AAA	541 672	453 688
AA+	492 367	475 880
AA	74 538	85 522
AA-	144 984	118 143
A+	10	10
A	610	21 162
	1 254 181	1 154 405

The credit quality of Company's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

Rating	Short Term	Rating Agency	2018	2017
Agritech Limited - 3rd Issue (B)	D	PACRA	5 665	5 665
Agritech Limited - 3rd Issue (A)	D	PACRA	34 972	34 972
New Allied Electronics Limited	N/A	–	3 481	3 481
Soneri Bank Limited	AA-	PACRA	100 000	–
Dubai Islamic Bank Limited	A	PACRA	80 000	–
			224 118	44 118

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2018, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 3,314 million (2017: Rs. 2,428 million) and Rs. 325 million (2017: Rs. 402 million) respectively.

The credit quality of amounts due from other insurers / reinsurers and claim recoveries from reinsurers can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	2018		2017	
	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims
A or above (including Pakistan Reinsurance Company Limited)	6 837	3 065 830	16 813	3 432 412
B or above	–	156 739	74	92 937
Others	–	140 870	–	13 223
	6 837	3 363 439	16 887	3 538 572

As at 31 December 2018, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 1.588 million (2017: Rs. 12.735 million) and Rs. 5.212 million (2017: Rs. 4.153 million) respectively.

39.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

The objective of the Company's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Company's liabilities as at financial statement date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows:

Rupees '000

	2018		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	5 176 757	5 176 757	–
Retirement benefit obligations	62 704	62 704	–
Insurance / reinsurance payable	5 333 106	5 333 106	–
Other creditors and accruals	2 054 550	2 054 550	–
	12 627 117	12 627 117	–

	2017		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	5 572 347	5 572 347	–
Retirement benefit obligations	71 805	71 805	–
Insurance / reinsurance payable	4 992 011	4 992 011	–
Other creditors and accruals	1 814 387	1 814 387	–
	12 450 550	12 450 550	–

39.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

39.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company has securities and deposits that are subject to interest rate risk. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

Maturity profile of financial assets and liabilities:

Rupees '000

2018

	Interest / mark-up bearing			Non-interest / non-mark-up bearing			
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	Total
Financial assets							
Investment in subsidiary	–	–	–	–	9 897 937	9 897 937	9 897 937
Investments							
Equity securities	–	–	–	–	4 970 478	4 970 478	4 970 478
Debt securities	8 048 784	180 000	8 228 784	–	–	–	8 228 784
Term deposits	506 607	–	506 607	–	–	–	506 607
Loans and other receivables	2 295	2 488	4 783	95 488	–	95 488	100 271
Cash and bank deposits	993 401	–	993 401	260 786	–	260 786	1 254 187
Insurance / reinsurance receivables	–	–	–	3 314 946	324 523	3 639 469	3 639 469
Reinsurance recoveries against outstanding claims	–	–	–	3 363 439	–	3 363 439	3 363 439
	9 551 087	182 488	9 733 575	7 034 659	15 192 938	22 227 597	31 961 172
Financial liabilities							
Outstanding claims including IBNR	–	–	–	5 176 757	–	5 176 757	5 176 757
Retirement benefit obligations	–	–	–	62 704	–	62 704	62 704
Insurance / reinsurance payables	–	–	–	5 333 106	–	5 333 106	5 333 106
Other creditors and accruals	–	–	–	2 054 550	–	2 054 550	2 054 550
	–	–	–	12 627 117	–	12 627 117	12 627 117

2017

	Interest / mark-up bearing			Non-interest / non-mark-up bearing			
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	Total
Financial assets							
Investment in subsidiary	–	–	–	–	10 999 448	10 999 448	10 999 448
Investments							
Equity securities	–	–	–	–	6 419 425	6 419 425	6 419 425
Debt securities	7 171 580	1 355 688	8 527 268	–	–	–	8 527 268
Term deposits	430 550	–	430 550	–	–	–	430 550
Loans and other receivables	2 327	3 066	5 393	94 878	–	94 878	100 271
Cash and bank deposits	920 983	–	920 983	–	233 424	233 424	1 154 407
Insurance / reinsurance receivables	–	–	–	2 428 215	401 781	2 829 996	2 829 996
Reinsurance recoveries against outstanding claims	–	–	–	3 538 572	–	3 538 572	3 538 572
	8 525 440	1 358 754	9 884 194	6 061 665	18 054 078	24 115 743	33 999 937
Financial liabilities							
Outstanding claims including IBNR	–	–	–	5 572 347	–	5 572 347	5 572 347
Retirement benefit obligations	–	–	–	71 805	–	71 805	71 805
Insurance / reinsurance payables	–	–	–	4 992 011	–	4 992 011	4 992 011
Other creditors and accruals	–	–	–	1 814 387	–	1 814 387	1 814 387
	–	–	–	12 450 550	–	12 450 550	12 450 550

Sensitivity analysis

As on 31 December 2018, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Rupees '000

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2018	100	9 934	7 053
	(100)	(9 934)	(7 053)
31 December 2017	100	9 210	6 447
	(100)	(9 210)	(6 447)

39.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

39.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity investments amounting to Rs. 14,868 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The above investments include strategic equity investments in its subsidiary amounting to Rs. 9,898 million which is held for long term. The management monitors these strategic investments based on the underlying business and economic characteristic of the investee rather than the short term price fluctuations.

The table below summarises Company's market price risk as of 31 December 2018 and 2017. It shows the effect of a 10 % increase and 10 % decrease in the market prices of equity investments as on those dates on Company's profit and equity.

Had all equity investments, other than subsidiary / associate, been measured at fair values as required by IAS 39, Financial Instruments: Recognition and Measurement, the impact of hypothetical change would be as follows:

Rupees '000

	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2018	4 970 478	10 % increase	5 467 526	–	352 904
		10 % decrease	4 473 430	–	(352 904)
31 December 2017	6 419 425	10 % increase	7 061 368	–	449 360
		10 % decrease	5 777 483	–	(449 360)

39.3 Fair value

39.3.1 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.

39.3.2 All assets and liabilities for which fair value is measured or disclosed in the unconsolidated 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 31 December 2018							
						Fair value measurement using		
	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	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	
	23 273 792	7 286 613	1 862 488		32 422 893	14 852 915	8 405 377	15 500
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*				(60 128)	(60 128)			
	23 273 792	7 286 613	1 862 488	(12 681 057)	19 741 836	14 852 915	8 405 377	15 500

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

Rupees '000

	As at 31 December 2017							
						Fair value measurement using		
	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	6 408 925				6 408 925	6 408 925		
Equity securities - unquoted	10 500				10 500			10 500
Debt securities	8 527 268				8 527 268		8 527 268	
Investment in associate	10 999 448				10 999 448	10 999 448		
Financial assets not measured at fair value								
Term deposits*			430 550		430 550			
Loans and other receivables*		118 618			118 618			
Insurance / reinsurance receivables*		2 819 069			2 819 069			
Reinsurance recoveries against outstanding claims*		3 538 572			3 538 572			
Cash and bank*			1 164 209		1 164 209			
Total assets of Window Takaful Operations - Operator's Fund*	30 482	125 198	210 264		365 944		30 482	
	25 976 623	6 601 457	1 805 023		34 383 103	17 408 373	8 557 750	10 500
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 572 347)	(5 572 347)			
Premium received in advance*				(31 487)	(31 487)			
Insurance / reinsurance payables*				(4 992 011)	(4 992 011)			
Other creditors and accruals*				(1 814 387)	(1 814 387)			
Total liabilities of Window Takaful Operations - Operator's Fund*				(31 382)	(31 382)			
	25 976 623	6 601 457	1 805 023	(12 441 614)	21 972 871	17 408 373	8 557 750	10 500

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

39.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

40. Statement of Solvency

Rupees '000

	31 December 2018
Assets	
Property and equipment	2 615 648
Investment property	1 879 093
Investments in subsidiary	9 897 937
Investments	
Listed equity securities	4 954 978
Unlisted equity securities	15 500
Debt securities	8 228 784
Term deposits	506 607
	13 705 869
Loans and other receivables	4 783
Current Assets - Others	
Premiums due but unpaid	3 577 054
Salvage recoveries accrued	42 306
Reinsurance recoveries against outstanding claims	3 363 439
Deferred commission expenses	600 740
Prepayments	5 198 902
Other receivables	95 488
	12 877 929
Cash and bank	1 266 562
Total assets	42 247 821
Total assets of Window Takaful Operations - OPF	621 302
Total assets	42 869 123

Rupees '000

	31 December 2018
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
Loans to employees	1 539
Shares in associated companies	8 471 451
Premium due since more than three months	1 721 210
Bank deposits related to guarantees	826 968
Bank deposits related to liens	58 605
Vehicles, furnitures, fixtures, office equipments	835 211
Vehicles, furnitures, fixtures, office equipments - Window Takaful Operations - OPF	2 740
Total of In-admissible assets	11 917 724
Total admissible assets	30 951 399
Total liabilities	
Underwriting provisions	
Outstanding claims including IBNR	5 176 757
Unearned premium reserves	8 354 109
Unearned reinsurance commission	394 848
Retirement benefit obligations	62 704
Deferred taxation	824 875
Premium received in advance	56 514
Insurance / reinsurance payables	5 333 106
Taxation - payments less provision	46 595
Other creditors and accruals	2 054 552
Total liabilities	22 304 060
Total liabilities of Window Takaful Operations - OPF	407 511
Total liabilities	22 711 571
Total net admissible assets	8 239 828
Minimum solvency requirement (higher of following)	1 892 275
Method A - U/s 36(3)(a)	150 000
Method B - U/s 36(3)(b)	1 892 275
Method C - U/s 36(3)(c)	1 353 087
Excess in net admissible assets over minimum requirements	6 347 553

41. Non-adjusting event after the financial statement date

The Board of Directors in its meeting held on 22 March 2019 have announced a final cash dividend in respect of the year ended 31 December 2018 of Rs. 6.25 per share, 62.50 % (2017: Rs. 6.25 per share, 62.50%). In addition, the Board of Directors have also approved the transfer to general reserve from un-appropriated profit amounting to Rs. 1,500 million (2017: Rs. 500 million). These unconsolidated financial statements for the year ended 31 December 2018 do not include the effect of these appropriations, which will be accounted for subsequent to the year end.

42. Number of employees

The total average number of employees during the year end as at 31 December 2018 and 2017 are as follows:

	2018	2017
At year end	1 225	1 232
Average during the year	1 234	1 237

43. Corresponding figures

43.1 The effects of changes stated in note 4.1, 4.2, 4.4 and 4.5 have been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of unconsolidated financial statements of prior years. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2018 and 01 January 2017 have been presented and disclosed as part of the Statement of Changes in Equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Statement of Financial Position also presents the prior year numbers as restated, due to the said change.

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

44. General

Figures have been rounded off to the nearest thousand rupees.

45. Date of authorization for issue of unconsolidated financial statements

These unconsolidated financial statements were authorized for issue by the Board of Directors in its meeting held on 22 March 2019.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Consolidated Financial Statements

For the year ended 31 December 2018

Directors' Report to the Members on Consolidated Financial Statements

We are pleased to present the consolidated financial statements of EFU General Insurance Limited and our subsidiary, EFU Life Assurance Company Limited. The Consolidation has been effective from 31 March 2018, therefore, the consolidation of subsidiary's results in Consolidated Profit and Loss Account is for nine months period from 1 April 2018 to 31 December 2018.

Consolidated gross premium was Rs. 42 billion, net premium was Rs. 31 billion and profit after tax was Rs. 3.63 billion. The consolidated total assets were Rs. 159 billion.

The consolidated financial statements have been qualified by our Statutory auditors, as the auditors of our subsidiary, EFU Life Assurance Limited have qualified opinion on account of Sales Tax on Life Insurance Premium due to the reason explained below:

Sindh Revenue Board has been granting exemption for sales tax on life insurance premium on a year to year basis which had expired on 30 June 2018. However, sales tax on life insurance premium on policies written in Punjab has been made applicable from November 2018 and Balochistan Revenue Authority had imposed sales tax on life insurance premium effective 01 January 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. In view of the fact that the matter is under the process of review with the taxation authorities, EFU Life Assurance Limited has not started billing sales tax on life insurance premium to its customers. At 31 December 2018, the aggregate amount of sales tax on life insurance premium not billed by EFU Life to its customers amounted to Rs. 1,315.33 million. Based on the IAP's discussions with the sales tax authorities, the Company is hopeful that the exemption will be granted. Accordingly, the Company has not recorded any provision against sales tax liability in these consolidated financial statements.

EFU Life has not provided for and billed their customers for Sindh Sales Tax for the period from 1st July 2018 to 31st December 2018, Punjab Sales Tax for the period from 1st November 2018 to 31st December 2018 and Balochistan Revenue Authority for the period from 1st July 2015 to 31st December 2018 on life insurance premium.

We are of the view that the levy of sales tax on life insurance business is not fair and is unjust. 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 provinces. Further, the Sindh Cabinet in its meeting held on 27th Feb 2019 has also deferred the levy of taxes on Health and Life Insurance premium till the next financial year. EFU Life has also sought a legal opinion from the legal counsel and based on his opinion and, in view of the fact that the matter is under the process of review with the taxation authorities, EFU Life has not billed sales tax on life insurance premium to its customers. Based on the IAP's discussions with the sales tax authorities, the decision of the Sindh Cabinet and the legal opinion, we are is hopeful that the exemption will be granted. Accordingly, provision against sales tax liability has not been made by EFU Life and also in these consolidated financial statements, as the discussions are still in progress.

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

Rupees '000

	31 December 2018 (Audited)
Profit before tax	4 777 783
Taxation	(1 151 356)
Profit after tax	3 626 427
Profit attributable to non-controlling interest	(807 452)
Profit attributable to ordinary shares	2 818 975
Earnings per share (Rupees)	**14.09**

DAANISH BHIMJEE	MAHMOOD LOTIA	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

مجموعی مالیاتی حسابات پر ممبران کیلئے ڈائریکٹرز کی رپورٹ

ہم بمسرت ای ایف یو جنرل انشورنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یو لائف ایشورنس کمپنی لمیٹڈ کے مالیاتی حسابات یکجا کر کے پیش کر رہے ہیں۔ یہ یکجا شدہ حسابات ۳۱ مارچ ۲۰۱۸ء سے نافذ العمل ہیں مجموعی یکجا شدہ نفع ونقصان کے کھاتے میں ذیلی ادارے کے حسابات ۹ ماہ کی مدت کے لئے یعنی یکم اپریل ۲۰۱۸ء سے ۳۱ دسمبر ۲۰۱۸ء تک کی عکاسی کرتے ہیں۔

یکجا شدہ مجموعی پریمیئم ۴۲ بلین روپے، خالص پریمیئم ۳۱ بلین روپے اور منافع بعد از ٹیکس ۳٫۶۳ بلین روپے رہا۔ یکجا شدہ مجموعی اثاثہ جات ۱۵۹ بلین روپے تھے۔

مجموعی مالیاتی حسابات کو ہمارے قانونی آڈیٹرز کی جانب سے کوالیفائیڈ (درست) قرار دیا گیا جیسا کہ ہماری ذیلی ادارے ای ایف یو لائف ایشورنس لمیٹڈ کے آڈیٹرز نے درج ذیل وجوہ کی بنیاد پر لائف انشورنس پریمیئم پر سیلز ٹیکس کے ضمن میں درست رائے کا اظہار کیا۔

سندھ ریونیو بورڈ نے سال بہ سال کی بنیاد پر لائف انشورنس پریمیئم پر سیلز ٹیکس کے لئے استثنٰی کی منظوری دی تھی جو ۳۰ جون ۲۰۱۸ء کو ختم ہوگئی۔ جبکہ پنجاب میں زیرِ تحریر پالیسیوں پر لائف انشورنس پریمیئم پر سیلز ٹیکس نومبر ۲۰۱۸ء اور بلوچستان ریونیو اتھارٹی سے لاگو کیا گیا تھا اور لائف انشورنس پریمیئم پر سیلز ٹیکس یکم جنوری ۲۰۱۵ء سے نافذ العمل تھا۔ استثنٰی کی تجدید کے لئے معاملہ انشورنس ایسوسی ایشن آف پاکستان (آئی اے پی) کی جانب سے مشترکہ سطح پر سیلز ٹیکس حکام کو پیش کیا گیا۔ اس امر کے پیش نظر کہ معاملہ ٹیکسیشن حکام کے پاس جائزے کے عمل سے گزر رہا ہے، ای ایف یو لائف ایشورنس لمیٹڈ نے اپنے صارفین کیلئے لائف انشورنس پریمیئم پر سیلز ٹیکس کی بلنگ کا آغاز نہیں کیا۔ ۳۱ دسمبر ۲۰۱۸ء لائف انشورنس پریمیئم پر سیلز ٹیکس کی مجموعی رقم جو ای ایف یو لائف ایشورنس لمیٹڈ کی جانب سے اپنے صارفین پر لاگو نہیں کی گئی، اس کا حجم ۱٫۳۱۵٫۳۳ ملین روپے تھا۔ سیلز ٹیکس حکام کے ساتھ آئی اے پی کے مذاکرات کے تحت کمپنی پُر امید ہے کہ استثنٰی منظور کر لیا جائے گا۔ اس کے مطابق کمپنی نے ان مجموعی مالیاتی حسابات میں سیلز ٹیکس کی مالیاتی ذمہ داری کے تحت کوئی شق شامل نہیں کی ہے۔

ای ایف یو لائف یکم جولائی ۲۰۱۸ء تا ۳۱ دسمبر ۲۰۱۸ء کی مدت کے لئے سندھ سیلز ٹیکس کے ضمن میں اپنے صارفین کو اور یکم نومبر ۲۰۱۸ء تا ۳۱ دسمبر ۲۰۱۸ء پنجاب سیلز ٹیکس کے ضمن میں اور یکم جولائی ۲۰۱۵ء تا ۳۱ دسمبر ۲۰۱۸ء کی مدت کے لئے بلوچستان سیلز ٹیکس کے ضمن میں لائف انشورنس پریمیم پر مبنی سیلز ٹیکس کے ضمن میں صارفین کو بل فراہم نہیں کر رہی ہے۔

ہم اس رائے کا اظہار کرتے ہیں کہ لائف انشورنس بزنس پر سیلز ٹیکس کا نفاذ منصفانہ نہیں اور بلا جواز ہے۔ استثنٰی کی تجدید کیلئے معاملہ مشترکہ طور پر انشورنس ایسوسی ایشن آف پاکستان (آئی اے پی) کی جانب سے صوبوں کے سیلز ٹیکس حکام کے رُوبرو رکھا گیا ہے۔ مزید براں سندھ کابینہ نے اپنے اجلاسِ منعقدہ ۲۷ فروری ۲۰۱۹ء میں آئندہ مالی سال تک ہیلتھ اور لائف انشورنس پریمیئم پر ٹیکسز کے نفاذ کی مخالفت کی ہے۔ ای ایف یو لائف بھی قانونی ماہرین سے قانونی مشورے کر رہی ہے اور اس کی رائے میں حقائق کے پیشِ نظر یہ واضح کیا جاتا ہے کہ یہ معاملہ ابھی ٹیکسیشن حکام کے پاس زیرِ جائزہ ہے۔ ای ایف یو لائف نے اسی سبب اپنے صارفین کے لئے لائف انشورنس پریمیئم پر سیلز ٹیکس لاگو نہیں کیا۔ سیلز ٹیکس حکام کے ساتھ آئی اے پی کی گفت وشنید، سندھ کابینہ کے فیصلے اور قانونی رائے کے پیشِ نظر ہم پُر امید ہیں کہ استثنٰی منظور کر لیا جائے گا۔ اس کے مطابق ای ایف یو لائف کی جانب سے سیلز ٹیکس کی مالیاتی ذمہ داری کی شق شامل نہیں کی گئی اور ان مجموعی مالیاتی حسابات میں بھی یہ شامل نہیں کیونکہ بات چیت کا مرحلہ ابھی جاری ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے منافع کے درج ذیل تناسب کی سفارش کی گئی:

روپے ہزاروں میں

	۳۱ دسمبر ۲۰۱۸ء (آڈٹ شدہ)
منافع قبل از ٹیکس	۴ ۷۷۷ ۷۸۳
ٹیکسیشن	(۱ ۱۵۱ ۳۵۶)
منافع بعد از ٹیکس	۳ ۶۲۶ ۴۲۷
نان۔کنٹرولنگ سود کیلئے قابلِ منسوب منافع	(۸۰۷ ۴۵۲)
عمومی شیئرز کیلئے قابلِ منسوب منافع	۲ ۸۱۸ ۹۷۵
آمدنی فی شیئر (روپے)	۱۴٫۰۹

دانش بھیم جی	محمود لوٹیا	حسن علی عبداللہ	سیف الدین این۔ زومکاوالا
ڈائریکٹر	ڈائریکٹر	مینجنگ ڈائریکٹر و چیف ایگزیکٹیو	چیئرمین

کراچی ۲۲ مارچ ۲۰۱۹ء

Independent Auditor's Report
To the members of EFU General Insurance Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of EFU General Insurance Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and (of) its consolidated financial performance and its consolidated cash flow statement for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

As more fully explained in note 25.2.2 to the consolidated financial statements, the Sindh Revenue Board abolished sales tax exemption on life insurance premium from 01 July 2018. Further, the Punjab and Balochistan Revenue Authorities have also introduced sales tax on life insurance premium effective from 01 November 2018 and 01 July 2015. The Group has not charged the sales tax on life insurances premium to its customers since the matter of renewal of exemption is under discussion with the sales tax authorities. IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' requires provision should be recognised when the entity has a present legal obligation as a result of past event. Accordingly, had the above liability been recorded, profit for the year and equity of the Group would have reduced by Rs. 1,315.33 million and the sales tax liability would have been increased by the same amount.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Valuation of Claim Liabilities** Refer notes 4.19 and 27 to the consolidated financial statements relating to valuation of claim liabilities. The Group's claim liabilities represents 4% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Group maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions. We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of judgment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Obtained an understanding, evaluated the design and tested the controls related to recoveries from reinsurance arrangements; • For a risk based sample of claims outstanding at the year-end, other than for unit linked business, compared the liability recorded with the terms of the policy; and • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Group's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Group's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Analyzed the trends of claims reported as against the Group's historical performance and evaluated the reasonableness of major variations; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Group for determination of IBNR; and • Considered the adequacy of Group's disclosures about the estimates used and the sensitivity to key assumptions.
2.	**Insurance Liabilities** Refer notes 4.31 and 20 to the consolidated financial statements relating to insurance liabilities. The Group's insurance liabilities relating to life insurance business represent 80% of its total liabilities. Approximately 96% of these liabilities are for unit linked business. Valuation of insurance / takaful contract liabilities involve significant judgment, actuarial assumptions such as; mortality, persistency, morbidity, investment returns, expense levels and inflation, and the use of methods adopted for actuarial valuations.	Our procedures in respect of this matter included the following: • Obtained an understanding, assessed the design and tested the operating effectiveness of controls established for unit linked business for allocation and surrender of units and calculation of bid value per unit; • Assessed the adequacy of the reserve for bid value of allocated units of unit linked business, by applying the bid value to the total number of units extracted from the system;

S. No.	Key Audit Matters	How the matter was addressed in our audit
		• Assessed the adequacy of reserving of various components of Insurance liabilities, other than bid value reserves including reserves of non-linked businesses, by testing calculations on the relevant data obtained from system generated reports; • Obtained an understanding, evaluated the design and tested the controls related to reinsurance arrangements; • Obtained understanding of the work performed by the appointed actuary; • Used an external actuarial specialist to assist us in challenging the general principles, actuarial assumptions and methods adopted for actuarial valuations by the appointed actuary of the subsidiary company; and • Challenged the assumptions used for incurred but not reported claims of businesses where fully credible experience is not available with the Group's historical data of claims.
3.	**Revenue Recognition Risk** Refer notes 4.9, 4.10, 4.16, 26 and 33 to the consolidated financial statements relating to revenue recognition risk. The Group receives its revenue primarily from two main sources namely; premiums / contributions and investments income. Premiums from insurance policies comprise of 97% of the total revenue. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premiums and investment income; • Assessed the appropriateness of the Group's accounting policy for recording of premiums / contributions and investment income in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • For a risk based sample of policies of non-unit linked business where premium is outstanding at the year end, compared receivable recorded with the terms of policy; • For a risk based sample of policies of which premium / contribution was received / due near to period end and subsequent to period end, evaluated that these were recorded in the appropriate period; • Tested the investment income transaction on sample basis where investment income was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate period; and

S. No.	Key Audit Matters	How the matter was addressed in our audit
		• For a sample of investment income transactions, tested that investment income is recorded based on the effective interest method or where right to receive the dividend is established.
4.	**Valuation of insurance / reinsurance receivables** Refer notes 4.13.1 and 15 to the consolidated financial statements relating to valuation of insurance / reinsurance receivables. The Group's insurance / reinsurance receivables represents 2% of its total assets which are stated net of provision for impairment of Rs. 69 million. Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions. We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for the recognition and valuation of receivables; • Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; • Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end; • Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liabilities; and • Assessed the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.
5.	**Classification, Valuation and Impairment of Investments** Refer notes 4.17, 10, 11, 12 and 13 to the consolidated financial statements relating to classification, valuation and impairment of investments. The Group's investment portfolio comprise of government debt securities, equity securities, other fixed income securities and term deposits. Investments carried at Available for Sale represent 52% of the total investments while investments classified as Held to Maturity represent 17% of the total investments. We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for classification and valuation of investments and for impairment of investments classified as available for sale; • Tested, on a sample basis, specific investments buying and selling transactions and classification recorded with underlying documentation; • Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and

S. No.	Key Audit Matters	How the matter was addressed in our audit
		• Assessed the appropriateness of impairment in the value of available for sale securities held by the Group in accordance with accounting and reporting standards as applicable in Pakistan.
6.	**Changes in accounting policies due to introduction of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017** Refer note 5 to the consolidated financial statements relating to changes in accounting policies due to introduction of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective for the year ended 31 December 2018. These regulations contained a new format of financial statements and changed the presentation basis. The changes also required changes in basis of valuation of various investments. Because of the significance of the change, this was identified as key audit matter.	Our audit procedures in respect of this matter included the following: • Evaluated the adequacy and completeness of the disclosures relating to changes in accounting policies and adjustments required in accordance with accounting and reporting standards as applicable in Pakistan; and; • Evaluated the adequacy and completeness of additional disclosures as required under new accounting regulations.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the Other Information. The Other Information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have concluded that the Other Information is materially misstated for the same reason with respect to the amounts or other items in the Group's Annual Report affected by the matter described in the Basis for Qualified Opinion section of our report.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi 22 March 2019

Consolidated Statement of Financial Position
As at 31 December 2018

Rupees '000

	Note	31 December 2018	(Restated) 31 December 2017	(Restated) 01 January 2017
Assets				
Property and equipment	7	6 949 650	1 289 023	1 147 419
Intangible assets	8	7 997 706	–	–
Investment property	9	1 879 093	1 847 093	1 548 008
Investment in associate	10	–	12 790 056	12 778 781
Investments				
Equity securities	11	38 222 181	6 419 425	9 493 420
Debt securities	12	65 280 522	8 527 268	5 261 736
Term deposits	13	15 555 707	430 550	671 880
Loans and other receivables	14	3 210 709	118 618	242 788
Insurance / reinsurance receivables	15	3 746 654	2 819 069	3 997 872
Reinsurance recoveries against outstanding claims	27	3 363 439	3 538 572	3 424 617
Salvage recoveries accrued		42 306	68 458	36 627
Deferred commission expense	28	600 740	689 587	564 645
Taxation - payments less provisions		291 132	109 962	–
Prepayments	16	5 280 084	5 202 181	4 207 314
Cash and bank	17	6 052 924	1 164 209	1 195 586
		158 472 847	45 014 071	44 570 693
Total assets of window takaful operations - Operator's Fund		621 302	430 641	266 096
Total assets		159 094 149	45 444 712	44 836 789
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	18	2 000 000	2 000 000	2 000 000
Reserves	19	16 727 065	16 936 223	17 854 270
Unappropriated profit		1 145 831	2 567 245	3 029 370
Capital and reserve attributable to Company's equity holders		19 872 896	21 503 468	22 883 640
Non-controlling interest	41	4 223 836	–	–
Total equity		24 096 732	21 503 468	22 883 640
Surplus on revaluation of property and equipment		969 601	–	–
Liabilities				
Insurance liabilities	20	106 937 015	–	–
Underwriting provisions				
Outstanding claims including IBNR	27	5 176 757	5 572 347	5 415 030
Unearned premium reserves	26	8 354 109	8 496 686	7 388 680
Unearned reinsurance commission	28	394 848	461 616	343 977
Retirement benefit obligations	21	62 704	71 805	588
Deferred taxation	22	2 821 655	2 251 314	3 031 055
Premium received in advance		770 933	31 487	4 597
Insurance / reinsurance payables	23	5 526 324	4 992 011	3 584 545
Other creditors and accruals	24	3 575 960	1 814 387	1 843 752
Taxation - provision less payment		–	–	206 350
		26 683 290	23 691 653	21 818 574
Total liabilities		133 620 305	23 691 653	21 818 574
		158 686 638	45 195 121	44 702 214
Total liabilities of window takaful operations - Operator's Fund		407 511	249 591	134 575
Total equity and liabilities		159 094 149	45 444 712	44 836 789
Contingencies and commitments	25			

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Consolidated Profit and Loss Account
For the year ended 31 December 2018

Rupees '000

	Note	2018	(Restated) 2017
Net insurance premium	26	30 869 493	7 614 558
Net insurance claims	27	(12 300 512)	(2 975 071)
Net commission and other acquisition costs	28	(5 949 908)	(661 516)
Insurance claims and acquisition expenses		(18 250 420)	(3 636 587)
Management expenses	29	(3 986 983)	(2 345 543)
Investment income - statutory fund	30	5 360 892	–
Net realized fair value losses on financial assets	31	(3 518 411)	–
Net fair value loss on financial assets at fair value through profit and loss	32	(5 924 034)	–
Net change in insurance liabilities (other than outstanding claims)		(1 218 269)	–
Underwriting result		3 332 268	1 632 428
Investment income	33	961 456	833 580
Rental income	34	103 991	96 990
Other income	35	215 637	117 507
Change in fair value of investment property		10 681	298 769
Other expenses	36	(67 654)	(43 243)
		1 224 111	1 303 603
Results of operating activities		4 556 379	2 936 031
Share of profit of associate		103 952	828 771
Profit from window takaful operations - Operator's Fund	37	117 452	46 855
Profit before tax		4 777 783	3 811 657
Income tax expense	38	(1 151 356)	(1 186 571)
Profit after tax		3 626 427	2 625 086
Profit attributable to:			
Equity holders of the parent		2 818 975	2 625 086
Non-controlling interest		807 452	–
		3 626 427	2 625 086
Earnings (after tax) per share - Rupees	39	14.09	13.13

The consolidation has been effective from 31 March 2018 therefore the consolidation of Subsidiary's results in Consolidated Profit and Loss Account is for nine months period from 01 April 2018 to 31 December 2018.

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

Rupees '000

	2018	(Restated) 2017
Profit after tax	3 626 427	2 625 086
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss		
Unrealized loss on available-for-sale investments during the year	(1 364 164)	(2 560 077)
Reclassification adjustments relating to available-for-sale investments disposed off during the year	149 247	99 486
Total unrealized loss for the year	(1 214 917)	(2 460 591)
Deferred tax on available-for-sale investments	391 755	801 858
Net unrealized (loss) / gain from window takaful operations - Operator's Fund (net of deferred tax)	(940)	24
Total items that may be reclassified subsequently to profit and loss	(824 102)	(1 658 709)
Item not to be reclassified to profit and loss account in subsequent periods:		
Share of profit / (loss) of associate (net of deferred tax)	7 538	(148 880)
Actuarial losses on defined benefit plans	(9 305)	(68 249)
Related deferred tax	2 792	20 580
Loss on recognition of fair value of investment on business combination	(1 644 544)	–
	(1 643 519)	(196 549)
Other comprehensive income for the year	(2 467 621)	(1 855 258)
Total comprehensive income for the year	1 158 806	769 828
Total comprehensive income attributable to:		
Equity holders of the parent	374 691	769 828
Non-controlling interest	784 115	–
	1 158 806	769 828

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Consolidated Cash Flow Statement
For the year ended 31 December 2018

Rupees '000

	2018	(Restated) 2017
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	41 593 423	20 042 423
Reinsurance premium / retakaful contribution paid	(11 219 201)	(9 668 087)
Claims paid	(14 334 444)	(5 099 250)
Reinsurance and other recoveries received	1 970 927	2 136 686
Commission paid	(4 785 720)	(1 714 066)
Commission received	862 510	971 685
Management expenses paid	(4 861 684)	(2 114 942)
Net cash flow from underwriting activities	9 225 811	4 554 449
b) Other operating activities		
Income tax paid	(1 628 695)	(1 404 893)
Other operating payments	(1 730 337)	(122 763)
Other operating receipts	136 726	70 411
Loans advanced	(49 064)	(4 685)
Loans repayments received	11 493	3 877
Net cash flow from other operating activities	(3 259 877)	(1 458 053)
Total cash flow from all operating activities	5 965 934	3 096 396
Investment activities		
Profit / return received	5 502 416	667 455
Dividend received	2 089 005	970 280
Rental received	106 262	112 334
Payment for investments / investment properties	(274 037 240)	(16 907 070)
Proceeds from investments / investment properties	266 423 119	14 483 997
Fixed capital expenditures	(898 336)	(386 045)
Proceeds from sale of property and equipment	106 701	43 794
Acquisition of subsidiary net of cash acquired	18 114 119	–
Total cash flow from investing activities	17 406 046	(1 015 255)
Total cash flow from financing activities - Dividends paid	(3 434 165)	(2 112 518)
Net cash flow from all activities	19 937 815	(31 377)
Cash and cash equivalents at beginning of year	1 164 209	1 195 586
Cash and cash equivalents at end of year	21 102 024	1 164 209
Reconciliation to profit and loss account		
Operating cash flows	5 965 934	3 096 396
Depreciation / amortization expense	(620 877)	(238 120)
Profit on disposal of property and equipment	70 757	37 472
(Loss) / gain on disposal of investments / investment properties	(3 367 666)	99 487
Rental income	103 991	96 990
Dividend Income	1 424 523	290 357
Other investment income	5 332 965	443 735
Share of profit from associate	103 952	828 771
Profit on deposit	81 729	71 336
Other income	56 726	8 698
Change in fair value of investment properties	10 681	298 769
Depreciation in market value of investments	(6 245 742)	–
Impairment in the value of available-for-sale equity investments	(18 623)	–
Increase in assets other than cash	2 138 796	228 746
Increase in liabilities other than running finance	(1 528 171)	(2 684 406)
Profit after tax from conventional insurance operations	3 508 975	2 578 231
Profit from window takaful operations - Operator's Fund	117 452	46 855
Profit after tax	3 626 427	2 625 086

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

Rupees '000

	Attributable to equity holders of the Company								
			Revenue reserves						
	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	Total (Restated)
Balance as at 01 January 2017 as previously reported	2 000 000	12 902	12 500 000			2 388 169	16 901 071		16 901 071
Restatement due to change in accounting policies (refer note 5) - net of deferred tax				4 393 897	947 471	641 201	5 982 569		5 982 569
Balance as at 01 January 2017 (restated)	2 000 000	12 902	12 500 000	4 393 897	947 471	3 029 370	22 883 640		22 883 640
Total comprehensive income for the year ended 31 December 2017									
Profit after tax					240 662	2 384 424	2 625 086		2 625 086
Other comprehensive income				(1 658 709)		(196 549)	(1 855 258)		(1 855 258)
				(1 658 709)	240 662	2 187 875	769 828		769 828
Transactions with owners recorded directly in equity									
Final dividend for the year 2016 at the rate of Rs. 7.00 (70%) per share						(1 400 000)	(1 400 000)		(1 400 000)
1st Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)		(250 000)
2nd Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)		(250 000)
3rd Interim dividend paid for the year 2017 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)		(250 000)
Other transfer within equity									
Transfer to general reserve			500 000			(500 000)	–		–
Balance as at 31 December 2017 (restated)	2 000 000	12 902	13 000 000	2 735 188	1 188 133	2 567 245	21 503 468		21 503 468
Balance as at 01 January 2018 as previously reported	2 000 000	12 902	13 000 000			2 034 319	17 047 221		17 047 221
Restatement due to change in accounting policies (refer note 5) - net of deferred tax				2 735 188	1 188 133	532 926	4 456 247		4 456 247
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 year ended 31 December 2018									
Profit after tax					91 607	2 727 368	2 818 975	807 452	3 626 427
Other comprehensive income				(800 765)		(1 643 519)	(2 444 284)	(23 337)	(2 467 621)
				(800 765)	91 607	1 083 849	374 691	784 115	1 158 806
Recognition of non-controlling interest on business combination								4 291 469	4 291 469
Transactions with owners recorded directly in equity									
Final dividend for the year 2017 at the rate of Rs. 6.25 (62.5%) per share						(1 250 000)	(1 250 000)		(1 250 000)
Final dividend for the year 2017 at the rate of Rs. 11.25 (112.5%) per share								(636 840)	(636 840)
1st Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)	(70 760)	(320 760)
2nd Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)	(70 760)	(320 760)
3rd Interim dividend paid for the year 2018 at the rate of Rs. 1.25 (12.5%) per share						(250 000)	(250 000)	(70 760)	(320 760)
Acquisition of NCI without a change in control						(5 263)	(5 263)	(2 628)	(7 891)
Other transfer within equity									
Transfer to general reserve			500 000			(500 000)	–	–	–
Balance as at 31 December 2018	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

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

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 financial statements have been prepared and are presented as per the requirements of Section 228 of the Companies Act 2017. The comparative figures in these consolidated financial statements represent those of the Holding Company only.

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 situated at Kamran Centre, 1st Floor 85, East, Jinnah Avenue Blue Area Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Holding Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Holding Company operates through 53 (2017: 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 43.43 % 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 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 financial statements.

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

Rupees '000

	Fair values provisionally determined as at 31 March 2018	Adjustments as a result of finalization of fair value exercise	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	114 949 939	1 907 019	116 856 958
Liabilities			
Insurance liability	106 211 210	–	106 211 210
Deferred taxation	737 946	553 036	1 290 982
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	108 722 887	553 036	109 275 923
Book value of net assets as on 31 March 2018	6 227 052	1 353 983	7 581 035
Percentage of net assets acquired (43 392 040 / 100 000 000)			43.39%
Book value of net assets acquired			3 289 566
Goodwill Calculation			
Market Value			11 260 234
Less: Net Assets			3 289 566
Goodwill			7 970 668

Market value of the Subsidiary Company's assets amounts to Rs. 7,581 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

3.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, shall prevail.

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 financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015.

3.2 Basis of measurement

These consolidated 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.

3.3 Functional and presentation currency

These consolidated 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.

3.4 Standards, interpretations and amendments effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Group's Operations and therefore not detailed in these consolidated financial statements. During the year, certain new standards and amendments to existing standards became effective. However, they did not have material effect on these consolidated financial statements.

SECP vide its S.R.O. 88(1) / 2017 and S.R.O. 89(1) / 2017 dated 09 February 2017 has issued Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 which prescribed a new format for the financial statements of Insurance Companies, effective from the year ended 31 December 2018. Accordingly, these consolidated financial statements are prepared in accordance with the new format.

In addition, Companies Act 2017 also became effective for the consolidated financial statements for the year ended 31 December 2017. As the Group's consolidated financial statements are prepared in accordance with the format prescribed by the Insurance Rules, 2017, it did not have a direct impact on the consolidated financial statements.

3.5 Standards, interpretations and amendments not effective at year end

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements.

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

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. However, SECP through its notification no. S.R.O 229 (I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 for reporting period / year ending on or after 30 June 2019. The Group is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendments address 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 Group has adopted the temporary exemption which allows the Company to defer the application of both IFRS 9 and IFRS 17 until 31 December 2021.

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

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's consolidated financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's consolidated financial statements.

Amendment to IFRS 3 'Business Combinations'-Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose consolidated financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs -the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on these consolidated financial statements.

4. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of consolidated financial statements are consistent to all years presented in these consolidated financial statements except for the change in valuation of available-for-sale investments, valuation of investment properties, property and equipment, change in format for preparation of consolidated financial statements as disclosed in note 5 and the standards, which became effective during the current year.

4.1 Basis of Consolidation

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

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

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

4.2 Business Combination

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

4.3 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any, for the purpose of impairment testing. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

4.4 Property and equipment

The Group has changed its accounting policy for land and building as disclosed in note 5.3.

Land is measured at cost at the time of initial recognition and is subsequently carried at revalued amount. Building is initially measured at cost and upon revaluation, is carried at revalued amount less accumulated depreciation and impairment, if any; all other operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.

Land and building are revalued by an independent professionally qualified valuer to ensure that the net carrying amount does not differ materially from the fair value. The surplus arising on revaluation of fixed assets is credited to the "surplus on revaluation of property and equipment"

Depreciation is calculated on straight line basis at the rates specified in note 7.1 to these consolidated financial statements.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from surplus on revaluation of assets to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charges for the year.

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account currently.

Gains or losses on disposal of property and equipment are included in consolidatd profit and loss account.

4.4.1 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible fixed assets.

4.5 Intangible asset

Material computer software licenses acquired are capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years using the straight line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortisation on additions to intangibles is charged from the month in which an asset is available for use, while no amortization is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software programmes are recognized as an expense when incurred.

The assets' residual values, useful lives and method for amortization are reviewed at each financial year end and adjusted if impact on amortization is significant.

4.6 Investment properties

Investment properties are measured at purchase cost on initial recognition including directly attributable cost on the acquisition of the investment property and subsequently at fair value with any change therein recognized in consolidated profit and loss account.

Subsequently cost is included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to consolidated profit and loss account.

4.7 Insurance contracts

4.7.1 Holding Company

Insurance contracts are those contracts where the Holding Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Holding Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Holding Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those, which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Holding Company as insurer.

Fire and property insurance contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other insurances like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, mobilisation and performance bonds, workers compensation etc. are included under miscellaneous insurance cover.

4.7.2 Subsidiary Company

Classification

The Subsidiary Company currently issues contracts that are classified as insurance and takaful contracts as they transfer significant insurance risk (against death, disability and sickness) from the policyholder to the Subsidiary Company. All contracts which include an investment element are unit-linked contracts linked to internal mutual funds.

The Subsidiary Company classifies its business into individual life and group life businesses, in both cases the form of contract consisting of main plans and supplementary riders (which are generally optional).

Individual life business mainly consists of unit linked products and conventional protection products, in both cases with optional supplementary riders which generally provide protection only. Group life business consists primarily of protection products and a relatively small number of unit-linked policies.

Contract details and measurement

The insurance contracts offered by the Subsidiary Company are described below.

Individual life policies

These consist of the following types of policies:

(a) Unit linked product

These are medium to long term unit-linked plans designed to address a variety of future policyholder needs, such as retirement planning, education planning for children, marriage planning for children, life protection and investments and savings for future. Premiums received from policyholders and after deduction of specified charges including risk charges, are invested in internal unit funds of the Subsidiary Company The basic plan contains life cover over and above the unit value, with additional protection (for death, disability and sickness) being provided through the addition of optional riders.

(b) Conventional protection products:

Two types of products are offered under Individual life conventional business, these being medium to long term contracts with level premiums being paid over the policy period. The Subsidiary Company offers a standard term life assurance product that offers protection in event of death as well as a decreasing term life assurance policy that covers outstanding loan balances.

(c) Family takaful investment linked products:

These are medium to long term unit-linked plans operated through Window Takaful Operations of EFU Life Assurance.

The Subsidiary Company offers unit linked takaful plans which provide shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk/return objectives. The investment risk is borne by the participants

(d) Accident and health products:

These consist of long term and short term accident and health products providing cover against accidental death, disability, sickness and critical illness, offered both as long term as well as yearly renewable plans

(e) Other Supplementary Benefits:

The Subsidiary Company also offers a variety of supplementary benefits attached with main plans including additional term life assurance, income benefits, critical illness, sickness and accidental death and disability related benefits.

Group life and group family takaful protection policies

(a) Nature of contracts:

The Subsidiary Company's group life and group takaful business consists of one year term life contracts which provide coverage, in the event of death or disability, to:

– Employees of a common employer, benefits payable under these contracts being either fixed, in case of death, or linked to the extent of loss incurred by the policyholder, in case of disability;

– Customers of financial institutions, the contracts being issued to financial institutions to protect their customers' outstanding loan balances, such as on personal loan, mortgages and credit cards.

Unit linked group life policies are similar in nature to individual life unit linked products.

4.8 Commission

4.8.1 Deferred commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

4.8.2 Commission income

Commission from reinsurers is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements is recognized when the Group's right to receive the same are established.

4.8.3 Acquisition costs

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commissions and other expenses are recognized as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

4.9 Premium

For all the insurance contracts, premiums / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognized as written from the date of attachment of the risk to the policy / cover note and over the period of the insurance from inception to the expiry of policy. Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

4.10 Unearned premiums reserves

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge, which relates to business in force at the consolidated financial statements date. Unearned premiums have been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

4.11 Premium deficiency reserve (liability adequacy test)

At each consolidated financial statements date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after consolidated financial statements date in respect of policies in force at consolidated financial statements date with the carrying amount of unearned premium liability. Any deficiency is recognized by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable.

The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

4.12 Reinsurance contracts

Contracts entered into by the Holding Company with reinsurers under which the Holding Company cedes insurance risks assumed during normal course of its business and according to which the Holding Company is compensated for losses on insurance contracts issued by the Holding Company are classified as reinsurance contracts held.

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognising premium revenue.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognized at the same time when reinsurance premiums are recognized as an expense.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each consolidated financial statements date. If there is objective evidence that the asset is impaired, the Holding Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

The Subsidiary Company has entered into reinsurance / retakaful (hereinafter referred to as “reinsurance”) arrangements, for both its individual and group businesses, in order to manage risks associated with the frequency and severity of claims. These arrangements include cover under treaties as well as on a facultative basis. The terms of reinsurance treaties vary by type of business, the objective being to maintain a reasonable risk profile suiting the risk appetite and overall exposure to adverse movements in mortality or morbidity.

Primarily, reinsurance assets are amounts due from reinsurers with respect to recoveries under claims and profit commission. Reinsurance recoveries are measured according to the terms and conditions of the reinsurance contracts.

Reinsurance liabilities consist of amounts due to reinsurers on account of reinsurance premiums due which are measured according to the terms of the arrangements.

4.13 Receivables and payables

4.13.1 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated profit and loss account.

Provision for impairment in premium receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

4.13.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Group.

Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each consolidated financial statements date and adjusted to reflect current best estimates.

4.14 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Group presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The holding Company has four primary business segments for reporting purposes namely, fire and property, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 43.

Based on its classification of Insurance contracts issued, the Subsidiary Company has six business segments namely investment linked business, conventional business, pension business, accident and health business, Family takaful investment linked business and Family takaful protection business.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

4.15 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and deposits maturity upto three months

4.16 Revenue recognition

4.16.1 Premium

4.16.1.1 The Holding Company

The revenue recognition policy for premiums is given under note 4.10.

4.16.1.2 The Subsidiary Company's first year individual life premiums / contributions are recognized once the related policies have been issued and the premium is received. Renewal premiums are recognized upon receipt of premium provided the policy is still in force. Single premiums are recognized once the related policies are issued against the receipts of premium.

Group life premiums are recognized when due. A provision for unearned premiums is included in the policyholders' liabilities.

Interest / profit income on bank deposits is recorded on a time proportion basis.

Fixed income securities are recorded on a time proportion basis using effective interest rate method, except Treasury-Bills.

Dividend income is recognized when right to receive such dividend is established.

4.16.2 Commission income

The revenue recognition policy for commission income is given under note 4.8.2

4.16.3 Investment income

Return on investments, profit and loss sharing accounts and bank deposits are recognized using effective interest rate method.

Profit or loss on sale of investments is recognized at the time of sale.

4.16.4 Dividend Income

Dividend income is recognized when right to receive such dividend is established.

4.17 Investments

- In equity securities
  (a) Available for sale
  (b) Fair Value through profit and loss
  (c) Fair / market value measurements
- In debt securities
  (a) Available-for-sale
  (b) Fair Value through profit and loss
  (c) Held to maturity
- In term deposits - Held to maturity

4.17.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Group commits to purchase or sell the investments.

4.17.2 Measurement

4.17.2.1 Available-for-sale

Available-for-sale Investments are those non-derivative instruments that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the consolidated statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in consolidated other comprehensive income is transferred to consolidated profit and loss for the period within statement of consolidated comprehensive income. Whereas, any reversal in impairment is taken in consolidated statement of comprehensive income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

4.17.2.2 Investments in debt securities relating to units assigned to policies of investment linked business, pension business and Family takaful investment linked business are subsequently measured at their fair values and the difference taken in fair value through profit and loss account and the investment related to non-unit linked fund subsequently measured at fair value through other comprehensive income.

4.17.2.3 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the consolidated profit and loss account.

4.17.2.4 Fair value through profit and loss

Investments in debt securities relating to units assigned to policies of investment linked business, pension business and Family takaful investment linked business are subsequently measured at their fair values and the difference taken in fair value through profit and loss account and the investment related to non- unit linked fund subsequently measured at fair value through other comprehensive income.

4.17.2.5 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on balance sheet date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

4.17.3 Derivatives

Derivative instruments held by the Group primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the consolidated financial statements. The resultant gains and losses are included in the consolidated profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or realise the assets and settle the liabilities simultaneously.

4.19 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

4.19.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the consolidated financial statements date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

4.19.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the consolidated financial statements date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

4.19.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the consolidated financial statements date. The Group takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

4.20 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

4.20.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

4.20.2 Deferred

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the consolidated financial statements date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.21 Employees' retirement benefits

4.21.1 Holding Company

4.21.1.1 Defined benefit plans

The Holding Company operates the following employee defined benefit plans:

– Funded gratuity scheme

The Holding Company operates an approved gratuity fund for all employees who complete qualifying period of service.

– Funded pension scheme

Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

4.21.1.2 Defined contribution plan

The Holding Company contributes to a provident fund scheme, which covers all permanent employees. Both the Holding Company and the employees make equal contributions to the fund at the rate of 8.33 % of basic salary.

4.21.2 Subsidiary Company

4.21.2.1 The Subsidiary Company operates a contributory provident fund for all eligible employees to which equal monthly contributions at the rate of 8.33% of basic salary are made by both the Subsidiary Company and the employees. The contributions are recognized as employee benefit expense when they are due.

4.21.2.2 The Subsidiary Company also operate an approved funded contributory pension scheme, whereby, fixed monthly contributions at the rate of 10% of the basic salary are made by the Company and the employees also have an option to contribute in the fund at the rate of 5%. At the time of retirement, employees are paid in full for their contribution, if any, and Subsidiary Company's contribution accumulated in the fund is paid to employees over the period of time in accordance with the rules of the fund.

4.22 Impairment

A financial asset is assessed at each consolidated financial statements date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each consolidated financial statements date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the consolidated profit and loss account. Provisions for impairment are reviewed at each consolidated financial statements date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

4.23 Dividend and bonus shares

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

4.24 Expenses of management

Expenses of management have been allocated to various revenue accounts on equitable basis.

4.25 Rental income

Rental income on investment properties is recognized over the term of lease.

4.26 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 4.12.

4.27 Compensated absences

The liability towards compensated absences accumulated by the employees is provided in the period in which they are earned.

4.28 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the consolidated financial statements date. Exchange gains or losses, if any, are taken into consolidated profit and loss account.

4.29 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or losses on de-recognition of financial assets and financial liabilities are taken to income directly.

4.30 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.31 Policyholder Liability

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each consolidated financial statements date. In determining the value, both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the Subsidiary Company underwrites are taken into account. The bases used are applied consistently from year to year.

The basic liability consists of the estimated actuarial liability against each contract which is in force. To this are added:

(a). The cash value of policies which have lapsed over the last two years and where the liability would be reinstated in case of the policy being revived; and

(b). A reserve for potential losses on a policy by policy basis.

Policy holder liabilities consist of the following components

Net unearned premium reserve

The unearned premium reserve is the portion of premium that had been booked in the current period but pertains to a period that extends beyond the valuation date. The fraction of premium that is to be consumed in the succeeding period is considered to be unearned. The unearned premium is the aggregate for both posted and fluctuations in the unearned premium.

The unearned premium reserve is computed both gross and net of reinsurance, the methodology used for both being similar.

Unit-link group life policies

Policyholder Liabilities for these policies are measured as the sum of the fair value of units attached and the unearned part of any risk premiums charged.

Profit Commission Reserve (Accrued for Policyholders)

This is the total accrued profit commission that is payable to Policyholders at a future date. Profit commission for any policy normally becomes payable at the end of three policy years. However, accrued profit commission is calculated at the end of each policy year to account for the liability that has been created for that year. The sum of all such accrued profit commissions for all schemes is the Profit Commission reserve.

Profit Commission Reserve (Accrued from Reinsurer)

This is the total profit commission due from re-insurer on all reinsured schemes. Profit commission rates are applied on insured groups, based on their size. The total profit commission accrued from re-insurer is the sum of profit commissions for each group.

Premium Deficiency Reserve

The need for premium deficiency reserve arises when the Group expects to incur claims in excess of reserves set aside using conventional methods. The Group analyzed its current portfolio of group contracts and evaluated loss ratios of group business. The Group does not expect excessive claims on any schemes and hence no provision for Premium Deficiency Reserve is set aside.

Incurred But Not Reported (IBNR) Reserve

The IBNR (incurred but not reported) reserve is an estimate of those claims that might have occurred but not yet reported. This is estimated by using the claim intimation lag from the date of death for the claims that have been reported in the last two years. The system generated IBNR triangle report is used to calculate the ratio of delay to estimate the probable claims pertaining to and not reported up to the valuation date.

4.32 Statutory funds

The Subsidiary Company maintains statutory funds for all classes of life insurance business. Assets, liabilities, revenues and expenses are recorded in respective funds, if referable or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenues and expenses are allocated to shareholders' fund. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Subsidiary Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000. A capital transfer provided to statutory funds by the shareholders' fund is recorded as a reduction in the shareholders' equity. Changes in the amount of capital contributed to statutory funds is recorded by the shareholders' funds directly in equity.

5 Change in accounting policies

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

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

Had the accounting policy not been changed, available-for-sale investments, reserves and deferred taxation would have been higher by Rs. 2,854 million, Rs. 828 million and Rs. 2,026 million (December 2017: lower by Rs. 3,907 million, Rs. 2,735 million and Rs. 1,172 million) respectively.

5.2 During the year, the Holding Company has changed its accounting policy for valuation of investment properties from cost model to fair value model as per IAS 40 investment property.

This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS-8 'Accounting Policy, Change in Accounting Estimates and Error'. The comparatives have been restated accordingly.

Had the accounting policy not been changed, investment property, deferred taxation would have been lower by Rs. 1,723 million, Rs. 431 million and depreciation expense would have been higher by Rs. 25 million (December 2017: Rs. 1,697 million, and Rs. 509 million and Rs. 25 million) respectively.

5.3 During the year the Holding Company has changed its accounting policy for its land and building from cost model to revaluation model as per IAS 16.

Had the accounting policy not been changed, property and equipment and deferred taxation would have been lower by Rs. 1,210 million and Rs. 351 million respectively.

5.4 During the year, the Holding Company has changed format for preparation of its financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of consolidated financial statements of the Group for the year ended 31 December 2018.

5.5 As per note 5.1, 5.2 and 5.4 retrospective adjustments have been made in these consolidated financial statements and comparatives have been restated as follows:

Effect on Consolidated Statement of Financial Position

Rupees '000

	31 December 2017			31 December 2016		
	Balance Previously Reported	Adjustment	Balance Restated	Balance Previously Reported	Adjustment	Balance Restated
Property and equipment	1 222 290	66 733	1 289 023	1 084 911	62 508	1 147 419
Investment property	149 120	1 697 973	1 847 093	174 081	1 373 927	1 548 008
Investments in subsidiary / associate	12 131 105	658 951	12 790 056	11 949 485	829 296	12 778 781
Investments						
Equity securities	2 505 215	3 914 210	6 419 425	3 195 534	6 297 886	9 493 420
Debt securities	8 533 957	(6 689)	8 527 268	5 191 510	70 226	5 261 736
Total assets from window takaful operations - Operator's Fund	433 587	(2 946)	430 641	267 353	(1 257)	266 096
Taxation - provision less payment	95 797	14 165	109 962	(208 186)	1 836	(206 350)
Total liabilities from window takaful operations - Operator's Fund	(238 378)	(11 213)	(249 591)	(133 715)	(860)	(134 575)
Deferred taxation	(376 377)	(1 874 937)	(2 251 314)	(380 062)	(2 650 993)	(3 031 055)
Reserves	(13 012 902)	(3 923 321)	(16 936 223)	(12 512 902)	(5 341 368)	(17 854 270)
Unappropriated profit	(2 034 319)	(532 926)	(2 567 245)	(2 388 169)	(641 201)	(3 029 370)

Rupees '000

	31 December 2017
Impact on Consolidated Profit and Loss Acccount	
Profit after tax	281 267
Impact on Consolidated Statement of Comprehensive Income	
Other comprehensive income- net of tax	(1 807 589)
Impact on earnings per share	1.41

5.6 During the year the Companies Act, 2017 has been implemented, however there is no impact on these consolidated financial statements.

6. Accounting estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

	Note
– Property and equipment	4.4
– Investment properties	4.6
– Unearned premiums reserves	4.10
– Premium deficiency reserve (liability adequacy test)	4.11
– Receivables and payables related to insurance contracts	4.13.1
– Provision for outstanding claims (including IBNR)	4.19.1
– Taxation	4.20
– Employees' retirement benefits	4.21
– Impairment	4.22
– Policyholder liability	4.31

Rupees '000

	Note	2018	2017
7. Property and equipment			
Operating assets	7.1	6 947 080	1 280 473
Capital work-in-progress	7.2	2 570	8 550
		6 949 650	1 289 023

7.1 Operating assets

Rupees '000

2018

	Cost					Rate	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December	%	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	1 011 664	–	–	1 209 287	2 220 951	0	–	–	–	–	2 220 951
Buildings	2 923 285	96 374	–	156 347	3 176 006	5	173 162	80 092	–	253 254	2 922 752
Furniture and fixtures	791 764	116 342	(3 687)	–	904 419	10	367 585	95 770	(3 712)	459 643	444 776
Office equipments	528 076	33 517	(1 538)	–	560 055	10	176 267	96 030	(1 132)	271 165	288 890
Computers	221 662	66 336	(1 045)	–	286 953	30	151 248	46 491	(990)	196 749	90 204
Vehicles	970 819	468 722	(182 266)	–	1 257 275	20	410 472	227 633	(146 783)	491 322	765 953
Tracker equipments	271 068	93 330	–	–	364 398	20	87 398	63 446	–	150 844	213 554
	6 718 338	874 621	(188 536)	1 365 634	8 770 057		1 366 132	609 462	(152 617)	1 822 977	6 947 080

2017 (Restated)

	Cost				Rate	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	As at 31 December	%	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	81 664	–	–	81 664	0	–	–	–	–	81 664
Buildings	542 024	71 261	–	613 285	5	144 353	28 809	–	173 162	440 123
Furniture and fixtures	492 495	35 039	(666)	526 868	10	333 253	34 998	(666)	367 585	159 283
Office equipments	278 853	7 846	(19)	286 680	10	151 121	25 165	(19)	176 267	110 413
Computers	156 419	9 214	(119)	165 514	30	144 424	6 943	(119)	151 248	14 266
Vehicles	621 646	162 325	(82 445)	701 526	20	390 467	96 128	(76 123)	410 472	291 054
Tracker equipments	176 508	94 560	–	271 068	20	41 321	46 077	–	87 398	183 670
	2 349 609	380 245	(83 249)	2 646 605		1 204 939	238 120	(76 927)	1 366 132	1 280 473

7.1.2 Details of tangible assets disposed off during the year are as follows:

Category of Assets (Mode of disposal)	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
	Rupees '000				
Furniture & Fixtures					
Written down value below Rs. 50 000	3 712	3 712	–	443	Various
	3 712	3 712	–	443	
Office equipments (Negotiation)	454	197	257	60	Ali Quli
Written down value below Rs. 50 000	1084	935	149	102	Various
	1 538	1 132	406	162	
Computers					
Written down value below Rs. 50 000	1045	989	56	67	Various
	1 045	989	56	67	
Vehicles (Negotiation)	1 538	1 128	410	1 000	Faysal Auto Dealer Karachi
	1 779	59	1 720	1 743	Honda Quaideen
	2 586	1 465	1 121	1 000	Mrs. Shua-ul-Ambia Riaz
	6 145	4 609	1 536	3 200	Ali Bhai Motors
	692	473	219	300	M. Kaleem Imitiaz - Employee
	691	518	173	300	Syed Muhammad Shahid Naqvi
	1 703	1 110	593	1 350	Tahir Sultan - Employee
	683	445	238	450	Khizar Abbas - Employee
	683	431	252	475	Abid Ali - Employee
	683	445	238	430	Nadeem Sultan
	683	445	238	475	Muhammad Imran - Employee
	1 302	849	453	700	Attaullah Sheikh - Employee
	1 221	796	425	900	Muhammad Shahzad - Employee
	1 221	796	425	900	Imran Razzaq - Employee
	1 044	658	386	700	Mujeeb Ur Rehman - Employee
	2 156	1 312	844	1 600	Faisal Tahir - Employee
	678	427	251	460	Ghulam Abu - Employee
	678	427	251	440	Abdul Ali - Employee
	678	427	251	450	Zahid Pasha - Employee
	1 039	655	384	700	Ehsan Hyder - Employee
	678	427	251	475	Muhammad Ishfaq - Employee
	1 039	655	384	740	Asad Hadi - Employee
	1 332	752	580	950	Mian Kashif Naseer - Employee
	688	371	317	540	Sumera Falak - Employee
	1 622	872	750	1 350	Qazafi Khan - Employee
	1 622	872	750	1 400	Ali Raza - Employee
	1 271	649	622	985	Shahid Lazir - Employee
	1 552	792	760	1 350	Azmi Mufti - Employee
	688	351	337	515	Mehmood Butt - Employee
	1 054	508	546	832	Yousuf Javed - Employee
	1 824	931	893	1 500	Dr. Noreen Tahir
	1 347	568	779	1 050	Asim Khan - Employee
	1 566	661	905	1 425	Rashib Sheikh - Employee
	1 566	661	905	1 450	Aamer Manzoori Farid - Employee
	1 347	568	779	1 050	Aulim Solangi - Employee
Written down value below Rs. 50 000	135 187	119 671	15 514	72 844	Various
	182 266	146 784	35 480	106 029	
Total	188 561	152 617	35 942	106 701	

Rupees '000

		2018	2017
7.2	Capital work-in-progress		
	Advances for renovation and equipment	2 570	8 550
		2 570	8 550

8. Intangible assets

2018

	Note	Cost					Rate	Amortization / Impairment				Written down value
		As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December	%	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Computer softwares		83 577	29 695	–	–	113 272	33	74 796	11 438	–	86 234	27 038
Goodwill	8.1	–	7 970 668	–	–	7 970 668		–	–	–	–	7 970 668
		83 577	8 000 363	–	–	8 083 940		74 796	11 438	–	86 234	7 997 706

2017

	Note	Cost					Rate	Amortization				Written down value
		As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December	%	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Computer softwares		74 796	–	–	–	74 796	33	74 796	–	–	74 796	–
		74 796	–	–	–	74 796		74 796	–	–	74 796	–

8.1 This represent goodwill recognized on business combination with Subsidiary EFU Life Assurance Limited (note no. 2).

9. Investment property

Rupees '000

	2018	2017
Opening net book value	1 847 093	1 548 008
Additions and capital improvements	21 319	317
Unrealized fair value gain	10 681	298 768
Closing book value	1 879 093	1 847 093

Market value of these investment property amounts to Rs. 1,879 million based on a revaluation carried out by different valuer as at 31 December 2018 and revaluation gain of Rs. 11 million has been recognized in the profit and loss.

The fair value of investment property 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 provide the fair value of the Holding Company's investment properties every year.

The fair value of the investment properties has been categorised as a Level 3 fair value (based on the inputs to the valuation techniques used) and which is considered as highest and best use of investment property.

9.1 Valuation Techniques

The valuer have 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.

10. Investment in associate

Rupees '000

Number of shares 2018	Number of shares 2017	Face value per share (Rupees)	Name of associate	Note	2018	2017
–	43 392 040	Rs. 10	EFU Life Assurance Limited incorporated in Pakistan (Chief Executive: Taher G. Sachak)	10.1	–	12 790 056

EFU Life Assurance Limited is a listed public limited company and is engaged in life assurance business. The following table summarizes the financial information of EFU Life Assurance Limited included in its own financial statements the information for 2018 presented in the table includes the result of EFU Life Assurance Limited for the period from 01 January 2018 to 31 March 2018 because EFU Life Assurance Limited became a Subsidiary on 01 April 2018.

Rupees '000

	2018	2017
Total Assets	–	109 545 184
Total Liabilities	–	103 582 513
Net Assets (100%)	–	5 962 671
Group's share of net assets (43.39%)	–	2 587 325
Goodwill	–	10 202 731
Carrying amount of interest in asscociate	–	12 790 056
Profit from statement of profit and loss	239 564	1 909 962
Profit / (loss) from statement of comprehensive income	24 817	(490 150)
Total comprehensive income	264 381	1 419 812
Percentage holding	43.39%	43.39%
Group share of total comprehensive income	114 722	616 084

10.1 Movement of investment in associate during the year:

	2018	2017
Opening balance	12 790 056	12 778 781
Investment made	–	73 891
Share of profit	114 722	616 084
Dividend received	–	(678 700)
Transfer to subsidiary	(12 904 778)	–
Closing balance	–	12 790 056

Rupees '000

11. Investment in equity securities

	2018			2017		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available for sale						
Related Party						
Listed shares	779 186	307 622	471 564	444 664	28 753	415 911
Mutual funds	25 523	–	25 523	–	–	–
	804 709	307 622	497 087	444 664	28 753	415 911
Others						
Listed shares	1 950 613	51 790	1 898 823	2 133 539	54 735	2 078 804
Unlisted shares	31 508	–	31 508	10 500	–	10 500
Mutual funds	100 147	10 280	89 867	–	–	–
	2 082 268	62 070	2 020 198	2 144 039	54 735	2 089 304
Surplus on revaluation	–	–	2 903 404	3 914 210	–	3 914 210
	2 886 977	369 692	5 420 689	6 502 913	83 488	6 419 425
At fair value through profit and loss - designated upon initial recognition						
Related Party						
Listed shares	99 329	–	121 251	–	–	–
Mutual funds	444	–	805	–	–	–
	99 773	–	122 056	–	–	–
Others						
Listed shares	34 961 713	–	32 619 121	–	–	–
Mutual funds	59 215	–	60 315	–	–	–
	35 020 928	–	32 679 436	–	–	–
	35 120 701	–	32 801 492	–	–	–
	38 007 678	369 692	38 222 181	6 502 913	83 488	6 419 425

12. Investment in debt securities

	Note	2018			2017		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Investments in government securities - held to maturity	12.1						
Pakistan Investment Bonds		1 063 700	–	1 063 719	–	–	–
Treasury Bills		3 834 000	–	3 824 395	–	–	–
Ijara Sukuk		235 000	–	234 839	–	–	–
		5 132 700	–	5 122 953	–	–	–

Rupees '000

	Note	2018			2017		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Investments in government securities - available for sale	12.2						
Pakistan Investment Bonds		23 165 761	–	22 759 349	2 977 076	–	2 977 076
Treasury Bills		32 908 769	–	32 885 821	5 556 881	–	5 556 881
Ijara Sukuk		174 188	–	175 011	–	–	–
Water and Power Development Authority		128 640	–	128 202	–	–	–
		56 377 358	–	55 948 383	8 533 957	–	8 533 957
Investments in debt securities - fair value through profit & loss	12.3						
Term Finance Certificate							
Others							
New Allied Electronics Limited		3 481	3 481	–	3 481	3 481	–
Agritech Limited - 3rd Issue (B)		5 665	5 665	–	5 665	5 665	–
Agritech Limited - 3rd Issue (A)		34 972	34 972	–	34 972	34 972	–
Al Baraka Bank Limited		22 189	–	22 189	–	–	–
Askari Bank Limited		500 000	–	500 000	–	–	–
Bank Al Habib Limited		100 000	–	100 000	–	–	–
Bank Al Habib Limited (Perpetual)		200 289	–	200 289	–	–	–
Bank Al-Falah Limited		15 132	–	15 132	–	–	–
Bank Al-Falah Limited		99 999	–	99 999	–	–	–
Engro Fertilizers Limited		91 000	–	91 000	–	–	–
Fatima Fertilizer Company Limited		29 677	–	29 677	–	–	–
MCB Bank Limited		101 592	–	101 592	–	–	–
Soneri Bank Limited		150 000	–	150 000	–	–	–
United Bank Limited		1 250 000	–	1 250 000	–	–	–
		2 603 996	44 118	2 559 878	44 118	44 118	–

Rupees '000

	2018			2017		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Corporate Sukuks						
Others						
Byco Oil Pakistan Limited	100 000	–	100 000	–	–	–
Dawood Hercules Corporation Limited	200 000	–	200 000	–	–	–
Dubai Islamic Bank (Pakistan) Limited	180 000	–	180 000	–	–	–
Hascol Petroleum Limited	99 499	–	99 499	–	–	–
International Brands Limited	99 182	–	99 182	–	–	–
K Electric Limited	78 361	–	78 361	–	–	–
Meezan Bank Limited	500 000	–	500 000	–	–	–
Pak Elecktron Limited	99 994	–	99 994	–	–	–
Pakistan Services Limited	131 958	–	131 958	–	–	–
	1 488 994	–	1 488 994	–	–	–
Certificate of Investment						
First Habib Modaraba - Musharika Certificate	210 000	–	210 000	–	–	–
Deficit on revaluation	(49 686)	–	(49 686)	–	–	(6 689)
	65 763 362	44 118	65 280 522	8 578 075	44 118	8 527 268

12.1 Investment in government securities - held to maturity

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	31 December 2018
Government Securities					
03 Years Pakistan Invetment Bond	2019	7.00	Half Yearly	1 000 000	999 447
15 Years Pakistan Invetment Bond	2019	6.45	Half Yearly	10 000	10 014
20 Years Pakistan Invetment Bond	2024	10.00	Half Yearly	53 700	54 258
03 Months Treasury Bills	2019	7.50	On Maturity	3 834 000	3 824 395
03 Years Goverment Ijara	2019	5.59	Half Yearly	235 000	234 839
					5 122 953

12.2 Investment in government securities - available for sale

Rupees '000

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	31 December 2018
Government Securities					
03 Years Pakistan Invetment Bond	2019	7.00	Half Yearly	9 275 000	9 177 613
03 Years Pakistan Invetment Bond	2019	6.28 - 6.39	Half yearly	823 900	829 097
03 Years Pakistan Invetment Bond	2019	6.11	Half yearly	250 000	250 662
05 Years Pakistan Invetment Bond	2019	6.52	Half yearly	256 600	263 342
05 Years Pakistan Invetment Bond	2019	7.33	Half Yearly	4 537 500	4 557 919
05 Years Pakistan Invetment Bond	2020	7.20	Half Yearly	4 987 500	4 870 294
10 Years Pakistan Invetment Bond	2019	12.59	Half Yearly	15 000	15 119
10 Years Pakistan Invetment Bond	2024	11.45	Half Yearly	100 000	96 950
10 Years Pakistan Invetment Bond	2022	11.42	Half Yearly	2 100 000	2 081 940
15 Years Pakistan Invetment Bond	2019	6.45	Half Yearly	266 400	265 493
20 Years Pakistan Invetment Bond	2024	10.00	Half Yearly	392 000	350 920
03 Months Treasury Bills	2019	8.75	On maturity	6 777 500	6 755 369
03 Months Treasury Bills	2019	7.66	On Maturity	26 134 023	26 130 452
03 Years Goverment Ijara	2019	5.59-6.10	Half Yearly	175 000	175 011
08 Years Pakistan Water And Power Development Authority	2021	8.31	Half Yearly	128 640	128 202
				56 219 063	55 948 383

12.3 Investment in debt securities - fair value through profit and loss

	No. of Certificates		Face Value	Value of Certificate	
	2018	2017		2018	2017
Term Finance Certificates					
New Allied Electronics Limited	2 000	2 000	5 000	3 481	3 481
Agritech Limited - 3rd Issue (B)	1 133	1 133	5 000	5 665	5 665
Agritech Limited - 3rd Issue (A)	7 000	7 000	5 000	34 972	34 972
Al Baraka Bank Limited	10 000	–	4 000	22 189	–
Askari Bank Limited	500	–	1 000 000	500 000	–
Bank Al Habib Limited (Perpetual)	40 000	–	5 000	200 289	–
Bank Al Habib Limited	20 000	–	5 000	100 000	–
Bank Al-Falah Limited	20 000	–	5 000	99 999	–
Bank Al-Falah Limited	3 063	–	5 000	15 132	–
Engro Fertilizers Limited	52 000	–	4 000	91 000	–
Fatima Fertilizer Company Limited	9 807	–	4 000	29 677	–
MCB Bank Limited	20 000	–	5 000	101 592	–
United Bank Limited	250 000	–	5 000	1 250 000	–
Soneri Bank Limited	30 000	–	5 000	150 000	–
				2 603 996	44 118

Rupees '000

	No. of Certificate 2018	2017	Face Value	Value of Certificate 2018	2017
Corporate Sukuks					
Byco Oil Pakistan Limited	20 000	–	5 000	100 000	–
Dawood Hercules Corporation Limited	2 000	–	200 000	200 000	–
Dubai Islamic Bank Pakistan Limited	36 000	–	5 000	180 000	–
Hascol Petroleum Limited	30 000	–	7 000	99 499	–
International Brands Limited	100 000	–	202 000	99 182	–
K Electric Limited	7 500	–	10 000	78 361	–
Meezan Bank Limited	100 000	–	5 000	500 000	–
Pak Electron Limited	20 000	–	10 000	99 994	–
Pakistan Services Limited	833	–	100 000	131 958	–
				1 488 994	–
Certificate of Investment					
First Habib Modarba	–	–	210 000	210 000	–
				210 000	–
				65 374 326	55 992 501
Deficit on revaluation				(49 686)	–
				65 324 640	55 992 501

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	31 December 2017
03 Years Pakistan Investment Bonds	2018	5.77 - 8.08	Half yearly	1 605 400	1 615 202
03 Years Pakistan Investment Bonds	2019	6.29 - 6.39	Half yearly	823 900	834 009
03 Years Pakistan Investment Bonds	2019	6.11	Half yearly	250 000	252 760
05 Years Pakistan Investment Bonds	2019	6.52	Half yearly	256 600	275 105
03 months Treasury Bills	2018	5.90	On maturity	150 000	4 812 957
06 months Treasury Bills	2018	5.82 - 5.88	On maturity	965 000	743 924
					8 533 957
Term Finance Certificates (TFCs) – quoted					
New Allied Electronics Limited	2012	12.92	Quarterly	3 481	3 481
Agritech Limited – 3rd Issue (B)	2017	11.00	Half yearly	5 665	5 665
Agritech Limited – 3rd Issue (A)	2019	13.35	Quarterly	34 972	34 972
					44 118
					8 578 075

Rupees '000

	Note	2018	2017
13. Investment in term deposits			
Held to maturity			
Deposits maturing within 12 months			
Term deposits certificates - local currency	13.1 & 13.3	15 309 821	244 000
Term deposits certificates - foreign currency	13.2	245 886	186 550
		15 555 707	430 550

13.1 The rate of return on term deposit certificates issued by various banks ranges from 7.5 % to 12.00 % per annum (2017: 5.10 % to 6.90 % per annum) depending on tenure. These term deposit certificates have maturities upto March 2019.

13.2 The rate of return on foreign currency term deposit certificates issued by various banks ranges from 1.20 % to 2.10 % per annum (2017: 2.10 % per annum) depending on tenure. These term deposit certificates have maturities upto March 2019.

13.3 This includes an amount of Rs. 8.5 million (2017: Rs. 8.5 million) under lien with banks against guarantees issued in favour of the Holding Company.

Rupees '000

	Note	2018	2017
14. Loans and other receivables - considered good			
Loans to employees		173 973	5 393
Accrued investment income		908 253	66 616
Security deposits		44 075	7 780
Advances to suppliers		144 119	33 115
Advances to employees		5 245	3 665
Other receivables		1 935 044	2 049
		3 210 709	118 618
15. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		3 795 606	2 829 996
Provision for impairment of receivables from insurance contract holders		(69 251)	(27 814)
		3 726 355	2 802 182
Due from other insurer / reinsurers		20 299	16 887
		3 746 654	2 819 069
16. Prepayments			
Prepaid reinsurance premium ceded	26	5 073 281	5 112 083
Prepaid rent		73 833	12 703
Others		132 970	77 395
		5 280 084	5 202 181

Rupees '000

	Note	2018	2017
17. Cash and Bank			
Cash and cash equivalents			
Cash in hand		305	2
Policy and revenue stamps, bond papers		18 035	9 802
		18 340	9 804
Cash at bank			
Current accounts		1 492 484	233 422
Saving accounts	17.1 & 17.2	4 542 100	920 983
		6 034 584	1 154 405
		6 052 924	1 164 209

Cash and short term borrowing include following for the purposes of the cash flow statement:

		2018	2017
Cash and others		18 340	9 804
Cash at bank		6 034 584	1 154 405
Term deposit maturing within three months		15 049 100	–
		21 102 024	1 164 209

17.1 The rate of return on saving accounts from various banks ranges from 7.50 % to 9.70 % per annum (2017: 3.75 % to 6.20 % per annum) depending on the size of average deposits.

17.2 This includes an amount of Rs. 50 million (2017: Rs. 24.2 million) under lien with a bank against a facility obtained.

18. Share capital

18.1 Authorized Capital

Number of shares '000 2018	2017		Rupees '000 2018	2017
200 000	200 000		2 000 000	2 000 000

18.2 Issued, subscribed and paid-up share capital

Number of shares '000 2018	2017		Rupees '000 2018	2017
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
199 750	199 750	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	1 997 500	1 997 500
200 000	200 000		2 000 000	2 000 000

Rupees '000

	Note	2018	2017
19. Reserves			
Capital reserve			
Reserve for exceptional losses	19.1	12 902	12 902
Revenue reserves			
General reserve		13 500 000	13 000 000
Revaluation reserve for unrealized (loss) / gain on available-for-sale investments - net		1 934 423	2 735 188
Reserve for change in fair value of investment property - net		1 279 740	1 188 133
		16 727 065	16 936 223

19.1 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

	Note	2018	2017
20. Insurance Liability			
Reported outstanding claims	20.1	2 281 165	–
Incurred but not reported claims	20.2	515 733	–
Investment component of unit-linked and account value policies	20.3	102 902 502	–
Liabilities under individual conventional insurance contracts	20.4	784 354	–
Liabilities under group insurance contracts (other than investment linked)	20.5	453 261	–
		106 937 015	–
20.1 Reported Outstanding Claims			
Gross of reinsurance			
Payable within one year		1 918 000	–
Payable over a period of time exceeding one year		646 563	–
		2 564 563	–
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		283 398	–
		283 398	–
Net reported outstanding claims		2 281 165	–
20.2 Incurred But Not Reported Claims			
Gross of reinsurance		634 042	–
Reinsurance recoveries		(118 309)	–
Net of reinsurance		515 733	–
20.3 Investment component of unit-linked and account value policies			
Investment component of unit linked policies		102 902 502	–
		102 902 502	–

Rupees ‘000

		2018	2017
20.4	Liabilities under Individual Conventional Insurance Contracts		
	Gross of reinsurance	952 718	–
	Reinsurance credit	(168 364)	–
	Net of reinsurance	784 354	–
20.5	Liabilities under Group Insurance Contracts (other than investment linked)		
	Gross of reinsurance	532 584	–
	Reinsurance credit	(79 323)	–
	Net of reinsurance	453 261	–

21. Retirement benefit obligations

21.1 The Holding Company's latest actuarial valuation as at 31 December 2018 uses a discount rate of 12.90 % (2017: 8.20 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 9.80 % and 0.00 % (2017: 5.20 % and 2.10 %) respectively per annum in the long term.

Rupees ‘000

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
21.1.1 Reconciliation of the present value of defined benefit obligations				
At the beginning of the year	280 809	365 990	278 214	329 987
Current service cost	1 885	17 214	1 990	15 898
Interest cost	22 080	28 706	21 613	25 884
Remeasurement loss due to:				
Change in financial assumptions	(75 695)	676	–	–
Experience	2 058	45 279	1 756	15 080
Benefits paid	(23 096)	(31 830)	(22 764)	(20 859)
At the end of the year	208 041	426 035	280 809	365 990
21.1.2 Changes in fair value of plan assets				
At the beginning of the year	249 514	325 311	279 401	328 138
Interest income	19 557	27 038	21 749	26 274
Remeasurement gain / (loss) due to:				
Investment return	(14 850)	(22 136)	(29 847)	(21 566)
Contributions paid by company	212	40 679	195	13 324
Contributions paid by employees	847	–	780	–
Benefits paid	(23 097)	(31 830)	(22 764)	(20 859)
At the end of the year	232 183	339 062	249 514	325 311
21.1.3 Charge to profit and loss account				
Service cost				
Current service cost	1 885	17 214	1 990	15 898
Employee contributions	(847)	-	(780)	–
Net interest (income) / cost	2 523	1 668	(136)	(390)
Chargeable in profit and loss account	3 561	18 882	1 074	15 508

Rupees ‘000

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
21.1.4 Remeasurements recognised in other comprehensive income				
Change in financial assumptions	(75 695)	676	–	–
Experience on obligation	2 058	45 279	1 756	15 080
Investment return	14 850	22 136	29 847	21 566
Chargeable in statement of comprehensive income	(58 787)	68 091	31 603	36 646
Total defined benefit cost	(55 226)	86 973	32 677	52 154
21.1.5 (Asset) / liability on balance sheet				
At the beginning of the year	31 295	40 679	(1 187)	1 849
Defined benefit cost	(55 226)	86 973	32 677	52 154
Contributions paid by company	(212)	(40 679)	(195)	(13 324)
At the end of the year	(24 143)	86 973	31 295	40 679
Reconciliation				
Obligation	208 041	426 035	280 809	365 990
Plan assets	(232 183)	(339 062)	(249 514)	(325 311)
Net (asset) / liability on balance sheet	(24 142)	86 973	31 295	40 679

21.1.6 Historical data

	2017	2016	2015	2014	2013
Pension					
Present value of defined benefit obligation	280 809	278 214	229 022	208 786	195 560
Fair value of plan assets	(249 514)	(279 401)	(245 209)	(242 916)	(199 090)
(Surplus) / deficit	31 295	(1 187)	(16 187)	(34 130)	(3 530)
Experience adjustment					
- Actuarial loss / (gain) on obligation	1 756	10 451	16 348	4 024	1 110
- Actuarial (loss) / gain on assets	29 847	33 506	(4 526)	34 439	13 206

	2017	2016	2015	2014	2013
Gratuity					
Present value of defined benefit obligation	365,990	329 987	286,272	268 232	268 728
Fair value of plan assets	(325 311)	(328 138)	(308 587)	(306 545)	(296 591)
(Surplus) / deficit	40 679	1 849	(22 315)	(38 313)	(27 863)
Remeasurements due to:					
- Actuarial loss / (gain) on obligation	15 080	16 810	10 639	4 073	(1 567)
- Actuarial gain / (loss) on assets	21 566	15 124	4 099	24 216	781

21.1.7 Composition of fair value of plan assets

Rupees '000

	Pension				Gratuity			
	2018		2017		2018		2017	
Fund investments								
Debt	81%	189 796	78%	194 334	87%	297 969	76%	249 010
Equity	9%	20 160	20%	50 782	7%	22 426	23%	74 256
NIT	9%	20 002	0%	–	6%	20 002	0%	–
Cash	1%	2 224	2%	4 398	0%	(1 335)	1%	2 044
	100%	232 182	100%	249 514	100%	339 062	100%	325 310

The expected charge to pension and gratuity fund for the year 2019 amounts to Rs. 31 million.

21.1.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

Impact on obligation of 1 % change in assumptions

Assumptions	1 % increase	1 % decrease
Discount rate	(32 236)	35 920
Salary increase	23 676	(21 654)
Pension increase	13 634	(12 329)

Weighted average duration of the plan is 7.6 years.

Projected payments	Pension	Gratuity
Company contributions 2019	219	30 661
Benefit payments:		
2019	25 988	85 260
2020	26 500	29 643
2021	26 944	29 185
2022	29 815	94 575
2023	29 581	62 951
2024 - 2028	147 079	382 133

21.2 The Subsidiary Company's actuarial valuation of funds are based on unaudited financial statements of their fund as at 31 December 2018

21.2.1 Provident Fund

The following information of Subsidiary Company based on un-audited financial statements of their fund as at 31 December 2018:

	Rupees' 000		Percentage	
	2018	2017	2018	2017
Size of the fund - total assets	468 383	–	–	–
Cost of investments	412 738	–	88.12	–
Fair value of investments	464 256	–	99.12	–
The breakup of fair value of investment in provident fund is as follows:				
Open end mutual fund	117 910	–	25.40	–
Shares	779	–	0.17	–
Government securities	345 567	–	74.43	–

The above investments out of provident fund have been made in accordance with the requirement of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

21.2.2 Pension fund

	Rupees' 000		Percentage	
	2018	2017	2018	2017
Size of the fund - total assets	305 708	–	–	–
Cost of investments	277 773	–	90.86	–
Fair value of investments	302 562	–	98.97	–
The breakup of fair value of investment in Pension Fund is as follows:				
Open-end mutual fund	65 178	–	21.54	–
Shares	263	–	0.09	–
Government securities	235 900	–	77.97	–
Term finance certificates	1 222	–	0.40	–

Rupees '000

	2018	2017
22. Deferred taxation		
Deferred debits arising in respect of:		
Premium due but unpaid	(20 083)	(8 344)
Impairment of TFCs	(12 794)	(13 235)
Defined benefit plan	(20 101)	(17 310)
Deferred credits arising in respect of:		
Fair value of investment property	420 649	501 574
Revaluation of property and equipment	949 071	–
Accelerated tax depreciation	155 541	43 946
Unrealized gain on available-for-sale investments	830 617	1 744 683
Retained earning ledger Account D	518 755	–
	2 821 655	2 251 314

23. Insurance / reinsurance payable

These amounts represent amount payable to other insurers and reinsurer

24. Other creditors and accruals		
Federal insurance fee payable	9 439	12 510
Federal excise duty and sales tax payable	117 355	170 800
Accrued expenses	842 463	227 879
Agent commission payable	1 233 511	499 929
Unearned rentals	73 257	70 986
Other deposits	826 968	543 677
Unclaimed dividends	295 664	196 503
Others	177 303	92 103
	3 575 960	1 814 387

25. Contingencies and commitments

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

25.1 Holding Company

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

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

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

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

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

25.1.2 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. 37.09 million being withholding tax on bonus shares.

25.2 Subsidiary Company

The tax department has reopened the assessment order issued under Sec 122(5A) for the tax year 2009-2016 and has raised a demand of Rs. 56 million against dividend income so received by the Subsidiary Company to be taxed at corporate rate instead of reduced rates available in the First schedule of Income Tax Ordinance 2001. The Subsidiary Company filed an appeal for tax year 2009-2013 before CIT appeals where the case was decided against the Subsidiary Company. The Subsidiary Company has filed an appeal before Appellate Tribunal for the same tax years where the case was decided in favour of the Subsidiary Company. For tax year 2014 and tax year 2016, the Subsidiary Company filed an appeal before CIT appeals against the order, where the case was decided in favour of the Subsidiary Company. For the tax year 2015, the Subsidiary Company has filed an appeal before CIT appeal. No provision has been made in respect of aforementioned additional demand.

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

25.2.1 In 2015 and 2016, The Searle Company Limited issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 18,707 shares respectively) and the IBL Healthcare Ltd. issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,031 shares respectively). In this regard, a constitutional petition had been filed by the Subsidiary Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The honourable 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.

25.2.2 Sindh Revenue Board has been granting exemption for sales tax on life insurance premium on a year to year basis which had expired on 30 June 2018. Similarly, sales tax on life insurance premium was also exempt in Punjab. 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 Company has not started billing sales tax on life insurance premium to its customers. At 31 December 2018, the aggregate amount of sales tax on life insurance premium not yet billed by the Subsidiary Company to its customers amounted to Rs. 1,315.33 million. Based on the IAP's discussions with the sales tax authorities, the Company is hopeful 'that the exemption will be granted for the current year. Accordingly, the Group has not recorded any provision against sales tax liability in these consolidated financial statements.

25.2.3 Bank guarantees amounting to Rs.17 million has been given in respect of Group Life coverage. These bank guarantees will expire by 16th January 2020.

25.3 No provision has been made in these consolidated 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.

25.4 There are no commitments as at 31 December 2018 (31 December 2017: Nil).

Rupees '000

		2018	2017
26.	**Net insurance premium**		
	Written gross premium	42 456 183	18 837 706
	Unearned premium reserve - opening	8 496 686	7 388 680
	Unearned premium reserve - closing	(8 354 109)	(8 496 686)
	Premium earned	42 598 760	17 729 700
	Less:		
	Reinsurance premium ceded	11 690 465	11 075 552
	Prepaid reinsurance premium - opening	5 112 083	4 151 673
	Prepaid reinsurance premium - closing	(5 073 281)	(5 112 083)
	Reinsurance expense	11 729 267	10 115 142
		30 869 493	7 614 558
27.	**Net insurance claim expense**		
	Claim Paid	14 543 390	5 067 420
	Outstanding claims including IBNR - closing	5 176 757	5 572 347
	Outstanding claims including IBNR - opening	(5 572 347)	(5 415 030)
	Claims expense	14 147 800	5 224 737
	Less:		
	Reinsurance and other recoveries received	2 022 421	2 135 711
	Reinsurance and other recoveries in respect of outstanding claims - opening	(3 538 572)	(3 424 617)
	Reinsurance and other recoveries in respect of outstanding claims - closing	3 363 439	3 538 572
	Reinsurance and other recoveries revenue	1 847 288	2 249 666
		12 300 512	2 975 071

27.1 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of marine, general average adjustments take longer for the final amounts to be determined which exceed one year. All amounts are presented in gross numbers before reinsurance. Claims of last five years are given below:

Rupees '000

Accident year	2014	2015	2016	2017	2018
Estimate of ultimate claims costs:					
– At end of accident year	1 881 592	1 892 346	2 501 008	2 526 287	2 634 521
– One year later	1 920 618	2 065 283	2 624 908	2 059 569	–
– Two years later	1 920 414	2 061 823	2 608 101	–	–
– Three years later	1 916 991	2 048 623	–	–	–
– Four years later	1 911 967	–	–	–	–
Current estimate of cumulative claims	1 911 967	2 048 623	2 608 101	2 059 569	2 634 521
Cumulative payments to date	(1 524 987)	(1 597 755)	(2 133 718)	(2 259 764)	(1 434 798)
Liability recognized in balance sheet	386 980	450 868	474 383	(200 195)	1 199 723

	2018	2017
28. Net commission expense		
Commission paid or payable	4 862 060	1 640 504
Deferred commission expense - opening	689 587	564 645
Deferred commission expense - closing	(600 740)	(689 587)
Net commission	4 950 907	1 515 562
Less:		
Commission received or recoverable	862 511	971 685
Unearned reinsurance commission - opening	461 616	343 977
Unearned reinsurance commission - closing	(394 848)	(461 616)
Commission from reinsurers	929 279	854 046
Other acquisition cost	1 928 280	–
	5 949 908	661 516

Rupees '000

	2018	(Restated) 2017
29. Management expenses		
Salaries, wages and benefits	1 997 615	1 438 150
Bonus	115 327	112 039
Gratuity	16 737	14 062
Rent, rates and taxes	126 262	41 743
Telephone	19 536	18 282
Postage and telegram	70 099	7 481
Gas, electricity and fuel expenses	76 618	48 554
Printing and stationery	75 184	31 111
Travelling, club and entertainment	207 541	89 784
Depreciation and amortization	531 741	228 809
Repair and maintenance	99 196	54 392
Publicity	211 363	45 155
Service charges	(52 748)	(66 883)
Bank charges and commission	11 186	5 355
Tracker	151 533	136 158
Bad debts	41 437	18 161
Inspection fee	28 019	8 548
Annual supervision fee - SECP	67 897	29 870
Training	5 618	6 147
Insurance expense	4 051	2 959
Fees and subscription	19 950	–
Appointed actuary fees	8 699	–
Miscellaneous	154 122	75 666
	3 986 983	2 345 543

	2018	2017
30. Investment income - statutory fund		
Income from equity securities		
Fair Value through profit or loss		
Dividend income	1 150 687	–
Available-for-sale		
Dividend income	22 848	–
Income from debt securities		
Available-for-sale		
Return on debt securities	288 647	–
On government securities	2 853 193	–
Held to maturity		
On government securities	320 128	–
Income from term deposits		
Return on term deposits	725 389	–
	5 360 892	–

Rupees '000

		2018	2017
31.	**Net realized fair value gains / (losses) on financial assets at fair value through profit and loss**		
	Available-for-sale financial assets		
	Realized gain on:		
	Equity securities	2 235 330	–
	Realized losses on		
	Equity securities	(5 750 347)	–
	Government securities	(3 394)	–
		(3 518 411)	–
32.	**Net fair value gains / (losses) on financial assets at fair value through profit or loss**		
	Net unrealized losses on investments in financial assets	(883 747)	–
	Net unrealized gains on investments at fair value through profit or loss (designated upon initial recognition)	(5 056 898)	–
	Total investment income	(5 940 645)	–
	Exchange loss	26 908	–
	Reversal of impairment in value of available-for-sale securities	(4 196)	–
	Less: investment related expenses	(6 101)	–
		(5 924 034)	–
33.	**Investment income**		
	Income from equity securities - available-for-sale		
	Dividend income	261 023	290 357
	Income from debt securities - available-for-sale		
	Return on debt securities	566 051	470 433
	Income from term deposits		
	Return on term deposits	12 354	12 294
		839 428	773 084
	Net realized gains / (losses) on investments available-for-sale financial assets		
	Realized gains on:		
	Equity securities	177 993	98 462
	Debt securities	–	24 047
	Realized losses on:		
	Equity securities	(27 248)	(22 581)
	Debt securities	–	(442)
		150 745	99 486
		990 173	872 570
	(Impairment) / reversal in value of available-for-sale equity securities	(27 510)	(37 555)
	Investment related expenses	(1 207)	(1 435)
	Total investment income	961 456	833 580

Rupees '000

		Note	2018	2017
34.	**Rental income**			
	Rental income		152 161	143 813
	Less: expenses of investment property		(48 170)	(46 823)
			103 991	96 990
35.	**Other income**			
	Gain on sale of fixed assets		70 758	37 472
	Return on loans to employees		11 435	260
	Return on bank balances		81 729	71 336
	Exchange difference		45 289	8 439
	Others		6 426	–
			215 637	117 507
36.	**Other expenses**			
	Legal & professional fee other than business related		14 825	13 307
	Auditor's remuneration	36.1	12 220	4 489
	Subscription to association		15 243	13 607
	Charity and donations		21 439	11 840
	Printing and Stationery		758	–
	Advertisements and publicity		1 097	–
	Traveling		72	–
	Directors' fees		2 000	–
			67 654	43 243
36.1	Auditor's remuneration			
	Audit fee		3 900	2 100
	Special certifications and sundry advisory services		7 091	2 118
	Out-of-pocket expenses		1 229	271
			12 220	4 489

36.2 Donations

Donations include the following in whom the directors are interested:

Rupees '000

Name of Director	Interest in donee	Name and address of donee	2018	2017
Saifuddin N. Zoomkawala	Board Member	Shaukat Khanum Memorial Trust 7A Block R-3, M.A. Johar Town, Lahore	500	750
Saifuddin N. Zoomkawala and Ali Raza Siddiqui	Board Member	Fakhr-e-Imdad Foundation Mirpurkhas Digri Road, Mirwah Gorchani, Mirpurkhas	330	850
Hasanali Abdullah	Board Member	The Aga Khan Hospital and Medical College Foundation, Stadium Road, Karachi.	715	–
Saifuddin N. Zoomkawala	Board Member	Sindh Institute of Urology and Transplantation, Civil Hospital Karachi	1 614	–
Syed Salman Rashid	Spouse (Trustee)	Anjuman Kashana-E-Atfal-O-Naunihal	50	–
Rafique R. Bhimjee	Spouse (Trustee)	The Garage School	500	–

37. Window Takaful Operations - Operator's Fund

	2018	2017
Wakala fee	497 644	301 082
Management expenses	(236 364)	(171 706)
Commission expense	(171 788)	(95 622)
Investment income	22 664	7 390
Other income	6 014	6 368
Other expenses	(718)	(657)
	117 452	46 855

38. Taxation

	2018	2017
For current year		
Current	1 530 288	1 021 077
Deferred	(725 351)	106 240
Super tax	66 636	–
	871 573	1 127 317
For prior year(s)		
Prior year tax	177 491	(41 072)
Super tax	102 292	100 326
	279 783	59 254
	1 151 356	1 186 571

38.1 Relationship between tax expense and accounting profit

Rupees '000

	Effective tax rate % 2018	Effective tax rate % 2017	2018	2017
Profit before taxation			4 483 173	3 811 657
Tax at the applicable rate	29.00	30.00	1 300 120	1 143 497
Others	(7.28)	(0.42)	(326 226)	(16 181)
Prior year tax	3.96	1.55	177 462	59 255
Tax charge for the year	25.68	31.13	1 151 356	1 186 571

39. Earnings per share - basic and diluted

		2018	(Restated) 2017
Profit after tax	(Rupees '000)	2 818 972	2 625 086
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	14.09	13.13

40. Compensation of directors and executives

Rupees '000

	2018				2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	–	5 400	–	5 400	–	2 850	–	2 850
Managerial remuneration	60 173	16 200	671 660	748 033	31 080	14 400	234 696	280 176
Leave encashment	–	–	14 790	14 790	–	–	14 342	14 342
Bonus	8 722	–	87 421	96 143	–	–	40 774	40 774
Retirement benefits	4 382	–	43 289	47 671	–	–	16 388	16 388
Rent and house maintenance	3 075	–	–	3 075	2 698	–	–	2 698
Utilities	1 254	232	21 888	23 374	336	189	18 818	19 343
Medical expenses	1 481	531	13 761	15 773	828	1 629	7 410	9 867
Leave passage	1 658	388	4 919	6 965	647	379	5 060	6 086
Total	80 745	22 751	857 728	961 224	35 589	19 447	337 488	392 524
Number of persons	2	11	214	227	1	6	133	140

40.1 The Chief Executive Officer of the Holding Company is provided with Company maintained cars, furniture, accommodation and medical insurance cover. The Executives are provided with free use of Company cars, medical insurance cover and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Company car, maintained furnished accommodation, medical insurance cover and residential utilities.

40.2 The Chief Executive of the Subsidiary Company is provided with Company maintained cars, furnished accommodation and medical insurance cover. The Executives are provided with Company maintained cars, medical insurance cover and in certain cases, household items and furniture in accordance with their terms of employment. The Chairman is provided with free use of Company car, medical insurance cover and residential utilities.

The Non Executive Directors were paid Directors' meeting fee of Rs. 5.4 million (2017: Rs. 2.9 million). No other remuneration was paid to Non Executive Directors.

41. Non-controlling interest

41.1 Acquisition of non-controlling interest

In December 2018, the Group acquired an additional 35,200 shares i.e. 0.04 % in EFU Life Assurance Limited increasing its ownership from 43.39 % to 43.43 %. The carrying amount of EFU Life Assurance Limited's net assets in the Group's financial statements on the date of acquisition was Rs. 7,466,203 thousand.

	Rupees '000
Carrying amount of NCI acquired (Rs. 7,466,203 * 0.04%)	2 628
Less: consideration paid to NCI	7 891
A decrease in equity attributable to owners of the Company	5 263

41.2 Summary of non-controlling interest

The following table summarizes the information relating to non-controlling interest before intra group eliminations.

	Rupees '000
Total asset	118 865 412
Total liabilities	111 399 209
Total net asset	7 466 203
NCI percentage	56.57%
Net assets attributable to NCI	4 223 836
Profit	1 426 393
OCI	(41 225)
Total comprehensive income	1 385 168
NCI percentage	56.61%
Profit allocated to NCI	807 452
OCI allocated to NCI	(23 337)
	784 115
Cash flow from operating activities	5 945 882
Cash flow from investment activities	(2 724 539)
Cash flow from financing activities (dividend to NCI: Rs. 849 million)	(1 500 000)
Net decrease in cash and cash equivalents	1 721 343

42. 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 financial statements are as follows:

Rupees '000

	2018	2017
Transactions		
Associated companies		
Premium written	327 745	259 817
Premium paid	16 933	34 573
Claims paid	209 772	91 134
Commission paid	155 882	–
Travelling expenses	1 723	–
Donation paid	2 903	–
Dividend received	–	678 700
Dividend paid	1 213 042	692 030
Interest on bank deposit	169 544	–
Investment sold	244 483	–
Bank deposit made / (withdrawn)	25 000	(75 000)
Key management personnel		
Premium written	3 673	1 192
Claims paid	–	221
Dividend paid	18 509	9 015
Loan to key employees	2 000	–
Loan recovered	3 900	–
Compensation	207 124	189 985
Others		
Premium written	22 592	24 961
Claims paid	3 568	2 749
Investments made	–	200 000
Investments sold	–	375 000
Dividend paid	628 083	636 784
Brokerage paid	527	207
Employees' funds		
Contribution to provident fund	49 786	23 867
Contribution to gratuity fund	18 754	15 508
Contribution to pension fund	(12 680)	1 074
Dividend paid	10 309	11 082
Balances		
Others		
Balances receivable	49 342	24 273
Balances payable	(3 223)	(73 912)
Deposits maturing within 12 months	5 329 000	154 000
Investment in related party	172 190	–
Bank balances	869 823	106 039
Employees' funds payable		
EFU Gratuity Fund	(86 847)	(40 510)
EFU Pension Fund	(24 143)	(31 295)

43. Segment Information

Rupees '000

	General Insurance						Life Assurance			
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Fund	Aggregate Life Assurance	Aggregate 2018
Premium receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	12 895 905	2 886 201	4 010 360	1 822 916	–	21 615 382	–	23 676 006	23 676 006	45 291 388
Less: Federal excise duty	1 525 679	312 835	481 888	200 622	–	2 521 024	–	–	–	2 521 024
Stamp duty	577	122 959	1 474	1 417	–	126 427	–	–	–	126 427
Federal insurance fee	112 535	24 245	34 923	16 051	–	187 754	–	–	–	187 754
Gross written premium (inclusive of Administrative surcharge)	11 257 114	2 426 162	3 492 075	1 604 826	–	18 780 177	–	23 676 006	23 676 006	42 456 183
Gross direct premium	11 213 071	2 372 921	3 133 247	1 580 617	–	18 299 856	–	23 676 006	23 676 006	41 975 862
Facultative inward premium	3 621	1 470	–	–	–	5 091	–	–	–	5 091
Administrative surcharge	40 422	51 771	358 828	24 209	–	475 230	–	–	–	475 230
Insurance premium earned	11 553 011	2 430 015	3 417 118	1 522 610	–	18 922 754	–	23 676 006	23 676 006	42 598 760
Insurance premium ceded to reinsurers	9 535 277	878 659	10 098	936 371	–	11 360 405	–	368 862	368 862	11 729 267
Net insurance premium	2 017 734	1 551 356	3 407 020	586 239	–	7 562 349	–	23 307 144	23 307 144	30 869 493
Commission income	674 538	34 375	–	220 366	–	929 279	–	–	–	929 279
Net underwriting income	2 692 272	1 585 731	3 407 020	806 605	–	8 491 628	–	23 307 144	23 307 144	31 798 772
Insurance claims	1 463 294	892 590	1 701 763	503 265	–	4 560 912	–	9 586 888	9 586 888	14 147 800
Insurance claims recovered from reinsurers	863 674	307 046	(106)	301 428	–	1 472 042	–	375 246	375 246	1 847 288
Net claims	(599 620)	(585 544)	(1 701 869)	(201 837)	–	(3 088 870)	–	(9 211 642)	(9 211 642)	12 300 512
Commission expense	(838 143)	(278 589)	(283 314)	(116 883)	–	(1 516 929)	–	(5 362 258)	(5 362 258)	(6 879 187)
Management expenses	(711 638)	(485 507)	(1 181 149)	(200 731)	–	(2 579 025)	–	(1 407 958)	(1 407 958)	(3 986 983)
Net insurance claims and expenses	(2 149 401)	(1 349 640)	(3 166 332)	(519 451)	–	(7 184 824)	–	(15 981 858)	(15 981 858)	1 434 342
Net investment income - statutory funds	–	–	–	–	–	–	–	(4 081 553)	(4 081 553)	(4 081 553)
Net change in insurance liabilities (other than outstanding claims)	–	–	–	–	–	–	–	(1 218 269)	(1 218 269)	(1 218 269)
Underwriting result	542 871	236 091	240 688	287 154	–	1 306 804	–	2 025 464	2 025 464	3 332 268
Net investment income						961 456			–	961 456
Rental income						103 991			–	103 991
Other income						161 227			54 410	215 637
Other expenses						(50 127)			(17 527)	(67 654)
Share of profit of associate						103 952			–	103 952
Change in fair value of investment property						10 681			–	10 681
Profit before tax from Window Takaful Operations - Operator's Fund						117 452			–	117 452
Profit before tax						2 715 436			2 062 347	4 777 783

Rupees '000

	General Insurance						Life Assurance			
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Fund	Aggregate Life Assurance	Aggregate 2018
Corporate segment assets - conventional	9 872 846	1 065 081	566 140	1 173 896	–	12 677 963	–	114 103 193	114 103 193	126 781 156
Corporate segment assets - Takaful OPF	43 226	9 011	271 746	16 810	–	340 793	–	–	–	340 793
Corporate unallocated assets - conventional						27 595 994	4 095 697	–	4 095 697	31 691 691
Corporate unallocated assets - Takaful OPF						280 509	–	–	–	280 509
Consolidated total assets						40 895 259	4 095 697	114 103 193	118 198 890	159 094 149
Corporate segment liabilities	13 582 908	1 884 044	2 413 449	2 769 154	–	20 649 555	–	109 302 770	109 302 770	129 952 325
Corporate segment liabilities - Takaful OPF	39 704	8 149	308 033	11 345	–	367 231	–	–	–	367 231
Corporate unallocated liabilities						2 347 219	1 320 761	–	1 320 761	3 667 980
Corporate unallocated liabilities - Takaful OPF						40 280	–	–	–	40 280
Consolidated total liabilities						23 404 285	1 320 761	109 302 770	110 623 531	134 027 816

Location	External premium less reinsurance by geographical segments 2018
Pakistan	30 853 801
* EPZ	15 692
Total	30 869 493

* This represents US Dollar equivalent in Pak Rupees.

Rupees '000

	2017					
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	13 546 851	2 647 480	3 966 812	1 623 043	–	21 784 186
Less: Federal excise duty	1 707 973	291 954	478 723	176 933	–	2 655 583
Stamp duty	615	97 845	1 607	1 676	–	101 743
Federal insurance fee	117 738	22 371	34 659	14 386	–	189 154
Gross written premium (inclusive of Administrative surcharge)	11 720 525	2 235 310	3 451 823	1 430 048	–	18 837 706
Gross direct premium	11 657 135	2 185 729	3 096 998	1 404 129	–	18 343 991
Facultative inward premium	24 027	1 113			–	25 140
Administrative surcharge	39 363	48 468	354 825	25 919	–	468 575
Insurance premium earned	10 714 230	2 171 350	3 440 911	1 403 209	–	17 729 700
Insurance premium ceded to reinsurers	8 524 015	754 531	16 304	820 292	–	10 115 142
Net insurance premium	2 190 215	1 416 819	3 424 607	582 917	–	7 614 558
Commission income	625 671	40 436	–	187 939	–	854 046
Net underwriting income	2 815 886	1 457 255	3 424 607	770 856	–	8 468 604
Insurance claims	2 630 463	593 983	1 647 192	353 099	–	5 224 737
Insurance claims recovered from reinsurers	2 007 779	87 459	(107)	154 535	–	2 249 666
Net claims	(622 684)	(506 524)	(1 647 299)	(198 564)	–	(2 975 071)
Commission expense	(863 197)	(256 320)	(285 635)	(110 410)	–	(1 515 562)
Management expenses	(694 767)	(406 989)	(1 061 817)	(181 970)	–	(2 345 543)
Net insurance claims and expenses	(2 180 648)	(1 169 833)	(2 994 751)	(490 944)	–	(6 836 176)
Underwriting result	635 238	287 422	429 856	279 912	–	1 632 428
Net investment income						833 580
Rental income						96 990
Other income						117 507
Other expenses						(43 243)
Share of profit of associate						828 771
Change in fair value of investment property						298 769
Profit before tax from Window Takaful Operations - Operator's Fund						46 855
Profit before tax						3 811 657

Rupees '000

	2017					
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Corporate segment assets - conventional	9 623 292	1 020 762	579 921	1 003 794	–	12 227 769
Corporate segment assets - Takaful OPF	26 159	4 429	144 487	6 942	–	182 017
Corporate unallocated assets - conventional						32 786 302
Corporate unallocated assets - Takaful OPF						248 624
Consolidated total assets						45 444 712
Corporate segment liabilities	14 035 587	1 855 601	2 450 302	2 256 262	–	20 597 752
Corporate segment liabilities - Takaful OPF	22 634	4 009	194 668	15 380	–	236 691
Corporate unallocated liabilities						3 093 901
Corporate unallocated liabilities - Takaful OPF						12 900
Consolidated total assets						23 941 244

Location	External premium less reinsurance by geographical segments 2017
Pakistan	7 598 839
* EPZ	15 719
Total	7 614 558

* This represents US Dollar equivalent in Pak Rupees.

44. Movement in investment

Name of investment	Held to maturity	Available-for-sale	Fair value through P & L	Total
At beginning of previous year (restated)	671 880	14 755 156	–	15 427 036
Additions	1 623 884	15 208 978	–	16 832 862
Disposals (sale and redemptions)	(1 865 214)	(12 519 296)	–	(14 384 510)
Fair value net gains (excluding net realized gains)	–	(2 460 590)	–	(2 460 590)
Impairment losses	–	(37 555)	–	(37 555)
At beginning of current year (restated)	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 (excluding net realized gains)	–	(1 214 917)	(5 926 218)	(7 141 135)
Impairment losses	–	(45 854)	–	(45 854)
At end of current year	19 296 405	13 646 056	86 115 949	119 058 410

45. Management of insurance and financial risk

45.1 Insurance risk

The principal risk the Group faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the vary nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimise insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits.

The Holding Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Holding Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Holding Company may not suffer ultimate net insurance losses beyond the Holding Company's risk appetite in any one year.

The Holding Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Holding Company are substantially dependent upon any single reinsurance contract. The Holding Company obtains reinsurance cover only from companies with sound financial health.

For Subsidiary Company, the occurrence of any single claim and amount paid on a single claim is a random event. However, as the number of contracts and independent lives increase, the estimated claim amounts and the number of claims get closer to the actual figures. This phenomenon is observed when pool of contracts is large enough and lives are independent. To manage this risk, company monitors its concentration risk, on several parameters, and maintains diversity in its portfolio of insurance contracts.

In order to maintain this diversification, the Subsidiary Company takes a number of steps to manage the overall insurance risk of its portfolio of insurance contracts. The risk of an individual life is broadly assessed in light of its: medical condition, which include living habits, physical health and medical history; occupational condition, which assesses an individual's job profile and whether any characteristics of the job could have a significant impact on that individuals mortality; financial condition, which determines the individuals ability and affordability to purchase and maintain an insurance contract over the long-term.

The Subsidiary Company identifies and defines parameters in its underwriting strategy to clearly identify individuals (sub-standard lives) which could potentially increase the overall risk of insurance portfolio. Based on certain parameters, such individuals pay an extra charge called Extra Mortality Premium, in order to compensate for extra risk added to existing pool of insured individuals. These measures allow the company to charge an individual life in line with the risk contributed to its insurance portfolio. These underwriting measures also discourage accumulation of sub-standard lives in the insured pool, thereby managing the overall insurance risk of subsidiary company in the long-term.

The Subsidiary Company also manages its geographical concentration of risk. Currently the Subsidiary Company's geographical concentration of risk for its Individual Life sales force business is as follows:

Individual Conventional Business:

	Diversification of Risk Portfolio	
	Before Reinsurance	After Reinsurance
Azad Kashmir	1.88%	2.36%
Balochistan	5.05%	6.13%
Gilgit Baltistan	1.49%	2.04%
Khyber Pakhtunkhwa	2.19%	2.60%
Punjab	42.09%	42.31%
Sindh	47.29%	44.56%

Individual Family Takaful Business:

	Diversification of Risk Portfolio	
	Before Reinsurance	After Reinsurance
Azad Kashmir	3.43%	3.46%
Balochistan	0.99%	1.22%
Gilgit Baltistan	0.00%	0.01%
Khyber Pakhtunkhwa	2.82%	4.60%
Punjab	47.04%	50.32%
Sindh	45.72%	40.39%

For Group Life business, the Subsidiary Company's geographical concentration of risk is as follows:

	Diversification of Risk Portfolio	
	Before Reinsurance	After Reinsurance
Conventional Business		
Sindh	56.49%	56.51%
Punjab	43.51%	43.49%
Group Family Takaful Business		
Punjab	96.62%	79.55%
Sindh	3.38%	20.45%

The Subsidiary Company also has reinsurance arrangements with its reinsurance partners, to whom the company passes any excess insurance risk beyond its retention levels. Limits are continually monitored and kept in line with the overall risk tolerance. This allows the Subsidiary Company to retain the risk according to its risk capacity and minimizes excessive claim payouts. Currently, the total risk retained on individual life products is Rs. 2,000,000 per life for the death risk, Rs. 500,000 for individual takaful policies and Rs. 1,000,000 for risks associated with critical illness plans. For Group life, the Subsidiary Company currently retains Rs. 2,000,000 of total life risk on each life and Rs. 1,000,000 for group family takaful business. For critical life cover, 50% of the sum covered is retained for both, group life and group family takaful business.

45.1.1 Frequency and severity of claims

Holding Company

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Holding Company manages these risk through the measures described above. The Holding Company has limited its exposure to catastrophic and riot events by use of reinsurance arrangements.

The Holding Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at consolidated financial statements date:

The Holding Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Holding Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The Holding Company's class wise major gross risk exposure is as follows:

Rupees '000

Class	2018	2017
Fire and property damage	158 826 990	158 550 000
Marine, aviation and transport	96 978 930	105 300 000
Motor	47 040	46 500
Miscellaneous	16 398 450	11 130 600

Since the Holding Company operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

Subsidiary Company

Frequency and severity can have a significant impact on total claims paid out by the Subsidiary Company. High frequency of claims could occur due to adverse experience of mortality or disability. Adverse mortality experience, in short-term, could be due to a wide-range spread of fatal contagious disease, an epidemic. Over a longer term, overall health practices, eating and living habits could potentially have an adverse effect on mortality.

About 90% of Subsidiary Company's business is concentrated in the provinces of Sindh and Punjab. This concentration is largely in line with the population of these provinces relative to country's total population. The Subsidiary Company's diversified portfolio of contracts helps limit the frequency and severity of claims. However, in event of large number of deaths or disabilities, Subsidiary Company does face the risk of paying out excessive claims. To manage and mitigate this exposure, arrangements in form of reinsurance and catastrophe cover are in place.

In Group life business, frequency and severity of claims can be affected by concentration of business in a specifically risky class of industry. Claim frequency can rise substantially from businesses in industries that are more prone to accidents due to the nature of work they perform. Likewise, severity of claims can also be associated with business concentration in a specific class of industry. The Subsidiary Company continually monitors its concentration risk and takes measures to keep its business portfolio well diversified.

Contracts in group life, are mainly one year term life contracts, where premium rates are generally guaranteed for one year only. The Subsidiary Company retains the right of changing premium rates by incorporating the claim experience of a group insured, thereby allowing the Subsidiary Company to charge a specific group in line with its claim experience.

The Subsidiary Company regularly carries out an exercise to monitor time lags between intimation and settlement claim dates. The study reveals that a significant portion of claims are settled within twelve months of claim intimation.

45.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

45.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

45.1.4 Mortality, Disability and Critical Illness

Mortality and disability rates are basic assumptions used in valuation of policyholder liabilities. For mortality, life table EFU (61-66) is being currently used. The life table was published more than 40 years ago and may not reflect mortality improvements. For reserving purposes, a 10% mortality loading is used over EFU (61-66) rates to build in conservatism. An analysis of past mortality experience, reveals that 10% mortality loading for reserving purposes is appropriate to ensure prudence.

Sudden adverse experience in mortality might occur due to epidemics, causing deaths on a mass scale due to incurable contagious illnesses. Mortality may also deteriorate over a period of time, due to wide-scale changes in living life styles, eating and health habits.

Sensitivity test with respect to mortality is carried out and impact on policyholder liabilities is observed. When mortality rates increase by 10%, policyholder liabilities increase by 0.063%. Likewise, when mortality rates decrease by 10%, policyholder liabilities decrease by 0.063%.

In absence of credible disability and critical illness incidence rates, the Subsidiary Company uses reinsurance rates for actuarial liability valuation of disability and critical illness benefits.

45.1.5 Investment income - Statutory fund

Investment income is an important assumption for valuation of long-term conventional plans. This is the rate at which future expected benefits and expected premiums are discounted. Currently, the valuation assumption used for investment income is 3.75% p.a.

Sensitivity test with respect to investment income is carried out and its impact on policyholder liabilities observed. When investment rate is increased by 10%, policyholder liabilities decrease by 0.002%. Likewise, when investment income rate is decreased by 10%, policyholder liabilities increase by 0.002%.

45.1.6 Sources of uncertainty in estimation of future benefit payments and life insurance premium receipts

The uncertainty with respect to future premiums and benefits may arise due to unexpected changes in mortality or disability experience. Adverse mortality experience will result in excess benefit payments, and reduced future premium income.

Likewise, unexpected changes in surrender and lapse could also have a significant impact on future realized premiums. Estimates of lapses and surrenders are based on internal experience studies carried out annually. Factors that could affect policyholder behavior include market factors such as interest rates, policyholder preferences in terms of the monetary value that a policyholder relates with the insurance policy, the frequency of premium payments and the age of the individual.

45.1.7 Process used to decide on assumptions

Assumptions used to determine policyholder liabilities include, mortality/disability/critical illness rates, investment returns for conventional business, investment returns for investment linked business, expenses and mortality loading.

Mortality assumptions should in principle reflect adequate conservatism in liabilities. The Subsidiary Company considers EFU (61-66) life table to be appropriate for actuarial valuation of policyholder liabilities.

Disability and Critical illness rates used for liability valuation are the reinsurance rates provided by the reinsurer. Due to lack of sufficient claim experience for these disabilities and critical illnesses, the Subsidiary Company considers this as the best estimate available.

The Subsidiary Company uses an investment return assumption of 3.75% per annum to evaluate actuarial liabilities of its conventional plans. Liabilities of conventional products should in principle reflect a long term conservative interest rate, to reflect adequate conservatism. An investment return of 3.75% per annum is hence considered appropriate.

For Unit Linked products where the death benefit is paid in form of annuity, the Company uses a discount rate of 6% to evaluate present value of future stream of cash flows. In principle, the interest rate assumption set to discount cash flows should reflect the expected returns on assets backing these liabilities. The Company expects to earn at least a 6% return on assets backing these unit-linked liabilities.

In valuation of unearned premium reserve for unit-linked plans a loading of 10% is applied on rates from EFU (61-66). In opinion of Company's management and appointed actuary this assumption is prudent.

Since from Annual 2014 onwards the Subsidiary Company shall maintain 100% retention on its books on account of Solvency Margin, the Subsidiary Company will no longer keep an extra reserve on account of mortality fluctuation. It is the opinion of Subsidiary Company's management and appointed actuary that this assumption is prudent.

The Subsidiary Company reserves for any increase in actuarial liability resulting from the possible reinstatement of lapsed policies. The current liability valuation also takes into account cash value of units pertaining to policies lapsed in last 2 years. A unit-linked policy lapses when the second annual premium of policy is not received. In principle, cash value of a lapsed policy is not surrenderable, as per provisions and conditions, unless the second premium is paid and policy is reinstated. However, the Company recognizes the possibility of these lapsed policies to be reinstated and hence carries out periodic studies to determine expected renewals. In opinion of the Subsidiary Company's management and appointed actuary assumptions used to set aside a liability against these lapsed policies is prudent.

For the purpose of liability adequacy tests the Subsidiary Company makes assumptions relating to expenses. For this purpose regular expense analyses are carried out based on actual expenses and transaction volumes.

Rupees '000

	Policyholder liabilities on existing valuation basis	Policyholder liabilities on existing valuation basis
Assumption		
Mortality	105 683 548	105 477 373
Investment returns	105 683 548	105 671 303

45.1.8 Sensitivity analysis

The Holding Company believes that the claim liabilities under insurance contracts outstanding at the yearend are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the profit before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analysed below. The sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all other assumptions constant.

Rupees '000

	Profit before tax		Shareholders' equity	
	2018	2017	2018	2017
Impact of change in claim liabilities by + 10				
Fire and property damage	(67 202)	(68 844)	(47 713)	(48 191)
Marine, aviation and transport	(35 806)	(44 206)	(25 422)	(30 944)
Motor	(64 914)	(77 017)	(46 089)	(53 912)
Miscellaneous	(13 409)	(13 310)	(9 520)	(9 317)
	(181 331)	(203 377)	(128 744)	(142 364)
Impact of change in claim liabilities by - 10				
Fire and property damage	67 202	68 844	47 713	48 191
Marine, aviation and transport	35 806	44 206	25 422	30 944
Motor	64 914	77 017	46 089	53 912
Miscellaneous	13 409	13 310	9 520	9 317
	181 331	203 377	128 744	142 364

The basic assumptions used in valuation of liabilities are mortality, disability, critical illness rates and investment returns assumed in discounting future cash flows. The table below presents sensitivity results with respect to above mentioned factors, with their impact observed on policyholder liabilities:

	% change in sensitivity variable	% change in policyholder liabilities
Worsening of mortality and critical illness rates	10%	0.063%
Improvement in mortality and critical illness rates	10%	(0.063%)
Increase in investment returns	10%	(0.002%)
Decrease in investment returns	10%	0.002%

45.2 Financial risk

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

45.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Group believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Group's maximum exposure to credit risk:

Rupees '000

	2018	2017
Financial assets		
Term deposits	15 555 707	430 550
Loans and other receivables	3 210 709	118 618
Insurance / reinsurance receivables	3 746 654	2 819 069
Reinsurance recoveries against outstanding claims	3 363 439	3 538 572
Cash and bank	6 052 924	1 164 209
	31 929 433	8 071 018

The credit quality of Company's bank balances and deposits can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	2018	2017
AAA	6 793 174	453 688
AA+	3 694 496	475 880
AA	2 239 694	85 522
AA-	6 553 274	118 143
A+	723 312	10
A	1 340 455	21 162
	21 344 405	1 154 405

The credit quality of Company's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

Rating	Short Term	Rating Agency	2018	2017
Agritech Limited - 3rd Issue (B)	D	PACRA	5 665	5 665
Agritech Limited - 3rd Issue (A)	D	PACRA	34 972	34 972
New Allied Electronics Limited	N/A	–	3 481	3 481
Soneri Bank Limited	AA-	PACRA	100 000	–
Dubai Islamic Bank limited	A	PACRA	80 000	–
Al Baraka Bank	A	JCR-VIS	22 189	–
Bank Al-Falah Ltd	AA	PACRA	15 132	–
Bank Al-Habib Limited	AA+	PACRA	200 289	–
Hascol Petroleum Ltd. Sukuk	AA	PACRA	99 499	–
Engro Fertilizer Sukuk	AA-	JCR-VIS	91 000	–
Fatima Fertilizer Sukuk	AA-	PACRA	29 677	–
K Electric	AA+	JCR-VIS	78 361	–
First Habib Modarba	AA+	PACRA	210 000	–
Byco Oil Pakistan SUKUK	AAA	PACRA	100 000	–
NIB Bank Limited	AAA	JCR-VIS	101 592	–
International Brands	AA	Moody's	99 182	–
Dawood Hercules	AA	PACRA	200 000	–
Pakistan Services Limited	AA-	PACRA	131 958	–
Pak Elektron Ltd.	AA-	PACRA	99 994	–
Bank Alfalah	AA+	PACRA	99 999	–
Bank Al Habib	AA	PACRA	100 000	–
United Bank Ltd	AA+	JCR-VIS	1 250 000	–
Soneri Bank	A	PACRA	50 000	–
Askari Bank Ltd.	AA-	PACRA	500 000	–
Dubai Islamic	A	JCR-VIS	100 000	–
Meezan Bank	AA	JCR-VIS	500 000	–
			4 302 990	44 118

Investment in Government securities are not exposed to any credit risk.

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2018, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 3,314 million (2017: Rs. 2,428 million) and Rs. 325 million (2017: Rs. 402 million) respectively.

The credit quality of amounts due from other insurers / reinsurers and claim recoveries from reinsurers can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	2018		2017	
	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims
A or above (including Pakistan Reinsurance Company Limited)	20 299	3 259 048	16 813	3 432 412
B or above	–	156 739	74	92 937
Others	–	140 870	–	13 223
	20 299	3 556 657	16 887	3 538 572

As at 31 December 2018, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 1.588 million (2017: Rs. 12.735 million) and Rs. 5.212 million (2017: Rs. 4.153 million) respectively.

45.2.2 Liquidity risk

Liquidity risk is the risk that the Holding Company will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

The objective of the Holding Company's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Holding Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Holding Company's liabilities as at financial statement date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

Rupees '000

	2018		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	5 176 757	5 176 757	–
Retirement benefit obligations	62 704	62 704	–
Insurance / reinsurance payable	5 333 106	5 333 106	–
Other creditors and accruals	2 054 552	2 054 552	–
	12 627 119	12 627 119	–

Rupees '000

	2017		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	5 572 347	5 572 347	–
Retirement benefit obligations	71 805	71 805	–
Insurance / reinsurance payable	4 992 011	4 992 011	–
Other creditors and accruals	1 814 387	1 814 387	–
	12 450 550	12 450 550	–

In life insurance business, liquidity risk is the risk that the Subsidiary Company is unable to meet its funding requirements, without incurring a material loss in disposing off its illiquid assets. To guard against this risk, the subsidiary company maintains a healthy balance of cash and cash equivalents and readily marketable securities. Liquidity is monitored regularly and assets are frequently rebalanced to maintain a certain level of liquidity at all times. Going forward, the subsidiary company also plans to set up a contingency plan, whereby alternate sources of liquidity will be identified and assets would be analyzed and ranked in their liquidity order, to determine which assets would need to be disposed off first in case of a liquidity crisis.

The expected payouts in liabilities along with maturity profile of assets and liabilities are monitored to ensure that adequate liquidity is maintained within the subsidiary company, to avoid the need of liquidating assets below their actual market value.

The following extract, classifies the assets and liabilities of the Subsidiary Company by type of product in each Statutory Fund as at 31st December 2018. The table below also presents details of assets under Shareholder's Fund:

Rupees '000

	Investment Linked Products (All unit main linked plans)	Conventional Products (Individual, Group Life, Riders)	Shareholder's Fund	Total
Available-for-sale:				
– Government securities	49 262 169	–	–	49 262 169
– Other fixed income securities	18 921 372	196 600	10 000	19 127 972
Held to maturity:				
– Government securities	–	1 514 268	2 196 429	3 710 697
– Other fixed income securities	–	–	–	–
Available-for-sale:				
– Listed equities	33 330 491	80 451	115 762	33 526 704
– Mutual funds	96 860	–	80 227	177 087
– Unlisted equities and mutual funds	–	–	16 008	16 008
Loans and receivables	–	–	169 190	169 190
– Insurance receivables	–	156 138	–	156 138
Reinsurance assets	–	13 462	–	13 462
Cash and cash equivalents	3 906 188	862 754	17 420	4 786 362
Other assets	1 628 540	–	4 190 282	5 818 822
Total assets	107 145 620	2 823 673	6 795 318	116 764 611
Long-term insurance contracts and investment contracts:				
Fixed term	60 693 131	289 389	–	60 982 520
Whole of life	43 424 056			43 424 056
Short-term insurance contracts	–	948 429	–	948 429
Riders	–	328 544	–	328 544
Equity	–	–	6 027 596	6 027 596
Other liabilities	3 028 433	1 257 311	767 722	5 053 466
Total liabilities	107 145 620	2 823 673	6 795 318	116 764 611

45.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Holding Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates markets. In addition, the Holding Company actively monitors the key factors that affect the underlying value of these securities.

In addition, the Subsidiary Company is exposed to market risk in relation to its investments with respect to products other than unit linked products (in unit linked products, investment risk is borne by the policyholder). The Subsidiary Company limits market risk by maintaining a diversified portfolio and by continuously monitoring developments in government securities, equity and term finance certificates. The subsidiary company, along with minimizing market risk by careful diversification in assets, also periodically carries out an Asset Liability management exercise, to match its duration of assets and liabilities.

45.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group has securities and deposits that are subject to interest rate risk. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

The information about Group's exposure to interest rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

Rupees '000

	2018						
	Interest / mark-up bearing			Non-interest / non-mark-up bearing			
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	Total
Financial assets							
Investments	69 318 977	11 517 251	80 836 228	33 719 800	4 502 382	38 222 182	119 058 410
Loans and other receivables	37 491	91 176	128 667	3 082 042	–	3 082 042	3 210 709
Cash and bank deposit	993 700	–	993 700	260 786	–	260 786	1 254 486
Insurance / reinsurance receivables	–	–	–	3 471 084	324 523	3 795 607	3 795 607
Reinsurance recoveries against outstanding claims	–	–	–	3 363 439	–	3 363 439	3 363 439
Others	4 786 063	–	4 786 063	13 462	–	13 462	4 799 525
	75 136 231	11 608 427	86 744 658	43 910 613	4 826 905	48 737 518	135 482 176
Financial liabilities							
Outstanding claims including IBNR	–	–	–	5 176 757	–	5 176 757	5 176 757
Retirement benefits obligations	–	–	–	62 704	–	62 704	62 704
Insurance / reinsurance payables	–	–	–	5 333 106	–	5 333 106	5 333 106
Other creditors and accruals	–	–	–	4 441 699	–	4 441 699	4 441 699
	–	–	–	15 014 266	–	15 014 266	15 014 266

Rupees '000

	2017						
	Interest / mark-up bearing			Non-interest / non-mark-up bearing			
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	Total
Financial assets							
Investment in associate	–	–	–	–	12 790 056	12 790 056	12 790 056
Investments	7 602 130	1 355 688	8 957 818	–	6 419 425	6 419 425	15 377 243
Loans and other receivables	2 327	3 066	5 393	94 878	–	94 878	100 271
Cash and bank deposit	920 983	–	920 983	–	233 424	233 424	1 154 407
Insurance / reinsurance receivables	–	–	–	2 428 215	401 781	2 829 996	2 829 996
Reinsurance recoveries against outstanding claims	–	–	–	3 538 572	–	3 538 572	3 538 572
	8 525 440	1 358 754	9 884 194	6 061 665	19 844 686	25 906 351	35 790 545
Financial liabilities							
Outstanding claims including IBNR	–	–	–	5 572 347	–	5 572 347	5 572 347
Retirement benefits obligations	–	–	–	71 805	–	71 805	71 805
Insurance / reinsurance payables	–	–	–	4 992 011	–	4 992 011	4 992 011
Other creditors and accruals	–	–	–	1 814 387	–	1 814 387	1 814 387
	–	–	–	12 450 550	–	12 450 550	12 450 550

Sensitivity analysis

As on 31 December 2018, the Group had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Rupees '000

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2018	100	45 421	32 249
	(100)	(45 521)	(32 249)
31 December 2017	100	9 210	6 447
	(100)	(9 210)	(6 447)

45.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

45.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity investments amounting to Rs. 38,690 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Group limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The table below summarises Group's market price risk as of 31 December 2018 and 2017. It shows the effect of a 10 % increase and 10 % decrease in the market prices of equity investments as on those dates on Company's profit and equity.

Had all equity investments, other than associate, been measured at fair values as required by IAS 39, Financial Instruments: Recognition and Measurement, the impact of hypothetical change would be as follows:

Rupees '000

	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2018	38 690 277	10 % increase	42 559 305	–	2 747 010
		10 % decrease	34 821 249	–	(2 747 010)
31 December 2017	6 419 425	10 % increase	7 061 368	–	449 360
		10 % decrease	5 777 483	–	(449 360)

45.2.3.4 Other risks

The Subsidiary Company faces a number of financial risks in its assets and liabilities, apart from insurance risk. These risks can be broadly categorized as expense risk, lapse risk, market risk, credit risk and liquidity risk. This section describes these risks on the subsidiary company level and identifies and describes the processes and strategy of management to manage these risks.

45.2.3.5 Expense risk

The risk that the Subsidiary Company faces is that future expenses may be higher than those used in pricing of products causing an expense overrun. The subsidiary company mitigates this risk by incorporating a certain level of acceptable conservatism in building future policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of expenses allows the Subsidiary Company to adjust its pricing in time to account for higher than expected expenses.

The Subsidiary Company closely monitors its expenses by regularly carrying out an expense analysis for its business. The assumptions for future policy expense levels are determined from the Subsidiary Company's most recent annual expense analysis, with an extra margin built-in to account for variability in future expenses. A review of product pricing is carried out each year based on the latest available expense factors. Constant monitoring of expenses enables the Subsidiary Company to take corrective actions in time.

Based on the results of expense analysis, the Subsidiary Company apportions its management expenses to different lines of business.

45.2.3.6 Lapse risk

The risk the Subsidiary Company faces is that future persistency rates may be lower than assumed in pricing, thus impacting the emergence of profit from its portfolio of individual life policies. The Subsidiary Company however is confident that this risk is insignificant as the subsidiary company places tremendous emphasis on quality customer services and retention of clients by making persistency standard an integral part of the sales force culture. The Subsidiary Company has been consistently maintaining good levels of persistency and will continue a similar trend in future.

The Subsidiary Company has robust systems in place to regularly monitor the lapse experience. Regular focus on persistency is embedded in the Subsidiary Company culture and is an integral part of the monitoring of the sales force performance and remuneration.

45.3 Fair value

45.3.1 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.

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

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

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

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

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

Rupees '000

	As at 31 December 2018									
								Fair value measurement using		
	Available for sale	Fair value through profit and loss	HTM	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	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			
	122 707 376	7 374	1 063 719	10 691 261	20 491 884	–	154 961 614	38 283 256	65 231 362	31 508
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*						(5 188 030)	(5 188 030)			
Total liabilities of Window Takaful Operations - Operator's Fund*						(60 128)	(60 128)			
	122 707 376	7 374	1 063 719	10 691 261	20 491 884	(15 814 535)	139 147 079	38 283 256	65 231 362	31 508

Rupees '000

	As at 31 December 2017							
						Fair value measurement using		
	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	6 408 925				6 408 925	6 408 925		
Equity securities - unquoted	10 500				10 500			10 500
Debt securities	8 527 268				8 527 268		8 527 268	
Investment in associate	12 790 056				12 790 056	10 999 448		
Financial assets not measured at fair value								
Term deposits*			430 550		430 550			
Loans and other receivables*		118 618			118 618			
Insurance / reinsurance receivables*		2 819 069			2 819 069			
Reinsurance recoveries against outstanding claims*		3 538 572			3 538 572			
Cash and bank*			1 164 209		1 164 209			
Total assets of Window Takaful Operations - Operator's Fund*	30 482	125 198	210 264		365 944		30 482	
	27 767 231	6 601 457	1 805 023	–	36 173 711	17 408 373	8 557 750	10 500
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(5 572 347)	(5 572 347)			
Premium received in advance*				(31 487)	(31 487)			
Insurance / reinsurance payables*				(4 992 011)	(4 992 011)			
Other creditors and accruals*				(1 814 387)	(1 814 387)			
Total liabilities of Window Takaful Operations - Operator's Fund*				(31 382)	(31 382)			
	27 767 231	6 601 457	1 805 023	(12 441 614)	23 732 097	17 408 373	8 557 750	10 500

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

45.4 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares.

46. Non-adjusting event after the financial statement date

The Board of Directors in its meeting held on 22 March 2019 have announced a final cash dividend in respect of the year ended 31 December 2018 of Rs. 6.25 per share, 62.50 % (2017: Rs. 6.25 per share, 62.50%). In addition, the Board of Directors have also approved the transfer to general reserve from un-appropriated profit amounting to Rs. 1,500 million (2017: Rs. 500 million). These unconsolidated financial statements for the year ended 31 December 2018 do not include the effect of these appropriations, which will be accounted for subsequent to the year end.

47. **Number of employees**

The total average number of employees during the year end as at 31 December 2018 and 2017 are as follows.

	2018	2017
	Rupees '000	
At year end	3 454	1 232
Average during the year	3 203	1 237

48. **Corresponding Figures**

48.1 The effects of changes stated in note 5.1, 5.2, 5.4 and 5.5 have been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of consolidated financial statements of prior years. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2018 and 01 January 2017 have been presented and disclosed as part of the Consolidated Statement of Changes in Equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Consolidated Statement of Comprehensive Income and Consolidated Profit and Loss Account respectively. The Consolidated Statement of Financial Position also presents the prior year numbers as restated, due to the said change.

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

49. **General**

Figures have been rounded off to the nearest thousand rupees.

50. **Date of authorization for issue of consolidated financial statements**

These consolidated financial statements were authorized for issue by the Board of Directors in its meeting held on 22 March 2019.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Annexure - A

Window Takaful Operations

Financial Statements

For the year ended 31 December 2018

EFU General Insurance Limited – Window Takaful Operations
Statement of Financial Position
As at 31 December 2018

Rupees '000

	Note	Operator's Fund	Participants' Takaful Fund	31 December 2018 Aggregate	(Restated) 31 December 2017 Aggregate	(Restated) 1 January 2017 Aggregate
Assets						
Property and equipment	8	2 740	–	2 740	3 603	4 609
Investments						
Equity securities		–	–	–	–	304 401
Debt securities	9	176 593	858 660	1 035 253	637 022	101 719
Term deposits	10	35 000	180 000	215 000	222 500	109 000
Qard-e-Hasna		–	–	–	–	85 000
Loans and other receivables	11	3 612	10 075	13 687	17 690	4 215
Takaful / retakaful receivables	12	6 117	242 481	248 598	255 458	168 708
Retakaful recoveries against outstanding claims	19	–	104 603	104 603	88 944	38 780
Salvage recoveries accrued		–	45 050	45 050	30 900	5 195
Deferred commission expense	21	106 313	–	106 313	61 094	38 477
Wakala fee receivable		228 363	–	228 363	115 426	58 047
Modarib fee receivable		7 757	–	7 757	2 843	1 117
Deferred wakala fee	18	–	309 127	309 127	206 827	112 677
Deferred taxation	13	488	–	488	7	–
Taxation - payment less provisions		–	–	–	–	253
Prepayments	14	–	205 199	205 199	144 249	81 856
Cash and bank	15	54 319	235 756	290 075	241 336	151 621
Total assets		621 302	2 190 951	2 812 253	2 027 899	1 265 675
Funds and liabilities						
Operator's Fund						
Statutory fund		100 000	–	100 000	100 000	100 000
Revaluation reserve - available-for-sale investments		(1 015)	–	(1 015)	(75)	(99)
Accumulated profit		114 646	–	114 646	33 620	817
		213 631	–	213 631	133 545	100 718
Waqf / Participants' Takaful Fund						
Cede money		–	500	500	500	500
Revaluation reserve - available-for-sale investments		–	(8 918)	(8 918)	(1 279)	5 643
Accumulated surplus		–	294 859	294 859	140 415	28 309
		–	286 441	286 441	139 636	34 452
Qard-e-hasna		–	–	–	–	85 000
Deferred liabilities						
Deferred taxation		–	–	–	–	94
Liabilities						
Underwriting provisions						
Outstanding claims including IBNR	19	–	396 875	396 875	340 118	210 412
Unearned contribution reserves		–	1 050 127	1 050 127	823 906	537 429
Unearned retakaful rebate	20	–	20 656	20 656	16 062	12 360
Unearned wakala fee		309 127	–	309 127	206 827	112 677
Contribution received in advance		–	2 796	2 796	1 439	596
Takaful / retakaful payables		1 181	168 467	169 648	142 778	42 311
Wakala fee payable		–	228 363	228 363	115 426	58 047
Modarib fee payable		–	7 757	7 757	2 843	1 117
Taxation - provision less payment		36 949	–	36 949	8 399	–
Other creditors and accruals	16	60 414	29 469	89 883	96 920	70 462
		407 671	1 904 510	2 312 181	1 754 718	1 045 411
Total liabilities		407 671	1 904 510	2 312 181	1 754 718	1 130 505
Total equity and liabilities		621 302	2 190 951	2 812 253	2 027 899	1 265 675
Contingencies and commitments	7					

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

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

EFU General Insurance Limited – Window Takaful Operations
Profit and Loss Account
For the year ended 31 December 2018

Rupees '000

	Note	2018	2017
Participants' Takaful Fund - (PTF) Revenue Account			
Net takaful contribution	17	1 559 144	1087 604
Wakala expense	18	(497 644)	(301 082)
Net takaful claims	19	(772 737)	(540 984)
Direct expenses		(217 149)	(192 012)
Retakaful rebate	20	41 698	30 123
Underwriting results		113 312	83 649
Investment income - net of modarib	23	32 513	22 370
Other income - net of modarib	24	8 619	6 087
		41 132	28 457
Surplus for the year		154 444	112 106
Operator's Fund - (OPF) Revenue Account			
Wakala fee		497 644	301 082
Management expenses	22	(236 364)	(171 706)
Commission expense	21	(171 788)	(95 622)
		89 492	33 754
Investment income	23	22 664	9 699
Other income	24	6 014	4 059
Other expenses	25	(718)	(657)
		27 960	13 101
Profit before tax		117 452	46 855
Income tax expense	26	(36 426)	(14 052)
Profit after tax		81 026	32 803

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

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

EFU General Insurance Limited – Window Takaful Operations
Statement of Comprehensive Income
For the year ended 31 December 2018

Rupees '000

	2018	(Restated) 2017
Participants' Takaful Fund		
Surplus for the year	154 444	112 106
Other comprehensive income		
Unrealized loss on available-for-sale investments during the year - net	(514)	(97)
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net	(7 125)	(1 182)
Total items that may be reclassified subsequently to profit and loss	(7 639)	(1 279)
Total comprehensive income for the year	146 805	110 827
Operator's Fund		
Profit for the year	81 026	32 803
Other comprehensive income		
Fair value gain on available-for-sale investments during the year - net	–	36
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net	(1 323)	–
Total items that may be reclassified subsequently to profit and loss	(1 323)	36
Deferred tax on available-for-sale investments	383	(12)
Total comprehensive income for the year	80 086	32 827

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

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

EFU General Insurance Limited – Window Takaful Operations
Cash Flow Statement
For the year ended 31 December 2018

Rupees '000

	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	(Restated) 2017 Aggregate
Operating cash flows				
a) Takaful activities				
Takaful contribution received	–	2 041 465	2 041 465	1 485 995
Retakaful contribution paid	–	(254 506)	(254 506)	(116 301)
Claims paid	–	(834 611)	(834 611)	(540 715)
Retakaful and other recoveries received	–	88 821	88 821	53 658
Commission paid	(188 768)	–	(188 768)	(107 921)
Retakaful rebate received	–	46 292	46 292	33 825
Wakala fee received / (paid)	487 008	(487 008)	–	–
Management expenses paid	(235 006)	(217 149)	(452 155)	(362 523)
Net cash flow from takaful activities	63 234	383 304	446 538	446 018
b) Other operating activities				
Income tax paid	(12 739)	4 762	(7 977)	(5 513)
Other operating payments	(535)	(15 513)	(16 048)	(57 426)
Other operating receipts	(44 172)	10 768	(33 404)	15 959
Net cash flow from other operating activities	(57 446)	17	(57 429)	(46 980)
Total cash flow from all operating activities	5 788	383 321	389 109	399 038
Investment activities				
Profit / return received	14 073	45 990	60 063	30 080
Dividend received	–	–	–	13 573
Modarib fee received / (paid)	6 854	(6 854)	–	–
Payment for investments	(739 427)	(842 542)	(1 581 969)	(669 185)
Proceeds from disposal of investments	679 494	502 269	1 181 763	429 730
Fixed capital expenditure	(227)	–	(227)	(21)
Total cash flow from investing activities	(39 233)	(301 137)	(340 370)	(195 823)
Net cash flow from all activities	(33 445)	82 184	48 739	203 215
Cash and cash equivalents at the beginning of the year	87 764	153 572	241 336	260 621
Cash and cash equivalents at the end of the year	54 319	235 756	290 075	463 836
Reconciliation to profit and loss account				
Operating cash flow	5 788	383 321	389 109	399 038
Depreciation expense	(994)	–	(994)	(1 027)
Loss on disposal of property and equipment	(96)	–	(96)	–
Loss on disposal of investments	–	(514)	(514)	–
Other investment income	22 664	33 027	55 691	42 230
Other income	6 111	7 514	13 625	–
Increase in assets other than cash	158 154	375 139	533 293	417 904
Increase in liabilities other than borrowings	(110 601)	(644 043)	(754 644)	(699 184)
Profit / surplus for the year	81 026	154 444	235 470	158 961
Attributed to				
Operator's Fund	81 026	–	81 026	46 855
Participants' Takaful Fund	–	154 444	154 444	112 106
	81 026	154 444	235 470	158 961

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

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

EFU General Insurance Limited – Window Takaful Operations
Statement of Changes in Funds
For the year ended 31 December 2018

Rupees '000

	Operator's Fund			
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total
Balance as at 01 January 2017 as previously reported	100 000		2 790	102 790
Restatement due to change in accounting policy (refer note 4.1)		(99)	(1 973)	(2 072)
Balance as at 01 January 2017 (restated)	100 000	(99)	817	100 718
Total comprehensive income for the year ended 31 December 2017				
Profit for the year			32 803	32 803
Other comprehensive income		24		24
Balance as at 31 December 2017 (restated)	100 000	(75)	33 620	133 545
Balance as at 01 January 2018 as previously reported	100 000		49 645	149 645
Restatement due to change in accounting policy (refer note 4.1)		(75)	(16 025)	(16 100)
Balance as at 01 January 2018 (restated)	100 000	(75)	33 620	133 545
Total comprehensive income for the year ended 31 December 2018				
Profit for the year			81 026	81 026
Other comprehensive income		(940)		(940)
Balance as at 31 December 2018	100 000	(1 015)	114 646	213 631

	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
Balance as at 01 January 2017 as previously reported	500		28 309	28 809
Restatement due to change in accounting policy (refer note 4.1)		5 643		5 643
Balance as at 01 January 2017 (restated)	500	5 643	28 309	34 452
Surplus for the year			112 106	112 106
Other comprehensive income		(1 279)		(1 279)
Balance as at 31 December 2017	500	4 364	140 415	145 279
Balance as at 01 January 2018 as previously reported	500		140 415	140 915
Restatement due to change in accounting policy (refer note 4.1)		(1 279)		(1 279)
Balance as at 01 January 2018 (restated)	500	(1 279)	140 415	139 636
Surplus for the year			154 444	154 444
Other comprehensive income		(7 639)		(7 639)
Balance as at 31 December 2018	500	(8 918)	294 859	286 441

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

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

EFU General Insurance Limited – Window Takaful Operations
Notes to the Financial Statements
For the year ended 31 December 2018

1. Legal status and nature of business

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

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

2. Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

Incase requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, Takaful Rules, 2012 shall prevail.

2.1 Basis of measurement

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

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of financial statements are consistent to all years presented in these financial statements except for the change in valuation of available-for-sale investments and change in format for preparation of financial statements as disclosed in note 4 and the standards, which became effective during the current year.

3.1 Property and equipment

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight line basis as specified in note 8 to these financial statements.

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Operators and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account.

Gains or losses on disposal of fixed assets are included in profit and loss account.

3.2 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders.

Once a contract has been classified as a Takaful contract, it remains a Takaful contract for the remainder of its lifetime, even if the Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operator underwrites non-life takaful contracts that can be categorised into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those, which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships and liabilities to third parties and passengers arising from their use.

Motor takaful covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under miscellaneous takaful cover.

3.3 Contribution

For all the takaful contracts, contributions / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognized as written from the date of attachment of the risk to the policy / cover note and over the period of contract from inception to the expiry of policy. Where contributions for a policy are payable in instalments, full contribution for the duration of the policy is recognized as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated on gross basis and exclusive of taxes and duties levied on contributions.

3.4 Unearned contributions reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the financial statement date. Unearned contribution has been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

3.5 Contribution deficiency reserve (liability adequacy test)

At each financial statement date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned contribution liability for that class. It is performed by comparing the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, wakala and other underwriting expenses, expected to be incurred after financial statement date in respect of policies in force at financial statement date with the carrying amount of unearned contribution liability. Any deficiency is recognized by establishing a provision (contribution deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable.

The movement in the contribution deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

The expected ultimate net claim ratios for the unexpired periods of policies in force at financial statement date for each class of business is as follows:

	2018	2017
– Fire and property damage	44 %	56 %
– Marine, aviation and transport	26 %	23 %
– Motor	50 %	52 %
– Miscellaneous	56 %	32 %

3.6 Retakaful contracts

Contracts entered into by the Operator with retakaful operator under which the Operator arranges to cede takaful risks of PTF assumed during normal course of the business and according to which the PTF is compensated for losses on takaful contracts issued by the Operator are classified as retakaful contracts held.

Retakaful contribution is recognized as an expense at the time the retakaful is ceded. Commission on retakaful cessions are recognized in accordance with the policy of recognizing contribution revenue.

Retakaful assets represent balances due from retakaful companies and retakaful recoveries against outstanding claims. Retakaful recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts. Retakaful liabilities represent balances due to retakaful companies and are primarily contributions payable for retakaful contracts and are recognized at the same time when retakaful contributions are recognized as an expense.

Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of retakaful assets is performed at each financial statement date. If there is objective evidence that the asset is impaired, the Operator reduces the carrying amount of the retakaful asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

3.7 Receivables and payables

3.7.1 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the takaful receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Operator reduces the carrying amount of the takaful receivable accordingly and recognizes that impairment loss in the profit and loss account.

Provision for impairment in contribution receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

3.7.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and or services received, whether or not billed to the Operator.

Provisions are recognized when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at financial statement date and adjusted to reflect current best estimates.

3.8 Segment reporting

An operating segment is a component of the Operations that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.2.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.9 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand.

3.10 Revenue recognition

3.10.1 PTF

3.10.1.1 Contribution

The revenue recognition policy for contributions is given under note 3.3.

3.10.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from retakaful operator is given under note 3.17.2.

3.10.2 OPF

The revenue recognition policy for wakala fee is given under note 3.20.

3.10.3 PTF / OPF

3.10.3.1 Investment Income

Profit on investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

3.11 Investments

– In debt securities - available-for-sale

– In term deposit - held to maturity

3.11.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investments.

3.11.2 Measurement

3.11.2.1 Available-for-sale

Available-for-sale Investments are those non-derivative financial instruments that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within statement of comprehensive income. Whereas, any reversal in impairment is taken in statement of comprehensive income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

3.11.2.2 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

3.12 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

3.13 Claims

Claims are charged to PTF as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.13.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Retakaful recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

3.13.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.13.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.14 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below fund, in which case it is recognized in other comprehensive income or below fund.

3.14.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.14.2 Deferred

Deferred tax is recognized using the financial statement liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial statement date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

The taxation of Operators Fund is made while including in the Company's results as a whole and accordingly taxation has been recorded.

3.15 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.16 Expenses of management

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

3.17 Commission

3.17.1 Commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of contribution revenue by applying the 1/24th method.

3.17.2 Rebate from retakaful operators

Rebate from retakaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

3.18 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions.

3.19 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, contributions due but unpaid, amount due from other takaful operators / retakaful operators, accrued investment income, retakaful recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other takaful operators/ retakaful operators, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

3.20 Wakala fees

The Operator manages the general takaful operations for the participants and charges 25 % (2017: 25 %) for fire and property, 35 % (2017: 35 %) for marine, aviation and transport, 25 % (2017: 25 %) for motor, 30 % (2017: 25 %) for miscellaneous, 25 % (2017: 25 %) of gross contribution written including administrative surcharge as wakala fee against the services.

Wakala fee is recognized on the same basis on which the related revenue is recognized. Unexpired portion of wakala fee is recognized as a liability of OPF and an asset of PTF.

3.21 Modarib fee

The Operator also manages the participants' investment as modarib and charges 25 % (2017: 25 %) of investment income and profit on profit and loss sharing accounts and bank deposits earned by the PTF as Modarib fee. It is recognized on the same basis on which related revenue is recognized.

3.22 The profit of the Operator is taxed as part of total profit of the EFU General Insurance Limited as the Operator is not separately registered for tax purposes.

4. Change in accounting policies

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

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

Operator's Fund

Rupees '000

	As at 31 December 2017		
	Balance previously reported	Adjustment	Balance restated
Investments			
Debt securities	30 589	(107)	30 482
Deferred taxation	–	32	32
	As at 31 December 2016		
Investments			
Debt securities	20 590	(143)	20 447
Deferred taxation	–	44	44

Participants' Takaful Fund

	As at 31 December 2017		
	Balance previously reported	Adjustment	Balance restated
			Rupees '000
Investments			
Debt securities	607 819	(1 279)	606 540
	As at 31 December 2016		
Investments			
Debt securities	380 030	5 643	385 673

Previously, quoted available-for-sale investment were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the Insurance Rules, 2017.

Had the accounting policy not been changed, available-for-sale investments of PTF would have been higher by Rs.8.9 million (December 2017: Rs. 1.28 million) and available-for-sale investments and deferred taxation of OPF would have been higher by Rs. 1.4 million and Rs. 0.41 million (December 2017: Rs. 0.11 million and Rs.0.03 million).

4.2. During the year, the Operator has changed format for preparation of its financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1)/ 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of financial statements of the Operator for the year ended 31 December 2018.

4.3. During the year, the Companies Act, 2017 has been implemented, however there is no impact on the financial statements.

5. Standards, interpretations and amendments effective during the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore not detailed in these financial statements. During the year, certain new standards and amendments to existing standards became effective. However, they did not have material effect on these financial statements.

SECP vide its S.R.O. 88(1) / 2017 and S.R.O. 89(1) / 2017 dated 09 February 2017 has issued Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 which prescribed a new format for the financial statements of Insurance Companies, effective from the year ended 31 December 2018. Accordingly, these financial statements are prepared in accordance with the new format.

In addition, Companies Act 2017 also became effective for the financial statements for the year ended 31 December 2017. As the Operator's financial statements are prepared in accordance with the format prescribed by the Insurance Rules, 2017, it did not have a direct impact on the financial statements except that for disclosure of related parties transactions, as required by fourth schedule of Companies Act, 2017 the definition of related parties as given in IAS 24 - Related parties has been followed.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Operator's financial statements.

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

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. However, SECP through its notification no. S.R.O 229 (I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 for reporting period / year ending on or after 30 June 2019. The Operator is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendments address 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.

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

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Operator's financial statements.

Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, the Operator now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Operator's financial statements.

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when the Operator increases its interest in a joint operation that meets the definition of a business. The Operator remeasures its previously held interest in a joint operation when it obtains control of the business. The Operator does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that an Operator treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Operator's financial statements.

6. Accounting estimates and judgements

The preparation of these 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 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.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

	Note
– Property and equipment	3.1
– Unearned contributions reserve	3.4
– contribution deficiency reserve (liability adequacy test)	3.5
– Receivables and payables related to insurance contracts	3.7.1
– Provision for outstanding claims (including IBNR)	3.13.1
– Taxation	3.14
– Impairment	3.15

7. Contingencies and commitments

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

8. Property and equipment

Rupees '000

OPF - 2018

	Cost					Depreciation				Written down value
	As at 01 January	Additions	(Disposal)	As at 31 December	Rate %	As at 01 January	For the year	(Disposal)	As at 31 December	As at 31 December
Furniture and fixtures	1 502	–	–	1 502	10	324	150	–	474	1 028
Office equipments	333	–	–	333	10	85	33	–	118	215
Computers	562	227	(107)	682	30	385	136	(11)	510	172
Vehicles	3 376	–	–	3 376	20	1 376	675	–	2 051	1 325
	5 773	227	(107)	5 893		2 170	994	(11)	3 153	2 740

OPF - 2017

	Cost					Depreciation				Written down value
	As at 01 January	Additions	(Disposal)	As at 31 December	Rate %	As at 01 January	For the year	(Disposal)	As at 31 December	As at 31 December
Furniture and fixtures	1 481	21	–	1 502	10	174	150	–	324	1 178
Office equipments	333	–	–	333	10	52	33	–	85	248
Computers	562	–	–	562	30	216	169	–	385	177
Vehicles	3 376	–	–	3 376	20	701	675	–	1 376	2 000
	5 752	21	–	5 773		1 143	1 027	–	2 170	3 603

9. Investment in Debt Securities - Available-for-sale

9.1 Operator 's Fund

	2018			2017 (Restated)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securites						
Ijara Sukuks	30 575	–	30 575	30 589	–	30 589
Corporate Sukuks	147 448	–	147 448	–	–	–
	178 023	–	178 023	30 589	–	30 589
Deficit on revaluation	(1 430)	–	(1 430)	(107)	–	(107)
	176 593	–	176 593	30 482	–	30 482

Rupees '000

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2018
Ijara Sukuks					
3 Years Ijara Sukuk XVII	2020	5.11	Half yearly	20 500	20 554
3 Years Ijara Sukuk XVII	2020	5.14	Half yearly	10 000	10 021
					30 575
Corporate Sukuk					
5 Years Engro Fertilizer Ltd.	2019	6.37	Half yearly	26 250	26 416
5 Years Fatima Fertilizer Ltd.	2021	10.43	Half yearly	25 001	21 640
5 Years Byco Petroleum Ltd.	2022	9.25	Quarterly	50 000	50 595
5 Years Hascol Petroleum Ltd.	2022	10.23	Quarterly	25 001	23 797
5 Years Dubai Islamic Bank Ltd.	2023	12.27	Quarterly	25 000	25 000
					147 448
					178 023

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2017
Ijara Sukuks					
3 Years Ijara Sukuk XVII	2020	5.11	Half yearly	20 500	20 565
3 Years Ijara Sukuk XVII	2020	5.14	Half yearly	10 000	10 024
					30 589

9.2 Participants' Takaful Fund

	2018			2017 (Restated)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securites						
Ijara Sukuks	670 116	–	670 116	607 819	–	607 819
Corporate Sukuks	197 461	–	197 461	–	–	–
	867 577	–	867 577	607 819	–	607 819
Deficit on revaluation	(8 917)	–	(8 917)	(1 279)	–	(1 279)
	858 660	–	858 660	606 540	–	606 540

Rupees '000

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2018
Ijara Sukuk					
3 Years Ijara Sukuk XVII	2019	5.39	Half yearly	58 000	58 054
3 Years Ijara Sukuk XVII	2019	5.35	Half yearly	41 500	41 541
3 Years Ijara Sukuk XVII	2019	7.51	Half yearly	22 000	21 963
3 Years Ijara Sukuk XVII	2019	7.57	Half yearly	13 000	12 978
3 Years Ijara Sukuk XVII	2019	7.67	Half yearly	40 000	39 926
3 Years Ijara Sukuk XVII	2019	7.48	Half yearly	55 000	54 910
3 Years Ijara Sukuk XVII	2019	7.88	Half yearly	20 000	19 958
3 Years Ijara Sukuk XIX	2020	5.04	Half yearly	15 000	15 044
3 Years Ijara Sukuk XIX	2020	5.10	Half yearly	200 000	200 420
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	50 000	50 081
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	30 000	30 048
3 Years Ijara Sukuk XIX	2020	5.14	Half yearly	25 000	25 037
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	40 000	40 064
3 Years Ijara Sukuk XIX	2020	5.14	Half yearly	30 000	30 044
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	30 000	30 048
					670 116
Corporate Sukuk					
5 Years Engro Fertilizer Ltd. Sukuk	2019	6.37	Half yearly	26 250	26 416
5 Years Fatima Fertilizer Ltd. Sukuk	2021	10.42	Half yearly	25 001	21 639
5 Years Byco Petroleum Ltd. Sukuk	2022	9.21	Quarterly	50 000	50 620
5 Years Hascol Petroleum Ltd.	2022	8.63	Quarterly	25 001	23 786
5 Years Dawood Hercules Sukuk II	2023	10.60	Quarterly	50 000	50 000
5 Years Dubai Islamic Bank Ltd. Sukuk	2023	12.29	Quarterly	25 000	25 000
					197 461
					867 577

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2017
Ijara Sukuks					
3 Years Ijara Sukuk XVII	2019	5.39	Half yearly	58 000	58 054
3 Years Ijara Sukuk XVII	2019	5.35	Half yearly	41 500	41 839
3 Years Ijara Sukuk XIX	2020	5.04	Half yearly	15 000	15 072
3 Years Ijara Sukuk XIX	2020	5.10	Half yearly	200 000	200 674
3 Years Ijara Sukuk XIX	2020	5.11	Half yearly	86 000	86 271
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	50 000	50 129
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	30 000	30 077
3 Years Ijara Sukuk XIX	2020	5.14	Half yearly	25 000	25 059
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	40 000	40 103
3 Years Ijara Sukuk XIX	2020	5.14	Half yearly	30 000	30 071
3 Years Ijara Sukuk XIX	2020	5.13	Half yearly	30 000	30 076
					607 819

10. Investment in term deposit

Rupees '000

	Note	2018 OPF	2018 PTF	2018 Aggregate	2017 OPF	2017 PTF	2017 Aggregate
Held to maturity							
Term deposit	10.1	35 000	180 000	215 000	122 500	100 000	222 500
		35 000	180 000	215 000	122 500	100 000	222 500

10.1 The rate of profit on term deposit certificates issued by our banks range from 8.20 % to 9.50 % per annum (2017: 4.90 % to 5.95 % per annum) depending on tenure. These term deposit certificates have maturities upto March 2019.

11. Loans and other receivables - considered good

11.1 Operator's Fund

Rupees '000

	2018	2017
Accured investment income	3 087	154
Security deposits	301	301
Other receivables	224	977
	3 612	1 432
11.2 Participants' Takaful Fund		
Accured investment income	9 285	2 964
Other receivables	790	13 294
	10 075	16 258

12. Takaful / retakaful receivables - unsecured and considered good

12.1 Operator's Fund

These represents amount due from other takaful / retakaful of Operator's Fund

12.2 Participants' Takaful Fund

These represents amount due from other takaful / retakaful of Participants' Takaful Fund

Rupees '000

	2018	(Restated) 2017
13. Deferred taxation		
Deferred debit arising in respect of:		
Accelerated tax depreciation	73	–
Unrealized loss on available-for-sale investments	415	32
Deferred credit arising in respect of:		
Accelerated tax depreciation	–	(25)
	488	7

Rupees '000

	2018	2017
14. Prepayments		
Participants' Takaful Funds		
Prepaid re-takaful contribution ceded	129 407	96 474
Prepaid charges for vehicle tracking devices	75 792	47 775
	205 199	144 249

	Note	2018 OPF	2018 PTF	2018 Aggregate	2017 OPF	2017 PTF	2017 Aggregate
15. Cash and other accounts							
Cash and cash equivalents							
Policy stamps		–	649	649	–	590	590
Cash at bank							
Current accounts		30	2 802	2 832	21	628	649
Saving accounts	15.1	54 289	232 305	286 594	87 743	152 354	240 097
		54 319	235 756	290 075	87 764	153 572	241 336

15.1 The rate of profit on profit and loss sharing accounts from various banks range from 8.00 % to 9.50 % per annum (2017: 2.40 % to 5.50 % per annum) depending on the size of average deposits.

Rupees '000

	2018	2017
16. Other creditors and accruals		
16.1 Operators' fund		
Accured expenses	1 906	1 492
Agent balances	56 923	29 865
Others creditors	1 297	25
Retirement benefit obligation	128	169
Payable to EFU General Insurance Limited	160	45 564
	60 414	77 115
16.2 Participants' Takaful funds		
Federal excise duty payable	20 972	16 726
Federal insurance fee payable	1 905	1 444
Others creditors	6 592	1 635
	29 469	19 805

Rupees '000

		2018	2017
17.	**Net takaful contribution**		
	Written gross contribution	2 032 628	1 567 170
	Unearned contribution reserve opening	823 906	537 429
	Unearned contribution reserve closing	(1 050 127)	(823 906)
	Contribution earned	1 806 407	1 280 693
	Less:		
	Retakaful contribution ceded	280 195	216 766
	Prepaid retakaful contribution opening	96 474	72 797
	Prepaid retakaful contribution closing	(129 406)	(96 474)
	Retakaful expense	247 263	193 089
	Net contribution	1 559 144	1 087 604
18.	**Net wakala expense**		
	Gross wakala expense	599 944	395 232
	Deferred wakala expense opening	206 827	112 677
	Deferred wakala expense closing	(309 127)	(206 827)
	Wakala expense	497 644	301 082
19.	**Net takaful claim expense**		
	Claims paid	820 460	515 011
	Outstanding claims including IBNR opening	(340 118)	(210 412)
	Outstanding claims including IBNR closing	396 875	340 118
	Claims expense	877 217	644 717
	Less:		
	Retakaful and other recoveries received	88 821	53 569
	Retakaful and other recoveries in respect of outstanding claims opening	(88 944)	(38 780)
	Retakaful and other recoveries in respect of outstanding claims closing	104 603	88 944
	Retakaful and other recoveries revenue	104 480	103 733
	Net takaful claims expense	772 737	540 984
20.	**Rebate from retakaful operators**		
	Rebate received or recoverable	46 292	33 825
	Unearned retakaful rebate opening	16 062	12 360
	Unearned retakaful rebate closing	(20 656)	(16 062)
	Rebate from retakaful operator	41 698	30 123
21.	**Commission expense**		
	Commission paid or payable	217 007	118 239
	Deferred commission expense opening	61 094	38 477
	Deferred commission expense closing	(106 313)	(61 094)
	Net commission	171 788	95 622

Rupees '000

		Note	2018	2017
22.	**Management expenses – OPF**			
	Salaries, wages and benefits	22.1	175 174	128 389
	Bonus		15 654	10 533
	Gratuity		2 126	1 429
	Rent, rates and taxes		6 657	5 415
	Telephone		1 425	1 210
	Postage and telegram		1 514	945
	Gas, electricity and fuel expenses		5 278	4 010
	Printing and stationery		3 909	2 600
	Travelling and entertainment		2 844	1 123
	Depreciation		13 691	10 338
	Repair and maintenance		2 793	2 218
	Annual supervision fee - SECP		2 189	411
	Service charges		(3 907)	(2 178)
	Bank charges and commission		137	130
	Training		70	138
	Insurance expense		19	10
	Miscellaneous		6 791	4 985
			236 364	171 706

22.1 These include Rs. 154 thousand (2017: Rs. 142 thousand) being contribution for employees' provident fund.

Rupees '000

		2018	2017
23.	**Investment income**		
23.1	Operator's Fund		
	Income from debt securities - available-for-sale		
	– Return on debt securities (Sukuk)	5 542	534
	Income from term deposits		
	– Return on term deposits	6 284	1 188
		11 826	1 722
	Net realized gain / (loss) on investments		
	Available-for-sale financial assets		
	Realized gains on:		
	– Equity securities	–	1 076
	Realized losses on:		
	– Equity securities	–	(556)
		11 826	2 242
	Add: Modarib share of PTF investment income	10 838	7 457
	Investment income	22 664	9 699

Rupees '000

	Note	2018	2017
23.2 Participants' Takaful Funds - net of modarib			
Income from equity securities - available-for-sale			
– Dividend income		–	12 497
Income from debt securities - available-for-sale			
– Return on debt securities (Sukuk)		37 600	13 961
Income from term deposits			
– Return on term deposits		6 265	4 482
		43 865	30 940
Net realised gain / (loss) on investments			
Available for sale financial assets			
Realised gains on:			
– Equity securities		–	2 233
– Debt securities		73	–
Realised losses on:			
– Equity securities		–	(3 346)
– Debt securities		(587)	–
		(514)	(1 113)
		43 351	29 827
Less: Modarib share on PTF investment income		10 838	7 457
Investment income		32 513	22 370

24. Other income

	Note	2018	2017
24.1 Other income - OPF			
Profit on bank deposits		3 613	905
Mudarib share of profit on bank deposit		2 497	3 154
Loss on fixed asset		(96)	–
		6 014	4 059
24.2 Other income - PTF			
Profit on bank deposits		10 012	9 256
Mudarib share on profit on bank deposit		(2 497)	(3 154)
Exchange gain / (loss)		1 104	(15)
		8 619	6 087

25. Other expenses - OPF

	Note	2018	2017
Auditor's remuneration	25.1	718	657
		718	657
25.1 Auditor's remuneration			
Audit fee		450	450
Shari'ah compliance audit fee		150	150
Out of pocket expenses		118	57
		718	657

Rupees '000

26. Taxation

	2018	2017
For current year		
Current	34 168	14 165
Deferred	(98)	(113)
Super tax	2 356	–
	36 426	14 052

26.1 Relationship between tax expense and accounting profit

	Effective tax rate %		Rupees '000	
	2018	2017	2018	2017
Profit before taxation			117 452	46 855
Tax at the applicable rate	29.00	30.00	34 061	14 057
Tax effects of deduction not allowed	0.01	0.53	9	249
Average effective tax rate charged on income	29.01	30.53	34 070	14 306
Effect of super tax	2.01	–	2 356	–
Total average effective tax rate	31.02	30.53	36 426	14 306

27. 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

	2018	2017
27.1 Operator's Fund		
Others		
Expenses paid	–	2
27.2 Participants' Takaful Funds		
Associated company		
Contributions written	28	39
Key management personnel		
Contributions written	38	105
Claim paid	2	3
Others		
Contributions written	10 911	16 853
Claim paid	5 275	16 097
Receivables / payables	747	(53)
Investments made	–	29 944
Investments sold	–	59 944

28. Segment reporting

28.1 Operator's Fund

Rupees '000

	2018					
	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
Wakala fee	40 749	18 529	416 344	22 022	–	497 644
Management expenses	15 215	5 759	208 381	7 009	–	236 364
Commission expense	23 586	9 241	136 929	2 032	–	171 788
Net commission and expenses	(38 801)	(15 000)	(345 310)	(9 041)	–	(408 152)
	1 948	3 529	71 034	12 981	–	89 492
Net investment income						22 664
Other income						6 014
Other expenses						(718)
Profit before tax						117 452
Corporate segment assets	43 226	9 011	271 746	16 810	–	340 793
Corporate unallocated assets						280 509
Total assets						621 302
Corporate segment liabilities	39 704	8 149	308 033	11 345	–	367 231
Corporate unallocated liabilities						40 440
Total liabilities						407 671

	2017					
	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
Wakala fee	27 793	8 760	242 723	21 806	–	301 082
Management expenses	10 808	3 467	150 428	7 003	–	171 706
Commission expense	14 975	4 325	72 777	3 545	–	95 622
Net commission and expenses	(25 783)	(7 792)	(223 205)	(10 548)	–	(267 328)
	2 010	968	19 518	11 258	–	33 754
Net investment income						9 699
Other income						4 059
Other expenses						(657)
Profit before tax						46 855
Corporate segment assets	26 159	4 429	144 487	6 942	–	182 017
Corporate unallocated assets						248 624
Total assets						430 641
Corporate segment liabilities	22 634	4 009	194 668	15 380	–	236 691
Corporate unallocated liabilities						47 251
Total liabilities						283 942

28.2 Participants' Takaful Fund

Rupees '000

	2018					
	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
Contribution receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	238 221	72 472	1 936 091	80 580	–	2 327 364
Less: Federal excise duty	28 741	7 747	225 027	9 186	–	270 701
Stamp duty	32	3 482	185	6	–	3 705
Federal insurance fee	2 074	606	16 943	707	–	20 330
Gross written contribution (inclusive of Administrative surcharge)	207 374	60 637	1 693 936	70 681	–	2 032 628
Gross direct contribution	204 699	57 733	1 385 083	70 495	–	1 718 010
Administrative surcharge	2 675	2 904	308 853	186	–	314 618
Takaful contribution earned	164 054	52 936	1 501 330	88 087	–	1 806 407
Takaful contribution ceded to retakaful	145 971	41 250	–	60 042	–	247 263
Net contribution revenue	18 083	11 686	1 501 330	28 045	–	1 559 144
Rebate from retakaful operator	23 966	9 281	–	8 451	–	41 698
Net underwriting income	42 049	20 967	1 501 330	36 496	–	1 600 842
Insurance claims	53 866	15 302	733 251	74 798	–	877 217
Insurance claims recovered from retakaful	48 378	12 047	(281)	44 336	–	104 480
Net claims	(5 488)	(3 255)	(733 532)	(30 462)	–	(772 737)
Wakala expense	(40 749)	(18 529)	(416 344)	(22 022)	–	(497 644)
PTF direct expense	(10)	(7)	(217 116)	(16)	–	(217 149)
Net insurance claims and expenses	(46 247)	(21 791)	(1 366 992)	(52 500)	–	(1 487 530)
Underwriting result	(4 198)	(824)	134 338	(16 004)	–	113 312
Net Investment income						32 513
Other income						8 619
Surplus for the year						154 444
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

	2017					
	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
Contribution receivable (inclusive of FED, Federal insurance fee and Administrative surcharge)	145 799	32 791	1 512 330	103 214	–	1 794 134
Less: Federal excise duty	17 633	3 407	176 734	11 776	–	209 550
Stamp duty	27	1 533	142	5	–	1 707
Federal insurance fee	1 271	276	13 255	905	–	15 707
Gross written contribution (inclusive of Administrative surcharge)	126 868	27 575	1 322 199	90 528	–	1 567 170
Gross direct contribution	125 084	26 116	1 036 170	90 350	–	1 277 720
Administrative surcharge	1 784	1 459	286 029	178	–	289 450
Takaful contribution earned	111 175	25 035	1 057 264	87 219	–	1 280 693
Takaful contribution ceded to retakaful	98 401	21 319	19 666	53 703	–	193 089
Net contribution revenue	12 774	3 716	1 037 598	33 516	–	1 087 604
Rebate from retakaful operator	18 644	4 797	–	6 682	–	30 123
Net underwriting income	31 418	8 513	1 037 598	40 198	–	1 117 727
Insurance claims	77 274	2 573	514 509	50 361	–	644 717
Insurance claims recovered from retakaful	70 040	2 317	281	31 095	–	103 733
Net claims	(7 234)	(256)	(514 228)	(19 266)	–	(540 984)
Wakala expense	(27 793)	(8 760)	(242 723)	(21 806)	–	(301 082)
PTF direct expense	(10)	(3)	(191 974)	(25)	–	(192 012)
Net insurance claims and expenses	(35 037)	(9 019)	(948 925)	(41 097)	–	(1 034 078)
Underwriting result	(3 619)	(506)	88 673	(899)	–	83 649
Net Investment income						22 370
Other income						6 087
Surplus for the year						112 106
Corporate segment assets	144 120	15 208	410 924	102 854	–	673 106
Corporate unallocated assets						928 907
Total assets						1 602 013
Corporate segment liabilities	202 492	27 378	1 060 658	149 200	–	1 439 728
Corporate unallocated liabilities						22 649
Total liabilities						1 462 377

29. Movement in investment

29.1 Operator's Fund

Rupees '000

Name of investment	Available for sale	Held to maturity	Total
At beginning of previous year	20 447	15 000	35 447
Additions	31 408	307 500	338 908
Disposals (sale and redemptions)	(21 410)	(200 000)	(221 410)
Fair value net gains (excluding net realized gains)	36	–	36
At beginning of 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 end of year	176 593	35 000	211 593

29.2 Participants' Takaful Fund

Name of investment	Available for sale	Held to maturity	Total
At beginning of previous year	385 673	94 000	479 673
Additions	637 777	777 500	1 415 277
Disposals (sale and redemptions)	(409 988)	(771 500)	(1 181 488)
Fair value net gains (excluding net realized gains)	(6 922)	–	(6 922)
At beginning of 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 end of year	858 660	180 000	1 038 660

30. Surplus distribution

Takaful surplus attributable to the Participants' is calculated after charging all direct cost and setting aside various reserves.

31. Qard-e-Hasna

If there is a deficit of admissible assets over its liabilities in the PTF, the Operator from the Operator's Fund may provide Qard-e-Hasana to the PTF so that the PTF may become solvent as per Takaful Rules 2012.

Operator would be allowed to recover this qard from the PTF over any period without charging any profit.

32. Management of takaful and financial risk

32.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract. The Operator obtains retakaful cover only from companies with sound financial health.

32.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of retakaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

	2018				2017			
Class	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	13	2	10	1	16	2	8	1
Marine, aviation and transport	1	0	1	0	1	0	1	0
Motor	67	90	85	97	68	92	85	97
Miscellaneous	19	8	4	2	15	6	6	2
	100	100	100	100	100	100	100	100

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator.

The Operator class wise major gross risk exposure is as follows:

Rupees '000

Class	2018	2017
Fire and property damage	5 551 990	3 681 000
Marine, aviation and transport	161 720	82 720
Motor	12 460	28 350
Miscellaneous	1 050 000	1 162 500

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

32.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the financial statement date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the financial statement date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the financial statement date. The details of estimation of outstanding claims (including IBNR) are given under note 3.13.

32.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. The Operator has taken actuarial advice for the determination of IBNR claims, which has been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of financial statement date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

32.1.4 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

Rupees '000

	PTF Revenue 2018	PTF Equity 2018	PTF Revenue 2017	PTF Equity 2017
Impact of change in claim liabilities by + 10%				
Fire and property damage	(458)	(458)	(506)	(506)
Marine, aviation and transport	(93)	(93)	(50)	(50)
Motor	(26 470)	(26 470)	(23 181)	(23 181)
Miscellaneous	(2 207)	(2 207)	(1 380)	(1 380)
	(29 228)	(29 228)	(25 117)	(25 117)
Impact of change in claim liabilities by - 10%				
Fire and property damage	458	458	506	506
Marine, aviation and transport	93	93	50	50
Motor	26 470	26 470	23 181	23 181
Miscellaneous	2 207	2 207	1 380	1 380
	29 228	29 228	25 117	25 117

32.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

32.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Operator believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

Rupees '000

	2018			2017		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
Financial assets:						
Term deposits	35 000	180 000	215 000	122 500	100 000	222 500
Loans and other receivables	3 612	10 075	13 687	1 432	16 258	17 690
Takaful / retakaful receivables	6 117	242 481	248 598	5 497	249 961	255 458
Retakaful recoveries against outstanding claims	–	104 603	104 603	–	88 944	88 944
Wakala fee receivable	228 363	–	228 363	115 426	–	115 426
Modarib fee receivable	7 757	–	7 757	2 843	–	2 843
Cash and bank	54 319	235 107	289 426	87 764	152 982	240 746
	335 168	772 266	1 107 434	335 462	608 145	943 607

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	2018			2017		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
AAA	–	8 065	8 065	–	9 563	9 563
AA+	6 260	56 535	62 795	–	–	–
AA	–	2 048	2 048	15 977	67 366	83 343
AA–	14 985	137 517	152 502	14 513	40 946	55 459
A+	20 034	30 409	50 443	43 830	17 300	61 130
A	13 040	533	13 573	13 444	17 807	31 251
	54 319	235 107	289 426	87 764	152 982	240 746

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

The credit quality of claim recoveries from retakaful operators can be assessed with reference to external credit ratings as follows:

a. Operator's Fund

Rupees '000

Rating	2018	2017
	Amounts due from takaful / retakaful	Amounts due from takaful / retakaful
A or above	6 059	5 471
B or above	58	26
	6 117	5 497

As at 31 December 2018, the amount due from takaful / retakaful operator includes amount receivable within one year and above one year amounting to Rs. 4.620 million (2017: Rs. 5.149 million) and Rs.1.497 million (2017: Rs. 0.348 million) respectively.

b. Participants' Takaful Fund

Rupees '000

Rating	2018		2017	
	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims
A or above	–	103 789	–	88 251
B or above	–	814	–	693
	–	104 603	–	88 944

As at 31 December 2018, the amount of Rs. Nil (2017: Rs. Nil) due from takaful / retakaful operator is receivable within one year.

32.2.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operations liabilities as at financial statement date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

Rupees '000

	OPF 2018		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Takaful / retakaful payables	1 181	1 181	–
Other creditors and accruals	60 414	60 414	–
	61 595	61 595	–

	PTF 2018		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	396 875	396 875	–
Takaful / retakaful payables	168 467	168 467	–
Wakala fees payable	228 363	228 363	–
Modarib fees payable	7 757	7 757	–
Other creditors and accruals	29 469	29 469	–
	830 931	830 931	–

Rupees '000

	OPF 2017		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Other creditors and accruals	31 381	31 381	–
Payable to EFU General Insurance Limited	45 564	45 564	–
	76 945	76 945	–

	PTF 2017		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	340 118	340 118	–
Takaful / retakaful payables	142 778	142 778	–
Wakala fees payable	115 426	115 426	–
Modarib fees payable	2 843	2 843	–
Other creditors and accruals	19 805	19 805	–
	620 970	620 970	–

32.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates' markets. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

32.2.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

Maturity profile of financial assets and liabilities:

Rupees '000

OPF 2018

	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	–	176 593	176 593	–	–	–	176 593
Term deposits	35 000	–	35 000	–	–	–	35 000
Loan and other receivables	–	–	–	3 612	–	3 612	3 612
Takaful / retakful receivables	–	–	–	6 117	–	6 117	6 117
Wakala fees receivable	–	–	–	228 363	–	228 363	228 363
Modarib fees receivable	–	–	–	7 757	–	7 757	7 757
Cash and bank	54 289	–	54 289	30	–	30	54 319
	89 289	176 593	265 882	245 879	–	245 879	511 761
Financial liabilities							
Takaful / retakaful payables	–	–	–	1 181	–	1 181	1 181
Other creditors and accruals	–	–	–	60 128	–	60 128	60 128
	–	–	–	61 309	–	61 309	61 309

Rupees '000

PTF 2018

	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	–	858 660	858 660	–	–	–	858 660
Term deposits	180 000	–	180 000	–	–	–	180 000
Loan and other receivables	–	–	–	10 074	–	10 074	10 074
Takaful / retakful receivables	–	–	–	242 481	–	242 481	242 481
Retakaful receivables against outstanding claims	–	–	–	104 603	–	104 603	104 603
Cash and bank	232 305	–	232 305	3 451	–	3 451	235 756
	412 305	858 660	1 270 965	360 609	–	360 609	1 631 574
Financial liabilities							
Provision for outstanding claims (including IBNR)	–	–	–	396 875	–	396 875	396 875
Takaful / retakaful payables	–	–	–	168 467	–	168 467	168 467
Wakala fee payables	–	–	–	228 363	–	228 363	228 363
Modarib fee payables	–	–	–	7 757	–	7 757	7 757
Other creditors and accruals	–	–	–	29 469	–	29 469	29 469
	–	–	–	830 931	–	830 931	830 931

OPF 2017

	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	–	30 589	30 589	–	–	–	30 589
Term deposits	122 500	–	122 500	–	–	–	122 500
Loans and other receivables	–	–	–	1 432	–	1 432	1 432
Takaful / retakaful receivables	–	–	–	5 497	–	5 497	5 497
Wakala fees receivable	–	–	–	115 426	–	115 426	115 426
Modarib fees receivable	–	–	–	2 843	–	2 843	2 843
Cash and bank	87 743	–	87 743	21	–	21	87 764
	210 243	30 589	240 832	125 219	–	125 219	366 051
Financial liabilities							
Other creditors and accruals	–	–	–	31 381	–	31 381	31 381
	–	–	–	31 381	–	31 381	31 381

PTF 2017

	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	–	607 819	607 819	–	–	–	607 819
Term deposits	100 000	–	100 000	–	–	–	100 000
Loan and other receivables	–	–	–	16 258	–	16 258	16 258
Takaful / retakful receivables	–	–	–	249 961	–	249 961	249 961
Retakaful receivables against outstanding claims	–	–	–	88 944	–	88 944	88 944
Cash and bank	152 354	–	152 354	628	–	628	152 982
	252 354	607 819	860 173	355 791	–	355 791	1 215 964
Financial liabilities							
Provision for outstanding claims (including IBNR)	–	–	–	340 118	–	–	–
Takaful / retakaful payables	–	–	–	142 778	–	–	–
Wakala fee payables	–	–	–	115 426	–	–	–
Modarib fee payables	–	–	–	2 843	–	–	–
Other creditors and accruals	–	–	–	19 805	–	–	–
	–	–	–	620 970	–	–	–

Sensitivity analysis

As on 31 December 2018, the Operator had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in profit rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing profit rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Operator's Fund

Rupees '000

	Change in basis points	Effect on profit and loss before tax	Operator's Fund
31 December 2018	100	543	386
	(100)	(543)	(386)
31 December 2017	100	877	614
	(100)	(877)	(614)

Participants' Takaful Fund

	Change in basis points	Effect on PTF Revenue	Participants' Takaful Fund
31 December 2018	100	2 357	2 357
	(100)	(2 357)	(2 357)
31 December 2017	100	1 524	1 524
	(100)	(1 524)	(1 524)

32.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

32.3 Fair value

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

32.3.2 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:

32.3.3 Operator's Fund

Rupees '000

As at 31 December 2018

	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt Securities	176 593				176 593		176 593	
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	–

As at 31 December 2017

	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using Level 1	Level 2	Level 3
Financial assests measured at fair value								
Investments								
Debt Securities	30 482				30 482		30 482	
Financial assets not measured at fair value								
Investments								
Term deposits*			122 500		122 500			
Loans and other receivables*		1 432			1 432			
Takaful / retakaful receivables*		5 497			5 497			
Wakala fee receivable*		115 426			115 426			
Modarib fee receivable*		2 843			2 843			
Cash and bank balances*			87 764		87 764			
	30 482	125 198	210 264		365 944		30 482	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(31 381)	(31 381)			
	30 482	125 198	210 264	(31 381)	334 563	–	30 482	–

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

32.3.4 Participants' Takaful Fund

Rupees '000

As at 31 December 2018

	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt securities	858 660				858 660		858 660	
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	–

As at 31 December 2017

	Available for sale	Loan & Receivables	Other financial Assets	Other financial liabilities	Total	Fair value measurement using Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Debt securities	606 540				606 540		606 540	
Financial assets not measured at fair value								
Investments								
Term deposits*			100 000		100 000			
Loans and other receivables*		16 258			16 258			
Takaful / retakaful receivables*		249 961			249 961			
Retakaful recoveries against outstanding claims*		88 944			88 944			
Sundry receivables*			153 572		153 572			
	606 540	355 163	253 572		1 215 275		606 540	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(340 118)	(340 118)			
Contribution received in advance*				(1 439)	(1 439)			
Takaful / retakaful operator*				(142 778)	(142 778)			
Wakala fee payable*				(115 426)	(115 426)			
Modarib fee payable*				(2 843)	(2 843)			
Other creditors and accruals*				(19 805)	(19 805)			
	606 540	355 163	253 572	(622 409)	592 866	–	606 540	–

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

33. Statement of solvency

Rupees '000

	31 December 2018
Assets	
Investment	
Debt securities	858 660
Term deposits	180 000
	1 038 660
Current Assets - Others	
Takaful / Retakaful receivables	242 481
Salvage recoveries accrued	45 050
Loans and other receivables	10 075
Retakaful recoveries against outstanding claims	104 603
Deferred Wakala fees	309 127
Prepayments	205 199
	916 535
Cash and bank	235 756
Total assets	2 190 951
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance 2000	
Contribution due since more than three months	54 751
Total of In-admissible assets	54 751
Total admissible assets	2 136 200
Total Liabilities	
Underwriting provisions	
Outstanding claims (including IBNR)	396 875
Unearned contribution reserves	1 050 127
Unearned Retakaful Rebate	20 656
Contribution received in advance	2 796
Takaful / retakaful payables	168 467
Wakala fee payable	228 363
Modarib fee payable	7 757
Other creditors and accruals	29 469
Total liabilities	1 904 510
Total net admissible assets	231 690

34. Corresponding Figures

34.1 The effects of changes stated in note 4 have been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior years. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2017 and 01 January 2018 have been presented and disclosed as part of the Statement of Changes in Fund, while the corresponding period adjustment through Other Comprehensive Income and Profit or Loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Statement of Financial Position also presents the prior year numbers as restated, due to the said change.

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

35. General

Figures have been rounded off to the nearest thousand rupees.

36. Date of authorization for issue of financial statements

These financial statements were authorized for issue by the Board of Directors in its meeting held on 22 March 2019.

DAANISH BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer & Corporate Secretary	Managing Director & Chief Executive	Chairman

Karachi 22 March 2019

Pattern of Shareholding
As at 31 December 2018

Number of shareholders	Shareholdings		Shares held
	From	To	
330	1	100	12 840
328	101	500	85 086
207	501	1000	161 085
323	1001	5000	829 714
126	5001	10000	934 971
64	10001	15000	810 904
40	15001	20000	716 758
28	20001	25000	637 278
17	25001	30000	469 550
7	30001	35000	225 813
18	35001	40000	700 330
6	40001	45000	262 882
6	45001	50000	284 555
9	50001	55000	463 136
8	55001	60000	464 067
5	65001	70000	337 439
6	70001	75000	431 161
12	75001	80000	942 869
2	80001	85000	165 040
2	85001	90000	175 052
4	90001	95000	370 406
9	95001	100000	893 200
3	100001	105000	308 265
5	105001	110000	535 157
1	110001	115000	110 734
5	115001	120000	592 696
1	125001	130000	128 729
1	135001	140000	135 258
2	150001	155000	302 514
3	155001	160000	474 097
1	160001	165000	162 162
1	165001	170000	169 300
1	170001	175000	171 528
3	200001	205000	609 032
1	220001	225000	224 261
1	235001	240000	237 600
1	240001	245000	243 000
1	265001	270000	270 000
1	275001	280000	277 992
1	295001	300000	300 000
1	300001	305000	300 313
1	315001	320000	316 800
2	365001	370000	732 986
2	370001	375000	747 062
5	395001	400000	1 996 000
1	455001	460000	456 393
1	490001	495000	492 407
1	530001	535000	530 684
1	555001	560000	557 000
1	595001	600000	600 000
1	600001	605000	604 992
1	620001	625000	623 610
1	665001	670000	667 475
1	675001	680000	679 200
1	700001	705000	700 001
1	765001	770000	769 100
2	790001	795000	1 584 181
1	861001	866000	861 114
1	945001	950000	949 336
1	1010001	1015000	1 011 392
1	1340001	1345000	1 343 972
1	1595001	1600000	1 600 000
1	1650001	1655000	1 654 300
1	2015001	2020000	2 018 205
1	2490001	2495000	2 491 760
1	2700001	2705000	2 704 126
1	4075001	4080000	4 077 375
1	4315001	4320000	4 315 676
1	4680001	4685000	4 680 961
1	4780001	4785000	4 782 987
1	6455001	6460000	6 456 485
1	9687001	9692000	9 687 798
1	10754001	10759000	10 754 919
1	13845001	13850000	13 845 355
1	15965001	15970000	15 965 743
1	16575001	16580000	16 579 935
1	24040001	24045000	24 042 744
1	42190001	42195000	42 191 152
1635			**200 000 000**

Categories of shareholders	Shareholders	Shares held	Percentage
Associated Companies, Undertakings and Related Parties			
EFU Life Assurance Ltd. - Policy Holders Fund		4 680 961	
Jahangir Siddiqui & Co. Ltd.		42 191 152	
JS Bank Limited		4 077 375	
JS Infocom Limited		679 200	
Jahangir Siddiqui & Sons Limited		6 456 485	
Jahangir Siddiqui Securities Services Limited		4 782 987	
Energy Infrastructure Holding (Private) Limited		10 754 919	
Trustee - Future Trust		1 654 300	
Trustee EFU General Insurance Ltd., Staff Provident Fund		604 992	
Trustees EFU General Ins. Ltd., Officer's Pension Fund		201 600	
Trustees EFU General Insurance Ltd., Employees Gratuity Fund		224 261	
Trustee EFU Life Assurance Ltd. Employees Provident Fund		733	
Trustees of Allianz EFU Health Ins. E.P.F		44 800	
	13	76 353 765	38.18
NIT	–	–	–
Directors, CEO, & their spouses and minor children			
Saifuddin N. Zoomkawala		316 800	
Abdul Rehman Haji Habib		8 323	
Hasanali Abdullah		372 358	
Taher G. Sachak		2 046	
Ali Raza Siddiqui		800	
Mohammed Iqbal Mankani		625	
Mahmood Lotia		1 328	
Saad Bhimjee		842	
Daanish Bhimjee		500	
Lulua Saifuddin Zoomkawala		792 000	
	10	1 495 622	0.75
Executives	10	299 706	0.15
Public sector companies & corporations	1	4 315 676	2.15
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurers, Modarabas and Mutual Funds	12	2 919 297	1.46
Charitable Institutions	3	24 214 906	12.11
Individuals / Others	1 582	80 090 645	40.06
Foreign Investors (repatriable basis)	4	10 310 383	5.16
Total	1 635	200 000 000	100
Shareholders holding 5% or more voting interest			
Jahangir Siddiqui & Co. Ltd.		42 191 152	21.10
Managing Committee of Ebrahim Alibhai Foundation		24 042 744	12.02
Rafique R. Bhimjee		16 579 935	8.29
Muneer R. Bhimjee		15 965 743	7.98
Bano R. Bhimjee		13 845 355	6.92
Energy Infrastructure Holding (Private) Limited		10 754 919	5.38

Glossary

- **Authorised Share Capital** - The maximum value of share that a Company can issue.
- **Bonus Shares** - Free shares given to current shareholders out of profit.
- **Book Value** - The value of an asset as entered in a company's books.
- **Capital Expenditure** - The cost of long-term improvements and fixed assets.
- **Capital Gain** - Portion of the total gain recognised on the sale of investments.
- **Claims** - The amount payable under a contract of insurance arising from occurrence of an insured event.
- **Claims Incurred** - The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
- **Commission** - Remuneration to an intermediary for services such as selling and servicing an insurer's products.
- **Contribution** - The amount payable by a Participant to the Participants' Takaful Fund under a Takaful Contract for the purpose of mutual protection and assistance.
- **Corporate Social Responsibility** - Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
- **Deferred Commission** - Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
- **Deferred Tax** - An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
- **Defined Benefit Plans** - Are post-employment benefit plans.
- **Depreciation** - Is the systematic allocation of the cost of an asset over its useful life.
- **Doubtful Debts** - Is a debt where circumstances have rendered its ultimate recovery uncertain.
- **Earnings per Share** - Amounts of after tax profit or loss attributable to ordinary shareholders of the entity.
- **Equity Method** - Method of accounting whereby the investment is initially recognized at cost and adjusted periodically for the post-acquisition change in the investor's share of net assets of the investee.
- **Exchange Gain / (Loss)** - Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
- **Facultative Reinsurance** - The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer accepts on a case by case basis.
- **Fair Value** - The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
- **General Insurance** - All kinds of non-life Insurance i.e., Fire, Marine, Motor and all Other Insurance as defined in the Insurance Ordinance, 2000.
- **General Takaful** - Takaful other than Family Takaful.

- **Gross Premium** - Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
- **Group Health Insurance** - A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
- **Human Resource Development** - A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
- **Impairment** - The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
- **Incurred but not Reported (IBNR)** - Claim incurred but not reported to the insurer until the financial statements reporting date.
- **Inflation** - A general increase in prices and fall in the purchasing value of money.
- **Insurance Contract** - A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event at an agreed consideration.
- **Insurer Financial Strength Rating** - Provides an assessment of the financial strength of an insurance company.
- **Intangible** - An identifiable non-monetary asset without physical substance.
- **Internal Control** - An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
- **Loss Ratio** - Percentage ratio of claims expenses to premium.
- **Market Share** - The portion of a market controlled by a particular company or product.
- **Market Value** - The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
- **Mudaraba** - A Mudaraba is an Investment partnership, whereby the investor (the Rab-ul-Mal) provides capital to another party / entrepreneur (the Mudarib) in order to undertake a business / investment activity. While profits are shared on a pre-agreed ratio, loss of investment is born by the investor only. The mudarib loses its share of the expected income.
- **Mudaraba Based Contract** - An investment Contract based on the principle of Mudaraba.
- **National Exchequer** - The account into which tax funds and other public funds are deposited.
- **Net Asset Value** - The value of all tangible and intangible assets of a company minus its liabilities.
- **Net Premium Revenue** - Gross earned premium less Reinsurance expense.
- **Non-Life Insurance** - Non Life Insurance and General Insurance have the same meaning.
- **Operator** - A Takaful Operator or a Window Takaful Operator, authorized under SECP Takaful Rules, 2012.
- **Operator Fund** - A fund set up by a General Takaful Operator which shall undertake all transactions which the Operator undertakes other than those which pertain to Participant Takaful Funds set up by the Operator.
- **Outstanding Claim** - A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
- **Paid-up Capital** - The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
- **Participant** - A Person who participates in a Takaful scheme and to whom a Takaful Contract is issued.
- **Participants' Membership Documents** - The documents detailing the benefits and obligations of a Participant under a Takaful Contract.
- **Participant Takaful Fund (PTF)** - A Separate Waqf Fund set up into which the Participant's Risk related contributions are paid and from which risk related benefits are paid out.
- **Period of Takaful or Policy Period** - The length of time for which the Takaful protection will be effective.
- **Premium** - The amount that has to be paid as consideration for the insurance cover provided by an insurer.
- **Present Value** - Future amounts that have been discounted to the present.
- **Proxy** - Power of attorney by which the shareholder transfers the voting rights to another shareholder.
- **Qard-e-Hasna** - An interest free loan to the PTF from the Operator's Fund, when the PTF is in deficit and insufficient to meet their all liabilities.
- **Quoted** - Being listed on a Stock Exchange.
- **Registered Office** - The registered office is an address which is registered with the government registrar as the official address of a company.
- **Reinsurance** - A method of insurance arranged by insurers to share the exposure of risks accepted.
- **Reinsurance Commission** - Commission received or receivable in respect of premium paid or payable to a reinsurer.
- **Reinsurance Premium** - The premium payable to the reinsurer in respect of reinsurance contract.
- **Related Party** - Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- **Retrocession** - Transfer of risk from a reinsurer to another reinsurer.
- **Revenue Reserves** - Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and unappropriated profit.
- **Risk** - Condition in which there is a possibility of loss.
- **Risk Management** - Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
- **Shariah Advisor** - Shariah Advisor of the Operator working in such capacity appointed by the Operator under Rule 26 of the SECP Takaful Rules, 2012.
- **Statutory Levies** - Fee charged (levied) by a government on a product, income, or activity.
- **Strategic Objective** - A broadly defined objective that an organization must achieve to make its strategy succeed.
- **Subsequent Event** - Non Adjusting - Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
- **Takaful** - Takaful is an arrangement based on the principles of brotherhood and mutual help wherein participants contribute in a fund to help those who need it most in times of financial difficulties.
- **Takaful Contract** - Any contract of Family Takaful or General Takaful.

- **Tangible** - An asset whose value depends on particular physical properties.
- **Term Finance Certificate** - A debt instrument issued by an entity to raise funds.
- **Underwriting Profit** - This is the profit generated purely from the General Insurance business without taking into account the investment income and other non-technical income and expenses.
- **Unearned Premium** - It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.
- **Window Takaful Operator** - A Registered Insurer authorized under SECP Takaful Rules, 2012 to carry on Takaful business as Window Operations in addition to Conventional Insurance Business.
- **Wakala** - Agent-principal relationship, where a person nominates another to act on his behalf.
- **Wakala Based Contract** - A contract based on the principle of Wakala (agency).

Branch Network

SOUTHERN ZONE
5th Floor, EFU House
M.A. Jinnah Road, Karachi
32311626 - 32311610
32313471-90. Fax: 32313608

Jaffer Dossa
Senior Advisor

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

Zia Mahmood
Senior Executive Vice President

Mohammad Sirajuddin
Senior Vice President

Muhammad Anwar Amdani
Vice President

Central Division
1st Floor, Kashif Centre
Shahrah-e-Faisal, Karachi
35653907-9 - 35670145-7
Fax: 35640512 - 35640530
35674879

S. Salman Rashid
Deputy Managing Director

Abdul Sattar Baloch
Executive Director

Mohammad Naeem Shaikh, A.C.I.I
Senior Executive Vice President

Shamim Pervaiz, M.B.A.
Senior Executive Vice President

Abdul Rashid
Executive Vice President

Kaleem Imtiaz, M.A.
Executive Vice President

Amanullah Khan
Senior Vice President

Nadeem Ahmed
Senior Vice President

Shahab Saleem
Senior Vice President

Aziz Ahmed
Vice President

Kausar Hamad, M.B.A.
Vice President

Arshad Hussain
Assistant Vice President

Faiz Muhammad
Assistant Vice President

Mahmood Sualeh
Assistant Vice President

Mohammad Moosa
Assistant Vice President

Murad Ali
Assistant Vice President

Rizwan Siddiqui
Assistant Executive Director
(Development)

Syed Imran Zaidi, M.B.A.
Assistant Executive Director
(Development)

S. Iftikhar Haider Zaidi, M.A.
Senior Executive Vice President
(Development)

Adnan Sharif
Executive Vice President
(Development)

Mohammed Shamim Siddiqui
Executive Vice President
(Development)

Muhammad Adnan Sharif
Executive Vice President
(Development)

Muhammad Javed
Executive Vice President
(Development)

Kayomarz H. Sethna
Senior Vice President
(Development)

Raja Jamil Ahmed
Senior Vice President
(Development)

Shakil Wahid, ACCA
Senior Vice President
(Development)

M. Nadeem Shaikh
Vice President (Development)

Mrs. Sadia Khanum
Vice President (Development)

Shehzad Ali Shivjani
Vice President (Development)

Syed Rashid Ali
Vice President (Development)

Tauseef Hussain Khan
Vice President (Development)

Tahir Ali, M.B.A.
Assistant Vice President
(Development)

Ayyaz Ahmed Bhutto
Deputy Chief Manager
(Development)

Ms. Vina Hussain
Deputy Chief Manager
(Development)

Central Division Auto Leasing Unit
1st Floor, Kashif Centre
Shahrah-e-Faisal, Karachi
35640540-2 - 35640536-38
Fax: 35674886 35676560-1
35640511

Kamran Bashir, M.B.A.
Senior Executive Vice President

Shahab Khan
Executive Vice President

Arshad Aziz Siddiqui
Senior Vice President

Mansoor Hassan Khan
Senior Vice President

Sheeraz Mansoor
Vice President

Asif Ali Khan
Assistant Vice President

Jazib Hassan Khan
Assistant Vice President

Muhammad Arshad Siddiqi
Assistant Vice President

Rahim
Assistant Vice President

Central Division Unit 'A'

Room # 201, 2nd Floor
Kashif Centre, Shahrah-e-Faisal
Karachi
35640027-9 Fax: 35652320

Syed Kamran Rashid
Executive Director

Adeel Ahmed
Assistant Executive Director (Development)

Syed Muhammad Iftikhar
Senior Executive Vice President (Development)

Faisal Mahmood Jaffery
Senior Vice President (Development)

Wasif Mubeen, B.A., L.L.B.
Senior Vice President (Development)

Aman Nazar Muhammad
Vice President (Development)

Muhammad Siddiq
Vice President (Development)

Syed Mobin A. Niazi
Vice President (Development)

Syed Mohammad Waseem
Vice President (Development)

S. Shakeel Hassan Bakhtiar
Assistant Vice President (Development)

Central Division Unit 'B'

Room No. 303, 3rd Floor
Kashif Center, Shahrah-e-Faisal
Karachi. 35640543-47. Fax: 35640548

Javed Iqbal Barry, M.B.A., LL.B., F.C.I.I.
Deputy Executive Director

Faisal Gulzar
Senior Executive Vice President

Waseem Ahmed
Executive Vice President

Shaikh Muhammad Khurram
Vice President

Khalid Mahmood Mirza
Assistant Executive Director (Development)

S. Shahid Mahmood, M.A.
Assistant Executive Director (Development)

Azmat Maqbool, M.B.A.
Senior Executive Vice President (Development)

A. Ghaffar A. Karim
Executive Vice President (Development)

Muhammad Asif Javed, M.A.
Senior Vice President (Development)

Bilquis Ahmed
Vice President (Development)

Sohail Raza
Vice President (Development)

Syed Ali Haider Rizvi
Vice President (Development)

Ahmed Nawaz, M.A.
Assistant Vice President (Development)

M. A. Qayyum Khan
Assistant Vice President (Development)

Nadeem Ahmed Siddiqui
Assistant Vice President (Development)

Anjum Akhtar
Manager (Development)

Mrs. Anjum Sultana
Manager (Development)

Muhammad Salim
Manager (Development)

Central Division Unit 'C'

Room # 305, 3rd Floor. Kashif Centre
Shahrah-e-Faisal, Karachi
35640403-05. Fax: 35214420

Mohammad Arif, M.A.
Assistant Executive Director

City Branch

6th Floor, Room No. 614, EFU House
M.A. Jinnah Road, Karachi
32313471-90 - 32201567
32201568. Fax: 32201618

Ali Kausar
Deputy Executive Director

Abdul Mateen Farooqi, M.Sc.
Executive Vice President

Rizwana Iftikhar
Vice President

Shabbir Hussain
Vice President

Syed Zulfiqar Mehdi
Assistant Vice President (Development)

M. Abrar Khan
Chief Manager (Development)

Muhammad Abdullah
Manager (Development)

Clifton Division

4th Floor, Room No. 406-409
EFU House, M.A. Jinnah Road
Karachi. 32313471-90
Fax: 32201466-32203797

Nudrat Ali
Deputy Managing Director

K. M. Anwer Pasha, B.B.A.
Senior Executive Director

Musakhar-uz-Zaman, B.E.
Deputy Executive Director

Mohammad Arif Khan
Senior Executive Vice President

Riaz Ahmed
Senior Executive Vice President

Abdul Hameed
Executive Vice President

Ali Raza
Executive Vice President

Asif Mehmood
Senior Vice President

Muhammad Saleem Gaho
Senior Vice President

Shahzeb Lodhi
Senior Vice President

Aliya Jaffer Dossa
Vice President

Muhammad Ahmer Siddiqui
Vice President

Muhammad Kashif Sheikh
Vice President

Naif Javaid, M.B.A.
Vice President

Farhan Qamar Siddiqui
Assistant Vice President

Izhar Fatima
Assistant Vice President

Agha S. U. Khan
Deputy Executive Director (Development)

Khuzema T. Haider Mota
Deputy Executive Director (Development)

Shahab Khan
Assistant Executive Director (Development)

Tauqir Hussain Abdullah
Assistant Executive Director (Development)

Yousuf Alvi
Assistant Executive Director (Development)

Syed Sadiq Ali Jafri
Senior Executive Vice President (Development)

Kh. Zulqarnain Rasheed
Senior Vice President (Development)

Saad Wahid
Senior Vice President (Development)

Syed Rizwan Haider, M.Sc.
Vice President (Development)

Irfan Irtiza Khan
Manager (Development)

Corporate Division

2nd Floor, EFU House, Karachi
32200884-85 - 32313471-90
32331603-8
Fax: 32331601

Abdur Rahman Khandia, A.C.I.I.
Deputy Managing Director

Abdul Wahid
Deputy Executive Director

Abdul Majeed
Assistant Executive Director

Nadeem Ahmad Khan
Assistant Executive Director

M.A. Qayyum, M.Com.
Senior Executive Vice President

Ms. Ansa Azhar, A.C.I.I.
Senior Executive Vice President

Syed Nazish Ali, A.C.I.I.
Senior Executive Vice President

Umair Ali Khan, M.A., A.C.I.I.
Senior Executive Vice President

Ashfaque Ahmed
Executive Vice President

Junaid Agha
Senior Vice President

M. Asif Ehtesham, M.B.A.
Senior Vice President

Muhammad Adil Khan
Senior Vice President

Imran Qasim
Vice President

Shadab Muhammad Khan
Vice President

Abdul Qaiyum Khalfe
Assistant Vice President

Imran Siddiq
Assistant Vice President

Kamran Vohra
Assistant Vice President

Mahmooda Bano
Assistant Vice President

Muhammad Attaullah Khan
Assistant Vice President

Muhammad Tauseef
Assistant Vice President

Rizwan Jalees
Assistant Vice President

Syed Kamal Ahmed
Assistant Vice President

Mohammad Khalid Saleem, M.A.
Executive Director (Development)

Ali Rafiq Chinoy
Deputy Executive Director (Development)

S. Ashad H. Rizvi
Assistant Executive Director (Development)

Imran Ali Khan
Senior Executive Vice President (Development)

Khalid Diwan, M.B.A.
Senior Executive Vice President
(Development)

Faisal Khalid, M.Sc.
Executive Vice President
(Development)

Jameel Masood
Executive Vice President
(Development)

Syed Baqar Hasan, M.A.
Executive Vice President
(Development)

Farid Khan
Senior Vice President
(Development)

Mahnoor Atif
Senior Vice President
(Development)

Mohammad Rehan Iqbal Booti
Senior Vice President
(Development)

Rizwan-ul-Haque
Senior Vice President
(Development)

S. M. Shamim
Senior Vice President
(Development)

Rashid Umar Burney
Vice President (Development)

Mohammad Mussarrat Hussain Siddiqui, M.Sc.
Assistant Vice President
(Development)

Qamar Aziz
Assistant Vice President
(Development)

Siraj Ahmed Alvi
Chief Manager (Development)

Ali Mohammad Memon
Manager (Development)

Sarwan Kumar
Manager (Development)

Corporate Division (J. P. Unit)

2nd Floor, EFU House, Karachi
32313471-90 - 32331611-2
32331616 Fax: 32331602

Jahangir Anwar Shaikh
Senior Executive Director
(Development)

Saad Anwar
Assistant Executive Director
(Development)

Asif Elahi
Senior Executive Vice President
(Development)

Faisal Hasan
Senior Vice President
(Development)

Khuram Younas
Assistant Vice President
(Development)

Amjad Irshad, B.B.A.
Senior Vice President

Israr Gul, M.A.
Vice President

Saeed Iqbal
Assistant Vice President

Crescent Branch

6th Floor, EFU House
M.A. Jinnah Road, Karachi
32202913 - 32313471-90
32201526. Fax: 32202912

Kauser Ali Zuberi
Assistant Executive Director

Sarfaraz Mohammad Khan
Senior Vice President

Imtiaz Ahmed
Vice President

Tahir Ali Zuberi
Executive Vice President
(Development)

Hamid-us-Salam
Senior Vice President
(Development)

Rashid A. Islam
Senior Vice President
(Development)

Noman Khan
Assistant Vice President
(Development)

Omar Maqsood
Deputy Chief Manager
(Development)

Denso Hall Branch

2nd Floor, Azzaineb Court
Campbell Street, Karachi
32629891 - 32629893 - 32629895
32624882-3. Fax: 32629835

Muhammad Naeem M. Hanif
Assistant Executive Director

Noor Asghar Khan
Assistant Vice President

Muhammad Imran Naeem
Senior Executive Vice President
(Development)

Abdul Aziz
Manager (Development)

Export Processing Zone Branch

Plote C-1, Sector B-III, Export
Processing Zone, Landhi
Karachi. 35082095
Fax: 35084819

Syed Kamran Rashid
Executive Director

Nadeem Ahmed
Senior Vice President

Jinnah Division

1st Floor, EFU House
M.A. Jinnah Road, Karachi
32313471-90 - 32311742-3
32312328 - 32313854 - 32201659
32203378-9. Fax: 32311668

Muhammad Iqbal Lodhia
Senior Executive Director

Muhammad Sheeraz, M.B.A.
Assistant Executive Director

Muhammad Mujtaba
Senior Executive Vice President

Abdul Bari Khan
Executive Vice President

Asadullah Khan
Executive Vice President

Zia-ur-Rahman
Executive Vice President

Muhammad Saleem
Senior Vice President

Mazhar Ali
Vice President

Owais Nawaz Khan
Vice President

K.M. Elias
Assistant Vice President

Muhammad Irfan
Assistant Vice President

Muhammad Rashid
Assistant Vice President

Muhammad Saeed
Assistant Vice President

Muhammad Arfeen
Executive Vice President
(Development)

Muhammad Aamir Hanif
Senior Vice President
(Development)

Muhammad Azim Hanif
Senior Vice President
(Development)

Syed Nisar Ahmed, M.A.
Senior Vice President
(Development)

Jalaluddin Ahmed
Vice President (Development)

Muhammad Iqbal
Vice President (Development)

Uzair Ahmed Khan
Assistant Vice President
(Development)

Haseeb Khan
Chief Manager (Development)

Muhammad Usman Khan
Chief Manager (Development)

Muhammad Naseem Qureshi
Manager (Development)

Muhammad Navid Farooqui
Manager (Development)

Musarrat Zaman Shah
Manager (Development)

Jinnah Division (A.W.P. Unit)

1st Floor, EFU House
M.A. Jinnah Road, Karachi
32200599 -32200623
32313471-90. Fax: 32200571

Abdul Wahab Polani
Executive Director (Development)

Abdul Aziz
Senior Vice President

Arif Hussain
Assistant Vice President

Navaid Ahmed
Assistant Vice President

Waleed Polani
Senior Vice President
(Development)

Mehran Branch

2nd Floor, EFU House
M.A. Jinnah Road, Karachi
32200151-32311764-32201715
32313471-90 Fax: 32201538

Mazhar H. Qureshi
Assistant Executive Director

Waqar Ahmed, M.Sc
Senior Vice President

Babar Zeeshan
Senior Vice President
(Development)

Kirshan Lal
Manager (Development)

Syed Kashif Ali
Manager (Development)

Metropolitan Division

6th Floor, E F U House
M.A. Jinnah Road, Karachi
32313471-90 - 32202897
32202903 & 5. Fax: 32201450,
32202908

Muhammad Iqbal Dada, M. A., A.C.I.I.
Executive Director

Fakhruddin Saifee
Senior Executive Vice President

Shahzad Zakaria
Senior Executive Vice President

Shazim Altaf Kothawala
Senior Executive Vice President

Altaf Kothawala
Senior Executive Director
(Development)

Akhtar Kothawala
Assistant Executive Director
(Development)

Saad Reyaz
Assistant Executive Director
(Development)

Muhammad Umer Memon
Senior Executive Vice President
(Development)

Ms. Shazia Rahil Razzak
Executive Vice President
(Development)

Muneeb Farooq Kothawala
Executive Vice President
(Development)

Ms. Shela Farooq Kothawala
Senior Vice President
(Development)

Danish Saleem Qayyum
Assistant Vice President
(Development)

Muhammad Hunzala
Assistant Vice President
(Development)

Ikram-ul-Haq
Chief Manager (Development)

Muhammad Farooque
Manager (Development)

Shahida Khan
Manager (Development)

Metropolitan (A.K. Unit)

6th Floor, E F U House
M.A. Jinnah Road, Karachi.
32313471-90 - 32203349
32202901
Fax: 32203380

Syed Basit Hussain
Assistant Executive Director

Habib Ali
Vice President

Muhammad Mustafa Ismail
Vice President

M. Aamir Khadeli, M.B.A.
Senior Executive Vice President
(Development)

M. Younus Khadeli
Senior Executive Vice President
(Development)

Abul Nasar
Vice President (Development)

Port View Branch

6th Floor, EFU House
M. A. Jinnah Road
Karachi. 32201957-60
32313471-90
Ext.: 283. Fax: 32201961

Khalid Usman
Deputy Executive Director

Muhammad Shoaib
Vice President

Abdul Wahab
Assistant Executive Director
(Development)

S.I.T.E. Division

1st Floor, EFU House, Karachi
32313471-90, 32315007-10

Syed Muhammad Haider, M.Sc.
Senior Executive Director

Khalid Ashfaq Ahmed
Assistant Executive Director

Syed Amir Aftab
Assistant Executive Director

Syed Asim Iqbal, M.B.A.
Assistant Executive Director

Irfan Raja Jagirani
Senior Executive Vice President

Shah Asghar Abbas, M.B.A.
Senior Executive Vice President

Muhammad Naseem
Executive Vice President

Mohammad Idrees Abbasi
Senior Vice President

Noman Shahid, M.B.A.
Senior Vice President

M. Farhan Rasheed, M.C.S.
Vice President

Muhammad Shoaib Naziruddin
Vice President

S. Ferozuddin Haider
Vice President

S. Khaliluddin
Vice President

Muhammad Kashif
Assistant Vice President

Muhammad Yamin
Assistant Vice President

Mumtaz Ahmed
Assistant Vice President

S. Ikhlaq Hussain Naqvi
Assistant Vice President

S.M. Noor-uz-Zaman
Assistant Vice President

Syed Sajjad Haider Zaidi
Assistant Vice President

Omran Ghias Qureshi
Assistant Vice President

Ali Safdar
Executive Director (Development)

Mohammad Younus
Senior Executive Vice President
(Development)

Syed Shahid Raza
Senior Executive Vice President
(Development)

Seema N. Jagirani
Executive Vice President
(Development)

Wasim Ahmed
Executive Vice President
(Development)

M. Anis-ur-Rehman
Senior Vice President
(Development)

M. Ashraf Samana
Vice President (Development)

M. Iftikhar Siddiqi
Vice President (Development)

Mohammad Ziaul Haq
Vice President (Development)

Syed Abid Raza
Vice President (Development)

Abdul Nasir
Chief Manager (Development)

Syed Qamar Raza
Deputy Chief Manager
(Development)

Liaquat Imran
Executive Vice President
(Auto Leasing Unit)

S. Imran Raza Jafri
Assistant Vice President
(Auto Leasing Unit)

Syed Sohail Haider Abidi
Senior Vice President
(Development)
(Auto Leasing Unit)

Hassan Abbas Shigri
Vice President (Development)
(Auto Leasing Unit)

Shahida Aslam
Vice President (Development)
(Auto Leasing Unit)

Syed Mojiz Hassan
Assistant Vice President
(Development)
(Auto Leasing Unit)

Muhammad Tariq, M.Sc.
Deputy Chief Manager
(Development)
(Auto Leasing Unit)

Zeeshan Ali
Manager (Development)
(Auto Leasing Unit)

Tower Branch

5th Floor, Dock Labour Board Building
West Wharf, Karachi
32311796 - 32203555 - 32204021
32316186 - 32311796
Fax: 32205028

Salim Razak Bramchari, ACII
Executive Director

Muhammad Shoaib Razzak
Bramchari
Deputy Executive Director

Muhammad Rashid Akmal, M.B.A.
Senior Executive Vice President

Sikandar Kasbati
Senior Vice President

Syed Mudassar Ali
Vice President

Zain ul Abedin
Vice President

HYDERABAD
Hyderabad Branch

Al-Falah Chambers, Jinnah Road
2611397 - 2631088
Fax: 2615816

Muhammad Amin Sattar, M.Com
Senior Executive Vice President

Mukhtar Alam
Vice President

Saleem Hameed Qureshi
Vice President

Muhammad Awais Memon
Senior Vice President
(Development)

Muhammad Azeem
Manager (Development)

SUKKUR (Sub-Office)

9, Glamour Centre, 1st Floor
Mission Road, Sukkur
P.O. Box No. 179
5623936. Fax: 5626512

Mohammad Amin Memon
Vice President

MULTAN
Multan Division

Rajput Commercial Centre
Tareen Road. 4780372 - 45800901
4513723 - 4580773 - 4510317
Fax: 4573343 - 4580772

M. Shehzad Habib
Executive Director

Mansoor Ahmed
Executive Vice President

Muhammad Usman
Senior Vice President

Tariq Mahmood
Senior Vice President

Muhammad Mushtaq
Vice President

Muhammad Sarwar
Vice President

Abdul Saboor
Assistant Vice President

Munir Ahmed Awan
Assistant Vice President

Rashid Habib
Assistant Executive Director
(Development)

M. Mushtaq Najam Butt
Executive Vice President
(Development)

Tariq Jamil
Vice President (Development)

Muhammad Zubair
Manager (Development)

D. G. Khan (Sub-Office)
House No. 59, Street No.2
Block-Z, Model Town
0642-469360 - 461895

Bashir Ahmad Sanghi
Senior Vice President
(Development)

CHICHAWATNI (Sub-Office)
44 Railway Road
Fax: 040-5486848 - 5481742

Javed Iqbal Cheema
Assistant Vice President
(Development)

VEHARI (Sub-Office)
56-B, Grain Market
06733-62900
Fax: 06733-362900

RAHIM YAR KHAN (Sub-Office)
7-Shaheen Market, Shahi Road
5873794. Fax: 5877194

Mian Abdul Razzak Raza, M.A.
Executive Vice President
(Development)

BAHAWALPUR (Sub-Office)
Circular Road
2884624 - 2886371. Fax: 884624

Malik Akhtar Rafique
Executive Vice President
(Development)

CHISTIAN (Sub-Office)
105 - E, Chistian. 0632-503989

Shahid Iqbal
Assistant Vice President
(Development)

LAYYAH (Sub-Office)
Opposite Bank of Punjab
Chowbara Road, Layyah
0606-410594

QUETTA (Sub-Office)
42 - Regal Plaza, Circular Road
2822926. Fax: 2837732

Martin Yaqoob

NORTHERN ZONE
Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam
Lahore. 37352028 - 37353566
37312166 - 37312196
Fax: 37357966 - 37229604

Qamber Hamid, LL.B., LL.M.
Senior Deputy Managing Director /
Zonal Head

Zulfiqar Ali Khan, M.Sc, M.B.E, F.C.I.I.
Executive Vice President

Nimra Inam
Vice President

Fiaz Ahmed
Assistant Vice President

Ijaz Anwar Chughtai
Assistant Vice President

PUNJAB REGION
Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam
Lahore. 37312166 - 37312196
37244178 - 37243290
Fax: 37357966 - 37229604

Shaukat Saeed Ahmed
Senior Advisor

Maqsood Ahmed
Assistaant Vice President

LAHORE
Al Hamd Branch
299/A, New Muslim Town, Lahore
35889120-23. Fax: 35889122

Ross Masood, M.B.E.
Assistant Executive Director

Asif Ahmad Butt, A.C.I.I.
Vice President

Masud Akhtar
Assistant Vice President

Khalid Mehmood
Senior Vice President
(Development)

Mubashir Saleem
Senior Vice President
(Development)

Shahid Raza Kazmi
Senior Vice President
(Development)

Ahmed Saeed Khan
Vice President (Development)

Muhammad Imran
Assistant Vice President
(Development)

Mrs. Ghazala Ambreen
Manager (Development)

Al-Muqeet Branch
1st Floor, Commercial G-29
Phase I, DHA, Lahore Cantt.
35691081-82. Fax: 35691080

Muhammad Razzaq Chaudhry
Executive Vice President

Qasim Ayub
Senior Vice President
(Development)

Bank Square Branch
Al - Khush Building, Bank Square, Lahore
37323081 - 37323640. Fax: 37314244

Babar A. Sheikh
Assistant Executive Director

City Branch
2nd Floor, Salam Chambers
Patiala Ground, Link Mcleod Road
Lahore. 37352934 - 37352938
37313413. Fax: 37352941

Zarrar Ibn Zahoor Bandey
Senior Executive Vice President

Muhammad Allauddin
Assistant Vice President

Gulberg Branch
3rd Floor, Saadi Plaza,
20-Civic Centre Barket Market,
New Garden Town, Lahore
35861276-78. Fax: 35861279

Javed Akhtar Sheikh, B.B.A.
Assistant Executive Director

Naseer Ahmad
Vice President

Maqsood Ahmed
Assistant Vice President

Mian Ali Raza Shaukat
Assistant Vice President

Shahzad Qamar
Assistant Vice President

Muhammad Farooq
Senior Executive Vice President
(Development)

Muhammad Rizwan-ul-Haq
Senior Vice President
(Development)

Mian Ikram Ellahi
Manager (Development)

Gulberg Arcade Unit
401 Gulberg Arcade
38G Gulberg II
Lahore. 35788207-10
Fax: 35788204

Satwat Mahmood Butt, M.B.A.
Deputy Executive Director

Imran Yasin, M.B.A, F.C.I.I.
Senior Vice President

Muhammad Haroon
Assistant Vice President

Shazia Hussain, M.A.
Assistant Vice President

Rana Khalid Manzoor
Executive Vice President
(Development)

Imran Ghaffar
Senior Vice President
(Development)

Muhammad Naveed Asghar
Assistant Vice President
(Development)

Ather Qureshi
Chief Manager (Development)

Ichhra Branch
204, 2nd Floor, Latif Center
101 Ferozepur Road
Lahore
37533732, 37427152
Fax: 37585814

Javaid Iqbal Khan
Exective Vice President

Ashiq Hussain Bhatti
Vice President (Development)

M. Sanaullah
Chief Manager (Development)

Mian Sikander Sheraz
Deputy Chief Manager
(Development)

Lahore Division
Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam
Lahore. 37312166 - 37243290
37244178 37350616 - 37312196
37323130 - 37353566
Fax: 37357966 - 37229604

Liaquat Ali Khan, F.C.I.I.
Senior Executive Vice President

S. Farhan Ali Bokhari, M.B.A.
Senior Executive Vice President

Rao Abdul Hafeez Khan
Executive Vice President

Usman Ali, L.L.B., M.B.A.
Executive Vice President

Nausherwan Haji
Vice President

Raja Azhar Rafique
Vice President

Fazal Hussain
Assistant Vice President

Mansoor Anwar
Assistant Vice President

Rashid Saeed Butt
Assistant Vice President

Fauzia Khawaja
Vice President (Development)

Muhammad Tayyab Nazir
Vice President (Development)

Marium Sikandar
Chief Manager (Development)

Muhammad Ajmal, M.B.A.
Chief Manager (Development)

Saqib Riaz
Chief Manager (Development)

Leeds Centre Branch
Room No. 15 & 16, 2nd Floor
Leeds Centre, 11-E / 2
Main Boulevard, Gulberg III
Lahore. 35784055-7
Fax: 35784058 - 35874374

Iftikhar Uddin, L.L.B.
Executive Vice President

Farooq Shaukat
Assistant Vice President

Azharul Hassan Chishty
Executive Vice President
(Development)

Muhammad Salim Babar, M.B.A.
Senior Vice President (Development)

Model Branch
EFU House, 6-D, Jail Road
Lahore. 35715616-8
Fax: 35715619

S. Tayyab Hassan Gardezi, M.Sc.
Executive Vice President

Farkhanda Jabeen, A.C.I.I.
Vice President

Tanveer Ahmed
Assistant Vice President

New Garden Town Branch
2nd Floor, Salaam Chambers,
Patiala Ground, Link Macleod Road,
Lahore. 37352934 - 37352938
Fax: 37352941

Mohammad Sohail
Senior Executive Vice President

Mudassar Raza
Vice President

New Unit Branch Lahore
401-407-408, Gulberg Arcade
38-G, (Adj.) Main Market Gulberg II
Lahore
35788411-13. Fax: 35788414

Muhammad Najeeb Anwar
Senior Executive Vice President

Haji Muhammad Shakeel, M.B.A.
Senior Executive Vice President
(Development)

Aizaz Ur Rehman
Assistant Vice President
(Development)

Mujahid Ali
Assistant Vice President
(Development)

Amer Saleem Khan
Manager (Development)

FAISALABAD
Faisalabad Main Branch
Ahmed Plaza, Bilal Road, Faisalabad
2610363 - 2610368 - 2610566
2625001. Fax: 32611667

Usman Ali Khan
Senior Executive Vice President

Ikram Ul Ghani, M.A.
Senior Vice President

Zahid Qureshi
Vice President

Ghulam Abbas, M.B.A.
Assistant Vice President

Mahmood Ali Khan, M.A.
Deputy Executice Director
(Development)

Shagufta Asrar Ahmad
Assistant Vice President
(Development)

Ch. Abdul Razzak
Chief Manager (Development)

Samina Imran
Chief Manager (Development)

City Branch
2nd Floor, Fatima Tower
College Road Kohinoor Chowk,
Faisalabad. 8555123-25
Fax: 8732902

Shafaqat Ali
Executive Vice President

Dr. Ghulam Jaffar, Ph.D
Senior Vice President (Development)

GUJRANWALA
Gujranwala Branch
3rd Floor, Din Plaza, G.T. Road
Gujranwala.3845883-84 3842593.
Fax: 3859190

M. Amer Arif Bhatti
Senior Vice President

Mohammad Arif Bhatti
Executive Vice President
(Development)

Sub Oiffce
(Al-Muqeet)
3rd Floor, Din Plaza, G.T. Road
Gujranwala. 3859290
Fax: 3859190

Qasim Ayub
Senior Vice President
(Development)

SAHIWAL
Sahiwal Branch
1st Floor, Sattar Complex
Stadium Road, Sahiwal
4220522 - 4221622
Fax: 4220622

Muhammad Ashfaq
Manager (Branch Head)

SARGODHA
Sargodha Branch
43-44, 2nd Floor
Rehman Trade Center
University Road, Sargodha
3721381 - 3728253
Fax: 3729023

Abdul Shakoor Piracha
Senior Vice President

SIALKOT
Sialkot Branch
1st Floor, Riaz Plaza, Paris Road
Sialkot. 4267001-3
Fax: 052-4292280

Mohammad Naeem Ahsan
Senior Vice President

Fazal-Ur-Rehman Butt
Assistant Vice President

Salman Saeed
Chief Manager (Development)

Mudassir Atif Baig
Manager (Development)

ISLAMABAD REGION
2nd Floor, Ferozsons Building
32 Saddar Road, Rawalpindi Cantt.,
Rawalpindi
5514323 - 5563065- 5562024
5516085. Fax: 5565406

M. Akbar Awan
Deputy Managing Director /
Regional Head

Islamabad Main Branch
Kamran Center, 1st Floor, 85 East
Jinnah Avenue, Blue Area,
Islamabad. 2150375-8
Fax: 2150379

Malik Firdaus Alam
Senior Executive Vice President

M. Maroof Chaudhry
Senior Vice President

Amir Alvi
Assistant Vice President

Waqas Ahmed Sheikh
Assistant Vice President

Ejaz Ahmed
Executive Vice President
(Development)

Imdadullah Awan
Executive Vice President
(Development)

Ms. Somia Ali
Senior Vice President
(Development)

Zaka Ullah Khan
Senior Vice President
(Development)

Atif Muzaffar
Assistant Vice President
(Development)

Qazi Altaf Hussain
Chief Manager (Development)

Muhammad Ali Junaid
Manager (Development)

Rawalpindi Division
2nd Floor, Ferozsons Building
32 Saddar Road, Rawalpindi Cantt.
Rawalpindi
5794634 - 5563065 5562024
5516085 - 5514323
Fax: 5565406

Syed Aftab Hussain Zaidi, M.A., M.B.A.
Executive Director

Rehan Ul Haq Qazi
Executive Vice President

Saifullah
Executive Vice President

Noman Mehboob, A.C.I.I.
Senior Vice President

Muhammad Mobeen
Vice President

Onaib-ur-Rehman, M.B.A.
Vice President

Muhammad Haroon Akbar
Senior Vice President
(Development)

Zafar Ali Khokhar
Chief Manager (Development)

Akhtar Ali
Manager (Development)

City Branch Rawalpindi
2nd Floor, Ferozsons Building
32 Saddar Road, Rawalpindi Cantt.
Rawalpindi
5584563 - 5516882 5794684
Fax: 5794685

Agha Ali Khan
Senior Vice President

Faraz Javed
Senior Vice President
(Development)

Shehzad Akhtar
Chief Manager (Development)

Syed Zeeshan Abbas Abidi
Chief Manager (Development)

ABBOTTABAD
112 Iqbal Shopping Complex
The Mall. 336371, 334186

GOTH MACHI
Goth Machi Branch
6, Commercial Area, (F.F.C.)
Distt. Rahim Yar Khan
5954550, Ext: 5154
Fax: 5954518

Altaf Hussain
Assistant Vice President

Peshawar Branch
2nd Floor, Mall Tower
35, The Mall, Peshawar
5608508 - 5608504
5608507 - 5608503
Fax: 5608506

S. M. Aamir Kazmi, LL.B.
Executive Vice President

Salimullah Khan, M.Com
Senior Vice President

Ali Farman, M.A.
Vice President

Najma Riaz, M.A.
Vice President

Inayatullah Khalil
Senior Vice President
(Development)

Muhammad Riaz
Chief Manager (Development)

Khyzar Hayat, M.A.
Manager (Development)

Zia-ul-Hasan
Manager (Development)

Jamrud Road Branch

7 -10, Upper Ground Floor
Azam Tower, Jamrud Road
Peshawar
5846120 - 5850190
Fax: 5846121

Farman Ali Afridi B.E.
Executive Vice President

Taimoor Zaib
Assistant Vice Presidnet
(Development)

MARDAN (Sub Office)

Room No. 18, 2nd Floor
Arman Tower Moqaam Chowk
Mardan, 337-B, The Mall Mardan
0937-862294. Fax: 866096

Arshad Iqbal, M.B.A.
Assistant Vice President
(Development)

ABBOTTABAD (Sub-Office)

Al-Asif Plaza, Mansehra Road
334186

Ejaz Ali
Manager (Development)

Branch Network of Window Takaful Operations

Southern Zone

Central Division
Corporate Division
Jinnah Division
Multan Division
SITE Division

Northern Zone

Lahore Division
Lahore Bank Square Branch
Al-Hamd Branch
Rawalpindi Division

E F U GENERAL INSURANCE LIMITED

Form Of Proxy

I / We ______________________________

of ______________________________

being a member of E F U GENERAL INSURANCE LIMITED hereby appoint

Mr. ______________________________

of ______________________________

or failing him ______________________________

of ______________________________

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 86th Annual General Meeting of the Company to be held on Tuesday April 23, 2019 at 10:00 a.m. and at any adjournment thereof.

Signed this ____________ day of ______ 2019.

WITNESSES:

1. Signature: ______________
   Name: ______________
   Address: ______________
   ____
   CNIC Or Passport No: ______________

Revenue Stamp

Signature of Member(s)

2. Signature: ______________
   Name: ______________
   Address: ______________
   ____
   CNIC Or Passport No: ______________

Shareholder's Folio No. ______________
and / or CDC
Participant I.D.No. ______________
and Sub Account No. ______________

Important:

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at Kamran Centre, 1st Floor, 85 East, Jinnah Avenue, Blue Area Islamabad, not later than 48 hours before the time appointed for the meeting.

CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

ای ایف یو جنرل انشورنس لمیٹڈ

پراکسی فارم

میں/ہم ____________________

ساکن ____________________

بحیثیت ممبر ای ایف یو جنرل انشورنس لمیٹڈ بذریعہ ہذا مسمی ____________________

ساکن ____________________

کو یا ان کی عدم دستیابی کی صورت میں مسمی ____________________

ساکن ____________________

کو اپنی/ ہماری جانب سے پراکسی مقرر کر دہا/ رہی ہوں تا کہ وہ منگل ۲۳ اپریل ۲۰۱۹ء بوقت ۱۰:۰۰ بجے صبح منعقد ہونے والے ۸۶ ویں سالانہ اجلاسِ عام یا اس کے کسی بھی التواء میں میری/ ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز ________ بتاریخ ______ ۲۰۱۹ء

گواہان:

۱۔ دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

سی این آئی سی یا پاسپورٹ نمبر ____________________

ریونیو اسٹیمپ

ممبر (ممبران) کے دستخط

۲۔ دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

سی این آئی سی یا پاسپورٹ نمبر ____________________

شیئر ہولڈر کا فولیو نمبر اور/ یا سی ڈی سی ____________________

پارٹیسپینٹ کا آئی ڈی نمبر ____________________

اور ذیلی اکاؤنٹ نمبر ____________________

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع کامران سینٹر، پہلی منزل، ۸۵ ایسٹ، جناح ایونیو، بلیو ایریا، اسلام آباد میں اجلاس کے طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرا دیا جائے۔

سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے درخواست ہے کہ ہر ایک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو پراکسی فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔

سی ڈی سی شیئر ہولڈرز یا ان کے پراکسیز سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپینٹ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاسِ عام میں شرکت کے وقت ہمراہ لائیں۔

E F U GENERAL INSURANCE LIMITED

Form Of E-Voting

I / We ____

of ______________________ being a member of EFU GENERAL INSURANCE LIMITED hereby opt for e-voting through intermediary as proxy and will exercise e-voting as per the Companies (Postal Ballot) Regulations, 2018 and hereby demand for poll for resolutions at the Annual General Meeting of the Company to be held on Tuesday April 23, 2019 at 10:00 a.m. and at any adjournment thereof.

My secured email address is ______________________, please send login details, password and electronic signature through email.

Signed this __________ day of ______ 2019.

WITNESSES:

1. Signature: ______________

   Name: ______________

   Address: ______________

   ____

   CNIC Or Passport No: ______________

Revenue Stamp

Signature of Member(s)

2. Signature: ______________

   Name: ______________

   Address: ______________

   ____

   CNIC Or Passport No: ______________

Shareholder's Folio No. ______________

and / or CDC

Participant I.D.No. ______________

and Sub Account No. ______________

Note:

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at Kamran Centre 1st Floor, 85 East, Jinnah Avenue, Blue Area, and Islamabad or through email: amin.punjani@efuinsurance.com.

ای ایف یو جنرل انشورنس لمیٹڈ

ای۔ووٹنگ فارم

میں/ہم ________________ ساکن ____
بحیثیت ای ایف یو جنرل انشورنس لمیٹڈ کی/ کے ممبر بذریعہ ہٰذا ای۔ووٹنگ کیلئے بذریعہ ثالثی بطور پراکسی کی اجازت دیتا ہوں/ دیتے ہیں اور یہ کمپنیز (پوسٹل بیلوٹ) ریگولیشنز ۲۰۱۸ء کے مطابق ای۔ووٹنگ کا حق استعمال کریں گے اور بذریعہ ہٰذا کمپنی کے سالانہ اجلاسِ عام منعقدہ بروز منگل ۲۳ اپریل ۲۰۱۹ء بوقت صبح ۱۰:۰۰ بجے یا کسی زیرِ التواء تاریخ پر میں قرارداد کیلئے پول کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ ای میل ایڈریس ________________ ہے۔ برائے مہربانی لاگ ان تفصیلات، پاس ورڈ اور الیکٹرونک دستخط بذریعہ ای میل ارسال کریں۔

دستخط بروز ________ بتاریخ ______ ۲۰۱۹ء

گواہان:

۱۔ دستخط: ________________________

نام: ________________________

پتہ: ________________________

____

سی این آئی سی یا پاسپورٹ نمبر ________________________

ریونیو اسٹیمپ

ممبر (ممبران) کے دستخط

۲۔ دستخط: ________________________

نام: ________________________

پتہ: ________________________

____

سی این آئی سی یا پاسپورٹ نمبر ________________________

شیئر ہولڈر کا فولیو نمبر اور/ یا سی ڈی سی ________________________

پارٹیسپنٹ کا آئی ڈی نمبر ________________________

اور ذیلی اکاؤنٹ نمبر ________________________

نوٹ:

پراکسی کا یہ فارم باقاعدہ مکمل کرکے لازماً کمپنی کے رجسٹرڈ آفس واقع کامران سینٹر، پہلی منزل، ۸۵ ایسٹ، جناح ایونیو، بلیو ایریا، اسلام آباد یا بذریعہ ای میل: amin.punjani@efuinsurance.com ارسال کریں۔

E F U GENERAL INSURANCE LIMITED

Bank Mandate Form

Date ___________________

Bank Mandate Form For Electronic
Credit of Cash Dividend

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

(i) Shareholder's detail	
Name of Shareholder	
Folio No. / CDC Account No.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Cell Number of Shareholder	
Landline Number of Shareholder, if any	
E-mail Address	

(ii) Shareholder's bank detail	
Title of the Bank Account	
IBAN **"24 Digits"**	
Bank's Name	
Branch Name and Code No.	
Branch Address	

It is stated that the above mentioned information is correct and in case of any change therein, I/we will immediately intimate to my Broker / CDC Participant / CDC Investor Account Services or Share Registrar accordingly.

____

Signature of Shareholder

You are requested to kindly send this Form duly filled in and signed along with legible photocopy of your valid CNIC to your Broker / CDC Participant / CDC Investor Account Service (in case your shareholding is in Book Entry Form) or in case your shareholding is in physical form to our Share Registrar, Central Depository Company of Pakistan Limited, Registrar Services, CDC House, 99-B, Block B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi-74400, Pakistan.

ای ایف یو جنرل انشورنس لمیٹڈ

بینک مینڈیٹ فارم

تاریخ ____________

بینک مینڈیٹ فارم برائے نقد منافع منقسمہ کا الیکٹرونک کریڈٹ

معزز شیئر ہولڈر،

آپ کو بذریعہ ہٰذا اطلاع دی جاتی ہے کہ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۴۲ کے مطابق نقد کی صورت میں قابل ادائی کوئی بھی منافع منقسمہ صرف بذریعہ الیکٹرونک طریقہ کار براہِ راست استحقاق کے حامل شیئر ہولڈر کی جانب سے نامزد کردہ بینک اکاؤنٹ میں جمع کرادیا جائے گا۔ برائے مہربانی آگاہ رہیں کہ منافع منقسمہ کی ادائیگیوں کیلئے بینک مینڈیٹ فراہم کرنا لازم ہے اور اس قانونی شرط پر عملدرآمد کے ضمن میں اور اپنے بینک اکاؤنٹ میں منافع منقسمہ کی رقم براہِ راست جمع کرانے کی سہولت حاصل کرنے کے لئے آپ سے درخواست ہے کہ درج ذیل معلومات فراہم کریں۔

(i) **شیئر ہولڈر کی تفصیل**	
شیئر ہولڈر کا نام	
فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر	
سی این آئی سی نمبر	
پاسپورٹ نمبر (غیر ملکی شیئر ہولڈر ہونے کی صورت میں)	
شیئر ہولڈر کا موبائل نمبر	
شیئر ہولڈر کا لینڈ لائن نمبر، اگر کوئی ہو	
ای میل ایڈریس	

(ii) **شیئر ہولڈر کے بینک کی تفصیل**	
بینک اکاؤنٹ کا ٹائٹل	
آئی بی اے این **"۲۴ ہندسوں پر مشتمل"**	
بینک کا نام	
برانچ کا نام اور کوڈ نمبر	
برانچ کا پتہ	

یہ واضح کیا جاتا ہے کہ مذکورہ بالا معلومات درست ہیں اور ان میں کسی بھی تبدیلی سے میں/ہم فوری طور پر اپنے بروکر/سی ڈی سی پارٹیسپنٹ/سی ڈی سی انویسٹرا کاؤنٹ سروسز یا شیئر رجسٹرار کو لازمی آگاہ کروں گا۔

____

شیئر ہولڈر کے دستخط

آپ سے درخواست ہے کہ اس فارم کو مکمل طور پر بھریں اور دستخط شدہ صورت میں اپنی کارآمد اور واضح سی این آئی سی کی کاپی کے ساتھ اپنے بروکر/سی ڈی سی پارٹیسپنٹ/سی ڈی سی انویسٹرا کاؤنٹ سروس (شیئر ہولڈنگ بک انٹری کی صورت میں) یا اپنی شیئر ہولڈنگ فزیکل ہونے کی صورت میں ہمارے شیئر رجسٹرار سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، رجسٹرار سروسز، سی ڈی سی ہاؤس، ۹۹۔بی، بلاک۔بی، ایس ایم سی ایچ ایس، مین شاہراہِ فیصل، کراچی۔۷۴۴۰۰، پاکستان کو ارسال کردیں۔