

EFU LIFE Report (Un-audited)
Six Months Ended 30 June 2018



**YEARS OF
GROWING TOGETHER**



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EFU LIFE ASSURANCE LTD.

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9898

A new year welcomes new beginnings, new hopes, new aspirations and new achievements. This year caps a quarter century of starting with a thought in mind, passion in our heart and the will to succeed. Combined with a common sense of purpose, we have both achieved milestones by building on each other's strengths and creating synergies to move forward. With the unwavering support of our partners, these past twenty-five years have been a great journey. In the same spirit, we keep growing together, hand in hand.

#GROWINGTOGETHER





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Company Information

Chairman

Rafique R. Bhimjee

**Managing Director
& Chief Executive**

Taher G. Sachak

Directors

Saifuddin N. Zoomkawala

Muneer R. Bhimjee

Hasanali Abdullah

Heinz Walter Dollberg

Syed Salman Rashid

Kamal Afsar

Ali Raza Siddiqui

Corporate Secretary

S. Shahid Abbas

Appointed Actuary

Omer Morshed

F.C.A., F.P.S.A., F.I.A.

Legal Advisor

Mohammad Ali Sayeed, M.A.B.L.

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants, Karachi

Rating

Rating Agency: JCR-VIS

Insurer Financial Strength Rating: AA+

Outlook: Stable

Registrar

Central Depository Company of Pakistan Ltd.

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Main Shahra-e-Faisal

Karachi 74400 - Pakistan

Ph: (92-21) 111-111-500

Website:

www.efulife.com

Registered Office

Al-Malik Centre

70 W, F-7/G-7

Jinnah Avenue, (Blue Area)

Islamabad.

Main Office

EFU Life House,

Plot No.112, 8th East Street

Phase 1, DHA, Karachi.

Shariah Advisor

Mufti Muhammad Ibrahim Essa



Directors' Review, 30 June 2018

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the six months ended 30 June 2018.

The Company has prepared these financial statements under the new reporting formats prescribed under Insurance Rules 2017 through SRO 89(1)/2017, dated 9 February 2017.

Your Company's Gross premium income was Rs.14.05 billion during the first six months of 2018 (2017: Rs.14.93 billion). New individual life regular premium income was Rs.2.87 billion (2017: Rs.1.99 billion), an increase of 44.5%, mainly driven by the bancassurance distribution channel. Renewal premium was Rs. 8.15 billion (2017: Rs.6.82 billion) an increase of 19.6%. Inclusive of renewal premium, the total individual life regular premium business increased by 25.2% to Rs.11.03 billion (2017: 8.81 billion). Single premium business was Rs.1.55 billion (2017: Rs.4.9 billion). Group Benefits business was Rs. 1.47 billion (2017: Rs.1.22 billion), a growth of 23.9%.

Your Company's window takaful operations are in the third year of business. The total family takaful contribution was Rs.1.3 billion (2017: 986.16 million). Out of this, Rs.1.21 billion (2017: Rs.917.5 million) was from Individual family takaful business (a growth of 31.9%) while Rs.94.6 million (2017: Rs.68.7 million) was from Group Family Takaful (a growth of 37.7%). The Company expects this line of business to continue on a growth trajectory during 2018.

The Company has provided for an amount of Rs.482.33 million on account of Deferred Tax on Solvency Margin. This provisioning has impacted the Net Shareholders' equity as given in the Statement of Change in Equity. In addition, Tax has been provided for on the current period's Increase in Solvency Margin, impacting the Profit after Tax for the year.

Your Company had a Profit after Tax of Rs.598.13 million (2017: Rs.827.23 million). The reduction is due to loss on the group life line of business as well as new business strain and strengthening of reserves on the investment linked business. The Earnings per Share is Rs.5.98 (2017: Rs.8.27).

The Directors have pleasure in declaring a second Interim Dividend of Rs.1.25 per share. i.e. 12.5%. This cash dividend is in addition to 1st Interim cash dividend of Rs.1.25/- per share i.e. 12.5% declared in 1st Quarter, 2018.

Your Directors would like to place on record their appreciation for the contributions made by the EFU Life Head Office team and all distribution channels towards the development and growth of the Company. We would also like to thank the Securities and Exchange Commission of Pakistan for its guidance, and our main reinsurer Munich Re for its continuous support. Last but not least we would like to thank all our clients for their continued confidence in the Company.

KAMAL AFSAR
Director

HASANALI ABDULLAH
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 18 August, 2018



ممبران کو ڈائریکٹرز کی رپورٹ (۳۰ جون ۲۰۱۸ء)

آپ کی کمپنی کے ڈائریکٹرز، سال ۲۰۱۸ء کی پہلی ششماہی جو ۳۰ جون ۲۰۱۸ء کو اختتام پذیر ہوئی، کمپنی کے (غیر آڈٹ شدہ) مالیاتی گوشواروں کی مختصر مگر جامع عبوری معلومات کے ساتھ، پہلی ششماہی رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

کمپنی نے یہ مالیاتی گوشوارے ایس آر او 2017/1(89) مورخہ ۹ فروری ۲۰۱۷ء کے تحت جاری کردہ انشورنس رولز ۲۰۱۷ء کی روشنی میں نئے رپورٹنگ فورمٹس پر تیار کئے ہیں۔

سال ۲۰۱۸ء کی پہلی ششماہی میں آپ کی کمپنی کی کل مجموعی پریئم کی آمدنی 14.05 بلین روپے رہی (۲۰۱۷: 14.93 بلین روپے)۔ نئے انفرادی بیمہ زندگی کے باقاعدہ پریئم کی آمدنی 2.87 بلین روپے تھی، (۲۰۱۷: 1.99 بلین روپے) یعنی اس میں 44.5 فیصد اضافہ ہوا جس میں بینک انشورنس تقسیم کاری چینل کا بڑا حصہ شامل ہے۔ تجدیدی پریئم 8.15 بلین روپے رہا (۲۰۱۷: 6.82 بلین روپے)، یعنی اضافہ 19.6 فیصد رہا۔ تجدیدی پریئم کو ملا کر، مجموعی انفرادی بیمہ زندگی سے متعلق کاروبار 25.2 فیصد اضافے سے 11.03 بلین روپے رہا (۲۰۱۷: 8.81 بلین روپے)۔ انفرادی پریئم کا کاروبار 1.55 بلین روپے رہا (۲۰۱۷: 4.09 بلین روپے)۔ گروپ بینیفٹس کاروبار 23.9 فیصد اضافے سے 1.47 بلین روپے رہا (۲۰۱۷: 1.22 بلین روپے)۔

آپ کی کمپنی ونڈو تکافل آپریشنز کے کاروبار کے تیسرے سال میں داخل ہو گئی ہے۔ مجموعی فیملی تکافل کاروبار 1.3 بلین روپے رہا (۲۰۱۷: 986.16 ملین روپے)۔ اس مجموعے میں سے 1.21 بلین روپے (۲۰۱۷: 917.5 ملین روپے) انفرادی فیملی تکافل کے کاروبار سے حاصل ہوئے (31.9 فیصد اضافہ) جبکہ 94.6 ملین روپے (۲۰۱۷: 68.7 ملین روپے) گروپ فیملی تکافل سے حاصل ہوئے (37.7 فیصد اضافہ)۔ کمپنی اس کاروبار کی ۲۰۱۸ء میں مزید ترقی جاری رہنے کی امید رکھتی ہے۔

ادائے قرض کی سہولت کے مارجن کیلئے کمپنی نے التوا شدہ ٹیکس کی مد میں 482.33 ملین روپے کی رقم مختص کی ہے۔ ٹیکس کی اس فراہمی نے جملہ حصص کنندگان کی ایکویٹی پرائز ڈالا ہے جیسا کہ ایکویٹی کی تبدیلی کے بیان میں پیش کیا گیا ہے۔ اس کے علاوہ، یہ ٹیکس ادائے قرض کی سہولت میں موجودہ دورانے میں اضافے پر مختص کیا گیا ہے جس سے رواں سال کیلئے بعد از ٹیکس منافع بھی اثر پڑا ہے۔

کمپنی نے اس ششماہی میں، گزشتہ سال کے اسی دورانے کے 827.23 ملین روپے کے مقابلے میں بعد از ٹیکس 598.13 ملین روپے کا منافع حاصل کیا۔ منافع میں کمی کی وجہ کاروبار کے گروپ لائف کی مد میں نقصان کے ساتھ نئے کاروبار کی کشیدگی اور سرمایہ کاری سے منسلک کاروبار میں ذخائر کو مزید مضبوط بنانا تھی۔ فی حصص آمدن 5.98 روپے ہے (۲۰۱۷: 8.27 روپے)

ڈائریکٹرز 1.25 روپے فی حصص یعنی 12.5 فیصد دوسرے عبوری ڈویڈنڈ کا اعلان کرنے میں خوشی محسوس کرتے ہیں۔ یہ نقد ڈویڈنڈ، 1.25 روپے فی حصص یعنی 12.5 فیصد پہلے عبوری نقد ڈویڈنڈ جو پہلی سہ ماہی میں پیش کیا گیا، کے علاوہ ہے۔

ڈائریکٹرز کمپنی کی ترقی اور نشوونما کے لئے ای ایف یو لائف ہیڈ آفس کی ٹیم اور تمام تقسیم کاری چینلوں کی محنت اور کوششوں کے لئے داد ہائے تحسین پیش کرنا چاہتے ہیں۔ ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی رہنمائی کے لئے اور اپنے اصل ری انشورر میونخ آرا کی اس کے مسلسل تعاون کا بھی شکریہ ادا کرنا چاہیں گے۔ سب سے آخر میں لیکن دیگر سے کم نہیں، کمپنی میں ان کے مسلسل بھروسے کیلئے اپنے تمام صارفین کے بھی شکر گزار ہیں۔

رفیق آربھیم جی

چیرمین

کراچی ۱۸ اگست ۲۰۱۸ء

طاہر جی۔ ساچک

نائب چیف ایگزیکٹو

حسن علی عبداللہ

ڈائریکٹر

کمال اصغر

ڈائریکٹر



Independent auditors' review report to the members of EFU Life Assurance Limited

Report on review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of EFU Life Assurance Limited ("the Company") as at 30 June 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matters

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

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

Date: 18 August, 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



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

(Rupees in '000)

		Aggregate	
	Note	30 June 2018 Unaudited	31 December 2017 Audited Re-stated
Assets			
Property and equipment	6	2 212 729	2 197 214
Intangible assets	6	16 157	11 628
Investments			
Equity securities	7	33 066 846	27 836 364
Government securities	8	59 005 805	56 454 577
Debt securities	9	2 101 264	1 092 135
Term deposits	10	11 589 100	12 439 000
Mutual funds	11	172 434	137 046
Insurance / reinsurance receivables		272 045	224 831
Other loans and receivables		1 601 114	2 771 909
Taxation - payments less provision		364 820	278 075
Prepayments		70 904	44 492
Cash & Bank	12	2 667 132	6 057 913
Total Assets		113 140 350	109 545 184
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised share capital			
[150,000,000 ordinary shares (2017: 150,000,000) of Rs.10 each]		1 500 000	1 500 000
Issued, subscribed and paid-up share capital			
(15,000,000 ordinary shares (2017:15,000,000) of Rs.10 each issued as fully paid in cash		150 000	150 000
(85,000,000 ordinary shares (2017:85,000,000) of Rs.10 each issued as fully paid bonus shares		850 000	850 000
Retained Earning Ledger account D	13	1 000 000	1 000 000
General Reserves		1 715 605	1 529 902
Surplus on revaluation of available for sale investment - net of tax		2 150 000	1 900 000
Unappropriated profit		113 058	92 121
Total Equity		5 331 735	5 962 671
Liabilities			
Insurance Liabilities	14	105 098 341	100 860 387
Liabilities under Investment Contracts			
Deferred taxation		665 263	754 078
Premium / Contribution received in advance		808 218	656 323
Insurance / reinsurance payables		227 492	78 865
Other creditors and accruals		1 009 301	1 232 860
Total Liabilities		2 710 274	2 722 126
Total Equity and Liabilities		107 808 615	103 582 513
Total Equity and Liabilities		113 140 350	109 545 184
Contingencies and commitments	15		

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

KAMAL AFSAR
Director

HASANALI ABDULLAH
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 18 August, 2018



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

		Aggregate		Aggregate	
		Six months ended 30 June		Three months ended 30 June	
Note		2018	2017 Re-stated	2018	2017 Re-stated
	Premium / Contribution Revenue	14 047 838	14 927 190	7 019 793	7 928 544
	Premium / Contribution ceded to reinsurers	(404 673)	(329 718)	(170 256)	(148 628)
	Net premium / contribution revenue	13 643 165	14 597 472	6 849 537	7 779 916
	Investment income	3 218 270	3 161 085	1 636 771	1 604 909
	Net realised fair value (losses) / gains on financial assets	(717 659)	2 579 928	(496 676)	1 224 684
	Net fair value losses on financial assets at fair value through profit or loss	(228 409)	(2 276 992)	(3 292 572)	(2 370 301)
	Other income	16 755	17 703	7 888	7 819
		2 288 957	3 481 724	(2 144 589)	467 111
	Net income	15 932 122	18 079 196	4 704 948	8 247 027
	Insurance benefits	7 307 484	8 435 016	3 368 121	3 759 404
	Recoveries from reinsurers	(223 698)	(386 699)	(117 753)	(143 636)
	Claims related expenses	3 182	3 917	1 557	1 435
	Net Insurance Benefits	7 086 968	8 052 234	3 251 925	3 617 203
	Net Change in Insurance Liabilities (other than outstanding claims)	4 184 004	5 709 749	(1 175 109)	2 550 628
	Acquisition expenses	3 008 377	2 392 709	1 613 670	1 263 802
	Marketing and administration expenses	807 010	669 270	473 584	384 100
	Other expenses	9 303	6 055	6 603	2 227
	Total Expenses	8 008 694	8 777 783	918 748	4 200 757
	Profit before tax	836 460	1 249 179	534 275	429 067
	Income tax expense	(238 333)	(421 954)	(147 444)	(184 754)
	Profit for the period	598 127	827 225	386 831	244 313
			(Restated)		(Restated)
	Earnings (after tax) per share - Rupees	5.98	8.27	3.87	2.44

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

KAMAL AFSAR
Director

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Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 18 August, 2018



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

	Aggregate		Rupees '000 Aggregate	
	Six months ended 30 June		Three months ended 30 June	
	2018	2017 Re-stated	2018	2017 Re-stated
Profit for the period	598 127	827 225	386 831	244 313
Other comprehensive income				
Change in unrealised gains / (losses) on available-for-sale financial assets	29 489	(46 047)	(5 964)	(116 216)
Related deferred tax effect	(8 552)	13 353	2 084	34 404
	20 937	(32 694)	(3 880)	(81 812)
Total comprehensive income for the period	619 064	794 531	382 951	162 501

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

KAMAL AFSAR
Director

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Director

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Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 18 August, 2018



Condensed Interim Statement of Cash Flows

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

(Rupees in '000)

	Aggregate	
	Six months ended 30 June	2017
	2018	Re-stated
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	14 093 544	15 028 315
Reinsurance premium / Retakaful contribution paid	(197 071)	(474 525)
Claims paid	(7 253 534)	(8 410 666)
Reinsurance and other recoveries received	223 698	386 699
Commission paid	(2 279 255)	(1 913 884)
Marketing and Administrative expenses paid	(807 010)	(669 270)
Other acquisition cost paid	(1 051 945)	(802 181)
Net cash flow from underwriting activities	2 728 427	3 144 488
b) Other operating activities		
Income tax paid	(422 445)	(453 967)
Other operating payments	1 040 405	(33 357)
Loans advanced	(30 581)	(36 722)
Loans repayments received	36 283	33 401
Net cash flow from other operating activities	623 662	(490 645)
Total cash flow from all operating activities	3 352 089	2 653 843
Investment activities		
Profit / Return received	2 962 092	2 687 150
Dividends received	665 004	759 468
Payments for investments	(148 266 207)	(50 722 949)
Proceed from investments	139 264 896	46 742 021
Fixed capital expenditure	(127 134)	(182 105)
Proceeds from sale of property and equipment	8 479	13 097
Total cash flow from investing activities	(5 492 870)	(703 318)
Financing activities		
Dividends paid	(1 250 000)	(1 325 000)
Total cash flow from financing activities	(1 250 000)	(1 325 000)
Net cash flow from all activities	(3 390 781)	625 525
Cash and cash equivalents at beginning of the period	6 057 913	3 037 489
Cash and cash equivalents at end of the period	2 667 132	3 663 014
Reconciliation to profit and loss account		
Operating cash flows	3 352 089	2 653 843
Depreciation	(97 308)	(92 244)
Amortization	(6 623)	(5 871)
Profit on disposal of property and equipment	5 320	6 451
Other revenue	6 418	5 818
Dividend Income	659 541	707 096
Other investment income	2 788 312	2 598 501
Depreciation in market value of investments	(333 139)	(2 389 517)
Reversal of impairment in the value of available for sale equity investments	(3 675)	(31 987)
(Loss) / Profit on disposal of investments	(717 659)	2 579 927
Decrease in assets other than cash	(844 852)	(50 099)
Increase in liabilities	(4210 297)	(5154 693)
Profit after taxation	598 127	827 225

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

KAMAL AFSAR
Director

HASANALI ABDULLAH
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 18 August, 2018



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

(Rupees in '000)

	Share Capital	General Reserves	Retained Earning Ledger Account D*	Surplus on revaluation of available for sale investment	Unappropriated Profit	Total
Balance as at 1 January 2017 (as reported)	1 000 000	1 650 000	–	–	1 543 383	4 193 383
Adjustment (Due to change in accounting policy refer note 5) - net of tax	–	–	1 342 205	582 271	–	1 924 476
Balance as at 1 January 2017 (re-stated)	1 000 000	1 650 000	1 342 205	582 271	1 543 383	6 117 859
Contribution to increase solvency margin	–	–	91 508	–	(91508)	–
Unrealized Loss for the period	–	–	–	(32 694)	–	(32 694)
Total income for the period ended 30 June 2017	–	–	53 422	–	773 803	827 225
Transfer to General Reserve	–	250 000	–	–	(250 000)	–
Dividend for the year ended 31 December 2016	–	–	–	–	(1 200 000)	(1 200 000)
Interim Dividend - 1st Quarter 2017	–	–	–	–	(125000)	(125000)
Balance as at 30 June 2017	<u>1 000 000</u>	<u>1 900 000</u>	<u>1 487 135</u>	<u>549 577</u>	<u>650 678</u>	<u>5 587 390</u>
Balance as at 1 January 2018 (as reported)	1 000 000	1 900 000	–	–	1 440 648	4 340 648
Adjustment (Due to change in accounting policy refer note no.5) - net of tax	–	–	1 529 902	92 121	–	1 622 023
Balance as at 1 January 2018 (re-stated)	1 000 000	1 900 000	1 529 902	92 121	1 440 648	5 962 671
Contribution to increase solvency margin	–	–	89 241	–	(89 241)	–
Increase in Unrealized Gain	–	–	–	20 937	–	20 937
Total income for the period ended 30 June 2018	–	–	96 462	–	501 665	598 127
Transfer to General Reserve	–	250 000	–	–	(250 000)	–
Dividend for the year ended 31 December 2017	–	–	–	–	(1 125 000)	(1 125 000)
Interim Dividend - 1st Quarter 2018	–	–	–	–	(125 000)	(125 000)
Balance as at 30 June 2018	<u>1 000 000</u>	<u>2 150 000</u>	<u>1 715 605</u>	<u>113 058</u>	<u>353 072</u>	<u>5 331 735</u>

* This includes balances maintained in accordance with the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins and surplus of the family takaful investment linked business - participant takaful fund amounting to Rs.22.19 million, which relates only to the participant of the Individual family takaful investment linked business.

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.

KAMAL AFSAR
Director

HASANALI ABDULLAH
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 18 August, 2018



Notes to and Forming Part of the Condensed Interim Financial information for the six months period ended 30 June 2018 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7, Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House, Plot No.112, 8th East Street, Phase-I, DHA, Karachi.
- 1.2 The Company is a subsidiary of EFU General Insurance Ltd. on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Ltd. effective 31 March 2018.
- 1.3 The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory 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
 - Individual Family Takaful (Refer note 1.4)
 - Group Family Takaful (Refer note 1.4)

* The Company had discontinued pension business and accordingly no new business has been written under this fund.
- 1.4 The Company was granted authorisation on 19 January 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operation in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 6 February 2015 under the brand name "Hemayah". For the purpose of carrying on takaful business, the Company has formed a Waqf namely EFU Life - Window Family Takaful Limited Waqf (here-in-after referred to as the Participant Takaful Fund (PTF)) was formed on 6 February 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 2 million. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 The condensed interim financial information of the Company for the six months period ended 30 June 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' as applicable in Pakistan, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and Insurance Rules, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000 and Insurance Rules, 2017 shall prevail.
- 2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements, Accordingly, the condensed interim financial information should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2017 except for the changes as disclosed in note no.5.
- 2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

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

IFRS 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-1 5 'Operating Leases-

Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessor continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

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 amendment 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. 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.

- 2.4 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2017. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these condensed interim financial information.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2017 except for the changes as disclosed in note no. 5.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at the year ended 31 December 2017.

5. CHANGE IN ACCOUNTING POLICY

- a) The SECP vide SRO 89(1)/2017 dated February 9, 2017 has issued Insurance Rules, 2017 (the Rules) which requires every insurer to prepare their financial statements as per the presentation and disclosure requirements prescribed in Annexure II of the Rules. In view of the applicability of the Rules, the Company has changed its presentation and disclosure format to comply with the requirements of the said Rules.
- b) As a result, retained earnings on other than participating business which was previously reported in Balance of Life Fund, will now be reported in Statement of Changes in Equity net of deferred tax as Ledger Account D. Further any loss on statutory fund will be transferred to Profit and Loss Account, which was previously retained in statutory fund as capital contribution.
- c) During the period, the Company has changed its accounting policy for the valuation of the Available for Sale investments of Non Unit linked business to comply with the requirements of the Insurance Accounting Regulations, 2017 issued by the SECP vide its SRO 88(1)/2017 dated February 9, 2017, which requires the valuation of Available for Sale investments at fair value. In line with the requirements provided in the Rules, subsequent to initial recognition, the quoted Available for Sale investments are to be valued at market value and any unrealised gains or losses arising on the revaluation of Available for Sale investments is charged to Other Comprehensive Income and transferred to revaluation reserve. On derecognition or impairment of Available for Sale investments, the cumulative gains or losses previously reported in revaluation reserve are reclassified to the Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively

in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and comparatives have been restated to confirm to the changed policy. Further previously Available for Sale investment relating to the units assigned to policies of Unit Linked businesses were subsequently measured at fair value and the difference was recorded in the Revenue Account. During the period, the Company has reclassified such investments portfolio as Financial Assets at Fair Value through Profit and Loss account, designated upon initial recognition to meet the requirements of Insurance Accounting Regulation, 2017. However it has no effects on the financial results.

- d) Previously, subsequent to initial recognition, the quoted Available for Sale investments for Non Unit linked portfolio were stated at 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.

Accordingly, retrospective adjustments have been made in this condensed interim financial information and comparatives have been revised as follows:

	(Rupees in '000)		
	Balance previously reported	Adjustments	Balance Restated
As at 31 December 2016			
In Statement of Financial Position			
Investments - Equity securities and Mutual Funds	38 385 604	831 816	39 217 420
Deferred taxation	131 000	812 464	943 464
Shareholders' equity - as previously reported	4 193 383	—	4 193 383
Surplus on revaluation of available for sale investment	—	831 816	831 816
Related deferred tax on 'Surplus on revaluation of available for sale investment'	—	(249 545)	(249 545)
Retained Earning Ledger Account D	—	1905 124	1 905 124
Related deferred tax on 'Retained Earning Ledger Account D'	—	(562 919)	(562 919)
Shareholders' equity - as restated	4 193 383	1 924 476	6 117 859
As at 31 December 2017			
In Statement of Financial Position			
Investments - Equity securities and Mutual Funds	27 841 809	131 601	27 973 410
Deferred taxation	135 800	618 278	754 078
Shareholders' equity - as previously reported	4 340 648	—	4 340 648
Surplus on revaluation of available for sale investment	—	131 601	131 601
Related deferred tax on 'Surplus on revaluation of available for sale investment'	—	(39 480)	(39 480)
Retained Earning Ledger Account D	—	2 108 700	2 108 700
Related deferred tax on 'Retained Earning Ledger Account D'	—	(578 798)	(578 798)
Shareholders' equity - as restated	4 340 648	1 622 023	5 962 671
For the period ended 30 June 2017			
Impact on Profit and Loss Account due to:			
Change in Retained Earnings on other than participating business (Ledger Account D)			53 422
Change in EPS			0.53
Impact on Other Comprehensive Income due to:			
Unrealized gain on available for sale investment			(46 047)
Related tax impact			13 353
			(32 694)

6. FIXED ASSETS

(Rupees in '000)

	Six months ended - Unaudited			
	30 June 2018		30 June 2017	
	Additions	Disposals	Additions	Disposals
Tangible and intangible				
Furniture, fixture and fittings	34 613	—	44 087	936
Office equipment	6 751	430	29 938	821
Computer equipment	9 430	640	15 958	23
Motor Vehicle	50 188	12 795	46 919	18 978
Intangibles	11 152	—	903	—
Building	15 000	—	44 300	—
	<u>127 134</u>	<u>13 865</u>	<u>182 105</u>	<u>20 758</u>

- 6.1 The market value of land and building is estimated at Rs. 3,240 million. The valuations have been carried out by independent valuer.

7. INVESTMENTS IN EQUITY SECURITIES

(Rupees in '000)

	30 June 2018 (Unaudited)			Re-stated 31 December 2017 (Audited)		
	Cost	Impairment / provision	Carrying Value	Cost	Impairment / provision	Carrying Value
Available for Sale						
Related Party						
Listed Shares	306 470	(248 371)	58 099	306 470	(249 548)	56 922
Others						
Listed Shares	210 149	(28 817)	181 332	209 800	(27 543)	182 257
Unlisted Shares	16 008	—	16 008	11 008	—	11 008
Surplus on revaluation	—	—	150 090	—	—	120 225
Fair Value through Profit and Loss (Designated-upon initial recognition)						
Related Parties						
Listed Shares	644 919	—	883 548	1 100 276	—	1 165 781
Others						
Listed Shares	32 184 802	—	31 727 703	26 725 746	—	26 215 806
Fair Value through Profit and Loss (Held for trading)						
Others						
Listed Shares	30 772	—	50 066	48 754	—	84 365
	<u>33 393 120</u>	<u>(277 188)</u>	<u>33 066 846</u>	<u>28 402 054</u>	<u>(277 091)</u>	<u>27 836 364</u>

8. GOVERNMENT SECURITIES

(Rupees in '000)

30 June 2018 (Unaudited)					
	Maturity Year	Effective Yield	Amortised Cost	Principal Repayment	Carrying Value
Held to Maturity					
10 Years Pakistan Investment Bond	2018	13.76%	216 855	217 000	216 855
15 Years Pakistan Investment Bond	2019	6.45%	10 087	10 000	10 087
20 Years Pakistan Investment Bond	2024	9.83%	54 297	53 700	54 297
3 Months Treasury Bills	2018	6.24%	4 326 017	4 332 400	4 326 017
Government Ijara	2019	5.59%	162 741	162 741	162 741
Available for Sale					
03 Years Pakistan Investment Bond	2019	7-7.15%	11 450 508	11 402 500	11 396 019
05 Years Pakistan Investment Bond	2020	7.20%	5 633 376	5 537 500	5 667 078
05 Years Pakistan Investment Bond	2019	7.33%	5 237 188	5 137 500	5 352 248
05 Years Pakistan Investment Bond	2018	6.35%	318 890	319 000	319 702
10 Years Pakistan Investment Bond	2019	12.59%	14 908	15 000	15 765
10 Years Pakistan Investment Bond	2024	11.45%	102 281	100 000	114 700
10 Years Pakistan Investment Bond	2022	11.42%	2 133 696	2 100 000	2 334 009
10 Years Pakistan Investment Bond	2018	13.38%	8 981	9 000	9 075
15 Years Pakistan Investment Bond	2019	6.45%	269 600	266 400	269 955
20 Years Pakistan Investment Bond	2024	6.45-9.83%	386 985	392 000	413 074
3 Months Treasury Bills	2018	6.20%	28 017 459	28 067 600	28 012 988
Government Ijara	2019	5.59-6.10%	150 200	150 200	150 200
Government Ijara	2020	5.65%	29 998	29 998	29 998
Pakistan Water And Power Development	2021	8.31%	150 060	150 060	150 997
			<u>58 674 127</u>	<u>58 452 599</u>	<u>59 005 805</u>

9. INVESTMENT IN DEBT SECURITIES

Fair Value through Profit and Loss
(Designated upon initial recognition)

(Rupees in '000)

		30 June 2018 (Unaudited)			Re-stated 31 December 2017 (Audited)		
Note		Cost	Impairment / Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value
Others							
Term Finance Certificates/ Corporate Sukuks	9.1	1 891 264	–	1 891 264	882 135	–	882 135
Certificate of Investment	9.2	210 000	–	210 000	210 000	–	210 000
		<u>2 101 264</u>	<u>–</u>	<u>2 101 264</u>	<u>1 092 135</u>	<u>–</u>	<u>1 092 135</u>

9.1 Term Finance Certificates / Corporate Sukuks

(Rupees in '000)

	No. of Certificates		Face Value	Value of Certificates	
	30 June 2018	December 2017		30 June 2018	December 2017
Hascol Petroleum	30 000	30 000	4 328	115 353	131 339
Fatima Fertilizer Company	9 807	9 807	3 979	34 874	40 307
Engro Fertilizers Ltd	52 000	52 000	2 625	137 865	186 375
Bank Al Habib	40 000	20 000	5 000	200 289	200 000
Al Baraka Bank	10 000	10 000	2 340	25 119	28 560
Byco Oil Pakistan	20 000	20 000	5 000	102 193	100 000
K Electric	7 500	7 500	10 000	75 057	78 360
Bank Al-Falah Ltd	3 063	3 063	4 990	15 370	15 559
MCB Bank Ltd.(Formerly NIB Bank Limited)	20 000	20 000	4 993	101 611	101 635
International brands	20 000	–	5 000	100 000	–
Dawood Hercules	40 000	–	5 000	200 400	–
Pakistan Services Limited	833	–	100 000	83 333	–
PAEL	20 000	–	5 000	100 000	–
Bank Alfalah	20 000	–	5 000	99 800	–
Askari Bank Ltd.	100 000	–	5 000	500 000	–
				1 891 264	882 135
First Habib Modarba	–	–	–	210 000	210 000
				2 101 264	1 092 135

9.2 Certificate of Investment

First Habib Modarba	–	–	–	210 000	210 000
				2 101 264	1 092 135

10. INVESTMENTS IN TERM DEPOSITS

(Rupees in '000)

	30 June 2018 Unaudited	31 December 2017 Audited
Deposit maturing with 12 months	11 589 100	12 439 000

11. INVESTMENTS IN MUTUAL FUNDS

(Rupees in '000)

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value
Related Parties						
Mutual Funds (Designated upon initial recognition)	25 845	–	28 184	547	–	1 041
Others						
Mutual Funds (Designated upon initial recognition)	63 438	–	71 521	49 936	–	59 924
Related Parties						
Mutual Funds (Available for sale)	103	–	270	523	–	523
Others						
Mutual Funds (Available for sale)	52 833	(5 209)	61 459	69 691	(5 509)	64 182
Surplus on revaluation	–	–	11 000	–	–	11 376
	142 219	(5 209)	172 434	120 697	(5 509)	137 046

(Rupees in '000)

	Note	30 June 2018 Unaudited	31 December 2017 Audited Re-stated
12 CASH & BANK			
Cash and Cash Equivalent			
Cash in hand		1 197	–
Policy & Revenue stamps		13 366	7 472
Cash at bank			
Current account		485 394	2 552 729
Saving account		2 167 175	3 497 712
		<u>2 667 132</u>	<u>6 057 913</u>
13 RETAINED EARNING LEDGER ACCOUNT D			
Opening balance		2 108 700	1 905 124
Contribution to increase solvency margin		89 241	90 116
Change in solvency margin through profit and loss		(5)	113 460
		<u>2 197 936</u>	<u>2 108 700</u>
Related Deferred Tax Liability on:			
Opening balance		(578 798)	(562 919)
(Reversal) / charge to profit and loss account		96 467	(15 879)
Closing balance		<u>(482 331)</u>	<u>(578 798)</u>
Net of tax		<u>1 715 605</u>	<u>1 529 902</u>
14 INSURANCE LIABILITIES			
Reported outstanding claims	14.1	2 168 140	2 105 117
Incurred but not reported claims	14.2	480 821	362 227
Investment component of unit-linked and account value policies	14.3	101 994 569	97 885 922
Liabilities under individual conventional insurance contracts	14.4	3 429	3 779
Liabilities under group insurance contracts (other than investment linked)	14.5	451 382	503 342
		<u>105 098 341</u>	<u>100 860 387</u>
14.1 Reported Outstanding Claims			
Gross of Reinsurance			
Payable within one year		1 806 182	1 752 232
Payable over a period of time exceeding one year		647 305	655 030
		<u>2 453 487</u>	<u>2 407 262</u>
Recoverable from Reinsurers			
Receivable within one year		–	–
Receivable over a period of time exceeding one year		(285 347)	(302 145)
		<u>(285 347)</u>	<u>(302 145)</u>
Net Reported Outstanding Claims		<u>2 168 140</u>	<u>2 105 117</u>
14.2 Incurred But Not Reported Claims			
Gross of Reinsurance		594 104	465 603
Reinsurance Recoveries		(113 283)	(103 376)
Net of Reinsurance		<u>480 821</u>	<u>362 227</u>

(Rupees in '000)

	30 June 2018 Unaudited	31 December 2017 Audited Re-stated
14.3 Investment Component of Unit Linked and Account Value Policies		
Investment Component of Unit Linked Policies	101 994 569	97 885 922
Investment Component of Account Value Policies	—	—
	<u>101 994 569</u>	<u>97 885 922</u>
14.4 Liabilities under Individual Conventional Insurance Contracts		
Gross of Reinsurance	3 583	4 004
Reinsurance Credit	(154)	(225)
Net of Reinsurance	<u>3 429</u>	<u>3 779</u>
14.5 Liabilities under Group Insurance Contracts (other than investment linked)		
Gross of Reinsurance	605 077	623 359
Reinsurance Credit	(153 695)	(120 017)
Net of Reinsurance	<u>451 382</u>	<u>503 342</u>

15. CONTINGENCIES AND COMMITMENTS

- 15.1 The Income tax assessment of the Company for tax year 2017 has been finalized. The tax department has reopened the assessment order issued under Sec 122(5A) for the tax year 2009-2016 and has raised a demand of Rs. 56.31 million against dividend income so received by the Company to be taxed at corporate rate instead of reduced rates available in the First schedule of Income Tax Ordinance 2001. The Company filed an appeal for tax year 2009-2013 before CIT appeals where the case was decided against the Company. The Company has filed an appeal before Appellate Tribunal for the same tax years where the case was decided in favour of the Company. For tax year 2014 and tax year 2016, the Company filed an appeal before CIT appeals against the order, where the case was decided in favour of the Company. For the tax year 2015, the 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.13.833 million and Rs.15.014 million for Tax Years 2012 and 2013 respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The 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 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.

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 (3,801.55 shares and 18,707.44 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 (2,331.26 shares and 4,031 shares respectively). In this regard, a constitutional petition had been filed by the Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The honorable high court decided the case against the Company. Subsequently, the 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 Company is of the view that the case will be decided in its favour and no provision has been made for the aforementioned tax.

- 15.2 Bank guarantees amounting to Rs.8.265 million has been given in respect of Group Life coverage. These bank guarantees will expire by 16th January 2020.

16. NET INSURANCE PREMIUM / CONTRIBUTION REVENUE

	Aggregate		Rupees '000	
	Six months ended		Aggregate	
	30 June		Three months ended	
	2018	2017	2018	2017
Gross premium / contribution				
Regular premium / contribution individual policies				
First year	2 874 281	1 989 499	1 565 748	1 036 798
Second year renewal	1 799 885	1 393 639	833 591	678 876
Subsequent year renewal	6 351 889	5 422 216	3 153 731	2 688 371
Single premium / contribution individual policies	1 548 793	4 897 271	715 869	2 836 735
Group policies with cash values	32 705	27 115	14 374	14 995
Group policies without cash values	1 532 082	1 236 208	764 653	699 194
Less: Experience Refund	(91 797)	(38 758)	(28 173)	(26 425)
Total gross premium / contribution	14 047 838	14 927 190	7 019 793	7 928 544
Less: Reinsurance premium / retakaful contribution ceded				
On individual life first year business	23 496	22 708	12 362	12 441
On individual life second year business	22 693	26 261	7 516	12 695
On individual life renewal business	107 517	119 031	44 276	53 656
On group policies	274 316	191 382	102 167	87 932
Less: Experience refund from reinsurers	(15 072)	(20 884)	7 788	(13 157)
Less: Reinsurance commission on risk premium	(8 277)	(8 780)	(3 853)	(4 939)
Total reinsurance premium / retakaful contribution ceded	404 673	329 718	170 256	148 628
Net premium / contribution	13 643 165	14 597 472	6 849 537	7 779 916

17. INVESTMENT INCOME

Income from equity securities

Held for Trading

Dividend income	2 040	6 214	–	2 921
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Available for Sale

Dividend income	662 964	753 254	354 784	405 622
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Income from debt securities

Available for Sale

Return on debt securities	166 483	120 248	105 476	72 476
On government securities	1 923 424	1 893 874	950 460	925 409

Held to Maturity

On government securities	132 019	105 132	69 818	51 724
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Income from term deposits

Return on term deposits	331 340	282 363	156 233	146 757
	3 218 270	3 161 085	1 636 771	1 604 909

Rupees '000

	Aggregate		Aggregate	
	Six months ended		Three months ended	
	30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
18 NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS				
Available for sale financial assets				
Realised gains on:				
– Equity securities	–	2 579 928	–	1 224 684
Realised losses on:				
– Equity securities	(716 609)	–	(495 634)	–
– Government securities	(1 050)	–	(1 042)	–
	<u>(717 659)</u>	<u>2 579 928</u>	<u>(496 676)</u>	<u>1 224 684</u>
19. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Net unrealised losses on investments at fair value through profit or loss (Held for trading purposes)	(16 150)	(60 149)	(6 273)	(37 627)
Net unrealised losses on investments in financial assets	(430 853)	(308 478)	(150 438)	(175 051)
Net unrealised gains on investments at fair value through profit or loss (Designated upon initial recognition)	225 327	(1 872 261)	(3 125 932)	(2 004 427)
Total investment income	(221 676)	(2 240 888)	(3 282 643)	(2 217 105)
Reversal of Impairment in value of available for sale securities	(3 675)	(31 987)	(7 871)	(151 137)
Less: Investment related expenses	(3 058)	(4 117)	(2 058)	(2 059)
	<u>(228 409)</u>	<u>(2 276 992)</u>	<u>(3 292 572)</u>	<u>(2 370 301)</u>
20 OTHER INCOME				
Other	5 017	5 434	2 293	2 536
Gain on sale of fixed assets	5 320	6 451	2 251	2 275
Return on loans to employees	6 418	5 818	3 344	3 008
	<u>16 755</u>	<u>17 703</u>	<u>7 888</u>	<u>7 819</u>
21 NET INSURANCE BENEFITS				
Gross claims				
Claims under individual policies				
by death	290 481	296 322	137 197	154 525
by insured event other than death	1 842	1 048	(43)	(969)
by maturity	665 891	533 676	327 042	288 189
by surrender	5 286 745	6 627 645	2 378 408	2 853 231
Total gross individual policy claims	6 244 959	7 458 691	2 842 604	3 294 976
Claims under group policies				
by death	1 012 857	884 331	549 432	410 508
by insured event other than death	46 733	89 383	(25 547)	52 624
by maturity	114	–	89	–
by surrender	2 821	2 611	1 543	1 296
Total gross group claims	1 062 525	976 325	525 517	464 428
Total gross claims	7 307 484	8 435 016	3 368 121	3 759 404
Less: Reinsurance / retakaful recoveries				
On individual life	39 660	65 347	24 565	30 574
On group claims	184 038	321 352	93 188	113 062
Total reinsurance / retakaful recoveries	223 698	386 699	117 753	143 636
Add: Claims related expenses	3 182	3 917	1 557	1 435
Net insurance benefit expense	<u>7 086 968</u>	<u>8 052 234</u>	<u>3 251 925</u>	<u>3 617 203</u>

22. ACQUISITION EXPENSES

(Rupees '000)

	Aggregate		Aggregate	
	Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017
		Re-stated		Re-stated
Remuneration to insurance intermediaries on individual policies:				
– commission to agent on first year premiums	1 222 476	835 038	674 383	422 323
– commission to agent on second year premiums	195 972	134 397	98 593	83 222
– commission to agent on subsequent renewal premiums	158 685	166 494	78 788	96 883
– commission to agent on single premiums	47 533	166 523	21 898	94 274
– override commission to supervisors	253 971	214 741	130 021	112 693
– other benefits to insurance intermediaries				
– salaries, allowances and other benefits	621 793	442 734	345 058	212 187
Remuneration to insurance intermediaries on group policies:				
– commission	184 677	144 624	93 592	92 858
– other benefits to insurance intermediaries	33 780	31 115	15 924	16 724
– Traveling expenses (including cost of contests, conventions etc.)	23 154	15 913	12 236	10 675
– Printing and stationery	4 348	5 297	1 276	985
– Depreciation	38 471	33 306	20 780	9 820
– Rent, rates and taxes	50 455	47 410	27 196	27 366
– Electricity, gas and water	13 088	15 014	9 668	11 293
– Entertainment	13 220	13 190	7 319	9 590
– Vehicle running expenses	6 183	6 788	3 332	3 378
– Office repairs & maintenance	9 355	8 558	3 633	5 128
– Postages, telegrams and telephone	19 103	20 279	9 961	12 871
– Medical fees	12 263	10 951	6 277	5 231
– Others	57 798	47 509	35 959	17 208
Other acquisition costs - policy stamps	42 052	32 828	17 776	19 093
	<u>3 008 377</u>	<u>2 392 709</u>	<u>1 613 670</u>	<u>1 263 802</u>

23. MARKETING AND ADMINISTRATION EXPENSES

Employee benefit cost	316 462	280 161	170 683	144 613
Traveling expenses	50 979	55 536	41 969	51 865
Advertisements and sales promotion	116 821	38 538	87 129	12 088
Printing and stationery	28 389	33 092	18 219	23 246
Depreciation	58 837	58 939	29 708	38 707
Amortisation	6 623	5 871	3 776	2 940
Rent, rates and taxes	3 800	3 953	1 647	1 065
Legal and Professional charges - business related	32 475	24 893	18 330	14 040
Electricity, gas and water	14 184	16 701	7 897	9 854
Entertainment	14 765	11 892	6 275	5 327
Vehicle running expenses	1 885	2 102	981	1 004
Office repair and maintenance	33 647	20 739	13 761	11 417
Appointed actuary fees	5 700	5 400	3 000	2 700
Bank charges	16 371	13 131	8 593	9 141
Postage, internet and telephone	42 887	33 962	28 880	17 352
Fees and subscription	10 942	6 360	5 351	4 345
Annual supervision fee SECP	28 278	27 959	14 095	13 956
Miscellaneous	36 411	32 042	21 020	20 393
Difference in exchange	(12 446)	(2 001)	(7 730)	47
	<u>807 010</u>	<u>669 270</u>	<u>473 584</u>	<u>384 100</u>

		Rupees '000			
24	OTHER EXPENSES	Aggregate		Aggregate	
		Six months ended		Three months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
			(Restated)		(Restated)
	Traveling	890	80	72	30
	Directors' fee	1 400	975	700	285
	Auditors' fees	2 143	1 194	1 969	1 007
	Advertisements and publicity	1 259	1 913	1 097	(293)
	Donation	3 611	1 893	2 765	1 198
		9 303	6 055	6 603	2 227

		Rupees '000	
25	TAXATION	Aggregate	
		Six months ended	
		30 June 2018	30 June 2017
			(Restated)
	For the period		
	Current	256 520	351 062
	Prior years	79 180	71 938
	Deferred	(97 367)	(1 046)
		238 333	421 954

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MOVEMENT IN INVESTMENTS

(Rupees in '000)

	Held to maturity	Available to Sale	Fair value through profit & loss account	Deposit maturing within 12 months	Total
At beginning of previous year (Re - stated)	3 369 231	1 949 926	84 359 786	9 358 100	99 037 043
Additions	5 296 292	464 197	138 377 113	49 564 000	193 701 602
Disposals (sale and redemptions)	(5 584 100)	(1 372 242)	(127 531 064)	(46 483 100)	(180 970 506)
Fair value net gains (excluding net realised gains)	–	(716 159)	(13 213 158)	–	(13 929 317)
Impairment losses	–	120 300	–	–	120 300
At beginning of current year (Re - stated)	3 081 423	446 022	81 992 677	12 439 000	97 959 122
Additions	8 264 774	46 649	100 685 627	39 147 200	148 144 250
Disposals (sale and redemptions)	(8 002 000)	(4 633)	(91 968 328)	(39 997 100)	(139 972 061)
Fair value net gains (excluding net realised gains)	–	29 489	(221 676)	–	(192 187)
Impairment losses	–	(3 675)	–	–	(3 675)
At end of current period	3 344 197	513 852	90 488 300	11 589 100	105 935 449

27. SEGMENTAL INFORMATION

27.1 Revenue Account by Statutory Fund

	2018						Rupees '000	
	Statutory Funds						Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	Six months ended 30 June	
							2018	2017
							(Restated)	(Restated)
Income								
Premium / Contribution less reinsurance / retakaful	11 267 414	1 110 469	356	401	1 189 408	72 076	13 640 124	14 601 679
Policy transfer from other statutory funds	–	–	–	–	3 041	–	3 041	4 887
Bonus units transfer to statutory fund	–	–	–	–	26 718	–	26 718	–
Net investment income / wakala income	2 100 412	57 199	680	159	136 126	28 996	2 323 572	3 460 579
Total net income	13 367 826	1 167 668	1 036	560	1 355 293	101 072	15 993 455	18 067 145
Insurance Benefits and Expenditures								
Claims net of reinsurance recoveries	6 001 650	839 956	–	356	203 840	34 943	7 080 745	8 060 802
Policy transfer to other statutory funds	3 041	–	–	–	–	–	3 041	5 389
Bonus units transfer to statutory fund	–	–	–	–	26 718	–	26 718	–
Management expenses	2 957 710	306 573	33	170	620 052	50 192	3 934 730	3 127 073
Total Insurance Benefits and Expenditures	8 962 401	1 146 529	33	526	850 610	85 135	11 045 234	11 193 264
Excess of income over Insurance Benefits and Expenditures	4 405 425	21 139	1 003	34	504 683	15 937	4 948 221	6 873 881
Net Change in Insurance Liabilities (Other than outstanding Claims)	(3 603 185)	(49 444)	778	356	(517 732)	(14 777)	(4 184 004)	(5 709 749)
Surplus / (deficit) before tax	802 240	(28 305)	1 781	390	(13 049)	1 160	764 217	1 164 132
Movement in policyholders' liabilities	3 603 185	49 444	(778)	(356)	517 732	14 777	4 184 004	5 709 749
Transfer of (surplus) / deficit to shareholders' fund	(762 028)	–	(1 784)	(410)	–	–	(764 222)	(1 113 757)
Capital contribution from shareholders' fund	–	76 930	–	–	513	11 798	89 241	91 508
Net Transfer to / from shareholders' fund	(762 028)	76 930	(1 784)	(410)	513	11 798	(674 981)	(1 022 249)
Balance of statutory funds at beginning of the period	97 549 001	1 270 484	25 923	2 092	2 297 278	70 077	101 214 855	97 774 373
Balance of statutory funds at end of the period	101 192 398	1 368 553	25 142	1 716	2 802 474	97 812	105 488 095	103 626 005

Rupees '000

	2017						Aggregate		Aggregate	
	Statutory Funds						Six months ended 30 June		Three months ended 30 June	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	2017	2016	2017	2016
							(Restated)		(Restated)	
Income										
Premium / Contribution less reinsurances / retakaful	12 656 729	989 592	388	326	897 847	56 797	14 601 679	11 380 597	7 786 456	6 071 547
Policy transfer from other statutory funds	–	–	–	–	4 887	–	4 887	–	1 789	–
Net investment income	3 230 973	51 113	632	50	164 156	13 655	3 460 579	4 930 036	579 774	3 160 368
Total net income	15 887 702	1 040 705	1 020	376	1 066 890	70 452	18 067 145	16 310 633	8 368 019	9 231 915
Insurance Benefits and Expenditures										
Claims net of reinsurance recoveries	7 182 783	653 592	100	–	208 036	16 793	8 061 304	10 204 937	3 624 149	4 511 146
Policy transfer from other statutory funds	4 887	–	–	–	–	–	4 887	–	4 887	–
Management expenses	2 425 407	236 938	30	157	432 705	31 836	3 127 073	2 569 252	1 691 345	1 416 174
Total Insurance Benefits and Expenditures	9 613 077	890 530	130	157	640 741	48 629	11 193 264	12 774 189	5 320 381	5 927 320
Excess of income over Insurance Benefits and Expenditures	6 274 625	150 175	890	219	426 149	21 823	6 873 881	3 536 444	3 047 638	3 304 595
Net Change in Insurance Liabilities (Other than outstanding Claims)	(5 219 480)	4 842	(737)	200	(486 573)	(8 001)	(5 709 749)	(2 502 993)	(2 550 628)	(2 725 755)
Surplus / (Deficit) before tax	1 055 145	155 017	153	419	(60 424)	13 822	1 164 132	1 033 451	497 010	578 840
Movement in policyholders' liabilities	5 219 480	(4 842)	737	(200)	486 573	8 001	5 709 749	2 502 993	2 550 628	2 725 755
Transfer of (surplus) / deficit to shareholders' fund	(1 011 811)	(101 379)	(28)	(539)	–	–	(1 113 757)	(981 405)	(464 256)	(527 396)
Capital contribution from share holders' fund	–	–	–	–	80 104	11 404	91 508	–	59 181	–
Net Transfer to/from shareholders' fund	(1 011 811)	(101 379)	(28)	(539)	80 104	11 404	(1 022 249)	(981 405)	(405 075)	(527 396)
Balance of statutory funds at beginning of the period	95 349 835	1 028 151	25 000	2 270	1 345 578	23 539	97 774 373	83 829 193	100 983 442	83 607 033
Balance of statutory funds at end of the period	100 612 649	1 076 947	25 862	1 950	1 851 831	56 766	103 626 005	86 384 232	103 626 005	86 384 232

27.2 Segment statement of financial position

	As at 30 June 2018			As at 31 December 2017 Audited (Restated)		
	Statutory Funds	Shareholders Funds	Total	Statutory Funds	Shareholders Funds	Total
Property and equipment	1 348 803	863 926	2 212 729	1 364 951	832 263	2 197 214
Intangible assets	–	16 157	16 157	–	11 628	11 628
Investments	104 098 744	1 836 705	105 935 449	96 312 046	1 647 076	97 959 122
Insurance / reinsurance receivables	272 045	–	272 045	224 831	–	224 831
Other loans and receivables	1 460 307	140 807	1 601 114	1 908 493	863 416	2 771 909
Taxation - payments less provision	1 066	363 754	364 820	–	278 075	278 075
Prepayments	70 904	–	70 904	44 492	–	44 492
Cash & Bank	2 426 951	240 181	2 667 132	5 833 057	224 856	6 057 913
Total Assets	109 678 820	3 461 530	113 140 350	105 687 870	3 857 314	109 545 184
Insurance Liabilities net of reinsurance recoveries	105 098 341	–	105 098 341	100 860 387	–	100 860 387
Deferred taxation	–	665 263	665 263	–	754 078	754 078
Premium / Contribution received in advance	808 218	–	808 218	656 323	–	656 323
Insurance / reinsurance payables	227 492	–	227 492	78 865	–	78 865
Other creditors and accruals	888 682	120 619	1 009 301	1 187 636	45 224	1 232 860
Total Liabilities	107 022 733	785 882	107 808 615	102 783 211	799 302	103 582 513

28. RELATED PARTY TRANSACTIONS

The related parties comprise of holding company, directors, key management personnel, associated companies / associated undertakings, and entities with common directors and retirement benefit fund. 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 detail of transactions with related parties during the period, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	Six months ended - Unaudited	
	30 June 2018	30 June 2017 (Re-stated)
Transactions		
Holding company		
Premium written	8 762	–
Premium paid	21 994	–
Claims received	768	–
Claims paid	3 001	–
Dividend paid	542 401	–
Dividend received	35 107	–
Associated companies		
Premium written	71 775	76 989
Premium paid	22 232	36 945
Claims paid	5 252	7 632
Claims received	94	2 386
Commission paid	132 728	53 435
Travelling expenses	1 368	1 475
Dividend paid	527 796	1 080 536
Dividend received	–	112 513
Interest on bank deposit	56 361	65 111
Investment sold	455 357	–
Key management personnel		
Loan to key employees	–	550
Premium written	1 812	1 288
Loan recovered	1 897	1 953
Compensation paid	72 414	69 025
Dividend paid	517	547
Employees' funds		
Contribution to provident fund	15 874	12 870
Contribution to pension fund	12 502	10 533
(Rupees in '000)		
	30 June 2018 Unaudited	31 December 2017 Audited (Re-stated)
Balances		
Bank balances	286 377	661 499
Bank deposits	2 150 000	2 150 000
Premium payable	121	21
Premium receivable	8 839	1 146
Investment in EFU General Insurance Limited designated to unit funds	700 880	715 719
Investment in related party	267 661	508 571
Claims outstanding	8 861	6 539
Loan receivable	24 544	26 441

29. WINDOW TAKAFUL OPERATIONS

The Statement of financial position of Window Takaful Operations as at 30 June 2018 and its financial performance for the period ended 30 June 2018 are as follows:

29.1 Balance Sheet

					Rupees '000	
	Shareholders' Fund	Statutory Funds		Aggregate		
		Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2018 Unaudited	31 December 2017 Audited	
						(Restated)
Share capital and reserves						
Operator's Fund	50 000	–	–	50 000	50 000	
Accumulated surplus	–	–	–	–	3 995	
Net shareholders' equity	50 000	–	–	50 000	53 995	
Balance of statutory fund						
[including policyholders' liabilities]						
Rs. 2651.66 million (2017:Rs.2244.71 million)						
Participant Investment Fund	28 027	2 697 165	–	2 725 192	2 219 882	
Participant Takaful Fund – Waqf	–	79 786	95 308	175 094	147 473	
Cede Money - Waqf	–	2 000	–	2 000	2 000	
Shareholder's Fund unit holding in PIF	–	15 810	–	15 810	16 182	
	28 027	2 794 761	95 308	2 918 096	2 385 537	
Creditors and accruals						
Outstanding Claims	–	25 492	18 780	44 272	27 247	
Contribution received in advance	–	31 662	14 335	45 997	30 516	
Amounts due to retakaful	–	6 755	40 859	47 614	28 012	
Amounts due to agents	–	58 985	2 401	61 386	87 404	
Accrued expenses	31 882	–	–	31 882	16 837	
Other creditors and accruals	174 993	215 663	328 698	719 354	514 564	
Capital contribution	–	–	–	–	18 309	
Interfund payable	123 953	–	–	123 953	149 703	
Total liabilities	330 828	338 557	405 073	1 074 458	872 592	
Total equity and liabilities	408 855	3 133 318	500 381	4 042 554	3 312 124	
Cash and bank deposits						
Policy stamps in hand	234	–	–	234	58	
Current and other accounts	74 362	329 176	26 613	430 151	511 060	
Deposits maturing within 12 months	78 000	1 411 000	–	1 489 000	1 489 000	
	152 596	1 740 176	26 613	1 919 385	2 000 118	
Investments						
Government securities	–	165 953	93 922	259 875	158 050	
Other Fixed Income	–	130 000	–	130 000	25 000	
Listed Equities & Mutual Funds	–	965 399	–	965 399	508 542	
	–	1 261 352	93 922	1 355 274	691 592	
Current assets - others						
Prepayments	2 840	–	–	2 840	1 909	
Contributions due but unpaid	–	–	6 660	6 660	4 091	
Sundry receivables	223 697	75 575	268 034	567 306	433 817	
Investment income accrued	499	37 056	358	37 913	14 306	
Shareholder's Fund unit holding in PIF	15 810	–	–	15 810	16 182	
Capital contribution	12 311	–	–	12 311	–	
Income Tax Assets	1 066	–	–	1 066	–	
Advances and deposits	36	–	–	36	406	
Interfund Receivable	–	19 159	104 794	123 953	149 703	
	256 259	131 790	379 846	767 895	620 414	
Total assets	408 855	3 133 318	500 381	4 042 554	3 312 124	

29.2 Revenue Account

(Rupees in '000)

29.2.1 Participants' Investment Fund (PIF)

	Statutory Funds		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Six months ended		Three months ended	
			30 June 2018	30 June 2017	30 June 2018	30 June 2017
Income						
Allocated contribution	715 242	–	715 242	640 286	338 512	462 294
Policy transfer to other statutory fund	3 041	–	3 041	4 887	2 680	1 789
Bonus units transfer to Statutory Fund	26 718	–	26 718	–	26 718	–
Net investment (loss) / income	35 057	–	35 057	97 783	(53 378)	18 642
Total net income	780 058	–	780 058	742 956	314 532	482 725
Less: Claims and Expenditure						
Investment management charges	18 614	–	18 614	10 513	10 079	5 677
Bid offer spread	34 125	–	34 125	31 319	16 208	22 310
Policy admin fee	19 947	–	19 947	9 468	10 097	5 000
Wakalat-ul-Istismar	72 686	–	72 686	51 300	36 384	32 987
Surrender	196 030	–	196 030	199 385	138 670	114 466
	268 716	–	268 716	250 685	175 054	147 453
Excess of income over claims and expenditure	511 342	–	511 342	492 271	139 478	335 272
Add : Technical reserves at the beginning of the period	2 185 823	–	2 185 823	1 287 106	2 557 687	1 444 105
Less : Technical reserves at the end of the period	2 697 165	–	2 697 165	1 779 377	2 697 165	1 779 377
	(511 342)	–	(511 342)	(492 271)	(139 478)	(335 272)
Surplus / (Deficit)	–	–	–	–	–	–
Movement in technical reserves	511 342	–	511 342	492 271	139 478	335 272
Balance of PIF at the beginning of the period	2 185 823	–	2 185 823	1 287 106	2 557 687	1 444 105
Balance of PIF at the end of the period (a)	2 697 165	–	2 697 165	1 779 377	2 697 165	1 779 377

29.2.2 Participants' Takaful Fund (PTF)

Income						
Contribution net of retakaful recoveries	54 973	72 076	127 049	79 982	64 614	44 571
Net investment income	1 506	596	2 102	1 487	789	611
Total net income	56 479	72 672	129 151	81 469	65 403	45 182
Less: Claims and Expenditure						
Claims net of retakaful recoveries	7 810	34 943	42 753	24 091	22 233	16 496
Wakala fee	20 093	28 400	48 493	25 444	25 284	11 958
	27 903	63 343	91 246	49 535	47 517	28 454
Excess of income over claims and expenditure	28 576	9 329	37 905	31 934	17 886	16 728
Add : Technical reserves at the beginning of the period	26 219	32 666	58 885	28 574	93 968	26 312
Less : Technical reserves at the end of the period	32 609	47 443	80 052	30 877	80 052	30 877
	(6 390)	(14 777)	(21 167)	(2 303)	13 916	(4 565)
Surplus / (Deficit) before distribution	22 186	(5 448)	16 738	29 631	31 802	12 163
Distribution of surplus	(26 718)	–	(26 718)	–	(26 718)	–
Surplus / (Deficit) after distribution	(4 532)	(5 448)	(9 980)	29 631	5 084	12 163
Movement in technical reserves	6 390	14 777	21 167	2 303	(13 916)	4 565
Balance of PTF at the beginning of the period	77 928	69 545	147 473	51 767	187 461	66 973
Qard-e-Hasna	–	16 434	16 434	–	(3 535)	–
Balance of PTF at the end of the period (b)	79 786	95 308	175 094	83 701	175 094	83 701

29.2.3 Shareholders' Sub –Fund

	Statutory Funds		Aggregate		Rupees '000	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Aggregate		Aggregate	
			Six months ended		Three months ended	
			30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
Income						
Un-allocated contribution	419 193	–	419 193	234 376	216 658	113 778
Net investment income	6 785	–	6 785	3 150	2 624	2 080
Wakalat-ul-Istismar - PIF	72 686	–	72 686	51 300	36 384	32 987
Wakala Fee - PTF	20 093	28 400	48 493	24 091	25 284	16 496
Total net income	518 757	28 400	547 157	312 917	280 950	165 341
Less: Expenditure						
Acquisition costs	438 962	18 438	457 400	314 486	241 828	171 056
Administration expenses	88 312	3 354	91 666	78 067	51 596	48 191
	527 274	21 792	549 066	392 553	293 424	219 247
(Shortfall) / Excess of income over expenditure	(8 517)	6 608	(1 909)	(79 636)	(12 474)	(53 906)
Add : Technical reserves at the beginning of the period	–	–	–	–	–	–
Less : Technical reserves at the end of the period	–	–	–	–	–	–
(Deficit) / surplus transferred to shareholders' fund	(8 517)	6 608	(1 909)	(79 636)	(12 474)	(53 906)
Movement in technical reserves	–	–	–	–	–	–
Transfer to Shareholder's Fund	–	–	–	–	–	–
Capital Contribution	513	11 798	12 311	91 508	11 162	59 181
Qard-e-Hasna	–	(16 434)	(16 434)	–	3 535	–
Retained earnings on other than participating business	33 527	532	34 059	30 244	25 804	36 841
Balance of shareholders' sub fund at the end of the period (c)	25 523	2 504	28 027	42 16	28 027	42 116
Balance of statutory funds at the end of the period (a+b+c)	2 802 474	97 812	2 900 286	1 905 194	2 900 286	1 905 194

29.3 Statement of contribution

	Statutory Funds		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Aggregate		Aggregate	
			Six months ended		Three months ended	
			30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
Gross contribution						
Regular contribution individual policies						
First Year	547 870	–	547 870	314 465	289 838	161 098
Second Year	317 682	–	317 682	151 733	125 685	89 793
Subsequent year renewal	159 143	–	159 143	23 818	92 803	17 311
Single contribution individual policies	184 801	–	184 801	427 437	84 887	331 576
Group policies with cash values	864	–	864	–	478	–
Group policies without cash values	–	94 557	94 557	68 702	45 900	36 400
Total gross contribution	1 210 360	94 557	1 304 917	986 155	639 591	636 178
29.3.1 Participants' Investment Fund						
Allocated regular contribution	533 482	–	533 482	217 736	256 305	132 507
Allocated single contribution	184 801	–	184 801	427 437	84 887	331 576
Total allocated contribution	718 283	–	718 283	645 173	341 192	464 083

	Statutory Funds		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Six months ended		Three months ended	
			30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
29.3.2 Participants' Takaful Fund						
Allocated gross contribution	72 884	94 557	167 441	106 606	81 741	58 317
Less: Retakaful contribution ceded						
On individual life first year business	8 749	–	8 749	8 045	4 904	4 976
On individual life second year business	7 008	–	7 008	5 792	2 780	3 632
On individual life subsequent year business	5 628	–	5 628	882	3 674	762
On group policies	–	22 481	22 481	11 905	7 638	3 094
Less: Reinsurance commission on risk premium	(3 474)	–	(3 474)	(3 403)	(1 869)	(2 121)
Total retakaful contribution ceded	17 911	22 481	40 392	23 221	17 127	10 343
Net Risk Contribution of PTF	54 973	72 076	127 049	83 385	64 614	47 974
29.3.3 Shareholders' Sub-Fund						
Unallocated regular contribution	419 193	–	419 193	234 376	216 658	113 778

29.4 Statement of Claims

	Statutory Funds		Aggregate		Aggregate		Rupees '000
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Six months ended		Three months ended		
			30 June 2018	30 June 2017	30 June 2018	30 June 2017	
				(Restated)		(Restated)	
Claims under Individual Family Takaful	209 981	–	209 981	225 603	147 642	119 146	
Claims under Group Family Takaful	–	41 648	41 648	19 756	19 091	6 390	
Total Gross Claims	209 981	41 648	251 629	245 359	166 733	125 536	
Gross Claims allocated as follows:							
Participant's Investment Fund (PIF)							
Surrenders / Partial withdrawals under Individual Policies	196 030	–	196 030	199 385	138 670	114 466	
Participant's Takaful Fund (PTF)							
Under Individual policies by death	13 951	–	13 951	26 218	8 972	4 680	
Under group policies by death	–	40 662	40 662	18 999	20 486	11 036	
Under group policies by event other than death	–	985	985	757	(1 396)	(4 646)	
Total gross claims under PTF	13 951	41 647	55 598	45 974	28 062	11 070	
Less: Re-Takaful recoveries under PTF							
On Individual policies	6 141	–	6 141	17 567	4 075	2 062	
On group policies	–	6 704	6 704	2 963	1 754	(2 950)	
	6 141	6 704	12 845	20 530	5 829	(888)	
Net Claims under PTF	7 810	34 943	42 753	25 444	22 233	11 958	
Total Net Claims	203 840	34 943	238 783	224 829	160 903	126 424	

29.5 Statement of Expenses

	Statutory Funds		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Six months ended		Three months ended	
			30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
Acquisition costs						
Shareholders' Sub-Fund						
Remuneration to insurance intermediaries on individual policies:						
– commission on first year contribution	241 982	–	241 982	133 435	130 548	66 561
– commission on renewal contribution	36 082	–	36 082	13 834	16 809	8 449
– commission on single contribution	5 071	–	5 071	13 471	2 354	10 409
– override commission	37 939	–	37 939	23 149	19 659	11 853
– other benefits to insurance intermediaries	85 088	–	85 088	78 214	50 151	35 286
	406 162	–	406 162	262 103	219 521	132 558
Remuneration to insurance intermediaries on group policies:						
– commission	69	17 967	18 036	14 767	6 114	11 689
– other benefits to insurance intermediaries	–	365	365	924	235	899
	69	18 332	18 401	15 691	6 349	12 588
Branch overheads	25 322	–	25 322	27 299	12 567	20 305
Other acquisition costs						
– policy stamps	7 144	–	7 144	5 990	3 020	3 484
– Medical fees	265	106	371	254	224	86
Total acquisition cost	438 962	18 438	457 400	311 337	241 681	169 021
Marketing and Administration expenses						
Salaries and other benefits	38 601	1 537	40 138	37 929	21 577	23 135
Travelling expenses	6 362	36	6 398	1 146	5 137	710
Advertisements and publicity	1 621	16	1 637	(2)	1 032	(2)
Printing and stationery	3 686	84	3 770	5 118	2 322	2 784
Depreciation	6 852	141	6 993	8 207	3 533	5 779
Amortization	858	–	858	822	489	470
Rent rates and taxes	467	5	472	500	207	185
Legal and professional charges	2 926	1 159	4 085	3 286	2 696	1 984
Electricity gas and water	1 516	62	1 578	302	861	34
Entertainment	1 702	49	1 751	661	772	34
Vehicle running Expenses	204	4	208	804	63	420
Office repairs and maintenance	4 350	3	4 353	2 863	2 553	1 960
Appointed Actuary's fees	739	–	739	756	389	432
Bank charges	2 423	4	2 427	1 838	1 318	1 379
Postage telegrams and telephone	5 986	13	5 999	3 814	4 465	1 771
Fees and subscription	1 361	22	1 383	2 801	847	1 592
Annual supervision fee SECP	2 419	191	2 610	1 972	1 279	1 272
Miscellaneous	6 239	28	6 267	8 459	2 203	6 315
Gross Management Expenses	527 274	21 792	549 066	392 613	293 424	219 275
Fees charged to policy holders	–	–	–	(60)	–	(28)
Net Management Expenses	527 274	21 792	549 066	392 553	293 424	219 247

29.6 Statement of Investment Income

Rupees '000

		Statutory Funds		Aggregate		Aggregate	
		Family Takaful	Family Takaful	Six months ended		Three months ended	
		Investment Linked Business	Protection Business	30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
29.6.1	Participants' Investment Fund (PIF)						
	Return on government securities	8 282	–	8 282	4 696	6 339	2 673
	Other fixed income securities	39 805	–	39 805	16 223	20 559	9 341
	Dividend income	7 576	–	7 576	6 041	5 613	2 507
	Amortization of (premium) / discount	(610)	–	(610)	–	(610)	–
	(Loss) / gain on sale of investment	(55 863)	–	(55 863)	43 525	(32 415)	13 229
	Unrealized (loss) / gain on investment	35 867	–	35 867	27 298	(52 864)	(9 108)
	Net investment income of PIF	(a) 35 057	–	35 057	97 783	(53 378)	18 642
29.6.2	Participants' Takaful Fund (PTF)						
	Return on government securities	68	596	664	108	664	53
	Other fixed income securities	2 198	–	2 198	–	1 180	–
	Interest on bank deposits	(760)	–	(760)	1 379	(1 055)	558
	Net investment income of PTF	(b) 1 506	596	2 102	1 487	789	611
29.6.3	Shareholders' Sub-Fund						
	Return on government securities	67	–	67	16	50	8
	Other fixed income securities	324	–	324	56	155	28
	Dividend income	62	–	62	21	45	6
	Amortization of (premium) / discount	(5)	–	(5)	–	(5)	–
	(Loss) / gain on sale of investment	(455)	–	(455)	149	(249)	24
	Unrealized (loss) / gain on investment	292	–	292	94	(487)	(57)
	Interest on bank deposits	6 500	–	6 500	2 814	3 115	2 071
	Net investment income of shareholders' sub-fund	(c) 6 785	–	6 785	3 150	2 624	2 080
	Net Investment Income	(a+b+c) 43 348	596	43 944	102 420	(49 965)	21 333

FAIR VALUE

Investments on the balance sheet are carried at fair value except for investments in non unit-linked funds which are stated at lower of cost or market value and unquoted investments which are stated at cost. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company's accounting policy on fair value measurements of its investments is discussed in note 5 to this condensed interim financial information.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

30 June 2018 (Unaudited)

(Rupees '000)

Available for Sale	HFT	HTM	Loans and Receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
							Level 1	Level 2	Level 3	
Financial assets measured at fair value										
- Investments										
Government Securities (T-bills + PIBs + Sukuks)	-	-	-	-	-	59 005 805	-	59 005 805	-	59 005 805
Sukuk Bonds (other than government)	-	-	-	-	-	427 476	-	427 476	-	427 476
Listed equity securities	33 050 838	-	-	-	-	33 050 838	33 050 838	-	-	33 050 838
Unlisted equity securities	16 008	-	-	-	-	16 008	-	-	16 008	16 008
Units of mutual funds	172 434	-	-	-	-	172 434	-	172 434	-	172 434
Debt securities (Listed TFCs)	1 463 788	-	-	-	-	1 463 788	1 463 788	-	-	1 463 788
Financial assets not measured at fair value										
- Government Securities (T-bills + PIBs + Sukuks)	-	443 979	-	-	-	443 979	-	447 755	-	447 755
- Balances with banks *	14 241 669	-	-	-	-	14 241 669	-	-	-	-
- Certificate of Investment	210 000	-	-	-	-	210 000	-	-	-	-
- Advances	-	-	88 936	969 723	-	1 058 659	-	-	-	-
- Listed equity securities and mutual fund units (at lower of cost or market value)	-	-	-	1 386 249	-	1 386 249	-	-	-	-
- Other assets (excluding markup accrued)*	108 588 018	443 979	88 936	2 355 972	-	111 476 905	34 514 626	60 053 470	16 008	94 584 104
Financial liabilities not measured at fair value										
- Other liabilities (excluding Liabilities against assets subject to finance lease) *	-	-	-	-	3 296 935	3 296 935	-	-	-	-
	-	-	-	-	3 296 935	3 296 935	-	-	-	-
108 588 018	-	443 979	88 936	2 355 972	(3 296 935)	108 179 970	34 514 626	60 053 470	16 008	94 584 104

(Rupees '000)

31 December 2017 Audited (Re-stated)

Fair value											
	Available for Sale	HFT	HTM	Loans and Receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments											
Financial assets measured at fair value											
- Investments											
Government Securities (Tbills + PIBs + Sukuks)	53 371 573	-	-	-	-	-	53 371 573	-	53 371 573	-	53 371 573
Sukuk Bonds (other than government)	436 381	-	-	-	-	-	436 381	-	436 381	-	436 381
Listed equity securities	26 864 390	84 364	-	-	-	-	26 948 754	26 948 754	-	-	26 948 754
Unlisted equity securities	11 008	-	-	-	-	-	11 008	-	-	11 008	11 008
Units of mutual funds	566 867	-	-	-	-	-	566 867	-	566 867	-	566 867
Debt securities (Listed TFCs)	745 754	-	-	-	-	-	745 754	745 754	-	-	745 754
Financial assets not measured at fair value											
- Government Securities (Tbills + PIBs + Sukuks)	-	-	3 083 004	-	-	-	3 083 004	-	3 097 470	-	3 097 470
- Balances with banks *	18 489 441	-	-	-	-	-	18 489 441	-	-	-	-
- Certificate of Investment	210 000	-	-	-	-	-	210 000	-	-	-	-
- Advances	-	-	-	94 638	1 142 548	-	1 237 186	-	-	-	-
- Listed equity securities and mutual fund units (at lower of cost or market value)	315 180	-	-	-	-	-	315 180	406 054	-	-	406 054
- Other assets (excluding markup accrued)*	-	-	-	-	694 046	-	694 046	-	-	-	-
	101 010 594	84 364	3 083 004	94 638	1 836 594	-	106 109 194	28 100 562	57 472 291	11 008	85 583 861
Financial liabilities not measured at fair value											
- Other liabilities (excluding Liabilities against assets subject to finance lease) *	-	-	-	-	-	3 174 243	3 174 243	-	-	-	-
	-	-	-	-	-	3 174 243	3 174 243	-	-	-	-
	101 010 594	84 364	3 083 004	94 638	1 836 594 (3 174 243)	102 934 951	102 934 951	28 100 562	57 472 291	11 008	85 583 861

31 GENERAL

31.1 The effects of changes stated in note 5 have been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 01 January 2018 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income and profit or loss is restated and disclosed as part of the Statement of Comprehensive Income and Profit and Loss Account respectively. The Statement of

Financial Position also presents the prior year numbers as restated, due to the said change.

31.2 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

32 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Company in their meeting held on 18 August 2018.

KAMAL AFSAR
Director

HASANALI ABDULLAH
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 18 August, 2018

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