

EFU LIFE Report (Un-audited)
Nine Months Ended 30 September 2018



**YEARS OF
GROWING TOGETHER**



www.efulife.com

EFU LIFE ASSURANCE LTD.

ISO 9001: 2015 Certified | Rated AA+ by JCR-VIS



(021) 111-338-111



efulife.com



EFU Life PlanIT



[/EFULifeAssurance](https://www.facebook.com/EFULifeAssurance)



[@EFU_Life](https://twitter.com/EFU_Life)



[/EFULifeOfficial](https://www.youtube.com/EFULifeOfficial)



EFULIFE
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





Table of Contents

Company Information	03
Directors' Review	04
Directors' Review (Urdu)	05
Condensed Interim Statement of Financial Position	06
Condensed Interim Profit and Loss Account	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Statement of Cash Flows	09
Condensed Interim Statement of Changes in Equity	10
Notes to and Forming Part of the Condensed Interim Financial information	11



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.

99-B, Block-B, S.M.C.H.S.

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 September 2018

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

Your Company's Gross premium income (inclusive of Takaful) was Rs.20.83 billion during the first nine months of 2018 (2017: Rs.22.54 billion). New individual life regular premium income was Rs.4.43 billion (2017: Rs.3.19 billion), an increase of 38.8%, mainly driven by the bancassurance distribution channel. Renewal premium was Rs.12.08 billion (2017: Rs.10.41 billion) an increase of 15.97%. Inclusive of renewal premium, the total individual life regular premium business increased by 21.3% to Rs.16.5 billion (2017: 13.6 billion). Single premium business was Rs.2.12 billion (2017: Rs.6.99 billion). Group Benefits business was Rs.2.21 billion (2017: Rs.1.95 billion), a growth of 13.19%.

Your company's window takaful operations are in the third year of business. The total family takaful contribution was Rs.2.07 billion (2017: 1.62 billion). Out of this, Rs.1.91 billion (2017: Rs.1.49 billion) was from Individual family takaful business (a growth of 28.19%) while Rs.154.7 million (2017: Rs.124.15 million) was from Group Family Takaful (a growth of 24.6%). The Company expects this line of business to continue on a growth trajectory during 2018.

Your Company had a Profit after Tax of Rs.996.16 million (2017: Rs.1.214 billion). The reduction is due to drop in group life profitability as well as new business strain on the investment linked business. The Earnings per Share is Rs.9.96 (Restated 2017: Rs.12.15).

Interim Dividend: The Directors have pleasure in declaring an Interim Dividend of Rs.1.25 per share. i.e. 12.50%. This cash dividend is in addition to Interim cash dividend of Rs.2.50 per share i.e. 25% declared and paid during the year 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.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 26 October, 2018



ممبران کو ڈائریکٹرز کی رپورٹ (۳۰ ستمبر ۲۰۱۸ء)

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

سال ۲۰۱۸ء کے اوّل ۹ مہینوں میں آپ کی کمپنی کے کل مجموعی پریئم کی آمدنی (بشمول ٹکافل) 20.83 بلین روپے رہی (۲۰۱۷: 22.54 بلین روپے)۔ نئے انفرادی بیمہ زندگی کے باقاعدہ پریئم کی آمدنی 4.43 بلین روپے تھی، (۲۰۱۷: 3.19 بلین روپے) یعنی اس میں 38.8 فیصد اضافہ ہوا جس کی خاص وجہ بینکٹورنس کے تقسیم کاری چینل سے حاصل آمدنی بھی رہی۔ تجدیدی پریئم 12.08 بلین روپے رہا (۲۰۱۷: 10.41 بلین روپے)، یعنی اضافہ 15.97 فیصد رہا۔ تجدیدی پریئم کو ملا کر، مجموعی انفرادی بیمہ زندگی سے متعلق باقاعدہ پریئم کا کاروبار 21.3 فیصد اضافے سے 16.5 بلین روپے رہا (۲۰۱۷: 13.6 بلین روپے)۔ سنگل پریئم کا کاروبار 2.12 بلین روپے رہا (۲۰۱۷: 6.99 بلین روپے)۔ گروپ بینیفٹس 13.19 فیصد اضافے سے 2.21 بلین روپے رہا (۲۰۱۷: 1.95 بلین روپے)۔

آپ کی کمپنی کے ونڈ ٹکافل آپریشنز کا رو بار کے تیسرے سال میں ہیں۔ مجموعی فیملی ٹکافل کا رو بار 2.07 بلین روپے رہا (۲۰۱۷: 1.62 بلین روپے)۔ اس مجموعے میں سے 1.91 بلین روپے (۲۰۱۷: 1.49 بلین روپے) انفرادی فیملی ٹکافل کا رو بار سے حاصل ہوئے (28.19 فیصد کا اضافہ) جبکہ 154.7 بلین روپے (۲۰۱۷: 124.15 بلین روپے) گروپ فیملی ٹکافل سے حاصل ہوئے (24.6 فیصد کا اضافہ)۔ 2018 کے دوران کمپنی کا رو بار کی اس مذکورہ ترقی کی راہ پر گامزن رہنے کی امید رکھتی ہے۔

کمپنی نے اس دورانے میں، گزشتہ سال کے اسی دورانے کے 1.214 بلین روپے کے مقابلے میں بعد از ٹیکس 996.16 بلین روپے کا منافع حاصل کیا۔ منافع میں اس کی کا باعث گروپ لائف کے منافع جات میں اتار کے ساتھ ساتھ سرمایہ کاری سے منسلک کاروبار پر نیا کاروباری دباؤ بھی رہا۔ فی حصص آمدن 9.96 روپے ہے (۲۰۱۷: 12.15 روپے)۔

آپ کے ڈائریکٹرز 1.25 روپے فی حصص یعنی 12.50 فیصد عبوری ڈویڈنڈ کا اعلان کرنے میں خوشی محسوس کرتے ہیں۔ یہ نقد ڈویڈنڈ، ۲۰۱۸ء کے دوران 2.50 روپے فی حصص کے عبوری ڈویڈنڈ یعنی اعلان کردہ اور ادا کردہ 25 فیصد 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 دے چکے ہیں۔ ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی اس کی رہنمائی کیلئے اور اپنے اصل ری انشورر میونخ آرای کا 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

چیئرمین

کراچی ۲۶ اکتوبر ۲۰۱۸ء

طاہر جی۔ ساچک

منیجنگ ڈائریکٹر و چیف ایگزیکٹو

سیف الدین این۔ زومکا والا

ڈائریکٹر

حسن علی عبداللہ

ڈائریکٹر



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

(Rupees in '000)

		Aggregate	
	Note	30 September 2018 Unaudited	31 December 2017 Audited Re-stated
Assets			
Property and equipment	6	2 281 358	2 197 215
Intangible assets	6	18 982	11 628
Investments			
Equity securities	7	34 786 803	27 836 366
Government securities	8	33 378 224	56 454 577
Debt securities	9	3 643 775	1 092 134
Term deposits	10	34 224 100	12 439 000
Mutual funds	11	175 464	137 046
Insurance / reinsurance receivables		253 617	224 831
Other loans and receivables		1 677 399	2 771 909
Taxation - payments less provision		546 886	278 075
Prepayments		78 235	44 491
Cash & Bank	12	3 701 494	6 057 913
Total Assets		114 766 337	109 545 185
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 (85,000,000 ordinary shares (2017:85,000,000) of Rs.10 each issued as fully paid bonus shares		150 000 850 000	150 000 850 000
Retained Earning Ledger account D	13	1 000 000	1 000 000
General Reserves		1 712 369	1 529 902
Surplus on revaluation of available for sale investment - net of tax		2 150 000	1 900 000
Unappropriated profit		103 903	92 121
Total Equity		5 595 611	5 962 671
Liabilities			
Insurance Liabilities	14	106 068 605	100 860 387
Liabilities under Investment Contracts			
Deferred taxation		691 535	754 078
Premium / Contribution received in advance		1 011 949	656 323
Insurance / reinsurance payables		258 272	78 865
Other creditors and accruals		1 140 365	1 232 861
		3 102 121	2 722 127
Total Liabilities		109 170 726	103 582 514
Total Equity and Liabilities		114 766 337	109 545 185
Contingencies and commitments	15		

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 26 October, 2018



Condensed Interim Profit and Loss Account

for the nine months period ended 30 September 2018 (Unaudited)

		Aggregate		Aggregate	
		Nine months ended		Three months ended	
		30 September		30 September	
Note		2018	2017 Re-stated	2018	2017 Re-stated
	Premium / Contribution Revenue	20 834 227	22 542 511	6 786 389	7 615 321
	Premium / Contribution ceded to reinsurers	(540 890)	(463 752)	(136 217)	(134 034)
	Net premium / contribution revenue	20 293 337	22 078 759	6 650 172	7 481 287
	Investment income	4 831 642	4 545 539	1 613 372	1 384 454
	Net realised fair value (losses)/ gains on financial assets	(1 032 731)	3 147 705	(315 072)	567 777
	Net fair value losses on financial assets at fair value through profit or loss	(2 013 567)	(9 546 365)	(1 785 158)	(7 269 373)
	Other income	25 379	25 972	8 624	8 269
		1 810 723	(1 827 149)	(478 234)	(5 308 873)
	Net income	22 104 060	20 251 610	6 171 938	2 172 414
	Insurance benefits	10 294 304	11 404 055	2 986 820	2 969 039
	Recoveries from reinsurers	(325 746)	(484 482)	(102 048)	(97 783)
	Claims related expenses	5 628	6 164	2 446	2 247
	Net Insurance Benefits	9 974 186	10 925 737	2 887 218	2 873 503
	Net Change in Insurance Liabilities (other than outstanding claims)	5 124 725	2 831 024	940 721	(2 878 725)
	Acquisition expenses	4 520 491	3 650 883	1 512 114	1 258 174
	Marketing and administration expenses	1 193 902	1 036 845	386 892	367 575
	Other expenses	10 954	9 780	1 651	3 725
	Total Expenses	10 850 072	7 528 532	2 841 378	(1 249 251)
	Profit before tax	1 279 802	1 797 341	443 342	548 162
	Income tax expense	(283 644)	(582 659)	(45 311)	(160 705)
	Profit for the period	996 158	1 214 682	398 031	387 457
			(Restated)		(Restated)
	Earnings (after tax) per share - Rupees	9.96	12.15	3.98	3.87

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 26 October, 2018



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

	Aggregate		Aggregate	
	Nine months ended 30 September		Three months ended 30 September	
	2018	2017 Re-stated	2018	2017 Re-stated
Profit for the period	996 158	1 214 682	398 031	387 457
Other comprehensive income				
Change in unrealised gains / (losses) on available-for-sale financial assets	16 594	(134 363)	(12 895)	(88 316)
Related deferred tax effect	(4 812)	40 309	3 740	26 956
	11 782	(94 054)	(9 155)	(61 360)
Total comprehensive income for the period	1 007 940	1 120 628	388 876	326 097

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 26 October, 2018



Condensed Interim Statement of Cash Flows

for the nine months period ended 30 September 2018 (Unaudited)

(Rupees in '000)

	Aggregate	
	Nine months ended 30 September	
	2018	2017
		Re-stated
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	21 099 260	22 880 776
Reinsurance premium / Retakaful contribution paid	(299 676)	(638 196)
Claims paid	(10 210 813)	(11 522 460)
Reinsurance and other recoveries received	325 746	518 380
Commission paid	(3 238 249)	(2 723 316)
Marketing and Administrative expenses paid	(1 193 902)	(1 036 845)
Other acquisition cost paid	(1 450 067)	(1 035 746)
Net cash flow from underwriting activities	5 032 299	6 442 593
b) Other operating activities		
Income tax paid	(619 811)	(713 712)
Other operating payments	1 077 222	(65 763)
Loans advanced	(52 844)	(55 899)
Loans repayments received	56 974	52 822
Net cash flow from other operating activities	461 541	(782 552)
Total cash flow from all operating activities	5 493 840	5 660 041
Investment activities		
Profit / Return received	4 225 085	4 532 264
Dividends received	980 897	1 038 719
Payments for investments	(219 171 017)	(71 528 105)
Proceed from investments	207 736 545	65 277 670
Fixed capital expenditure	(262 045)	(251 632)
Proceeds from sale of property and equipment	15 276	17 023
Total cash flow from investing activities	(6 475 259)	(914 061)
Financing activities		
Dividends paid	(1 375 000)	(1 450 000)
Total cash flow from financing activities	(1 375 000)	(1 450 000)
Net cash flow from all activities	(2 356 419)	3 295 980
Cash and cash equivalents at beginning of the period	6 057 913	3 037 489
Cash and cash equivalents at end of the period	3 701 494	6 333 469
Reconciliation to profit and loss account		
Operating cash flows	5 493 840	5 660 041
Depreciation	(153 895)	(142 883)
Amortization	(10 158)	(8 881)
Profit on disposal of property and equipment	8 782	8 720
Other revenue	9 427	9 537
Dividend Income	972 978	977 163
Other investment income	4 206 307	3 788 652
Depreciation in market value of investments	(2 156 062)	(9 758 150)
Provision of impairment in the value of available for sale equity investments	(13 028)	(8 491)
(Loss) / profit on disposal of investments	(1 032 731)	3 147 705
Decrease in assets other than cash	(1 342 756)	130 129
Increase in liabilities	(4 986 546)	(2 588 860)
Profit after taxation	996 158	1 214 682

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

HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA	SYED SHAHID ABBAS	TAHER G. SACHAK	RAFIQUE R. BHIMJEE
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 26 October, 2018



Condensed Interim Statement of Changes in Equity for the nine months period ended 30 September 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	–	–	108 425	–	(108 425)	–
Unrealized Loss for the period	–	–	–	(94 054)	–	(94 054)
Total income for the period ended 30 September 2017	–	–	24 967	–	1 189 715	1 214 682
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	–	–	–	–	(125 000)	(125 000)
Interim Dividend - 2nd Quarter 2017	–	–	–	–	(125 000)	(125 000)
Balance as at 30 September 2017	1 000 000	1 900 000	1 475 597	488 217	924 673	5 788 487
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	–	–	4 971	–	(4 971)	–
Increase in Unrealized Gain	–	–	–	11 782	–	11 782
Total income for the period ended 30 September 2018	–	–	177 496	–	818 662	996 158
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)
Interim Dividend - 2nd Quarter 2018	–	–	–	–	(125 000)	(125 000)
Balance as at 30 September 2018	1 000 000	2 150 000	1 712 369	103 903	629 339	5 595 611

* 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.39.56 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.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 26 October, 2018



Notes to and Forming Part of the Condensed Interim Financial information for the nine months period ended 30 September 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 1,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 Nine months period ended 30 September 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:

	Balance previously reported	Adjustments	(Rupees in '000) 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 September 2017			
Impact on Profit and Loss Account due to:			
Change in Retained Earnings on other than participating business (Ledger Account D)			24 967
Change in EPS			0.25
Impact on Other Comprehensive Income due to:			
Unrealized loss on available for sale investment			(134 363)
Related tax impact			40 309
			(94 054)

6. FIXED ASSETS

(Rupees in '000)

Nine months ended - Unaudited

	30 September 2018		30 September 2017	
	Additions	Disposals	Additions	Disposals
Tangible and intangible				
Furniture, fixture and fittings	41 586	–	50 802	936
Office equipment	9 673	430	34 197	1 172
Computer equipment	15 144	640	21 553	2 3
Motor Vehicle	163 130	22 343	82 784	25 918
Intangibles	17 512	–	1 742	–
Building	15 000	–	60 554	–
	<u>262 045</u>	<u>23 413</u>	<u>251 632</u>	<u>28 049</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 September 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	(259 530)	46 940	306 470	(249 548)	56 922
Others						
Listed Shares	181 747	(26 598)	155 149	209 800	(27 543)	182 257
Unlisted Shares	16 008	–	16 008	11 008	–	11 008
Surplus on revaluation	–	–	153 792	–	–	120 225
Fair Value through Profit and Loss (Designated-upon initial recognition)						
Related Parties						
Listed Shares	621 595	–	657 729	1 100 276	–	1 165 781
Others						
Listed Shares	35 466 209	–	33 711 662	26 725 746	–	26 215 806
Fair Value through Profit and Loss (Held for trading)						
Others						
Listed Shares	30 772	–	45 523	48 754	–	84 365
	<u>36 622 801</u>	<u>(286 128)</u>	<u>34 786 803</u>	<u>28 402 054</u>	<u>(277 091)</u>	<u>27 836 364</u>

8. GOVERNMENT SECURITIES

(Rupees in '000)

30 September 2018 (Unaudited)					
	Maturity Year	Effective Yield	Amortised Cost	Principal Repayment	Carrying Value
Held to Maturity					
03 Years Pakistan Investment Bond	2019	7.00%	998 900	1 000 000	998 900
15 Years Pakistan Investment Bond	2019	6.45%	10 074	10 000	10 074
20 Years Pakistan Investment Bond	2024	9.83%	54 278	53 700	54 278
3 Months Treasury Bills	2018	6.24%	1 997 374	2 009 000	1 997 374
Government Ijara	2019	5.59%	113 294	–	113 294
Available for Sale through Profit and Loss (Designated upon initial recognition)					
03 Years Pakistan Investment Bond	2019	7.15%	9 310 628	9 275 000	9 211 930
05 Years Pakistan Investment Bond	2019	7.33%	4 595 579	4 537 500	4 639 140
05 Years Pakistan Investment Bond	2020	7.20%	5 060 053	4 987 500	5 013 934
10 Years Pakistan Investment Bond	2019	12.59%	14 927	15 000	15 447
10 Years Pakistan Investment Bond	2024	11.45%	102 213	100 000	110 310
10 Years Pakistan Investment Bond	2022	11.42%	2 132 007	2 100 000	2 274 720
15 Years Pakistan Investment Bond	2019	6.45%	268 574	266 400	267 143
20 Years Pakistan Investment Bond	2024	6.45-9.83%	387 151	392 000	398 418
3 Months Treasury Bills	2018	6.20%	7 768 257	7 791 000	7 767 453
Government Ijara	2019	5.59%	376 834	–	376 834
Pakistan Water And Power Development	2021	8.31%	128 640	128 640	128 975
			<u>33 318 783</u>	<u>32 665 740</u>	<u>33 378 224</u>

9. INVESTMENT IN DEBT SECURITIES

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

(Rupees in '000)

		30 September 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	3 433 775	–	3 433 775	882 134	–	882 134
Certificate of Investment	9.2	210 000	–	210 000	210 000	–	210 000
		<u>3 643 775</u>	<u>–</u>	<u>3 643 775</u>	<u>1 092 134</u>	<u>–</u>	<u>1 092 134</u>

9.1 Term Finance Certificates / Corporate Sukuks

(Rupees in '000)

	No. of Certificates		Face Value	Value of Certificates	
	30 September 2018	31 December 2017		30 September 2018	31 December 2017
Hascol Petroleum	30 000	30 000	7 144	107 153	131 339
Fatima Fertilizer Company	9 807	9 807	3 525	34 571	40 307
Engro Fertilizers Ltd	52 000	52 000	3 521	91 550	186 375
Bank Al Habib	40 000	20 000	5 007	200 289	200 000
Al Baraka Bank	10 000	10 000	4 332	21 658	28 560
Byco Oil Pakistan	20 000	20 000	5 286	100 000	100 000
K Electric	7 500	7 500	10 448	78 361	78 360
Bank Al-Falah Ltd	3 063	3 063	4 982	15 261	15 559
MCB Bank Ltd.(Formerly NIB Bank Limited)	20 000	20 000	5 081	101 612	101 634
International brands	1 000	–	202 301	101 150	–
Dawood Hercules	2 000	–	501 088	200 435	–
Pakistan Services Limited	10 558	–	5 000	131 735	–
PAEL	20 000	–	10 000	100 000	–
Bank Alfalah	20 000	–	5 000	100 000	–
Bank Al Habib	100 000	–	5 000	500 000	–
UBL Bank	200 000	–	5 000	1 000 000	–
Soneri Bank	10 000	–	5 000	50 000	–
Askari Bank Ltd.	500	–	1 000 000	500 000	–
				3 433 775	882 134
First Habib Modarba	–	–	210	210 000	210 000
				3 643 775	1 092 134

9.2 Certificate of Investment

First Habib Modarba	–	–	210	210 000	210 000
				3 643 775	1 092 134

10. INVESTMENTS IN TERM DEPOSITS

(Rupees in '000)

	Re-stated	
	30 September 2018 Unaudited	31 December 2017 Audited
Deposit maturing with 12 months	34 224 100	12 439 000

11. INVESTMENTS IN MUTUAL FUNDS

(Rupees in '000)

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Cost	Impairment / Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value
Related Parties						
Mutual Funds (Designated upon initial recognition)	25 444	–	25 866	547	–	1 041
Others						
Mutual Funds (Designated upon initial recognition)	59 301	–	69 808	49 936	–	59 924
Related Parties						
Mutual Funds (Available for sale)	523	–	523	523	–	523
Others						
Mutual Funds (Available for sale)	78 409	(9 490)	68 919	69 691	(5 509)	64 182
Surplus on revaluation	–	–	10 348	–	–	11 376
	163 677	(9 490)	175 464	120 697	(5 509)	137 046

(Rupees in '000)

	Note	30 September 2018 Unaudited	31 December 2017 Audited Re-stated
12 CASH & BANK			
Cash and Cash Equivalent			
Cash in hand		1 518	–
Policy & Revenue stamps		12 433	7 472
Cash at bank			
Current account		643 573	2 552 729
Saving account		3 043 970	3 497 712
		<u>3 701 494</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		4 971	90 116
Change in solvency margin through profit and loss		108 039	113 460
		<u>2 221 710</u>	<u>2 108 700</u>
Related Deferred Tax Liability on:			
Opening balance		(578 798)	(562 919)
Reversal / (charge) to profit and loss account		69 457	(15 879)
Closing balance		<u>(509 341)</u>	<u>(578 798)</u>
Net of tax		<u>1 712 369</u>	<u>1 529 902</u>
14 INSURANCE LIABILITIES			
Reported outstanding claims	14.1	2 172 182	2 105 117
Incurred but not reported claims	14.2	487 707	362 227
Investment component of unit-linked and account value policies	14.3	102 910 732	97 885 922
Liabilities under individual conventional insurance contracts	14.4	3 366	3 779
Liabilities under group insurance contracts (other than investment linked)	14.5	494 618	503 342
		<u>106 068 605</u>	<u>100 860 387</u>
14.1 Reported Outstanding Claims			
Gross of Reinsurance			
Payable within one year		1 835 723	1 752 232
Payable over a period of time exceeding one year		612 485	655 030
		<u>2 448 208</u>	<u>2 407 262</u>
Recoverable from Reinsurers			
Receivable within one year		–	–
Receivable over a period of time exceeding one year		(276 026)	(302 145)
		<u>(276 026)</u>	<u>(302 145)</u>
Net Reported Outstanding Claims		<u>2 172 182</u>	<u>2 105 117</u>
14.2 Incurred But Not Reported Claims			
Gross of Reinsurance		591 625	465 603
Reinsurance Recoveries		(103 918)	(103 376)
Net of Reinsurance		<u>487 707</u>	<u>362 227</u>

(Rupees in '000)

	30 September 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	102 910 723	97 885 922
Investment Component of Account Value Policies	—	—
	<u>102 910 732</u>	<u>97 885 922</u>
14.4 Liabilities under Individual Conventional Insurance Contracts		
Gross of Reinsurance	3 501	4 004
Reinsurance Credit	(135)	(225)
Net of Reinsurance	<u>3 366</u>	<u>3 779</u>
14.5 Liabilities under Group Insurance Contracts (other than investment linked)		
Gross of Reinsurance	621 345	623 359
Reinsurance Credit	(126 727)	(120 017)
Net of Reinsurance	<u>494 618</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.17.27 million have been given in respect of Group Life coverage. These bank guarantees will expire by 16th January 2020.

16. NET INSURANCE PREMIUM / CONTRIBUTION REVENUE

Rupees '000

	Aggregate		Aggregate	
	Nine months ended		Three months ended	
	30 September		30 September	
	2018	2017	2018	2017
Gross premium / contribution				
Regular premium / contribution individual policies				
First year	4 428 143	3 189 366	1 553 862	1 199 867
Second year renewal	2 703 433	2 146 632	903 548	752 993
Subsequent year renewal	9 372 189	8 266 510	3 020 300	2 844 294
Single premium / contribution individual policies	2 122 466	6 989 372	573 673	2 092 101
Group policies with cash values	45 923	40 955	13 218	13 840
Group policies without cash values	2 306 916	1 980 799	774 834	744 591
Less: Experience Refund	(144 843)	(71 123)	(53 046)	(32 365)
Total gross premium / contribution	20 834 227	22 542 511	6 786 389	7 615 321
Less: Reinsurance premium / retakaful contribution ceded				
On individual life first year business	37 110	32 743	13 614	10 035
On individual life second year business	28 764	36 142	6 071	9 881
On individual life renewal business	146 390	147 609	38 873	28 578
On group policies	362 378	293 911	88 062	102 529
Less: Experience refund from reinsurers	(20 803)	(33 898)	(5 731)	(13 014)
Less: Reinsurance commission on risk premium	(12 949)	(12 755)	(4 672)	(3 975)
Total reinsurance premium / retakaful contribution ceded	540 890	463 752	136 217	134 034
Net premium / contribution	20 293 337	22 078 759	6 650 172	7 481 287

17. INVESTMENT INCOME

Income from equity securities

Held for Trading

Dividend income	3 309	6 311	1 269	97
-----------------	-------	-------	-------	----

Available for Sale

(Designated upon initial recognition)

Dividend income	977 588	1 032 408	314 624	279 154
-----------------	---------	-----------	---------	---------

Income from debt securities

Available for Sale

(Designated upon initial recognition)

Return on debt securities	302 917	196 913	136 434	76 665
On government securities	2 870 844	2 770 510	947 420	876 636

Held to Maturity

On government securities	211 591	118 108	79 572	12 976
--------------------------	---------	---------	--------	--------

Income from term deposits

Return on term deposits	465 393	421 289	134 053	138 926
-------------------------	---------	---------	---------	---------

	4 831 642	4 545 539	1 613 372	1 384 454
--	------------------	------------------	------------------	------------------

Rupees '000

	Aggregate		Aggregate	
	Nine months ended		Three months ended	
	30 September 2018	2017 (Restated)	30 September 2018	2017 (Restated)
18 NET REALISED FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS				
Available for sale financial assets				
Realised gains on:				
– Equity securities	–	3 147 705	–	567 777
Realised losses on:				
– Equity securities	(1 031 062)	–	(314 453)	–
– Government securities	(1 669)	–	(619)	–
	<u>(1 032 731)</u>	<u>3 147 705</u>	<u>(315 072)</u>	<u>567 777</u>
19. NET FAIR VALUE 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)	(20 692)	(184 101)	(4 542)	(123 952)
Net unrealised losses on investments in financial assets	(701 710)	(528 035)	(270 857)	(219 557)
Net unrealised gains on investments at fair value through profit or loss (Designated upon initial recognition)	<u>(1 274 078)</u>	<u>(8 819 277)</u>	<u>(1 499 405)</u>	<u>(6 947 016)</u>
Total investment loss	<u>(1 996 480)</u>	<u>(9 531 413)</u>	<u>(1 774 804)</u>	<u>(7 290 525)</u>
(Provision) / Reversal for Impairment in value of available for sale securities	(13 028)	(8 491)	(9 353)	23 496
Less: Investment related expenses	<u>(4 059)</u>	<u>(6 461)</u>	<u>(1 001)</u>	<u>(2 344)</u>
	<u>(2 013 567)</u>	<u>(9 546 365)</u>	<u>(1 785 158)</u>	<u>(7 269 373)</u>
20 OTHER INCOME				
Other	7 170	7 715	2 153	2 281
Gain on sale of fixed assets	8 782	8 720	3 462	2 269
Return on loans to employees	9 427	9 537	3 009	3 719
	<u>25 379</u>	<u>25 972</u>	<u>8 624</u>	<u>8 269</u>
21 NET INSURANCE BENEFITS				
Gross claims				
Claims under individual policies				
by death	442 280	452 502	151 799	156 180
by insured event other than death	7 962	5 758	6 120	4 710
by maturity	1 002 335	699 219	336 444	165 543
by surrender	7 302 654	8 868 105	2 015 909	2 240 460
Total gross individual policy claims	8 755 231	10 025 584	2 510 272	2 566 893
Claims under group policies				
by death	1 459 605	1 268 758	446 748	384 427
by insured event other than death	73 130	105 199	26 397	15 816
by maturity	114	–	–	–
by surrender	6 224	4 514	3 403	1 903
Total gross group claims	<u>1 539 073</u>	<u>1 378 471</u>	<u>476 548</u>	<u>402 146</u>
Total gross claims	<u>10 294 304</u>	<u>11 404 055</u>	<u>2 986 820</u>	<u>2 969 039</u>
Less: Reinsurance / retakaful recoveries				
On individual life	81 869	102 976	42 209	37 629
On group claims	243 877	381 506	59 839	60 154
Total reinsurance / retakaful recoveries	<u>325 746</u>	<u>484 482</u>	<u>102 048</u>	<u>97 783</u>
Add: Claims related expenses	5 628	6 164	2 446	2 247
Net insurance benefit expense	<u>9 974 186</u>	<u>10 925 737</u>	<u>2 887 218</u>	<u>2 873 503</u>

22. ACQUISITION EXPENSES

(Rupees '000)

	Aggregate		Aggregate	
	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
		Re-stated		Re-stated
Remuneration to insurance intermediaries on individual policies:				
– commission to agent on first year premiums	1 869 701	1 450 334	647 225	615 296
– commission to agent on second year premiums	289 575	180 900	93 603	46 503
– commission to agent on subsequent renewal premiums	234 220	180 109	75 535	13 615
– commission to agent on single premiums	63 985	224 359	16 452	57 836
– override commission to supervisors	387 272	327 159	133 301	112 418
– other benefits to insurance intermediaries salaries, allowances and other benefits	941 125	640 230	319 332	197 496
Remuneration to insurance intermediaries on group policies:				
– commission	237 466	218 497	52 789	73 873
– other benefits to insurance intermediaries	49 789	42 958	16 009	11 843
– Traveling expenses (including cost of contests, conventions etc.)	33 324	23 096	10 170	7 183
– Printing and stationery	5 503	7 422	1 155	2 125
– Depreciation	62 983	52 516	24 512	19 210
– Rent, rates and taxes	78 896	70 448	28 441	23 038
– Electricity, gas and water	27 091	24 552	14 003	9 538
– Entertainment	20 384	19 871	7 164	6 681
– Vehicle running expenses	8 851	9 054	2 668	2 266
– Office repairs & maintenance	15 420	14 275	6 065	5 717
– postages, telegrams and telephone	27 461	28 453	8 358	8 174
– Medical fees	16 927	15 149	4 664	4 198
– Others	89 767	69 662	31 969	22 153
Other acquisition costs - policy stamps	60 751	51 839	18 699	19 011
	<u>4 520 491</u>	<u>3 650 883</u>	<u>1 512 114</u>	<u>1 258 174</u>

23. MARKETING AND ADMINISTRATION EXPENSES

Employee benefit cost	497 088	425 690	180 626	145 529
Traveling expenses	65 385	58 844	14 406	3 308
Advertisements and sales promotion	129 843	99 638	13 022	61 100
Printing and stationery	39 529	39 541	11 140	6 449
Depreciation	90 913	90 368	32 076	31 429
Amortisation	10 158	8 881	3 535	3 010
Rent, rates and taxes	12 982	6 251	9 182	2 298
Legal and Professional charges - business related	63 050	51 395	30 575	26 502
Electricity, gas and water	22 786	23 331	8 602	6 630
Entertainment	20 648	16 885	5 883	4 993
Vehicle running expenses	3 901	3 900	2 016	1 798
Office repair and maintenance	47 933	28 271	14 286	7 532
Appointed actuary fees	8 550	8 100	2 850	2 700
Bank charges	20 523	19 069	4 152	5 938
Postage, internet and telephone	59 713	53 114	16 826	19 152
Fees and subscription	17 014	15 464	6 072	9 104
Annual supervision fee	41 957	41 989	13 679	14 030
Miscellaneous	56 754	48 441	20 343	16 399
Difference in exchange	(14 825)	(2 327)	(2 379)	(326)
	<u>1 193 902</u>	<u>1 036 845</u>	<u>386 892</u>	<u>367 575</u>

		Rupees '000			
24	OTHER EXPENSES	Aggregate		Aggregate	
		Nine months ended 30 September		Three months ended 30 September	
		2018	2017	2018	2017
			(Restated)		(Restated)
	Traveling	890	81	–	1
	Directors' fee	1 800	2 375	400	1 400
	Auditors' fees	1 846	1 115	(297)	(79)
	Advertisements and publicity	1 259	2 063	–	150
	Donation	4 313	3 396	702	1 503
	Others	846	750		
		10 954	9 780	805	2 975

		Rupees '000			
25	TAXATION	Aggregate		Aggregate	
		Nine months ended 30 September		Three months ended 30 September	
		2018	2017 (Restated)	2018	2017 (Restated)
		For the period			
		Current		271 830	523 062
		Prior years		79 170	71 938
		Deferred		(67 356)	(12 341)
				283 644	582 659

		(Rupees in '000)			
26	MOVEMENT IN INVESTMENTS	Aggregate		Aggregate	
		Held to maturity	Available to Sale	Fair value through profit & loss account	Deposit maturing within 12 months
	At beginning of previous year (Re-stated)	3 369 231	1 949 926	84 359 786	9 358 100
	Additions	5 296 292	464 197	138 377 113	49 564 000
	Disposals (sale and redemptions)	(5 584 100)	(1 372 242)	(127 531 064)	(46 483 100)
	Fair value net gains (excluding net realised gains)	–	(716 159)	(13 213 158)	–
	Impairment losses	–	120 300	–	–
	At beginning of current year (Re-stated)	3 081 423	446 022	81 992 677	12 439 000
	Additions	13 144 833	55 070	112 949 039	75 576 200
	Disposals (sale and redemptions)	(13 461 000)	(22 583)	(124 208 300)	(53 791 100)
	Fair value net gains (excluding net realised gains)	–	16 594	(1 996 480)	–
	Impairment losses	–	(13 029)	–	–
	At end of current period	2 765 256	482 074	68 736 936	34 224 100

27. SEGMENTAL INFORMATION

27.1 Revenue Account by Statutory Fund

	2018						Rupees '000			
	Statutory Funds						Aggregate		Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
							2018	2017	2018	2017
Income										
Premium / Contribution less reinsurance / retakaful	16 583 743	1 702 246	700	621	1 881 529	120 960	20 289 799	22 071 993	6 649 675	7 503 878
Policy transfer from other statutory funds	–	–	–	–	3 538	–	3 538	6 766	496	1 879
Bonus units transfer to statutory fund	–	–	–	–	26 718	–	26 718	–	–	–
Net investment income / wakala income	1 524 598	101 311	1 687	326	201 656	52 573	1 882 151	(1 888 074)	(441 421)	(5 348 652)
Total net income	18 108 341	1 803 557	2 387	947	2 113 441	173 533	22 202 206	20 190 685	6 208 750	2 157 105
Insurance Benefits and Expenditures										
Claims net of reinsurance recoveries	8 355 319	1 240 687	214	710	319 767	48 323	9 965 020	10 912 807	2 884 275	2 906 327
Policy transfer to other statutory funds	3 538	–	–	–	–	–	3 538	6 766	496	2 154
Bonus units transfer to statutory fund	–	–	–	–	26 718	–	26 718	–	–	–
Management expenses	4 409 525	426 457	56	271	982 137	86 525	5 904 971	4 822 202	1 970 241	1 673 594
Total Insurance Benefits and Expenditures	12 768 382	1 667 144	270	981	1 328 622	134 848	15 900 247	15 741 775	4 855 012	4 582 075
Excess of income over Insurance Benefits and Expenditures	5 339 959	136 413	2 117	(34)	784 819	38 685	6 301 959	4 448 910	1 353 738	(2 424 970)
Add : Net Change in Insurance Liabilities (Other than outstanding Claims)	(4 227 591)	(93 371)	1 083	391	(772 874)	(32 363)	(5 124 725)	(2 831 024)	(940 723)	2 878 725
Surplus / (deficit) before tax	1 112 368	43 042	3 200	357	11 945	6 322	1 177 234	1 617 886	413 015	453 755
Movement in policyholders' liabilities	4 227 591	93 371	(1 083)	(391)	772 874	32 363	5 124 725	2 831 024	940 723	(2 878 725)
Transfer of (surplus) / deficit to shareholders' fund	(1 065 597)	–	(3 208)	(389)	–	–	(1 069 194)	(1 608 161)	(304 972)	(494 404)
Capital contribution from share holders' fund	–	4 492	–	–	(3 105)	3 584	4 971	108 425	(84 270)	16 917
Net Transfer to / from shareholders' fund										
Balance of statutory funds at beginning of the period	97 549 002	1 270 484	25 923	2090	2 297 280	70 078	101 214 857	97 774 373	105 488 097	103 626 006
Balance of statutory funds at end of the period	101 823 364	1 411 389	24 832	1667	3 078 994	112 347	106 452 593	100 723 547	106 452 593	100 723 549

Rupees '000

	2017									
	Statutory Funds						Aggregate		Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
							2017	2016	2017	2016
Income							(Restated)		(Restated)	
Premium / Contribution less reinsurance / retakaful	18 946 969	1 549 813	922	474	1 471 448	102 367	22 071 993	16 231 274	7 470 314	4 850 677
Policy transfer from other statutory funds	–	–	–	–	6 766	–	6 766	–	1 879	–
Net investment income	(2 085 280)	75 259	649	127	84 552	36 619	(1 888 074)	9 043 042	(5 348 653)	4 113 006
Total net income	16 861 689	1 625 072	1 571	601	1 562 766	138 986	20 190 685	25 274 316	2 123 540	8 963 683
Insurance Benefits and Expenditures										
Claims net of reinsurance recoveries	9 650 820	956 038	100	–	269 498	36 351	10 912 807	14 202 821	2 851 503	4 511 146
Policy transfer from other statutory funds	6 766	–	–	–	–	–	6 766	–	1 879	–
Management expenses	3 716 497	364 510	44	224	674 771	66 156	4 822 202	3 749 881	1 695 129	1 416 174
Total Insurance Benefits and Expenditures	13 374 083	1 320 548	144	224	944 269	102 507	15 741 775	17 952 702	4 548 511	5 927 320
Excess of income over Insurance Benefits and Expenditures	3 487 606	304 524	1 427	377	618 497	36 479	4 448 910	7 321 614	(2 424 971)	3 036 363
Net Change in Insurance Liabilities (Other than outstanding Claims)	(2 052 111)	(64 164)	(1 183)	280	(690 618)	(23 227)	(2 831 023)	(5 729 645)	(2 550 628)	(2 725 755)
Surplus / (Deficit) before tax	1 435 495	240 360	244	657	(72 121)	13 252	1 617 887	1 591 969	(4 975 599)	310 608
Movement in policyholders' liabilities	2 052 111	64 164	1 183	(280)	690 618	23 227	2 831 023	5 729 645	2 550 628	2 725 755
Transfer of (surplus) / deficit to shareholders' fund	(1 442 730)	(1 64 414)	(224)	(793)	–	–	(1 608 161)	(1 439 045)	(464 256)	(527 396)
Capital contribution from share holders' fund	–	–	–	–	101 528	6 897	108 425	–	59 181	–
Net Transfer to / from shareholders' fund	(1 442 730)	(1 64 414)	(224)	(793)	101 528	6 897	(1 499 736)	(1 439 045)	(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	83 829 194	100 983 442	83 607 033
Balance of statutory funds at end of the period	97 394 711	1 168 261	26 203	1 854	2 065 603	66 915	100 723 547	89 711 763	98 153 396	86 116 000

27.2 Segment statement of financial position

	As at 30 September 2018			As at 31 December 2017 Audited (Restated)		
	Statutory Funds	Shareholders Funds	Total	Statutory Funds	Shareholders Funds	Total
Property and equipment	1 333 133	948 225	2 281 358	136 4951	832 263	2 197 214
Intangible assets	–	18 982	18 982	–	11 628	11 628
Investments	103 781 758	2 426 608	106 208 366	96 312 046	1 647 076	97 959 122
Insurance / reinsurance receivables	253 617	–	253 617	224 831	–	224 831
Other loans and receivables	1 571 791	105 608	1 677 399	1 908 493	863 416	2 771 909
Taxation - payments less provision	–	546 886	546 886	–	278 076	278 076
Prepayments	78 235	–	78 235	44 492	–	44 492
Cash & Bank	3 639 818	61 676	3 701 494	5 833 057	224 856	6 057 913
Total Assets	110 658 352	4 107 985	114 766 337	105 687 870	3 857 315	109 545 185
Insurance Liabilities net of reinsurance recoveries	106 068 605	–	106 068 605	100 860 387	–	100 860 387
Deferred taxation	–	691 535	691 535	–	754 078	754 078
Premium / Contribution received in advance	1 011 949	–	1 011 949	656 323	–	656 323
Insurance / reinsurance payables	258 272	–	258 272	78 865	–	78 865
Other creditors and accruals	1 017 465	122 900	1 140 365	1 187 636	45 225	1 232 861
Total Liabilities	108 356 291	814 435	109 170 726	102 783 211	799 303	103 582 514

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:

	(Rupees in '000)	
	Nine months ended - Unaudited	
Transactions	30 September 2018	30 September 2017
		(Re-stated)
Holding company		
Premium written	24 026	29 515
Premium paid	27 763	22 088
Claims received	1 215	2 403
Claims paid	8 279	6 839
Dividend paid	596 641	624 835
Dividend received	40 958	128 961
Associated companies		
Premium written	68 640	59 767
Premium paid	22 232	15 366
Claims paid	11 031	6 790
Commission paid	189 275	71 860
Travelling expenses	1 441	2 357
Dividend paid	575 230	600 789
Dividend received	—	98
Interest on bank deposit	152 439	98 345
Investment sold	209 386	—
Key management personnel		
Loan to key employees	—	550
Premium written	1 970	1 492
Loan recovered	2 787	3 003
Compensation paid	108 846	93 936
Dividend paid	9 227	9 730
Employees' funds		
Contribution to provident fund	23 716	19 243
Contribution to pension fund	189 33	15 783

	(Rupees in '000)	
	30 September 2018	31 December 2017
	Unaudited	Audited
Balances		(Re-stated)
Bank balances	602 857	661 499
Bank deposits	13 150 000	2 150 000
Premium payable	100	21
Premium receivable	7 058	1 146
Investment in EFU General Insurance Limited designated to unit funds	510 225	715 719
Investment in related party	196 104	508 571
Claims outstanding	2 294	6 539
Loan receivable	23 654	26 441

29. WINDOW TAKAFUL OPERATIONS

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

29.1 Balance Sheet

	Statutory Funds			Rupees '000	
	Shareholders' Fund	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 September 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. 2 651.66 million (2017:Rs.2 244.71 million)					
Participant Investment Fund	33 591	2 953 217	–	2 986 808	2 219 884
Participant Takaful Fund - Waqf	–	96 252	108 280	204 532	147 474
Cede Money - Waqf	–	2 000	–	2 000	2 000
Shareholder's Fund unit holding in PIF	–	17 087	–	17 087	16 182
	33 591	3 068 556	108 280	3 210 427	2 385 540
Creditors and accruals					
Outstanding Claims	–	38 419	21 992	60 411	27 246
Contribution received in advance	–	49 473	13 263	62 736	30 516
Amounts due to retakaful	–	4 829	50 331	55 160	28 012
Amounts due to agents	–	96 421	2 509	98 930	87 404
Accrued expenses	52 216	–	–	52 216	16 837
Other creditors and accruals	100 792	145 946	401 017	647 755	514 564
Capital contribution	–	–	–	–	18 309
Interfund payable	181 330	–	–	181 330	149 703
Total liabilities	334 338	335 088	489 112	1 158 538	872 591
Total equity and liabilities	<u>417 929</u>	<u>3 403 644</u>	<u>597 392</u>	<u>4 418 965</u>	<u>3 312 126</u>
Cash and bank deposits					
Policy stamps in hand	317	–	–	317	58
Current and other accounts	141 384	284 140	62 328	487 852	511 060
Deposits maturing within 12 months	78 000	1 271 000	–	1 349 000	1 489 000
	219 701	1 555 140	62 328	1 837 169	2 000 118
Investments					
Government securities	–	337 280	70 140	407 420	158 051
Other Fixed Income	–	380 225	–	380 225	25 000
Listed Equities & Mutual Funds	–	979 013	–	979 013	508 542
	–	1 696 518	70 140	1 766 658	691 593
Current assets - others					
Prepayments	6 625	–	–	6 625	1 909
Contributions due but unpaid	–	–	8 775	8 775	4 091
Amount due from retakaful	–	3 091	–	3 091	–
Sundry receivables	166 596	70 906	318 156	555 658	433 817
Investment income accrued	499	33 462	1 190	35 151	14 306
Shareholder's Fund unit holding in PIF	17 087	–	–	17 087	16 182
Capital contribution	479	–	–	479	–
Income Tax Assets	4 446	–	–	4 446	–
Advances and deposits	2 496	–	–	2 496	407
Interfund Receivable	–	44 527	136 803	181 330	149 703
	198 228	151 986	464 924	815 138	620 415
Total assets	<u>417 929</u>	<u>3 403 644</u>	<u>597 392</u>	<u>4 418 965</u>	<u>3 312 126</u>

29.2 Revenue Account

(Rupees in '000)

29.2.1 Participants' Investment Fund (PIF)

Income

	Family Takaful Investment Linked Business	Family Takaful Protection Business	Aggregate Nine months ended 30 September		Aggregate Three months ended 30 September	
			2018	2017 (Restated)	2018	2017 (Restated)
Allocated contribution	1 105 941	–	1 105 941	1 049 517	390 699	409 231
Policy transfer to other statutory fund	3 538	–	3 538	6 766	497	1 879
Bonus units transfer to Statutory Fund	26 718	–	26 718	–	–	–
Net investment (loss) / income	48 192	–	48 192	(20 209)	13 135	(117 992)
Total net income	1 184 389	–	1 184 389	1 036 074	404 331	293 118

Less: Claims and Expenditure

Investment management charges	28 721	–	28 721	17 316	10 107	6 803
Bid offer spread	51 137	–	51 137	50 176	17 012	18 857
Policy admin fee	31 085	–	31 085	15 368	11 138	5 900
Wakalat-ul-Istismar	110 943	–	110 943	82 860	38 257	31 560
Surrender	306 052	–	306 052	260 044	110 022	60 659
	416 995	–	416 995	342 904	148 279	92 219

Excess of income over claims and expenditure

	767 394	–	767 394	693 170	256 052	200 899
Add : Technical reserves at the beginning of the period	2 185 823	–	2 185 823	1 287 106	2 697 165	1 779 377
Less : Technical reserves at the end of the period	2 953 217	–	2 953 217	1 980 276	2 953 217	1 980 276
	(767 394)	–	(767 394)	(693 170)	(256 052)	(200 899)

Surplus / (Deficit)

Movement in technical reserves	767 394	–	767 394	693 170	256 052	200 899
Balance of PIF at the beginning of the period	2 185 823	–	2 185 823	1 287 106	2 697 165	1 779 377
Balance of PIF at the end of the period (a)	2 953 217	–	2 953 217	1 980 276	2 953 217	1 980 276

29.2.2 Participants' Takaful Fund (PTF)

Income

Contribution net of retakaful recoveries	85 890	120 960	206 850	139 985	79 801	60 003
Net investment income	3 448	1 977	5 425	1 569	3 323	82
Total net income	89 338	122 937	212 275	141 554	83 124	60 085

Less: Claims and Expenditure

Claims net of retakaful recoveries	13 715	48 323	62 038	45 221	19 285	21 130
Wakala fee	30 581	50 596	81 177	53 164	32 684	27 720
	44 296	98 919	143 215	98 385	51 969	48 850

Excess of income over claims and expenditure

	45 042	24 018	69 060	43 169	31 155	11 235
Add : Technical reserves at the beginning of the period	26 219	32 667	58 886	28 574	80 052	30 877
Less : Technical reserves at the end of the period	31 699	65 030	96 729	49 249	96 729	49 249
	(5 480)	(32 363)	(37 843)	(20 675)	(16 677)	(18 372)

Surplus / (Deficit) before distribution

	39 562	(8 345)	31 217	22 494	14 478	(7 137)
Distribution of surplus	(26 718)	–	(26 718)	–	–	–

Surplus / (Deficit) after distribution

	12 844	(8 345)	4 499	22 494	14 478	(7 137)
Movement in technical reserves	5 480	32 363	37 843	20 675	16 677	18 372
Balance of PTF at the beginning of the period	77 928	69 545	147 473	51 767	175 094	83 701
Qard-e-Hasna	–	14 717	14 717	–	(1 717)	–
Balance of PTF at the end of the period (b)	96 252	108 280	204 532	94 936	204 532	94 936

29.2.3 Shareholders' Sub –Fund

	Statutory Funds		Aggregate		Rupees '000	
	Family Takaful	Family Takaful	Aggregate		Aggregate	
	Investment Linked	Protection	Nine months ended		Three months ended	
	Business	Business	30 September		30 September	
			2018	2017	2018	2017
				(Restated)		(Restated)
Income						
Un-allocated contribution	689 698	–	689 698	378 499	270 506	144 123
Net investment income	8 492	–	8 492	3 787	1 708	637
Wakalat-ul-Istismar - PIF	110 943	–	110 943	82 860	38 257	31 560
Wakala Fee - PTF	30 581	50 596	81 177	53 165	32 684	29 074
Total net income	839 714	50 596	890 310	518 311	343 155	205 394
Less: Expenditure						
Acquisition costs	706 837	30 277	737 114	481 464	279 714	166 978
Administration expenses	133 776	5 652	139 428	123 439	47 763	45 372
	840 613	35 929	876 542	604 903	327 477	212 350
(Shortfall) / Excess of income over expenditure	(899)	14 667	13 768	(86592)	15 678	(6956)
Add : Technical reserves at the beginning of the period	–	–	–	–	–	–
Less : Technical reserves at the end of the period	–	–	–	–	–	–
(Deficit) / surplus transferred to shareholders' fund	(899)	14 667	13 768	(86592)	15 678	(6956)
Movement in technical reserves	–	–	–	–	–	–
Transfer to Shareholder's Fund	–	–	–	–	–	–
Capital Contribution	(3105)	3 584	479	108 425	(11832)	16 917
Qard-e-Hasna	–	(14717)	(14717)	–	1 717	–
Retained earnings on other than participating business	33 528	533	34 061	30 246	28 028	42 118
Balance of shareholders' sub fund at the end of the period (c)	29 524	4 067	33 591	52 079	33 591	52 079
Balance of statutory funds at the end of the period (a+b+c)	3 078 993	112 347	3 191 340	2 127 291	3 191 340	2 127 291

29.3 Statement of contribution

	Statutory Funds		Aggregate		Rupees '000	
	Family Takaful	Family Takaful	Aggregate		Aggregate	
	Investment Linked	Protection	Nine months ended		Three months ended	
	Business	Business	30 September		30 September	
			2018	2017	2018	2017
				(Restated)		(Restated)
Gross contribution						
Regular contribution individual policies						
First Year	903 219	–	903 219	504 962	355 349	190 497
Second Year	445 558	–	445 558	235 766	127 876	84 033
Subsequent year renewal	260 491	–	260 491	68 385	101 348	44 567
Single contribution individual policies	300 877	–	300 877	685 856	116 076	258 419
Group policies with cash values	1 224	–	1 224	–	360	–
Group policies without cash values	–	154 705	154 705	124 155	60 148	55 453
Total gross contribution	1 911 369	154 705	2 066 074	1619 124	761 157	632 969
29.3.1 Participants' Investment Fund						
Allocated regular contribution	808 602	–	808 602	370 427	275 120	152 691
Allocated single contribution	300 877	–	300 877	685 856	116 076	258 419
Total allocated contribution	1 109 479	–	1 109 479	1056 283	391 196	411 110

	Statutory Funds		Aggregate		Rupees '000 Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
			2018	2017	2018	2017
				(Restated)		(Restated)
29.3.2 Participants' Takaful Fund						
Allocated gross contribution	112 192	154 705	266 897	184 343	99 455	77 736
Less: Retakaful contribution ceded						
On individual life first year business	14 252	–	14 252	12 307	5 504	4 262
On individual life second year business	9 662	–	9 662	8 208	2 654	2 416
On individual life subsequent year business	8 244	–	8 244	2 053	2 616	1 172
On group policies	–	33 745	33 745	21 788	11 264	9 883
Less: Reinsurance commission on risk premium	(5 856)	–	(5 856)	(5 230)	(2 382)	(1 827)
Total retakaful contribution ceded	26 302	33 745	60 047	39 126	19 656	15 906
Net Risk Contribution of PTF	85 890	120 960	206 850	145 217	79 799	61 830
29.3.3 Shareholders' Sub-Fund						
Unallocated regular contribution	689 698	–	689 698	378 498	270 506	144 123

29.4 Statement of Claims

	Statutory Funds		Aggregate		Rupees '000 Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended		Three months ended	
			30 September 2018	30 September 2017	30 September 2018	30 September 2017
				(Restated)		(Restated)
Claims under Individual Family Takaful	338 996	–	338 996	283 463	129 015	57 860
Claims under Group Family Takaful	–	56 818	56 818	44 634	15 170	24 878
Total Gross Claims	338 996	56 818	395 814	328 097	144 185	82 738
Gross Claims allocated as follows:						
Participant's Investment Fund (PIF)						
Surrenders / Partial withdrawals under Individual Policies	306 052	–	306 052	260 044	110 021	60 659
Participant's Takaful Fund (PTF)						
Under Individual policies by death	32 944	–	32 944	23 419	18 993	(2 800)
Under group policies by death	–	55 024	55 024	42 700	14 362	23 701
Under group policies by event other than death	–	1 795	1 795	1 934	810	1 178
Total gross claims under PTF	32 944	56 819	89 763	68 053	34 165	22 079
Less: Re-Takaful recoveries under PTF						
On Individual policies	19 229	–	19 229	13 965	13 088	(3 018)
Profit commission	–	–	–	584	–	–
On group policies	–	8 496	8 496	8 283	1 792	5 320
	19 229	8 496	27 725	22 832	14 880	2 302
Net Claims under PTF	13 715	48 323	62 038	45 221	19 285	19 777
Total Net Claims	319 767	48 323	368 090	305 265	129 306	80 436

29.5 Statement of Expenses

	Statutory Funds		Aggregate		Rupees '000	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended		Aggregate	
			30 September 2018	30 September 2017 (Restated)	30 September 2018	30 September 2017 (Restated)
Acquisition costs						
Shareholders' Sub-Fund						
Remuneration to insurance intermediaries on individual policies:						
– commission on first year contribution	390 461	–	390 461	213 787	148 479	80 352
– commission on renewal contribution	54 306	–	54 306	21 982	18 224	8 148
– commission on single contribution	7 985	–	7 985	22 124	2 914	8 653
– override commission	63 618	–	63 618	36 845	25 679	13 696
– other benefits to insurance intermediaries	139 677	–	139 677	101 773	54 589	23 559
	656 047	–	656 047	396 511	249 885	134 408
Remuneration to insurance intermediaries on group policies:						
– commission	105	29 686	29 791	24 483	11 755	9 716
– other benefits to insurance intermediaries	–	430	430	1 250	65	326
	105	30 116	30 221	25 733	11 820	10 042
Branch overheads	39 750	–	39 750	44 544	14 428	17 245
Other acquisition costs						
– policy stamps	10 320	–	10 320	9 459	3 177	3 469
– Medical fees	615	161	776	309	405	55
Total acquisition cost	706 837	30 277	737 114	476 556	279 715	165 219
Marketing and Administration expenses						
Salaries and other benefits	60 537	2 769	63 306	58 862	23 167	20 933
Travelling expenses	8 339	47	8 386	1 805	1 988	659
Advertisements and publicity	1 620	16	1 636	(12)	(1)	(10)
Printing and stationery	5 111	87	5 198	6 355	1 428	1 237
Depreciation	10 632	228	10 860	12 530	3 867	4 323
Amortization	1 317	–	1 317	1 243	459	421
Rent, rates and taxes	1 798	7	1 805	779	1 333	279
Legal and professional charges	5 160	2 008	7 168	7 930	3 083	4 644
Electricity, gas and water	2 473	99	2 572	1 837	994	1 535
Entertainment	2 395	62	2 457	–	706	(661)
Vehicle running Expenses	450	9	459	–	251	(804)
Office repairs and maintenance	6 198	4	6 202	–	1 849	(2 863)
Appointed Actuary's fees	1 108	–	1 108	1 134	369	378
Bank charges	3 025	4	3 029	–	602	(1 838)
Postage, telegrams and telephone	8 819	24	8 843	5 446	2 844	1 632
Fees and subscription	2 120	61	2 181	10 781	798	7 980
Annual supervision fee SECP	3 830	191	4 021	–	1 411	(1 972)
Miscellaneous	8 844	36	8 880	19 716	2 613	11 257
Gross Management Expenses	840 613	35 929	876 542	604 962	327 476	212 349
Fees charged to policy holders	–	–	–	(59)	–	–
Net Management Expenses	840 613	35 929	876 542	604 903	327 476	212 349

29.6 Statement of Investment Income

Rupees '000

	Statutory Funds		Aggregate		Aggregate	
	Family Takaful	Family Takaful	Nine months ended		Three months ended	
	Investment Linked Business	Protection Business	30 September 2018	30 September 2017 (Restated)	30 September 2018	30 September 2017 (Restated)
29.6.1 Participants' Investment Fund (PIF)						
Return on government securities	12 699	–	12 699	6 743	4 417	2 047
Other fixed income securities	63 838	–	63 838	28 577	24 033	12 354
Dividend income	13 445	–	13 445	9 379	5 869	3 338
Amortization of (premium) / discount	(154)	–	(154)	–	456	–
(Loss) / gain on sale of investment	(79 538)	–	(79 538)	44 522	(23 675)	997
Unrealized (loss) / gain on investment	37 902	–	37 902	(109 430)	2 035	(136 728)
Net investment income of PIF (a)	48 192	–	48 192	(20 209)	13 135	(117 992)
29.6.2 Participants' Takaful Fund (PTF)						
Return on government securities	600	1 977	2 577	98	1 913	(10)
Other fixed income securities	3 397	–	3 397	–	1 199	–
Interest on bank deposits	(549)	–	(549)	1 471	211	92
Net investment income of PTF (b)	3 448	1 977	5 425	1 569	3 323	82
29.6.3 Shareholders' Sub-Fund						
Return on government securities	94	–	94	19	27	3
Other fixed income securities	474	–	474	82	150	26
Dividend income	100	–	100	27	38	6
Amortization of (premium) / discount	(1)	–	(1)	–	4	–
(Loss) / gain on sale of investment	(591)	–	(591)	128	(136)	(21)
Unrealized (loss) / gain on investment	282	–	282	(315)	(10)	(409)
Interest on bank deposits	8 134	–	8 134	3 846	1 635	1 032
Net investment income of shareholders' sub-fund (c)	8 492	–	8 492	3 787	1 708	637
Net Investment Income (a+b+c)	60 132	1 977	62 109	(14 853)	18 166	(117 273)

30

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:

(Rupees '000)

30 September 2018 (Unaudited)

	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)	30 204 304	-	-	-	-	-	30 204 304	-	30 204 304	-	30 204 304
Sukuk Bonds (other than government)	810 729	-	-	-	-	-	810 729	-	810 729	-	810 729
Listed equity securities	34 770 795	-	-	-	-	-	34 770 795	34 770 795	-	-	34 770 795
Unlisted equity securities	16 008	-	-	-	-	-	16 008	-	-	16 008	16 008
Units of mutual funds	175 464	-	-	-	-	-	175 464	-	175 464	-	175 464
Debt securities (Listed TFCs)	2 623 046	-	-	-	-	-	2 623 046	2 623 046	-	-	2 623 046
Financial assets not measured at fair value											
- Government Securities (T-bills + PIBs + Sukuks)	-	-	3 173 920	-	-	-	3 173 920	-	3 168 453	-	3 168 453
- Balances with banks *	37 911 643	-	-	-	-	-	37 911 643	-	-	-	-
- Certificate of Investment	210 000	-	-	-	-	-	210 000	-	-	-	-
- Advances	-	-	-	90 508	1 125 278	-	1 215 786	-	-	-	-
- Other assets (excluding markup accrued)*	-	-	-	-	1 146 635	-	1 146 635	-	-	-	-
	106 721 989	-	3 173 920	90 508	2 271 913	-	112 258 330	37 393 841	34 358 950	16 008	71 768 799
Financial liabilities not measured at fair value											
- Other liabilities (excluding liabilities against assets subject to finance lease)*	-	-	-	-	-	3 386 463	3 386 463	-	-	-	-
	-	-	-	-	-	3 386 463	3 386 463	-	-	-	-
	106 721 989	-	3 173 920	90 508	2 271 913	(3 386 463)	108 871 867	37 393 841	34 358 950	16 008	71 768 799

(Rupees '000)

31 December 2017 Audited (Re-stated)

	Available for Sale	HFT	HTM	Loans and Receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
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											
- Deposits and other accounts*	-	-	-	-	-	-	-	-	-	-	-
- Borrowings	-	-	-	-	-	-	-	-	-	-	-
- Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-
- Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-
- 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

*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

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 26 October 2018.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 26 October, 2018

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

