

AHEAD OF TIMES



EFU LIFE

Report (Un-audited)
Six Months Ended 30 June 2019



EFU LIFE ASSURANCE LTD.

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

www.efulife.com



(021) 111-338-111



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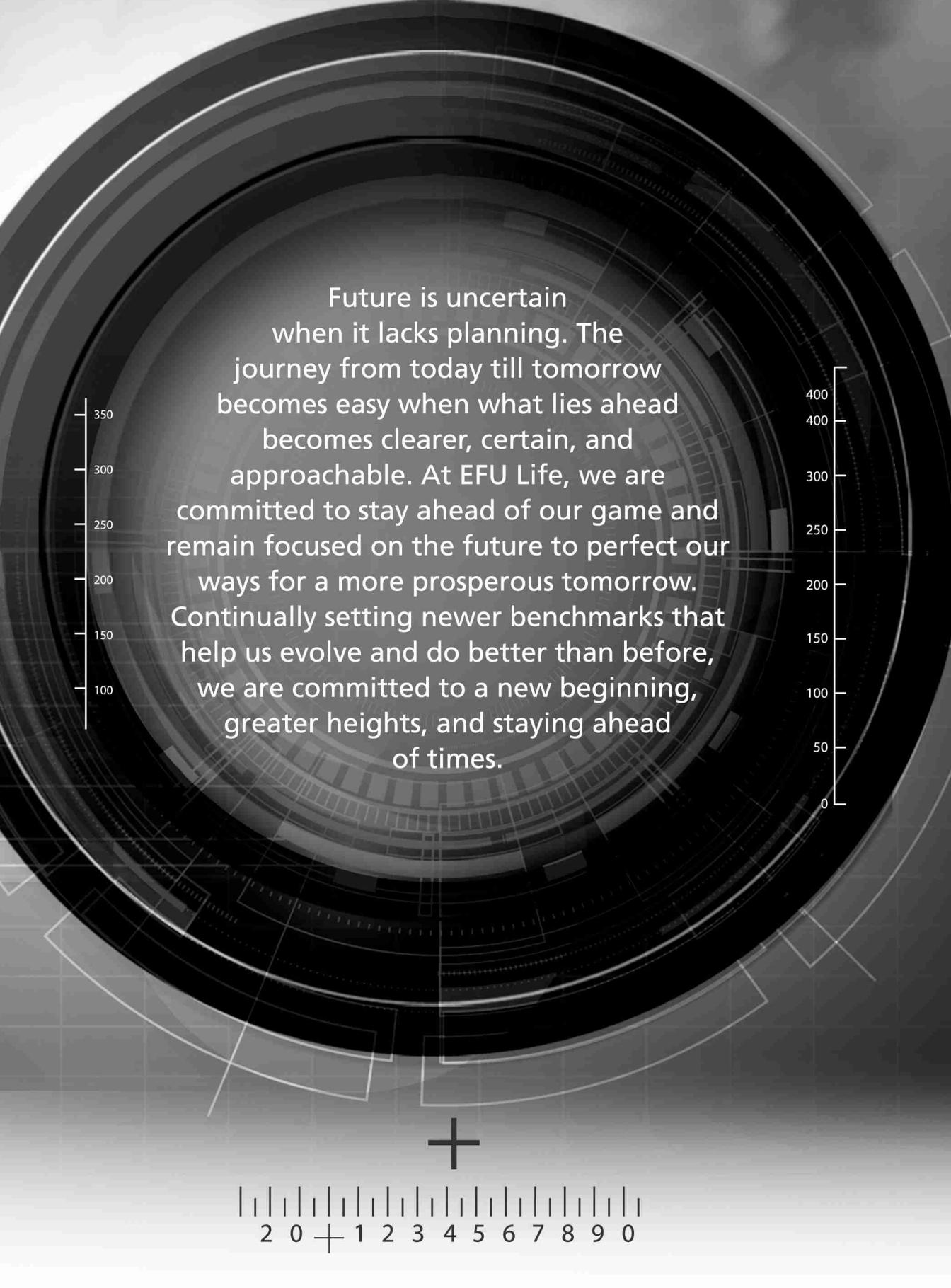
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EFU Life
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Future is uncertain
when it lacks planning. The
journey from today till tomorrow
becomes easy when what lies ahead
becomes clearer, certain, and
approachable. At EFU Life, we are
committed to stay ahead of our game and
remain focused on the future to perfect our
ways for a more prosperous tomorrow.
Continually setting newer benchmarks that
help us evolve and do better than before,
we are committed to a new beginning,
greater heights, and staying ahead
of times.



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Table of Contents

Company Information	03
Directors' Review	04
Directors' Review (Urdu)	05
Independent Auditors' Review Report to Members	06
Condensed Interim Statement of Financial Position	07
Condensed Interim Profit and Loss Account	08
Condensed Interim Statement of Comprehensive Income	09
Condensed Interim Statement of Cash Flows	10
Condensed Interim Statement of Changes in Equity	11
Notes to and Forming Part of the Condensed Interim Financial information	12



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

Ali Raza Siddiqui

Rukhsana Shah

Company Secretary

Abbas Hussain

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

CDC Share Registrar Services Ltd.

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

Main Shahra - e - Faisal

Karachi 74400 - Pakistan

(92-21) 111-111-500

Website:

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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 2019

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the six months ended 30 June 2019.

Your Company's Gross premium income was Rs. 15.28 billion during the first six months of 2019 (2018: Rs. 14.05 billion). New individual life regular premium income was Rs. 3.13 billion (2018: Rs.2.87 billion), an increase of 8.7%. Renewal premium was Rs. 9.75 billion (2018: Rs. 8.15 billion) an increase of 19.6%. Inclusive of renewal premium, the total individual life regular premium business increased by 16.7% to Rs. 12.87 billion (2018: 11.03 billion). Single premium business was Rs. 646 million (2018: Rs. 1.55 billion). Group Benefits business was Rs. 1.88 billion (2018: Rs. 1.56 billion), a growth of 20.4%.

Your Company's window takaful operations are in the fourth year of business and continue to grow year on year. The total family takaful contribution was Rs. 1.83 billion (2018: 1.3 billion). Out of this, Rs. 1.69 billion (2018: Rs. 1.21 billion) was from Individual family takaful business (a growth of 39.7%) while Rs. 142 million (2017: Rs. 94.6 million) was from Group Family Takaful (a growth of 50%). The Company expects this line of business to continue on a growth trajectory during 2019.

Effective January 1, 2019, your Company has adopted IFRS 16, "Leases", which replaces existing leases guidance. The Standard provides a single on Balance Sheet lease accounting model for all leases requiring lessees to recognize a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Your Company had a Profit after Tax of Rs. 447.8 million (2018: Rs.584.5 million). The reduction is due to new business strain and strengthening of reserves on the investment linked business. The Earnings per Share is Rs. 4.48 (2018: Rs.5.85).

The Directors have pleasure in declaring a second interim dividend of Rs.1.50/- per share i.e 15 %. This cash dividend is in addition to 1st interim cash dividend of Rs.1.50/- per share i.e 15 % declared in 1st Quarter, 2019.

We would like to thank our valued customers for their continued patronage and to the Securities and Exchange Commission of Pakistan for their guidance, and our main reinsurer Munich Re for its support. Your Directors would also like to place on record their appreciation for the efforts made by the officers, all distribution channels and staff who have contributed to the development, growth and continued success of the Company.

MUNEER R. BHIMJEE
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 23 August, 2019

ممبران کو ڈائریکٹرز کی رپورٹ (۳۰ جون ۲۰۱۹ء)

آپ کی کمپنی کے ڈائریکٹرز، سال ۲۰۱۹ء کی پہلی ششماہی جو ۳۰ جون ۲۰۱۹ء 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۔

سال ۲۰۱۹ء کی پہلی ششماہی میں آپ کی کمپنی کے مجموعی پریٹیم کی آمدنی 15.28 بلین روپے رہی (۲۰۱۸ء: 14.05 بلین روپے)۔ نئے انفرادی بیمہ زندگی کے باقاعدہ پریٹیم کی آمدنی 3.13 بلین روپے تھی (۲۰۱۸ء: 2.87 بلین روپے) یعنی اس میں 8.7 فیصد کا اضافہ ہوا۔ تجدیدی پریٹیم 9.75 بلین روپے رہا (۲۰۱۸ء: 8.15 بلین روپے) یعنی اضافہ 19.6 فیصد رہا۔ بشمول تجدیدی پریٹیم، ٹوٹل انفرادی لائف ریگولر پریٹیم برنس 16.7 فیصد تک بڑھ کر 12.87 بلین روپے ہو گیا (۲۰۱۸ء: 11.03 بلین روپے)۔ سنگل پریٹیم برنس 646 بلین روپے رہا (۲۰۱۸ء: 1.55 بلین روپے)۔ گروپ بینی فینس برنس 1.88 بلین روپے رہا (۲۰۱۸ء: 1.56 بلین روپے) تھا یعنی 20.4 فیصد کا اضافہ حاصل ہوا۔

آپ کی کمپنی ونڈو تکافل آپریشنز کے کاروبار کے چوتھے سال میں داخل ہو گئی ہے اور سال بہ سال ترقی کا سفر جاری رکھے ہوئے ہیں۔ مجموعی فیملی تکافل کاروبار 1.83 بلین روپے رہا (۲۰۱۸ء: 1.3 بلین روپے)۔ اس مجموعے میں سے 1.69 بلین روپے (۲۰۱۸ء: 1.21 بلین روپے) انفرادی فیملی تکافل کے کاروبار سے حاصل ہوئے (39.7 فیصد اضافہ) جبکہ 142 بلین روپے (۲۰۱۸ء: 94.6 بلین روپے) گروپ فیملی تکافل سے حاصل ہوئے (50 فیصد اضافہ)۔ کمپنی اس کاروبار کی ۲۰۱۹ء میں مزید ترقی جاری رہنے کی امید رکھتی ہے۔

یکم جنوری 2019ء سے نافذ العمل آپ کی کمپنی نے ایف آر ایس 16 ”لیزز“ پر عملدرآمد شروع کر دیا ہے یہ اس سے قبل والی لیزز رہنمائی کا متبادل ہے۔ یہ بین الاقوامی معیار تمام بیننس شیڈ پر لیزنگ سے متعلق حسابات کا ایک واحد طریقہ کار مہیا کرتا ہے جس کے ذریعے لیز یافتہ کالیز کئے گئے ان اثاثوں کے استعمال کا استحقاق تسلیم کیا گیا ہے؛ وہ اثاثے جو کہ لیز معاہدے کی بنیاد ہو، اور اس لیز معاہدے کی بدولت لیز کروانے والے کی لیز کی نسبت تمام ادائیگیوں کی ذمہ داری بھی تسلیم کرتا ہے۔

کمپنی نے اس سہ ماہی میں منافع بعد از ٹیکس 447.8 بلین روپے حاصل کیا (۲۰۱۸ء: 584.5 بلین روپے) نئے برنس کے دباؤ اور منسلک کاروباروں میں سرمایہ کاری پر اثاثہ جات کے استحکام کے باعث کمی آئی۔ فی حصص آمدن 4.48 روپے ہے (۲۰۱۸ء: 5.85 روپے)۔

آپ کے ڈائریکٹرز 1.50 روپے فی حصص یعنی 15 فیصد دوسرے عبوری ڈیویڈنڈ کا اعلان کرنے میں خوشی محسوس کرتے ہیں۔ یہ نقد منافع منقسمہ پہلی سہ ماہی ۲۰۱۹ء میں اعلان کردہ پہلے عبوری نقد ڈیویڈنڈ 1.50 روپے فی حصص یعنی 15 فیصد میں اضافہ ہے۔

ہم اپنے معزز صارفین کا ان کی مستقل سرپرستی اور سیکورٹیز ریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی رہنمائی اور ہمارے مرکزی ری انشورر میونخ ری کا ان کی معاونت کیلئے شکر یہ ادا کرتے ہیں۔ آپ کے ڈائریکٹرز افسران، تمام ڈسٹری بیوشن چینلز اور عملے کی جانب سے کی جانے والی ان کوششوں پر خراج تحسین پیش کرنا چاہتے ہیں جو انہوں نے کمپنی کی ترقی اور مستقل کامیابی کے ضمن میں کیں۔

رفیق آرزو جی
چیئر مین

طاہر جی۔ ساچک
میجنگ ڈائریکٹر و چیف ایگزیکٹو

سیف الدین این۔ زومکا والا
ڈائریکٹر

منیر آرزو جی
ڈائریکٹر

کراچی ۲۳، اگست ۲۰۱۹ء



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

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of EFU Life Assurance Limited ("the Company") and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended 30 June 2019 (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to note 18.2 to the condensed interim financial statements, which more fully explains the fact that provision for sales tax has not been made based on a legal opinion obtained by the Company.

Our conclusion is not modified in respect of the above matter.

Other Matter

The figures for the three months period ended 30 June 2019 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Aryn Pirani.

Date: 23 August, 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

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

(Rupees in '000)

		Aggregate	
		30 June 2019	31 December 2018
		Unaudited	Audited
	Note		
Assets			
Properties and equipments	9	2 855 867	2 431 627
Intangible assets	9	20 775	27 038
Investments			
Equity securities	10	18 953 950	33 542 712
Government securities	11	64 053 300	52 972 866
Debt securities	12	7 639 913	4 078 872
Term deposits	13	17 954 000	15 049 100
Mutual funds	14	372 264	177 087
Insurance / reinsurance receivables		204 744	169 600
Other loans and receivables		1 775 029	3 110 439
Taxation - payments less provision		619 684	337 727
Prepayments		59 387	81 182
Cash & Bank	15	4 063 844	4 786 362
Total Assets		118 572 757	116 764 612
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised share capital			
[150,000,000 ordinary shares (2018: 150,000,000) of Rs. 10 each]			
		1 500 000	1 500 000
Ordinary share capital		1 000 000	1 000 000
Ledger account D	16	1 648 019	1 679 256
Reserves		2 000 000	2 150 000
Surplus on revaluation of available for sale investment - net of tax		42 757	75 713
Unappropriated profit / (Accumulated loss)		407 492	1 053 434
Total Equity		5 098 268	5 958 403
Liabilities			
Insurance Liabilities	17	110 080 139	107 695 796
Deferred taxation		741 239	681 368
Premium received in advance		803 605	714 419
Insurance / reinsurance payables		254 150	193 218
Other creditors and accruals		1 595 356	1 521 408
		3 394 350	3 110 413
Total Liabilities		113 474 489	110 806 209
Total Equity and Liabilities		118 572 757	116 764 612
Contingencies and commitments	18		

The annexed notes 1 to 35 form an integral part of these financial statements

MUNEER R. BHIMJEE
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 23 August, 2019

Condensed Interim Profit and Loss Account

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

		Aggregate		Aggregate	
		Six months ended 30 June		Three months ended 30 June	
Note	2019	2018 Re-stated	2019	2018 Re-stated	
Premium Revenue	15 277 157	14 047 838	7 820 562	7 019 793	
Premium ceded to reinsurers	(358 933)	(404 672)	(194 266)	(170 254)	
Net premium revenue	14 918 224	13 643 166	7 626 296	6 849 539	
Investment income	4 819 975	3 218 270	2 599 816	1 636 771	
Net realised fair value (losses) on financial assets	(5 567 340)	(717 659)	(2 877 378)	(496 676)	
Net fair value gains on financial assets at fair value through profit or loss	1 021 656	(215 963)	(851 882)	(3 284 842)	
Other income	30 976	16 755	15 381	7 888	
	305 267	2 301 403	(1 114 063)	(2 136 859)	
Net income	15 223 491	15 944 569	6 512 233	4 712 680	
Insurance benefits	8 186 470	7 307 484	3 827 743	3 368 121	
Recoveries from reinsurers	(216 896)	(223 697)	(117 452)	(117 752)	
Claims related expenses	4 060	3 182	3 014	3 182	
Net Insurance Benefits	7 973 634	7 086 969	3 713 305	3 253 551	
Net Change in Insurance Liabilities (other than outstanding claims)	2 171 030	4 200 744	111 574	(1 158 369)	
Acquisition expenses	3 444 858	3 008 377	1 806 250	1 613 671	
Marketing and administration expenses	850 395	819 456	439 159	479 689	
Other expenses	13 420	9 303	10 962	6 603	
Total Expenses	6 479 703	8 037 880	2 367 945	941 594	
Profit before tax	770 154	819 720	430 983	517 535	
Income tax expense	(322 329)	(235 252)	(227 900)	(144 363)	
Profit for the year	447 824	584 468	203 083	373 172	
		(Restated)		(Restated)	
Earnings (after tax) per share - Rupees	4.48	5.84	2.03	3.73	

The annexed notes 1 to 35 form an integral part of these financial statements

MUNEER R. BHIMJEE
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Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 23 August, 2019



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

	(Rupees in '000)			
	Aggregate		Aggregate	
	Six months ended 30 June		Three months ended 30 June	
	2019	2018 Re-stated	2019	2018 Re-stated
Profit after tax for the period	447 824	584 468	203 083	373 172
Item to be reclassified to profit and loss account in subsequent period				
- Net unrealised loss arising during the period on revaluation of available-for-sale investments	(46 417)	29 489	(2 539)	(5 964)
Related Tax	13 461	(8 552)	1 175	1 729
	(32 956)	20 937	(1 364)	(4 235)
Total comprehensive income for the year	414 868	605 405	201 719	368 937

The annexed notes 1 to 35 form an integral part of these financial statements

MUNEER R. BHIMJEE
Director

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Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 23 August, 2019



Condensed Interim Statement of Cash Flows

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

(Rupees in '000)

	Aggregate	
	Six months ended 30 June	
	2019	2018 Re-stated
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	15 326 131	14 093 544
Reinsurance premium / Retakaful contribution paid	(292 934)	(197 071)
Claims paid	(7 973 154)	(7 253 534)
Reinsurance and other recoveries received	216 894	223 698
Commission paid	(2 473 789)	(2 279 255)
Marketing and Administrative expenses paid	(850 395)	(819 456)
Other acquisition cost paid	(1 217 043)	(1 039 499)
Net cash flow from underwriting activities	2 735 710	2 728 427
b) Other operating activities		
Income tax paid	(530 956)	(422 445)
Other operating payments	1 699 669	1 040 405
Loans advanced	(64 698)	(30 581)
Loans repayments received	51 129	36 283
Net cash flow from other operating activities	1 155 144	623 662
Total cash flow from all operating activities	3 890 854	3 352 089
Investment activities		
Profit / Return received	4 057 738	2 962 092
Dividends received	614 077	665 004
Payments for investments	(203 126 814)	(149 116 107)
Proceed from investments	198 226 396	139 264 896
Fixed capital expenditure	(238 779)	(127 134)
Proceeds from sale of property and equipment	33 909	8 479
Total cash flow from investing activities	(433 473)	(6 342 770)
Financing activities		
Dividends paid	(1 275 000)	(1 250 000)
Total cash flow from financing activities	(1 275 000)	(1 250 000)
Net cash flow from all activities	2 182 381	(4 240 681)
Cash and cash equivalents at beginning of the period	19 835 462	18 496 913
Cash and cash equivalents at end of the period	22 017 843	14 256 232
Reconciliation to profit and loss account		
Operating cash flows	3 890 854	3 352 089
Depreciation	(219 297)	(97 308)
Amortization	(6 407)	(6 623)
Profit on disposal of property and equipment	17 303	5 320
Other revenue	8 954	6 418
Dividend Income	607 929	659 541
Other investment income	4 456 028	2 788 312
Depreciation in market value of investments	965 168	(333 139)
Provision of impairment in the value of available for sale equity investments	(3 940)	(3 675)
(Loss) / Profit on disposal of investments	(5 567 340)	(717 659)
Decrease in assets other than cash	(1 245 202)	(844 852)
Increase in liabilities	(2 456 226)	(4 223 956)
Profit after taxation	447 824	584 468

The annexed notes 1 to 35 form an integral part of these financial statements

MUNEER R. BHIMJEE
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 23 August, 2019

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

	Note	Share Capital	General Reserves	Retained earnings arising from businesses other than participating business attributable to shareholders (Ledger Account D) refer the note below	Surplus on revaluation of available for sale investment	Unappropriated Profit	Total
Balance as at 1 January 2018 (as earlier reported)		1 000 000	1 900 000	1 529 902	92 121	1 440 648	5 962 671
Adjustment due to change in accounting policy	5.1.2	-	-	(34 163)	-	-	(34 163)
Balance as at 1 January 2018 (re-stated)		1 000 000	1 900 000	1 495 739	92 121	1 440 648	5 928 508
Comprehensive income for the period ended 30 June 2018							
Income for the period ended 30 June 2018		-	-	82 803	-	501 665	584 468
Other Comprehensive income -							
Fair value unrealised gain on available for sale investments during the six month period ended 30 June 2018		-	-	-	20 937	-	20 937
		-	-	82 803	20 937	501 665	605 405
Distribution of Bonus Units		-	-	18 702	-	-	18 702
Contribution to increase solvency margin		-	-	89 241	-	(89 241)	-
Transfer to General Reserve		-	250 000	-	-	(250 000)	-
Transactions with shareholders							
Dividend for the year ended 31 December 2017		-	-	-	-	(1 125 000)	(1 125 000)
Interim dividend-1st quarter 2018		-	-	-	-	(125 000)	(125 000)
		-	-	-	-	(1 250 000)	(1 250 000)
Balance as at 30 June 2018		1 000 000	2 150 000	1 686 485	113 058	353 072	5 302 615
Balance as at 1 January 2019 (as reported)		1 000 000	2 150 000	1 748 450	75 713	1 053 431	6 027 594
Adjustment due to change in accounting policy	5.1.2	-	-	(69 194)	-	-	(69 194)
		1 000 000	2 150 000	1 679 256	75 713	1 053 431	5 958 400
Comprehensive income for the period ended 30 June 2019							
Income for the period ended 30 June 2019		-	-	(86 784)	-	534 608	447 824
Other Comprehensive income -							
Fair value unrealised gain on available for sale investments during the six month period ended 30 June 2019		-	-	-	(32 956)	-	(32 956)
		-	-	(86 784)	(32 956)	534 608	414 868
Contribution to increase solvency margin		-	-	55 547	-	(55 547)	-
Transfer from general reserve		-	(150 000)	-	-	150 000	-
Transactions with shareholders							
Dividend for the year ended 31 December 2018		-	-	-	-	(1 125 000)	(1 125 000)
Interim dividend-1st quarter 2019		-	-	-	-	(150 000)	(150 000)
		-	-	-	-	(1 275 000)	(1 275 000)
Balance as at 30 June 2019		1 000 000	2 000 000	1 648 019	42 757	407 492	5 098 268

*This include balances maintained in accordance with the requirements of section 35 of the Insurance Ordinance, 2000 read with rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes 1 to 35 form an integral part of these financial statements

MUNEER R. BHIMJEE
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 23 August, 2019



Notes to the Condensed Interim Financial Information for the six months period ended 30 June 2019 (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 Limited 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
 - Family Takaful Investment Linked Business (Refer note 1.4)
 - Family Takaful Protection Business (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 These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012; and
 - Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan. as are notified under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012, have been followed.

- 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 2018.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for the available for sale investments which are stated at their fair values.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees.

5. 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, 2018, except as stated below.

5.1 Changes In Accounting Policies

5.1.1 On 1 January 2019, the Company adopted IFRS 16 Leases. A number of other new standards/amendments, interpretations are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The weighted average discount rate applied to lease liabilities on the transition date 1 January 2019 was 12.34% percent.

The impact of IFRS 16 on the Company is primarily where the Company is a lessee in property lease contracts. The Company has elected to adopt simplified approach on transition and has not restated comparative information. On 1 January 2019, the Company recognized a lease liability, being the remaining lease payments, including extension options where the renewal is reasonably certain, discounted using the Company's incremental borrowing rate at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid or accrued lease payments related to those leases. The balance sheet increase, as a result of the recognition of lease liability and right-to-use assets as of 1 January 2019, was Rs. 365.34 million, with no adjustment to retained earnings. The asset is presented in 'Fixed Assets' and the liability is presented in 'Other liabilities'. Also in relation to those leases under IFRS 16, the company has recognized depreciation and interest costs, instead of operating lease expenses. During the six months period to 30 June 2019, the Company recognized depreciation expense of Rs. 62.291 million and interest expense of Rs. 20.59 million on these leases.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

Up to 31 December 2018, assets held under property leases, not equivalent to ownership rights, were classified as operating leases and were not recognized as asset in the statement of financial position. Payments under operating leases were recognized in profit and loss on a straight line basis over term of the lease.

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

	(Rupees in '000)
	<u>At 30 June 2019</u>
Impact on Statement of Financial Position	
Increase in fixed assets - right-of-use assets	359 217
Decrease in prepayments	<u>(30 397)</u>
	328 820
Increase in other liabilities - lease liability against right-of-use assets	<u>(344 498)</u>
Decrease in net assets - before tax	<u><u>(15 678)</u></u>
	Six months ended 30 June 2019
Impact on Profit and Loss account	
Increase in mark-up expense - lease liability against right-of-use assets	(20 590)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(62 291)
- Rent expense	<u>67 203</u>
Decrease in profit before tax	<u><u>(15 678)</u></u>

In view of the application of above IFRS, the Company's accounting policy for the Right of use asset and related lease liability is as follows:

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

- 5.1.2 During the period the company changed its practice of the presentation of the surplus in the Participant Takaful Fund. Earlier this was included in the ledger account D based on the SECP's circular number SRO 88(1)/2017 dated 09 February 2017 relating to the Insurance Accounting Regulations 2017, as per which, for published financial statements under rule number 6 (i) and 6 (ii) balance in ledger accounts C and D shall be included as part of shareholder's Equity. For this reason the surplus in the Participant Takaful Fund was earlier also included in shareholders Equity. Subsequently in 2019 SECP issued a draft circular and invited the insurers for their comments. In the said draft circular SECP has mentioned that retained earnings of Participant Takaful Fund should be part of insurance liabilities. Accordingly based on the suggestion in the said draft circular and for better presentation, the company has moved retained earnings of Participant Takaful Fund from shareholder's equity to insurance liabilities. The effect of the changes are given in the statement of changes in equity (reduction of ledger D account balance as of 01 January 2018 as earlier reported by Rs. 34.163 million and by Rs. 69.19 million as of 31 December 2018 net of tax). The liability balance as of 31 December 2018 is now stated at Rs. 92.26 million. Similarly profit for previous six months have reduced by Rs. 13.659 million and EPS is reduced by Rs. 0.14 per share.

6. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, 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. In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2018 except for the change in estimate for lease hold improvements mentioned in 9.1.1 note to these condensed interim financial information.

7. INSURANCE AND FINANCIAL RISK MANAGEMENT

The insurance and financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 31 December 2018.

8. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

8.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or do not have any significant effect on the Company (except as mentioned in note 8.2 below) and therefore not stated in these financial statements.

8.2 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year IFRS 9 'Financial Instruments' is effective for reporting period / year ending on or after 30 June 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

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

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

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

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

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

(Rupees in '000)

30 June 2019 (Unaudited)

Financial assets	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealized gain or loss during the period	Fair value	Change in unrealized gain or loss during the period
Cash and bank *	-	-	4 058 273	-
Investments in equity securities and mutual funds	19 326 214	994 809	-	-
Investments in debt securities	-	-	71 693 213	34 916
Term Deposits	-	-	17 954 000	-
Mutual Funds	372 264	-	-	-
Total	19 698 478	994 809	93 705 486	34 916

(Rupees in '000)

30 June 2019 (Unaudited)

	Gross carrying amounts of debt instruments that pass the SPPI test									
	AA+	A+	AA	AA-	AAA	A-	A-1	A-1+	BBB+	Unrated
Cash and bank *	-	-	-	-	-	-	1 076 961	2 970 173	11 139	-
Investments in debt securities -	2 959 555	50 000	2 068 010	956 503	1 540 750	65 095	-	-	-	-
Investments in debt securities - Term Deposits / Certificate of investment	-	100 000	-	-	-	100 000	2 550 000	15 204 000	-	210 000
Total gross carrying amounts of financial assets that pass the SPPI test	2 959 555	150 000	2 068 010	956 503	1 540 750	165 095	3 626 961	18 174 173	11 139	210 000

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

(Rupees in '000)

	Note	30 June 2019 Unaudited	31 December 2018 Audited
9. PROPERTIES, EQUIPMENTS AND INTANGIBLE ASSETS			
Tangible assets	9.1	2,496,650	2,431,627
Right of use Asset	5.1	359,217	-
Intangible assets	9.2	20,775	27,038
		2,876,642	2,458,665

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

(Rupees in '000)

Note	Six months ended		Six months ended	
	30 June 2019		30 June 2018	
	Additions	Disposals	Additions	Disposals
Furniture and fixtures	9 961	–	34 613	–
Office equipments	9 761	189	6 751	430
Computer equipments	78 849	604	9 430	640
Motor vehicles	103 048	46 632	50 188	12 795
Lease hold Improvements	37 160	–	–	–
	<u>238 779</u>	<u>47 425</u>	<u>100 982</u>	<u>13 865</u>

9.1.1 Lease hold improvements are now being separately classified. Initially these were included in Furniture and Fixtures and depreciated under the reducing balance method at 10%. After change in the classification with effect from 01 January 2019 these are being depreciated on a straight line method over 1 to 6.5 years. The financial impact of the re-estimation for the current six months period is Rs. 25.7 million which has been recognised in the profit and loss account as an expense.

9.1.2 Based on the valuations carried out as of 31 December 2018, the market value of land and building is estimated at Rs. 3,322.5 million. The valuations have been carried out by independent valuer.

9.2 During the period additions in intangible assets was Rs. 0.144 million (30 June 2018: Rs.11.152 million).

10. INVESTMENTS IN EQUITY SECURITIES

(Rupees in '000)

	30 June 2019 (Unaudited)			Re-stated 31 December 2018 (Audited)		
	Cost	Impairment / provision	Carrying Value	Cost	Impairment / provision	Carrying Value
Available for sale						
Related parties	–	–	–	–	–	15 678
Listed Shares	321 764	(272 269)	49 495	334 522	(286 748)	47 774
Others						
Listed Shares	117 970	(17 827)	100 143	162 548	–	162 548
Unlisted Shares	16 008	–	16 008	16 008	–	16 008
Surplus on revaluation	–	–	60 312	–	–	107 914
	<u>455 742</u>	<u>(290 096)</u>	<u>225 958</u>	<u>513 078</u>	<u>(286 748)</u>	<u>334 244</u>
Fair value through profit and loss (designated on initial recognition)						
Related parties						
Listed shares	476 653	–	536 895	539 276	–	589 347
Others						
Listed shares	19 523 097	–	18 191 097	34 961 713	–	32 619 121
	<u>20 455 492</u>	<u>(290 096)</u>	<u>18 953 950</u>	<u>36 014 067</u>	<u>(286 748)</u>	<u>33 542 712</u>

11. GOVERNMENT SECURITIES

(Rupees in '000)

	30 June 2019 (Unaudited)				
	Maturity Year	Effective Yield (%)	Amortised Cost	Principal Repayment	Carrying Value
Held to Maturity					
10 Years Pakistan Investment Bond	2028	12.80	11 804	15 000	11 804
20 Years Pakistan Investment Bond	2024	9.75	54 218	53 700	54 218
3 Months Treasury Bills	2019	10.97 - 12.75	4 531 205	4 462 733	4 531 205
3 Years Government Ijara Sukuk certificates	2020	5.24	42 587	60 000	42 587
Fair Value through profit and loss (designated on initial recognition)					
05 Years Pakistan Investment Bond	2019	8.18 - 10.8	4 540 788	4 537 500	4 533 870
05 Years Pakistan Investment Bond	2020	7.63 - 8.35	5 024 410	4 987 500	4 858 324
10 Years Pakistan Investment Bond	2019	12.58	14 986	15 000	14 969
10 Years Pakistan Investment Bond	2022	11.42 - 11.76	2 126 731	2 100 000	2 012 010
10 Years Pakistan Investment Bond	2024	11.47	102 001	100 000	93 620
20 Years Pakistan Investment Bond	2024	9.83 - 12.07	387 675	392 000	340 633
3 Months Treasury Bills	2019	10.9 - 12.75	46 028 922	45 202 016	45 998 921
3 Years Government Ijara Sukuk certificate	2020	5.24	106 032	90 000	104 614
Neelum Jehlum- Hydropower Company Term Finance Certificate	2026	11.92	1 127 248	1 093 750	1 117 135
Pakistan Water And Power Development Authority Bond	2021	12.01	340 815	341 076	339 390
			<u>64 439 422</u>	<u>63 450 275</u>	<u>64 053 300</u>

11.1 Government securities includes Rs.115 million (2018: Rs. 125 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

12. INVESTMENT IN DEBT SECURITIES

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

(Rupees in '000)

	Note	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
		Cost	Impairment / Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value
Term Finance Certificates	12.1	3 666 675	–	3 666 675	2 730 195	–	2 730 195
Corporate Sukuks	12.2	3 716 867	–	3 716 867	1 138 677	–	1 138 677
Commercial papers	12.3	46 371	–	46 371	–	–	–
Certificates of investment	12.4	210 000	–	210 000	210 000	–	210 000
		<u>7 639 913</u>	<u>–</u>	<u>7 639 913</u>	<u>4 078 872</u>	<u>–</u>	<u>4 078 872</u>

12.1 Term Finance Certificates

(Rupees in '000)

	Note	No. of Certificates		Face Value	Value of Certificates	
		30 June 2019 (Unaudited)	31 December 2018 (Audited)		30 June 2019 (Unaudited)	31 December 2018 (Audited)
Engro Fertilizers Limited		52 000	52 000	1	45 524	91 000
Bank Al Habib Limited		140 100	60 000	5	696 288	300 289
Al Baraka Bank Limited		50	10 000	374	18 724	22 189
Byco Petroleum Pakistan		1 000	20 000	91	90 750	100 000
Bank Al-Falah Limited		43 063	23 063	5	215 034	115 131
MCB Bank Limited		–	20 000	–	–	101 592
Pak Electron Limited		–	20 000	–	–	99 994
United Bank Limited		250 000	250 000	5	1 250 000	1 250 000
Soneri Bank Limited		10 000	10 000	5	50 000	50 000
Askari Bank Limited.		450	500	1 111	500 000	500 000
Dubai Islamic Bank Limited		20 000	20 000	5	100 000	100 000
Habib Bank Limited		2 000	–	100	200 000	–
JS Bank Limited		5 000	–	100	500 355	–
					<u>3 666 675</u>	<u>2 730 195</u>
12.2 Corporate Sukuks						
Dawood Hercules Corporation Limited		11 750	2 000	97	1 145 127	200 000
Hascol Petroleum Limited		30 000	30 000	3	83 119	99 499
K-Electric Limited		217 629	7 500	3	659 814	78 361
International brands Limited		1 000	100 000	98	97 950	99 182
Pakistan Services Limited		2 500	833	102	256 102	131 958
Meezan Bank Limited		100 000	100 000	5	500 000	500 000
Fauji Fertilizer Company Limited		9 807	9 807	3	24 708	29 677
The Hub Power Company Limited		170 000	–	5	850 000	–
Engro Polymer and Chemicals Limited		1 000	–	100	100 047	–
					<u>3 716 867</u>	<u>1 138 677</u>
12.3 Commercial Paper						
TPL Corp Limited	12.5.	46.3709	–	1,000	46 371	–
12.4 Certificates of Investment						
First Habib Modarba		1	–	210	210 000	210 000
					<u>7 639 913</u>	<u>4 078 872</u>

12.5 Represents the payment for commercial paper under initial offer. The investment is yet to be issued and carries profit rate at 15.1% per annum. The investment shall mature at 15 January 2020

13. INVESTMENTS IN TERM DEPOSITS

(Rupees in '000)

	30 June 2019 Unaudited	Re-stated 31 December 2018 Audited
Deposit maturing with 12 months	17 954 000	15 049 100

14. INVESTMENTS IN MUTUAL FUNDS

(Rupees in '000)

	30 March 2019 (Unaudited)			Re-stated 31 December 2018 (Audited)		
	Cost	Impairment / Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value
Related Parties						
Mutual Funds (Designated upon initial recognition)	547	-	896	444	-	805
Others						
Mutual Funds (Designated upon initial recognition)	271 512	-	246 193	59 215	-	60 315
Related Parties						
Mutual Funds (Available for sale)	26 717	-	26 717	25 523	-	25 523
Others						
Mutual Funds (Available for sale)	107 570	(10 874)	96 696	100 147	(10 280)	89 867
Surplus on revaluation of available for sale investments	-	-	1 762	-	-	577
	<u>406 346</u>	<u>(10 874)</u>	<u>372 264</u>	<u>185 329</u>	<u>(10 280)</u>	<u>177 087</u>

(Rupees in '000)

15. CASH & BANK

Cash and Cash Equivalent		
Cash in hand	1 659	299
Policy & Revenue stamps	3 912	5 660
Cash at bank		
Current account	568 957	1 231 704
Saving account	3 489 316	3 548 699
	<u>4 063 844</u>	<u>4 786 362</u>

16. RETAINED EARNING LEDGER ACCOUNT D

Opening balance	2 174 947	2 108 700
Contribution to increase solvency margin	55 547	12 809
Change in solvency margin through profit and loss	(10 526)	53 438
	<u>2 219 968</u>	<u>2 174 947</u>
Related Deferred Tax Liability on:		
Opening balance	(495 691)	(578 798)
Reversal / (charge) to profit and loss account	(76 258)	83 107
Closing balance	<u>(571 949)</u>	<u>(495 691)</u>
Net of tax	<u>1 648 019</u>	<u>1 679 256</u>

(Rupees in '000)

	Note	30 June 2019 Unaudited	31 December 2018 Audited
17. INSURANCE LIABILITIES			
Reported outstanding claims	17.1	2 504 527	2 281 165
Incurred but not reported claims	17.2	590 050	515 733
Investment component of unit-linked and account value policies		105 557 024	103 569 024
Liabilities under individual conventional insurance contracts	17.3	837 842	784 354
Liabilities under group insurance contracts (other than investment linked)	17.4	444 492	453 261
Participant Takaful Fund Balance	17.5	146 204	92 259
		<u>110 080 139</u>	<u>107 695 796</u>
17.1 Reported Outstanding Claims			
Gross of Reinsurance			
Payable within one year		2 131 314	1 918 000
Payable over a period of time exceeding one year		639 193	646 563
		<u>2 770 507</u>	<u>2 564 563</u>
Recoverable from Reinsurers			
Receivable over a period of time exceeding one year		(265 980)	(283 398)
Net Reported Outstanding Claims		<u>2 504 527</u>	<u>2 281 165</u>
17.2 Incurred But Not Reported Claims			
Gross of Reinsurance		711 380	634 042
Reinsurance Recoveries		(121 330)	(118 309)
Net of Reinsurance		<u>590 050</u>	<u>515 733</u>
17.3 Liabilities under Individual Conventional Insurance Contracts			
Gross of Reinsurance		1 078 555	952 718
Reinsurance Credit		(240 713)	(168 364)
Net of Reinsurance		<u>837 842</u>	<u>784 354</u>
17.4 Liabilities under Group Insurance Contracts (other than investment linked)			
Gross of Reinsurance		597 515	532 584
Reinsurance Credit		(153 023)	(79 323)
Net of Reinsurance		<u>444 492</u>	<u>453 261</u>

17.5 This comprises of surplus in the Takaful Fund relating to the participants of the Takaful Fund.

18. CONTINGENCIES AND COMMITMENTS

18.1 The Income tax assessment of the Company for tax year 2018 has been finalized. In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.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. The Company expects a favourable decision.

In 2015 and 2016, The Searle Company Limited issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 17,124 shares respectively) and the IBL Healthcare Ltd. issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,016 shares respectively). In this regard, a constitutional petition had been filed by the 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. The amount involved is Rs 3.279 million.

18.2 Sindh Revenue Board has granted exemption from sales tax on life insurance unallocated premium till 30 June 2019. However, sales tax on life insurance unallocated premium on policies written in Punjab has been made applicable from November 2018. Further, Balochistan Revenue Authority has also imposed sales tax on life insurance effective 01 July 2015. The matter for the renewal of the exemption was taken up at the collective level by the Insurance Association of Pakistan (IAP) with the sales tax authorities of the respective provinces. In view of the fact that the matter is under the process of review with the taxation authorities, the Company has not started billing sales tax to its customers.

The Company has also obtained a legal opinion which mentions that an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The opinion also mentions that vast majority of premium received from a policy holder, during the life of the policy, is in fact channeled to the policy holder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules. The opinion further mentions that if entire premium is subjected to the tax, the tax would be akin to a direct tax on policy holder rather than sales tax on services rendered by the insurance company. Accordingly based on the above view the amount of sales tax involved is Rs. 287 million which nonetheless the Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

The opinion mentions that there are fairly good chances of success if a case is filed against the imposition of sales tax on life before the High Court. Accordingly, based on the above, the Company has not recorded any provision against sales tax liability in these financial statements.

18.3 Bank guarantees amounting to Rs.17.27 million has been given in respect of Group Life coverage. These bank guarantees will expire by 16th January 2020.

18.4 There were no capital commitments at the period end.

19. NET INSURANCE PREMIUM / CONTRIBUTION REVENUE

Rupees '000

	Aggregate (Unaudited)		Aggregate (Audited)	
	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Gross premium / contribution				
Regular premium / contribution individual policies				
First year	3 125 731	2 874 281	1 605 891	1 565 748
Second year renewal	2 348 476	1 799 885	1 260 034	833 591
Subsequent year renewal	7 398 067	6 351 889	3 708 827	3 153 731
Single premium / contribution individual policies	646 118	1 548 793	348 247	715 869
Group policies with cash values	28 360	32 705	14 332	14 374
Group policies without cash values	1 855 855	1 532 082	929 045	764 653
Less: Experience Refund	(125 450)	(91 797)	(45 814)	(28 173)
Total gross premium / contribution	15 277 157	14 047 838	7 820 562	7 019 793
Less: Reinsurance premium / retakaful contribution ceded				
On individual life first year business	16 110	23 496	13 231	12 362
On individual life second year business	6 587	22 693	2 138	7 516
On individual life renewal business	52 465	107 517	26 445	44 276
On group policies	315 409	274 316	173 189	102 167
Less: Experience refund from reinsurers	(28 540)	(15 072)	(18 628)	7 788
Less: Reinsurance commission on risk premium	(3 098)	(8 278)	(2 109)	(3 854)
Total reinsurance premium / retakaful contribution ceded	358 933	404 672	194 266	170 255
Net premium / contribution	14 918 224	13 643 166	7 626 296	6 849 538
20. INVESTMENT INCOME				
20.1 Income from equity securities				
Fair Value through Profit and Loss				
Dividend income	603 518	640 835	183 240	332 655
Available for Sale				
Dividend income	10 559	24 169	6 971	22 129
20.2 Income from debt securities				
Fair Value through Profit and Loss				
Return on debt securities	571 884	166 483	349 836	85 293
On government securities	2 576 552	1 923 424	1 440 280	950 436
Held to Maturity				
On government securities	212 675	132 019	101 729	69 842
20.3 Income from term deposits				
Return on term deposits	844 785	331 340	517 760	176 416
	4 819 975	3 218 270	2 599 816	1 636 771

Rupees '000

	Aggregate (Unaudited)		Aggregate (Audited)	
	Six months ended		Three months ended	
	30 June 2019	30 June 2018 (Restated)	30 June 2019	30 June 2018 (Restated)
21. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS				
Available for sale financial assets				
Realised gains on:				
– Equity securities	33 010	–	(127 727)	(630 704)
Realised losses on:				
– Equity securities	(5 600 350)	(716 609)	(2 749 651)	135 070
– Government securities	–	(1 050)	–	(1 042)
	<u>(5 567 340)</u>	<u>(717 659)</u>	<u>(2 877 378)</u>	<u>(496 676)</u>
22. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - Unrealised				
Net unrealised losses on investments in financial assets - Government Securities and Debt Securities (designated upon initial recognition)	34 916	(430 853)	(132 403)	(150 438)
Net unrealised gains on investments at fair value through profit or loss (designated upon initial recognition) - Equity Securities	994 809	221 623	(714 419)	(3 124 475)
Total investment income	1 029 725	(209 230)	(846 822)	(3 274 913)
Less: Provision for Impairment in value of available for sale securities - equity securities	(3 940)	(3 675)	(2 939)	(7 871)
Investment related expenses	(4 129)	(3 058)	(2 121)	(2 058)
	<u>(8 069)</u>	<u>(6 733)</u>	<u>(5 060)</u>	<u>(9 929)</u>
	<u>1 021 656</u>	<u>(215 963)</u>	<u>(851 882)</u>	<u>(3 284 842)</u>
23. OTHER INCOME				
Gain on sale of fixed assets	17 303	5 320	7 965	2 251
Return on loans to employees	8 954	6 418	4 711	3 344
Others (Policy Surrender charges)	4 719	5 017	2 705	2 293
	<u>30 976</u>	<u>16 755</u>	<u>15 381</u>	<u>7 888</u>
24. NET INSURANCE BENEFITS				
Gross claims				
Claims under individual policies				
by death	426 851	290 481	153 911	137 197
by insured event other than death	12 530	1 842	6 539	(43)
by maturity	603 001	665 891	288 036	327 042
by surrender	6 011 183	5 286 746	2 752 155	2 378 409
Total gross individual policy claims	<u>7 053 565</u>	<u>6 244 960</u>	<u>3 200 641</u>	<u>2 842 605</u>
Claims under group policies				
by death	1 085 307	1 012 857	601 438	549 432
by insured event other than death	30 467	46 733	10 615	(25 547)
by maturity	399	114	77	89
by surrender	16 730	2 822	14 968	1 544
Total gross group claims	<u>1 132 903</u>	<u>1 062 526</u>	<u>627 098</u>	<u>525 518</u>
Total gross claims	<u>8 186 468</u>	<u>7 307 486</u>	<u>3 827 739</u>	<u>3 368 123</u>
Less: Reinsurance / retakaful recoveries				
On individual life	63 603	39 660	18 599	24 565
On group claims	153 291	184 038	98 851	93 188
On experience refund of premium				
Total reinsurance / retakaful recoveries	<u>216 894</u>	<u>223 698</u>	<u>117 450</u>	<u>117 753</u>
Add: Claims related expenses	4 060	3 182	3 014	3 182
Net insurance benefit expense	<u>7 973 634</u>	<u>7 086 969</u>	<u>3 713 303</u>	<u>3 253 552</u>

25. ACQUISITION EXPENSES

(Rupees '000)

	Aggregate (Unaudited)		Aggregate (Audited)	
	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Remuneration to insurance intermediaries on individual policies:		Re-stated		Re-stated
– commission to agent on first year premiums	1 224 110	1 222 476	642 337	674 383
– commission to agent on second year premiums	295 976	195 972	157 229	98 593
– commission to agent on subsequent renewal premiums	220 240	158 685	110 629	78 788
– commission to agent on single premiums	17 675	47 533	9 921	21 898
– override commission to supervisors	286 099	253 971	143 288	130 021
other benefits to insurance intermediaries				
– salaries, allowances and other benefits	742 540	621 793	380 608	345 058
Remuneration to insurance intermediaries on group policies:				
– commission	201 015	184 677	102 135	93 592
– other benefits to insurance intermediaries	41 208	33 780	23 050	15 924
– Traveling expenses (including cost of contests, conventions etc.)	29 165	23 154	14 172	12 236
– Printing and stationery	4 533	4 348	915	1 276
– Depreciation	144 940	38 471	116 144	20 780
– Rent, rates and taxes	2 602	50 455	(28 592)	27 196
– Electricity, gas and water	20 036	13 088	13 710	9 668
– Entertainment	19 445	13 220	12 318	7 319
– Vehicle running expenses	8 456	6 183	4 207	3 332
– Office repairs & maintenance	9 166	9 355	4 382	3 633
– Postages, telegrams and telephone	20 947	19 103	9 402	9 961
– Medical fees	11 137	12 263	5 291	6 277
– Finance Cost	20 590	–		
– Others	71 230	57 798	37 446	35 959
Other acquisition costs - policy stamps	53 748	42 052	27 068	17 776
	<u>3 444 858</u>	<u>3 008 377</u>	<u>1 785 660</u>	<u>1 613 670</u>

26. MARKETING AND ADMINISTRATION EXPENSES

Employee benefit cost	355 998	316 462	187 550	170 683
Traveling expenses	45 561	50 979	41 550	41 969
Advertisements and sales promotion	44 090	116 821	2 318	87 129
Printing and stationery	33 328	28 389	20 473	18 219
Depreciation	74 357	58 837	42 581	29 708
Amortisation	6 461	6 623	3 230	3 776
Rent, rates and taxes	991	3 800	(1 128)	1 647
Legal and professional charges - business related	59 038	32 475	23 623	18 330
Electricity, gas and water	16 424	14 184	7 499	7 897
Entertainment	19 802	14 765	9 766	6 275
Vehicle running expenses	6 067	1 885	4 398	(2 465)
Office repair and maintenance	32 602	33 647	17 708	13 761
Appointed actuary fees	6 300	5 700	3 450	3 000
Bank charges	9 821	8 372	7 722	594
Postage, internet and telephone	42 609	42 887	19 262	28 880
Fees and subscription	14 876	10 942	5 269	5 351
Annual supervision fee SECP	30 804	28 278	15 732	14 095
Miscellaneous	51 266	44 410	28 156	30 840
	<u>850 395</u>	<u>819 456</u>	<u>439 159</u>	<u>479 689</u>

Rupees '000

27 OTHER EXPENSES	Aggregate (Unaudited)		Aggregate (Audited)	
	Six months ended		Three months ended	
	30 June 2019	30 June 2018 (Restated)	30 June 2019	30 June 2018 (Restated)
Traveling	666	890	666	72
Directors' fee	950	1 400	500	700
Auditors' fee	300	1 446	300	1 446
Advertisements and publicity	4 088	1 259	4 088	1 097
Printing and Stationary	128	-	128	-
Donation	5 971	3 611	4 080	2 765
Fees and Subscription	600	-	600	-
Out of Pocket Expense	717	697	600	523
	<u>13 420</u>	<u>9 303</u>	<u>10 962</u>	<u>6 603</u>
28. TAXATION				
For the period				
Current	249 000	256 520	145 062	167 131
Prior	-	79 180	-	79 180
Deferred	73 329	(100 448)	82 837	(101 948)
	<u>322 329</u>	<u>235 252</u>	<u>227 899</u>	<u>144 363</u>

29. MOVEMENT IN INVESTMENTS

(Rupees '000)

	Held to maturity	Available to Sale	Fair value through profit & loss account	Deposit maturing within 12 months	Total
At beginning of previous year	3 081 423	446 022	81 992 677	12 439 000	97 959 122
Changes during the year ended 31 December 2018					
Additions	13 577 932	52 737	186 291 656	97 052 200	296 974 525
Disposals (sale and redemptions)	(12 918 657)	(14 707)	(178 636 608)	(94 442 100)	(286 012 072)
Fair value net gains (excluding net realised gains)	-	(23 110)	(3 063 680)	-	(3 086 790)
Impairment losses	-	(14 148)	-	-	(14 148)
At beginning of current period (Audited)	3 740 698	446 794	86 584 045	15 049 100	105 820 637
Changes during the six months ended 2019					
Additions	9 836 733	1 194	98 118 787	93 316 900	201 273 614
Disposals (sale and redemptions)	(9 208 000)	(9 619)	(98 606 396)	(90 412 000)	(198 236 015)
Fair value net gains (excluding net realised gains)	-	(46 417)	165 550	-	119 133
Impairment losses	-	(3 942)	-	-	(3 942)
At end of current period (Unaudited)	<u>4 369 431</u>	<u>388 010</u>	<u>86 261 986</u>	<u>17 954 000</u>	<u>108 973 427</u>

30. SEGMENTAL INFORMATION

30.1 Revenue Account by Statutory Fund

(Rupees in '000)

30 June 2019 (Unaudited)

	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 2019
Income							
Premium / Contribution less reinsurance / retakaful	11 793 292	1 335 448	317	329	1 671 966	109 743	14 911 095
Policy transfer from other statutory funds	-	-	-	-	7 129	-	7 129
Bonus units transfer to statutory fund	-	-	-	-	-	-	-
Net investment income / wakala income	64 512	117 744	(206)	151	124 191	56 502	362 894
Total net income	11 857 804	1 453 192	111	480	1 803 286	166 245	15 281 118
Insurance Benefits and Expenditures							
Claims net of reinsurance recoveries	6 653 115	910 795	2 648	151	345 535	50 018	7 962 262
Bonus units transfer to statutory fund	7 312	-	-	-	-	-	7 312
Management expenses	3 106 972	350 025	37	164	935 045	85 905	4 478 148
Total Insurance Benefits and Expenditures	9 767 399	1 260 820	2 685	315	1 280 580	135 923	12 447 722
Excess of income over Insurance Benefits and Expenditures	2 090 405	192 372	(2 574)	165	522 706	30 322	2 833 396
Net Change in Insurance Liabilities (Other than outstanding Claims)	(1 528 028)	(67 127)	2 722	(10)	(521 360)	(3 282)	(2 117 085)
Surplus / (deficit) before tax	562 377	125 245	148	155	1 346	27 040	716 311
Movement in policyholders' liabilities	1 528 028	67 127	(2 722)	10	521 360	3 282	2 117 085
Transfer of (surplus) / deficit to shareholders' fund	(534 677)	(115 701)	(201)	(154)	-	(22 159)	(672 892)
Capital contribution from share holders' fund	-	-	-	-	55 547	-	55 547
Net Transfer to / from shareholders' fund	(534 677)	(115 701)	(201)	(154)	55 547	(22 159)	(617 345)
Balance of statutory funds at beginning of the period	102 834 817	1 422 896	24 457	1 480	3 559 726	107 368	107 950 744
Balance of statutory funds at end of the period	104 390 545	1 499 567	21 682	1 491	4 137 979	115 531	110 166 795

(Rupees in '000)

	30 June 2018						Aggregate Six months ended 30 June 2018
	Statutory Funds						
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	
Income							
Premium / Contribution less reinsurances / retakaful	11 267 414	1 110 469	356	401	1 189 408	72 076	13 640 124
Policy transfer from other statutory funds	-	-	-	-	3 041	-	3 041
Bonus units transferred to statutory funds	-	-	-	-	26 718	-	26 718
Net investment income	2 100 412	57 199	680	159	136 126	28 996	2 323 572
Total net income	13 367 826	1 167 668	1 036	560	1 355 293	101 072	15 993 455
Insurance Benefits and Expenditures							
Claims net of reinsurance recoveries	6 001 650	839 956	-	356	203 840	34 943	7 080 745
Policy transfer from other statutory funds	3 041	-	-	-	-	-	3 041
Bonus units transferred to statutory funds	-	-	-	-	26 718	-	26 718
Management expenses	2 957 710	306 573	33	170	620 052	50 192	3 934 730
Total Insurance Benefits and Expenditures	8 962 401	1 146 529	33	526	850 610	85 135	11 045 234
Excess of income over Insurance Benefits and Expenditures	4 405 425	21 139	1 003	34	504 683	15 937	4 948 221
Net Change in Insurance Liabilities (Other than outstanding Claims)	(3 603 185)	(49 444)	778	356	(517 732)	(14 777)	(4 184 004)
Surplus / (Deficit) before tax	802 240	(28 305)	1 781	390	(13 049)	1 160	764 217
Movement in policyholders' liabilities	3 603 185	49 444	(778)	(356)	517 732	14 777	4 184 004
Transfer of (surplus) / deficit to shareholders' fund	(762 028)	-	(1 784)	(410)	-	-	(764 222)
Capital contribution from share holders' fund	-	76 930	-	-	513	11 798	89 241
Net Transfer to/from shareholders' fund	(762 028)	76 930	(1 784)	(410)	513	11 798	(674 981)
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
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

As at 30 June 2019

As at 31 December 2018 (Audited)

30.2 Segment statement of financial position

	As at 30 June 2019			As at 31 December 2018 (Audited)		
	Statutory Funds	Shareholders Funds	Total	Statutory Funds	Shareholders Funds	Total
Property and equipment	1 287 693	1 568 174	2 855 867	1 317 467	1 114 160	2 431 627
Intangible assets	-	20 775	20 775	-	27 038	27 038
Investments	107 504 906	1 468 521	108 973 427	103 402 211	2 418 426	105 820 637
Insurance / reinsurance receivables	204 744	-	204 744	169 600	-	169 600
Other loans and receivables	1 573 108	201 921	1 775 029	2 928 578	181 860	3 110 438
Taxation - payments less provision	3 288	616 396	619 684	934	336 793	337 727
Prepayments	59 387	-	59 387	81 182	-	81 182
Cash & Bank	4 036 082	27 762	4 063 844	4 768 942	17 420	4 786 362
Total Assets	114 669 208	3 903 549	118 572 757	112 668 914	4 095 697	116 764 611
Insurance Liabilities net of reinsurance recoveries	110 080 139	-	110 080 139	107 695 796	-	107 695 796
Deferred taxation	-	741 239	741 239	-	681 368	681 368
Premium / Contribution received in advance	803 605	-	803 605	714 419	-	714 419
Insurance / reinsurance payables	254 149	-	254 149	193 218	-	193 218
Other creditors and accruals	1 172 243	423 114	1 595 357	1 458 118	63 290	1 521 408
Total Liabilities	112 310 136	1 164 353	113 474 489	110 061 551	744 658	110 806 209

31. RELATED PARTIES 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. Compensation of key management personnel are on employment terms. Contribution to the provident fund is in accordance with the service rules. Change to the defined contribution is in accordance with the actuarial advice. Other transactions are at agreed rates. Details 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)

	Six months ended - (Unaudited)	
	30 June 2019	30 June 2018
Transactions		
Holding company		
Premium written	8 857	8 762
Premium paid	45 372	21 994
Claims paid	5 031	3 001
Claims received	1 896	768
Dividend paid	554 271	542 401
Dividend received	36 277	35 107
Associated companies		
Premium written	73 946	71 775
Premium paid	22 524	22 232
Claims paid	10 030	5 252
Claims received	-	94
Commission paid	127 253	132 728
Travelling expenses	434	1 368
Donation paid	1 531	1 164
Dividend paid	542 338	527 796
Interest on bank deposit	382 285	56 361
Investment sold of related parties	25 558	455 357
Key management personnel		
Premium written	323	1 812
Loan to Key employees	6 000	-
Loan recovered	2 600	1 897
Compensation paid	84 408	72 414
Dividend paid	8 612	517
Employees' funds		
Contribution to provident fund	18 170	15 874
Contribution to pension fund	16 264	14 502

(Rupees in '000)

	30 June 2019	31 December 2018
	Unaudited	Audited
Balances		
Bank balances	323 251	869 823
Bank deposits (term deposits)	5 800 000	5 150 000
Premium received in advance	2 506	652
Premium receivable	252	1 107
Investment in EFU General Insurance Limited (holding company)	469 781	468 096
Investments in other related parties	130 288	172 190
Claims outstanding- Related party	12 656	5 935
Loan receivable of key employees	26 944	23 544

32. WINDOW TAKAFUL OPERATIONS

The Statement of financial position of Window Takaful Operations as at 30 June 2019 and its financial performance for the period ended 30 June 2019 are as follows:

32.1 Balance Sheet

(Rupees '000)

	Statutory Funds			Aggregate	
	Shareholders' Fund	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019 Unaudited	31 December 2018 Audited
Share capital and reserves					
Operator's Fund	50 000	-	-	50 000	50 000
Accumulated deficit	(170 022)	-	-	(170 022)	(157 816)
General reserves	-	-	-	-	-
Net shareholders' equity	(120 022)	-	-	(120 022)	(107 816)
Balance of statutory fund [including policyholders' liabilities Rs. 4 020.72 million (2018: Rs.3496.08 million)]					
Participant Investment Fund	46 802	3 900 803	-	3 947 605	3 431 612
Participant Takaful Fund - Waqf	-	198 175	107 727	305 902	235 482
Cede Money - Waqf	-	2 000	-	2 000	2 000
Shareholder's Fund unit holding in PIF	-	22 425	-	22 425	22 201
	46 802	4 123 403	107 727	4 277 932	3 691 295
Creditors and accruals					
Outstanding Claims	-	48 931	31 567	80 498	69 263
Contribution received in advance	-	78 996	12 772	91 768	94 104
Amounts due to retakaful	-	6 101	40 513	46 614	66 301
Amounts due to agents	-	93 318	5 700	99 018	147 570
Accrued expenses	89 140	-	-	89 140	76 692
Other creditors and accruals	216 762	215 395	620 347	1 052 504	980 323
Capital contribution	192 181	-	-	192 181	179 372
Interfund payable	159 119	-	-	159 119	198 917
Total liabilities	657 202	442 741	710 899	1 810 842	1 812 542
Total equity and liabilities	583 982	4 566 144	818 626	5 968 752	5 396 022
Cash and bank deposits					
Policy stamps in hand	418	-	-	418	91
Current and other accounts	69 687	800 378	198 570	1 068 635	957 097
Deposits maturing within 12 months	103 000	2 066 000	-	2 169 000	1 374 000
	173 105	2 866 378	198 570	3 238 053	2 331 188
Investments					
Government securities	10 001	178 354	-	188 355	326 977
Other fixed income	-	688 436	10 312	698 748	480 000
Listed Equities & Mutual Funds	-	620 026	-	620 026	1 148 408
	10 001	1 486 816	10 312	1 507 129	1 955 385
Current assets - others					
Prepayments	3 192	-	-	3 192	8 019
Contributions due but unpaid	-	-	8 407	8 407	13 318
Sundry receivables	314 494	93 327	444 952	852 773	818 357
Investment income accrued	1 795	116 231	658	118 684	33 425
Shareholder's Fund unit holding in PIF	22 425	-	-	22 425	22 201
Capital contribution	55 547	-	-	55 547	12 809
Income tax assets	3 288	-	-	3 288	933
Advances and deposits	135	-	-	135	1 470
Interfund Receivable	-	3 392	155 727	159 119	198 917
	400 876	212 950	609 744	1 223 570	1 109 449
Total assets	583 982	4 566 144	818 626	5 968 752	5 396 022

32.2 Revenue Account - Unaudited

(Rupees in '000)

32.2.1 Participants' Investment Fund (PIF)	Statutory Funds		Aggregate		Aggregate	
	Six months ended 30 June 2019		Six months ended		Three months ended	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Income						
Allocated contribution	955 480	–	955 480	715 242	950 933	338 512
Policy transfer to other statutory fund	7 129	–	7 129	3 041	5 532	2 680
Bonus units transfer to Statutory Fund	–	–	–	26 718	–	26 718
Net investment (loss) / income	(22 567)	–	(22 567)	35 057	(50 200)	(53 378)
Total net income	940 042	–	940 042	780 058	906 265	314 532
Less: Claims and Expenditure						
Investment management charges	25 720	–	25 720	18 614	13 044	10 079
Bid offer spread	43 273	–	43 273	34 125	23 553	16 208
Policy admin fee	30 139	–	30 139	19 947	15 080	10 097
Wakalat-ul-Istismar	99 132	–	99 132	72 686	51 677	36 384
Surrender	332 745	–	332 745	196 030	184 788	138 670
	431 877	–	431 877	268 716	236 465	175 054
Excess of income over claims and expenditure	508 165	–	508 165	511 342	669 800	139 478
Add : Technical reserves at the beginning of the period	3 392 638	–	3 392 638	2 185 823	3 663 176	2 557 687
Less : Technical reserves at the end of the period	3 900 803	–	3 900 803	2 697 165	3 900 803	2 697 165
	(508 165)	–	(508 165)	(511 342)	(237 627)	(139 478)
Surplus	–	–	–	–	–	–
Movement in technical reserves	508 165	–	508 165	511 342	237 626	139 478
Balance of PIF at the beginning of the period	3 392 638	–	3 392 638	2 185 823	3 663 176	2 557 687
Balance of PIF at the end of the period (a)	3 900 803	–	3 900 803	2 697 165	3 900 802	2 697 165
32.2.2 Participants' Takaful Fund (PTF) - Unaudited						
Income						
Contribution net of retakaful recoveries	98 941	109 743	208 684	127 049	113 485	66 219
Net investment income	7 874	1 092	8 966	2 102	5 953	789
Total net income	106 815	110 835	217 650	129 151	119 438	67 008
Less: Claims and Expenditure						
Claims net of retakaful recoveries	12 790	50 018	62 808	42 753	21 489	23 838
Wakala fee	29 012	55 410	84 422	48 493	48 757	25 284
	41 802	105 428	147 230	91 246	70 246	49 122
Excess of income over claims and expenditure	65 013	5 407	70 420	37 905	49 192	17 886
Add : Technical reserves at the beginning of the period	45 103	58 336	103 439	58 885	119 213	93 968
Less : Technical reserves at the end of the period	58 297	61 618	119 915	80 052	119 915	80 052
Surplus / (Deficit) Retained Profit	51 819	2 125	53 944	16 738	48 490	31 802
Distribution of surplus	–	–	–	(26 718)	–	–
Movement in technical reserves	(65 013)	(5 407)	(70 420)	(37 905)	(49 192)	(17 886)
Surplus / (deficit) before distribution	–	–	–	–	–	–
Distribution of surplus	–	–	–	–	–	–
Surplus / (deficit) after distribution	–	–	–	–	–	–
Movement in technical reserves	13 194	3 282	16 476	21 167	702	(13 916)
Balance of PTF at the beginning of the period	133 162	102 320	235 482	147 473	262 936	(160 743)
Qard-e-Hasna	–	–	–	16 434	(6 226)	(3 534)
Balance of PTF at the end of the period (b)	198 175	107 727	305 902	175 094	305 902	175 094

32.2.3 Shareholders' Sub - Fund

(Rupees in '000)

	Statutory Funds		Aggregate		Aggregate	
	Six months ended 30 June 2019		Six months ended		Three months ended	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Income						
Un-allocated contribution	617,544	-	617,544	419,193	319,321	216,658
Net investment income	10,738	-	10,738	6,785	3,539	2,624
Wakalat-ul-Istismar - PIF	99,132	-	99,132	72,686	51,677	36,384
Wakala Fee - PTF	29,012	55,410	84,422	48,493	48,757	25,284
Total net income	756,426	55,410	811,836	547,157	423,294	280,950
Less: Expenditure						
Acquisition costs	700,307	25,674	725,981	457,400	379,771	240,222
Administration expenses	106,592	4,822	111,414	91,666	57,795	53,201
	806,899	30,496	837,395	549,066	437,566	293,423
(Shortfall) / Excess of income over expenditure	(50,473)	24,914	(25,559)	(1,909)	(14,272)	(12,473)
Add : Technical reserves at the beginning of the period	-	-	-	-	-	-
Less : Technical reserves at the end of the period	-	-	-	-	-	-
	-	-	-	-	-	-
(Deficit) / surplus transferred to shareholders' fund	(50,473)	24,914	(25,559)	(1,909)	(14,272)	(12,473)
Movement in technical reserves	-	-	-	-	-	-
Transfer to Shareholder's Fund	-	(22,159)	(22,159)	-	(15,811)	-
Capital Contribution	55,547	-	55,547	12,311	30,518	11,161
Qard-e-Hasna	-	-	-	(16,434)	6,226	3,535
Retained earnings on other than participating business	33,926	5,047	38,973	34,059	40,141	25,804
Balance of shareholders' sub fund at the end of the period (c)	39,000	7,802	46,802	(28,027)	46,802	(28,027)
Balance of statutory funds at the end of the period (a+b+c)	4,137,978	115,529	4,253,507	2,900,286	4,253,507	2,900,286

32.3 Statement of contribution

(Rupees in '000)

	Statutory Funds		Aggregate		Aggregate	
	Six months ended 30 June 2019		Six months ended		Three months ended	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Gross contribution						
Regular contribution individual policies						
First Year	770,595	-	770,595	547,870	396,888	289,838
Second Year	422,178	-	422,178	317,682	245,475	125,685
Subsequent year renewal	386,044	-	386,044	159,143	193,044	92,803
Single contribution individual policies	108,788	-	108,788	184,801	64,490	84,887
Group policies with cash values	735	-	735	864	435	478
Group policies without cash values	-	141,991	141,991	94,557	88,714	45,900
Total gross contribution	1,688,340	141,991	1,830,331	1,304,917	989,046	639,591
32.3.1 Participants' Investment Fund						
Allocated regular contribution	853,821	-	853,821	533,482	459,801	256,305
Allocated single contribution	108,788	-	108,788	184,801	64,490	84,887
Total allocated contribution	962,609	-	962,609	718,283	524,291	341,192

(Rupees in '000)

	Statutory Funds		Aggregate		Aggregate	
	Six months ended 30 June 2019		Six months ended		Three months ended	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019	30 June 2018	30 June 2019	30 June 2018
32.3.2 Participants' Takaful Fund						
Allocated gross contribution	108 187	141 991	250 178	167 441	145 434	81 741
Less: Retakaful contribution ceded						
On individual life first year business	10 270	-	10 270	8 749	9 506	4 904
On individual life second year business	-	-	-	7 008	(1 367)	2 780
On individual life subsequent year business	-	-	-	5 628	(1 786)	3 674
On group policies	-	32 248	32 248	22 481	26 277	7 638
Less: Reinsurance commission on risk premium	(1 025)	-	(1 025)	(3 474)	(683)	(1 869)
Total retakaful contribution ceded	9 245	32 248	41 493	40 392	31 947	17 127
Net Risk Contribution of PTF	98 942	109 743	208 685	127 049	113 487	64 614
32.3.3 Shareholders' Sub-Fund						
Unallocated regular contribution	617 544	-	617 544	419 193	319 321	216 658

32.4 Statement of Claims

(Rupees in '000)

	Statutory Funds		Aggregate		Aggregate	
	Six months ended 30 June 2019		Six months ended		Three months ended	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Claims under Individual Family Takaful	24 082	-	24 082	-	6 537	(4 979)
Claims under Group Family Takaful	-	63 062	63 062	41 648	25 220	19 091
Total Gross Claims	24 082	63 062	87 144	41 648	31 757	14 112
Gross Claims allocated as follows:						
Participant's Investment Fund (PIF)						
Surrenders / Partial withdrawals under Individual Policies	332 745	-	332 745	196 030	184 788	138 670
Participant's Takaful Fund (PTF)						
Under individual; policies by death	24 082	-	24 082	13 951	6 537	8 972
Under group policies by death	-	60 242	60 242	40 662	25 220	20 486
Under group policies by event other than death	-	2 820	2 820	985	-	(1 396)
Total gross claims under PTF	24 082	63 062	87 144	55 598	31 757	28 062
Less: Re-Takaful recoveries under PTF						
On Individual policies	11 292	-	11 292	6 141	4 213	4 075
On Individual policies Second Year	-	-	-	-	-	-
On Individual policies Third Year	-	-	-	-	-	-
On group policies	-	13 044	13 044	6 704	6 054	1 754
Profit commission	-	-	-	-	-	-
	11 292	13 044	24 336	12 845	10 267	5 829
Net Claims under PTF	12 790	50 018	62 808	42 753	21 490	22 233
Total Net Claims	345 535	50 018	395 553	238 783	206 278	160 903

32.5 Statement of Expenses

(Rupees in '000)

	Statutory Funds		Aggregate		Aggregate	
	Six months ended 30 June 2019		Six months ended		Three months ended	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Acquisition costs						
Shareholders' Sub-Fund						
Remuneration to insurance intermediaries on individual policies:						
- commission on first year contribution	327 618	–	327 618	241 982	170 436	130 548
- commission on renewal contribution	71 993	–	71 993	36 082	36 831	16 809
- commission on single contribution	2 724	–	2 724	5 071	1 768	2 354
- override commission	56 917	–	56 917	37 939	29 697	19 659
- other benefits to insurance intermediaries	184 694	–	184 694	85 088	92 781	50 151
	643 946	–	643 946	406 162	331 513	219 521
Remuneration to insurance intermediaries on group policies:						
- commission	8	25 084	25 092	18 036	17 443	6 113
- other benefits to insurance intermediaries	–	412	412	365	187	235
	8	25 496	25 504	18 401	17 630	6 348
Branch overheads	44 145	–	44 145	25 322	24 336	12 567
Other acquisition costs						
- policy stamps	11 475	91	11 566	7 144	5 860	3 020
- Medical fees	733	87	820	371	432	225
Total acquisition cost	700 307	25 674	725 981	457 400	379 771	241 681
Marketing and administration expenses						
Salaries and other benefits	47 203	1 659	48 862	40 138	26 266	21 577
Travelling expenses	7 886	41	7 927	6 398	6 470	5 137
Advertisements and publicity	2 521	178	2 699	1 637	885	1 032
Printing and stationery	5 701	20	5 721	3 770	1 030	2 322
Depreciation	8 936	161	9 097	6 993	5 249	3 533
Amortization	837	–	837	858	418	489
Rent rates and taxes	122	3	125	472	(150)	208
Legal and professional charges	1 957	2 302	4 259	4 085	1 777	2 696
Electricity gas and water	1 775	70	1 845	1 578	843	861
Entertainment	2 445	45	2 490	1 751	1 319	772
Vehicle running expenses	754	11	765	208	560	(338)
Office repairs and maintenance	4 192	1	4 193	4 353	2 276	1 777
Appointed Actuary's fees	816	–	816	739	447	389
Bank charges	1 391	1	1 392	2 427	1 107	1 319
Postage telegrams and telephone	5 989	8	5 997	5 999	2 326	4 465
Fees and subscription	1 845	32	1 877	1 383	666	847
Annual supervision fee SECP	3 401	259	3 660	2 610	1 978	1 279
Miscellaneous	8 821	31	8 852	6 267	4 328	3 378
Net Management Expenses	806 899	30 496	837 395	549 066	437 566	293 424

32.6 Statement of Investment Income

(Rupees in '000)

		Statutory Funds		Aggregate		Aggregate	
		Six months ended 30 June 2019		Six months ended		Three months ended	
		Family Takaful Investment Linked Business	Family Takaful Protection Business	30 June 2019	30 June 2018	30 June 2019	30 June 2018
32.6.1	Participants' Investment Fund (PIF)						
	Return on government securities	34 943	–	34 943	8 282	22 928	6 339
	Other fixed income securities	65 796	–	65 796	39 805	32 981	20 559
	Dividend income	18 458	–	18 458	7 576	2 966	5 613
	Amortization of (premium) / discount	(985)	–	(985)	(610)	(985)	(610)
	(Loss) on sale of investment	(172 820)	–	(172 820)	(55 863)	(101 762)	(32 415)
	Unrealized gain on investment	32 042	–	32 042	35 867	(6 327)	(52 864)
	Net investment income of PIF	(22 566)	–	(22 566)	35 057	(50 199)	(53 378)
	(a)						
32.6.2	Participants' Takaful Fund (PTF)						
	Return on government securities	1 134	1 092	2 226	664	946	664
	Other fixed income securities	989	–	989	2 198	93	1 180
	Profit on bank deposits	5 752	–	5 752	(760)	4 915	(1 055)
	Net investment income of PTF	7 875	1 092	8 967	2 102	5 954	789
	(b)						
32.6.3	Shareholders' Sub-Fund						
	Return on government securities	198	–	198	67	124	50
	Other fixed income securities	372	–	372	324	171	155
	Dividend income	104	–	104	62	9	45
	Amortization of (premium) / discount	(6)	–	(6)	(5)	(6)	(5)
	(Loss) on sale of investment	(978)	–	(978)	(455)	(543)	(249)
	Unrealized gain on investment	181	–	181	292	(54)	(487)
	Profit on bank deposits	10 867	–	10 867	6 500	3 838	3 115
	Net investment income of shareholders' sub-fund	10 738	–	10 738	6 785	3 539	2 624
	(c)						
	Net investment income	(3 953)	1 092	(2 861)	43 944	(40 706)	(49 965)
	(a+b+c)						

33. 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 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 June 2019 Unaudited

	Fair value through profit and loss	Available for sale	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 + Sukuk)	59 413 486	-	-	-	-	-	59 413 486	-	59 413 486	-	-	59 413 486
Sukuk Bonds (other than government)	3 440 626	-	-	-	-	-	3 440 626	-	3 440 626	-	-	3 440 626
Listed equity securities	18 711 983	225 959	-	-	-	-	18 937 942	18 937 942	-	-	-	18 937 942
Unlisted equity securities	16 008	-	-	-	-	-	16 008	-	-	16 008	-	16 008
Units of mutual funds	247 089	125 175	-	-	-	-	372 264	-	372 264	-	-	372 264
Debt securities (listed TFCs)	3 989 287	-	-	-	-	-	3 989 287	3 989 287	-	-	-	3 989 287
Financial assets not measured at fair value												
- Government Securities (T-bills + PIBs + Sukuk)	-	-	4 639 814	-	-	-	4 639 814	-	4 628 729	-	-	4 628 729
- Balances with banks *	22 017 844	-	-	-	-	-	22 017 844	-	-	-	-	-
- Certificate of investment	210 000	-	-	-	-	-	210 000	-	-	-	-	-
- Advances	-	-	-	138 179	2 520 665	-	2 658 844	-	-	-	-	-
	108 046 322	351 134	4 639 814	138 179	2 520 665	-	115 696 115	22 927 229	67 855 105	16 008	-	90 798 342
Financial liabilities not measured at fair value												
- Other liabilities (excluding Liabilities against assets subject to finance lease) *	-	-	-	-	3 394 350	-	3 394 350	-	-	-	-	-
	108 046 322	351 134	4 639 814	138 179	2 520 665	(3 394 350)	112 301 765	22 927 229	67 855 105	16 008	-	90 798 342

(Rupees '000)

31 December 2018 Audited

On balance sheet financial instruments

	Fair value through profit and loss	Available for sale	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)	51 909 147	-	-	-	-	-	51 909 147	-	51 909 147	4 547	-	51 909 147
Sukuk Bonds (other than government)	1 332 919	-	-	-	-	-	1 332 919	-	1 332 919	-	-	1 332 919
Listed equity securities	33 519 330	7 374	-	-	-	-	33 526 704	33 526 704	-	-	-	33 526 704
Unlisted equity securities	16 008	-	-	-	-	-	16 008	-	-	16 008	-	16 008
Units of mutual funds	177 087	-	-	-	-	-	177 087	-	177 087	-	-	177 087
Debt securities (Listed TFCs)	2 535 953	-	-	-	-	-	2 535 953	2 535 953	-	-	-	2 535 953
Financial assets not measured at fair value												
- Government Securities (T-bills + PIBs + Sukuks)	-	-	1 063 719	-	-	-	1 063 719	-	1 047 472	-	-	1 047 472
- Balances with banks *	19 829 503	-	-	-	-	-	19 829 503	-	-	-	-	-
- Certificate of Investment	210 000	-	-	-	-	-	210 000	-	-	-	-	-
- Advances	-	-	-	124 610	884 760	-	1 009 370	-	-	-	-	-
- Other assets (excluding markup accrued) *	-	-	-	-	2 695 536	-	2 695 536	-	-	-	-	-
	109 529 947	7 374	1 063 719	124 610	3 580 296	-	114 305 946	36 062 657	54 466 625	16 008	-	90 545 290
Financial liabilities not measured at fair value												
- Other liabilities (excluding Liabilities against assets subject to finance lease) *	-	-	-	-	-	3 133 478	3 133 478	-	-	-	-	-
	-	-	-	-	-	3 133 478	3 133 478	-	-	-	-	-
	109 529 947	7 374	1 063 719	124 610	3 580 296	(3 133 478)	111 172 468	36 062 657	54 466 625	16 008	-	90 545 290

*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.

34. GENERAL

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

35. 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 23 August 2019.

MUNEER R. BHIMJEE
Director

SAIFUDDIN N. ZOOMKAWALA
Director

SYED SHAHID ABBAS
Chief Financial
Officer

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 23 August, 2019

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