

Directors' Review, 31 March 2019

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the first quarter ended 31 March 2019.

Top-line performance:

Your Company's total premium income was Rs. 7.46 billion during the first quarter of 2019 (2018: Rs 7 billion). New individual life regular premium income was Rs. 1.52 billion (2018: Rs.1.31 billion), an increase of 16%. Renewal premium was Rs. 4.78 billion (2018: Rs. 4.16 billion) an increase of 15%.

Inclusive of renewal premium, the total individual life regular premium business grew by 15% to Rs. 6.30 billion (2018: 5.47 billion). Single premium business was Rs. 298 million (2018: Rs. 833 million). Group Benefits business was Rs. 940.8 million (2018: Rs. 785.8 million), a growth of 20%.

Your Company's window takaful operations are in the fourth year of business. The total family takaful contribution was Rs. 841.3 million (2018: 665.3 million). Out of this, Rs. 788 million (2018: Rs. 616.7 million) was from Individual family takaful business (a growth of 28%) while Rs. 53.3 million (2018: Rs. 48.7 million) was from Group Family Takaful (a growth of 9%). The Company expects this line of business to continue on a growth trajectory during 2019.

Sales Tax on Life Insurance:

The Company has not provided for and billed its customers for Sindh Sales Tax for the period from 1 July 2018 to 31 March 2019 and Punjab Sales Tax for the period from 1 November 2018 to 31 March 2019 on risk premium of life insurance business. Sindh Revenue Board ("SRB") has in the past granted exemption for sales tax on life insurance premium on a year to year basis which had expired on 30 June 2018. However, sales tax on life insurance premium on policies written in Punjab has been made applicable from 1 November, 2018 and Balochistan Revenue Authority had imposed sales tax on life insurance premium effective 1 January 2015.

The Company is of the view that the levy of sales tax on life insurance business is not fair and is unjust. The matter for the renewal of the exemption was taken up at the collective level by the Insurance Association of Pakistan (IAP) with the sales tax authorities. Further, the Sindh Cabinet in its meeting held on 27th Feb 2019 has also deferred the levy of taxes on Health and Life Insurance premium till the next financial year. The Company has also sought a legal opinion from the legal counsel and based on this opinion and, in view of the fact that the matter is under the process of review with the taxation authorities, the Company has not billed sales tax on life insurance premium to its customers. Based on the IAP's discussions with the sales tax authorities, the decision of the Sindh Cabinet and the legal opinion, we are hopeful that the exemption will be granted. Accordingly, the provision against sales tax liability has not been made by the Company in these financial statements as the discussions are still in progress.


Bottom-line performance:


Your Company had a Profit after Tax of Rs. 244.7 million (2018: Rs. 211.3 million). The Earnings per Share is Rs. 2.45 (2018: Rs. 2.11).

Interim Dividend:

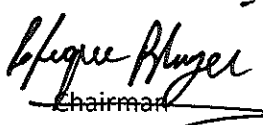
The Directors have pleasure in declaring an Interim Dividend of Rs.1.5 per share. i.e. 15.0%.

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.


Director
HA


Director
SNZ


Managing Director
& Chief Executive



Chairman
X RRB

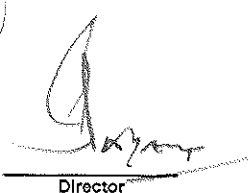
EFU LIFE ASSURANCE LTD.
Condensed Interim Profit And Loss Account (Unaudited)
For The Three Months Period Ended 31 March 2019

	Note	Aggregate	
		Three Months Ended	
		31 March	
		2019	2018
(Rupees in '000)			
Premium Revenue		7,456,595	7,028,045
Premium ceded to reinsurers		(164,667)	(234,418)
Net premium revenue	15	7,291,928	6,793,627
Investment income	16	2,220,159	1,581,499
Net realised fair value (losses) on financial assets	17	(2,689,962)	(220,983)
Net fair value gains on financial assets at fair value through profit or loss	18	1,873,538	3,068,879
Other income	19	15,595	8,867
		1,419,330	4,438,262
Net Income		8,711,258	11,231,889
Insurance benefits		4,358,727	3,939,363
Recoveries from reinsurers		(99,444)	(105,945)
Claims related expenses		8,736	-
Net Insurance Benefits	20	4,268,019	3,833,418
Net Change In Insurance Liabilities (other than outstanding claims)		2,059,456	5,359,113
Acquisition expenses	21	1,638,608	1,394,706
Marketing and administration expenses	22	403,546	339,767
Other expenses	23	2,458	2,700
Total Expenses		4,104,068	7,096,286
Profit before tax		339,171	302,185
Income tax expense	24	(94,430)	(90,889)
Profit for the year		244,741	211,296
Earnings (after tax) per share - Rupees		2.45	2.11

The annexed notes 1 to 31 form an integral part of these financial statements


 Manoj Sahal
 Managing Director &
 Chief Executive


 Chief Financial
 Officer


 Director
 HA


 Director
 SNZ


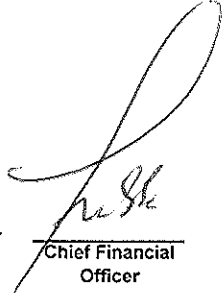




 Chairman



EFU LIFE ASSURANCE LTD.
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 For The Three Months Period Ended 31 March 2019

	Aggregate	
	Three Months Ended	
	31 March	
Note	2019	2018
	(Rupees in '000)	
	(Re-stated)	
Profit or Loss	244,741	211,296
Change in unrealised gains/(losses) on available-for-sale financial assets	(43,878)	35,453
Related Tax	12,286	(10,281)
	(31,592)	25,172
Total comprehensive income for the year	213,149	236,468


The annexed notes 1 to 31 form an integral part of these financial statements


 Managing Director & Chief Executive	 Chief Financial Officer	 Director HA	 Director SNZ	 Chairman RRB
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EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (Unaudited)

	Share Capital	General Reserve	Retained Earning Ledger Account D*	Surplus on revaluation of available for sale investment	Unappropriated Profit	Total
				Rs		
Balance as at 1 January 2018 (as reported)	1,000,000	1,900,000	-	-	1,440,647	4,340,647
Adjustment due to change in accounting policy			1,529,902	92,122		1,622,024
Balance as at 1 January 2018 re-stated	1,000,000	1,900,000	1,529,902	92,122	1,440,647	5,962,671
Contribution to increase solvency margin			160,773		(160,773)	-
Increase/(Decrease) in Unrealized Gain-net of tax				25,172		25,172
Total income for the period ended 31 March 2018			(65,960)		277,256	211,296
Transactions with owners of the company						
Balance as at 31 March 2018	1,000,000	1,900,000	1,624,715	117,294	1,557,130	6,199,139
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
Contribution to increase solvency margin			25,857		(25,857)	-
Increase/(Decrease) in Unrealized Gain				(31,592)		(31,592)
Total comprehensive income for the period ended 31 March 2019			(6,325)		251,066	244,741
Transactions with owners of the company						
Balance as at 31 March 2019	1,000,000	2,150,000	1,767,982	44,121	1,278,640	6,240,743

*This include 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.86.89 million,which relates only to the participants of the Individual family takaful investment linked business.


 Managing Director &
 Chief Executive


 Chief Financial
 Officer


 Director
 HA


 Director
 SNZ

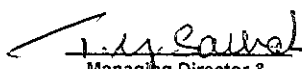






 Chairman

225

EFU LIFE ASSURANCE LTD.
CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 MARCH 2019

	Aggregate	
	31 March	
	2019	2018
	(Rupees in '000)	
	(Re-stated)	
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	7,528,535	7,211,768
Reinsurance premium / Retakaful contribution paid	(101,428)	(160,113)
Claims paid	(4,201,348)	(4,011,277)
Reinsurance and other recoveries received	99,444	190,349
Commission paid	(1,346,011)	(1,236,931)
Marketing and Administrative expenses paid	412,280	339,767
Other acquisition cost paid	(1,573,768)	(1,305,972)
Net cash flow from underwriting activities	817,704	1,027,591
b) Other operating activities		
Income tax paid	(265,340)	(204,935)
Other operating payments	1,752,857	1,061,387
Loans advanced	(52,844)	(7,917)
Loans repayments received	51,125	13,799
Net cash flow from other operating activities	1,485,798	862,334
Total cash flow from all operating activities	2,303,502	1,889,925
Investment activities		
Profit / Return received	1,251,721	1,477,792
Dividends received	423,866	310,220
Payments for investments	(81,883,037)	(59,653,078)
Proceed from investments	98,165,936	55,603,599
Fixed capital expenditure	(59,168)	(15,892)
Proceeds from sale of property and equipment	19,571	4,640
Total cash flow from investing activities	17,918,889	(2,272,719)
Financing activities		
Dividends paid	-	-
Total cash flow from financing activities	-	-
Net cash flow from all activities	20,222,391	(382,794)
Cash and cash equivalents at beginning of the period	19,835,462	18,496,913
Cash and cash equivalents at end of the period	40,057,853	18,114,119
Reconciliation to profit and loss account		
Operating cash flows	2,303,502	1,889,925
Depreciation	(60,573)	(46,820)
Amortization	(3,230)	(2,847)
Profit on disposal of property and equipment	9,337	3,069
Other revenue	4,244	3,074
Dividend Income	421,213	307,300
Other investment income	2,009,656	1,392,233
Depreciation in market value of investments	1,746,949	3,001,444
Reversal of impairment in the value of available for sale equity investments	(1,001)	4,196
(Loss) / Profit on disposal of investments	(2,689,962)	(220,983)
Decrease in assets other than cash	(1,699,872)	(1,313,409)
Increase in liabilities	(1,795,522)	(4,805,886)
Profit after taxation	244,741	211,296

The annexed notes 1 to 31 form an integral part of these financial statements

 Managing Director & Chief Executive	 Chief Financial Officer	 Director HA	 Director SNZ	 Chairman 
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EFU LIFE ASSURANCE LIMITED
Notes To The Condensed Interim Financial Information (Unaudited)
For The Three Months Ended 31 March 2019

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
 - 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 The condensed interim financial information of the Company for the Three months period ended 31 March 2019 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 2018.
- 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-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. 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 2018.

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 2018.

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 2018.

5. FIXED ASSETS

	Three months ended - Unaudited			
	31 March 2019		31 March 2018	
	Additions	Disposals	Additions	Disposals
----- (Rupees in '000) -----				
Tangible and intangible				
Furniture, fixture and fittings	32,889		6,872	-
Office equipment	2,579		3,155	-
Computer equipment	2,072		5,865	-
Motor Vehicle	21,485	25,820	-	6,822
Intangibles	143		-	-
Building	-		-	-
	<u>59,168</u>	<u>25,820</u>	<u>15,892</u>	<u>6,822</u>

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

6. INVESTMENT IN EQUITY SECURITIES

Available for Sale	31 March 2019 Unaudited			31 December 2018 Audited		
	Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
Related Party	(Rupees in '000)					
Listed Shares	306,471	(271,068)	35,403	334,522	(286,736)	47,786
Others						
Listed Shares	140,326	(16,712)	123,614	168,162	-	168,162
Unlisted Shares	16,008	-	16,008	16,008	-	16,008
Surplus on revaluation			82,142	-	-	102,300
Fair Value through Profit and Loss (Designated-upon initial recognition)						
Related Parties						
Listed Shares	476,653	-	552,018	539,276	-	589,347
Others						
Listed Shares	28,001,025	-	27,273,686	34,961,713	-	32,619,109
	28,940,483	(287,780)	28,082,871	36,019,681	(286,736)	33,542,712

7. GOVERNMENT SECURITIES

	31 March 2019 (Unaudited)				
	Maturity Year	Effective Yield	Amortised Cost	Principal Repayment	Carrying Value
Held to Maturity	(Rupees in '000)				
03 Years Pakistan Investment Bond	2019	10.56	999,907	1,000,000	999,907
10 Years Pakistan Investment Bond	2028	13.03	11,740	15,000	11,740
20 Years Pakistan Investment Bond	2024	12.67	54,238	53,700	54,238
3 Months Treasury Bills	2019	10.8	1,912,256	1,940,000	1,912,256
Government Ijara	2019	5.24	59,285	60,000	59,285
Available for Sale					
03 Years Pakistan Investment Bond	2019	10.56	19,226,264	19,275,000	19,232,906
05 Years Pakistan Investment Bond	2019	10.93	4,559,490	4,537,500	4,541,584
05 Years Pakistan Investment Bond	2020	11.14	5,036,471	4,987,500	4,901,715
10 Years Pakistan Investment Bond	2019	10.98	14,966	15,000	15,056
10 Years Pakistan Investment Bond	2022	12.28	2,128,541	2,100,000	2,083,620
10 Years Pakistan Investment Bond	2024	12.69	102,074	100,000	97,350
15 Years Pakistan Investment Bond	2019	10.83	115,459	115,000	114,529
20 Years Pakistan Investment Bond	2024	12.59-12.67	387,495	392,000	353,600
3 Months Treasury Bills	2019	10.776	4,761,168	4,830,000	4,758,946
Government Ijara	2019	5.24	88,929	90,000	88,929
Pakistan Water And Power Development	2021		331,912	331,912	330,840
			38,790,288	38,842,612	39,556,401

8. INVESTMENT IN DEBT SECURITIES

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

Note	31 March 2019 Unaudited			31 December 2018 Audited			
	Cost	Impairment/ Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value	
(Rupees in '000)							
Others							
Term Finance Certificates/Corporate Sukuks	8.1	5,269,870	-	5,269,870	3,868,872	-	3,868,872
Certificate of Investment	8.2	210,000	-	210,000	210,000	-	210,000
		<u>5,479,870</u>	<u>-</u>	<u>5,479,870</u>	<u>4,078,872</u>	<u>-</u>	<u>4,078,872</u>

8.1 Term Finance Certificates / Corporate Sukuks

	No. Of Certificates		Face Value	Value of Certificates	
	31 March 19	31 Dec 18		31 March 19	31 Dec 18
(Rupees in '000)					
Others					
Hascol Petroleum	30,000	30,000	7	99,179	99,499
Fatima Fertilizer Company		9,807	4	-	29,677
Engro Fertilizers Ltd	52,000	52,000	4	45,614	91,000
Bank Al Habib	60,000	60,000	10	300,289	300,289
Al Baraka Bank	10,000	10,000	4	18,358	22,189
Byco Oil Pakistan	20,000	20,000	5	114,266	100,000
K Electric		7,500	10	-	78,361
Bank Al-Falah Ltd	43,063	23,063	10	214,812	115,131
MCB Bank Ltd.		20,000	5	-	101,592
International brands	100,000	100,000	202	98,721	99,182
Dawood Hercules	2,000	2,000	200	200,000	200,000
Pakistan Services Limited	100,000	833	100	250,000	131,958
Pak. Electron Ltd.	20,000	20,000	10	99,446	99,994
United Bank Ltd	250,000	250,000	5	1,250,000	1,250,000
Sonori Bank	10,000	10,000	5	50,000	50,000
Askari Bank Ltd.	500	500	1,000	500,000	500,000
Dubai Islamic	20,000	20,000	5	100,000	100,000
Moezan Bank	100,000	100,000	5	500,000	500,000
Fauji Fertilizer Company Limited		2,814	10	29,645	-
HUB Co.		5,000	100	500,000	-
NIB Bank Limited		4,991	20	101,592	-
Neeium Jholum		4,653	150	697,948	-
Engro Polymer		5,000	20	100,000	-
				<u>5,269,870</u>	<u>3,868,872</u>
8.2 Certificate of Investment					
First Habib Modarba	-	-	210	210,000	210,000
				<u>5,479,870</u>	<u>4,078,872</u>

9. INVESTMENTS IN TERM DEPOSITS

	31 March 2019 Unaudited	31 December 2018 Audited
(Rupees in '000)		
Deposit maturing within 12 months	35,304,000	15,049,100

10. INVESTMENT IN MUTUAL FUNDS

	31 March 2019 Unaudited	31 December 2018 Audited
(Rupees in '000)		
Related Parties		
Mutual Funds (Designated upon initial recognition)	444	805
Others		
Mutual Funds (Designated upon initial recognition)	261,980	60,315
Related Parties		
Mutual Funds (Available for sale)	25,523	25,523
Others		
Mutual Funds (Available for sale)	91,793	89,867
Surplus on revaluation	-	577
	<u>379,740</u>	<u>177,087</u>

	Note	31 March 2019	31 December 2018
		Unaudited	Audited
----- (Rupees in '000) -----			
11. CASH & BANK			
Cash and Cash Equivalent			
Cash in hand		1,619	299
Policy & Revenue stamps		10,934	5,660
Cash at bank			
Current account		404,940	1,231,704
Saving account		4,336,361	3,548,699
		<u>4,753,854</u>	<u>4,786,362</u>
12. RETAINED EARNING LEDGER ACCOUNT D			
Opening balance		2,267,205	2,108,700
Contribution to increase solvency margin		25,857	12,809
Change in solvency margin through profit and loss		(8,432)	145,696
		<u>2,284,630</u>	<u>2,267,205</u>
Related Deferred Tax Liability on:			
Opening balance		(518,756)	(578,798)
(Reversal) / charge to profit and loss account		2,108	60,042
Closing balance		(516,648)	(518,756)
Net of tax		<u>1,767,982</u>	<u>1,748,449</u>
13. INSURANCE LIABILITIES			
Reported outstanding claims	13.1	2,448,701	2,281,165
Incurred but not reported claims	13.2	544,368	515,733
Investment component of unit-linked and account value policies	13.3	105,403,772	103,569,024
Liabilities under individual conventional insurance contracts	13.4	872,650	784,354
Liabilities under group insurance contracts (other than investment linked)	13.5	550,881	453,261
		<u>109,820,372</u>	<u>107,603,537</u>
13.1 Reported Outstanding Claims			
Gross of Reinsurance			
Payable within one year		2,075,381	1,918,000
Payable over a period of time exceeding one year		647,076	646,563
		<u>2,722,457</u>	<u>2,564,563</u>
Recoverable from Reinsurers			
Receivable over a period of time exceeding one year		(273,756)	(283,398)
		<u>(273,756)</u>	<u>(283,398)</u>
Net Reported Outstanding Claims		<u>2,448,701</u>	<u>2,281,165</u>
13.2 Incurred But Not Reported Claims			
Gross of Reinsurance		663,673	634,042
Reinsurance Recoveries		(119,305)	(118,309)
Net of Reinsurance		<u>544,368</u>	<u>515,733</u>

	31 March 2019 Unaudited	31 December 2018 Audited
	(Rupees in '000)	
13.3 Investment Component of Unit Linked and Account Value Policies		
Investment Component of Unit Linked Policies	105,403,772	103,569,024
	<u>105,403,772</u>	<u>103,569,024</u>
13.4 Liabilities under Individual Conventional Insurance Contracts		
Gross of Reinsurance	1,072,490	952,718
Reinsurance Credit	(199,840)	(168,364)
Net of Reinsurance	<u>872,650</u>	<u>784,354</u>
13.5 Liabilities under Group Insurance Contracts (other than investment linked)		
Gross of Reinsurance	684,898	532,584
Reinsurance Credit	(134,017)	(79,323)
Net of Reinsurance	<u>550,881</u>	<u>453,261</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 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.

The Company has not provided for and billed its customers for Sindh Sales Tax for the period from 1 July 2018 to 31 March 2019 and Punjab Sales Tax for the period from 1 November 2018 to 31 March 2019 on risk premium of life insurance business. Sindh Revenue Board ("SRB") has in the past granted exemption for sales tax on life insurance premium on a year to year basis which had expired on 30 June 2018. However, sales tax on life insurance premium on policies written in Punjab has been made applicable from 1 November, 2018 and Balochistan Revenue Authority had imposed sales tax on life insurance premium effective 1 January 2015.

The Company is of the view that the levy of sales tax on life insurance business is not fair and is unjust. The matter for the renewal of the exemption was taken up at the collective level by the Insurance Association of Pakistan (IAP) with the sales tax authorities. Further, the Sindh Cabinet in its meeting held on 27th Feb 2019 has also deferred the levy of taxes on Health and Life Insurance premium till the next financial year. The Company has also sought a legal opinion from the legal counsel and based on this opinion and, in view of the fact that the matter is under the process of review with the taxation authorities, the Company has not billed sales tax on life insurance premium to its customers. Based on the IAP's discussions with the sales tax authorities, the decision of the Sindh Cabinet and the legal opinion, we are hopeful that the exemption will be granted. Accordingly, the provision against sales tax liability has not been made by the Company in these financial statements as the discussions are still in progress.

14.2 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.

		Aggregate	
		Three months ended 31 March	
		2019	2018
		(Rupees in '000)	
17. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS			
Available for sale financial assets			
Realised gains on:			
- Equity securities		2,850,699	630,704
Realised losses on:			
- Equity securities		(160,737)	(851,679)
- Government securities		-	(8)
		<u>2,689,962</u>	<u>(220,983)</u>
18. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Net unrealised losses on investments at fair value through profit or loss (Held for trading purposes)		(1,319)	(9,877)
Net unrealised losses on investments in financial assets		167,319	(280,415)
Net unrealised gains on investments at fair value through profit or loss (Designated upon initial recognition)		<u>1,710,547</u>	<u>3,355,975</u>
Total investment income		1,876,547	3,065,683
Provision / Reversal of Impairment in value of available for sale securities		(1,001)	4,196
Less: Investment related expenses		(2,008)	(1,000)
		<u>1,873,538</u>	<u>3,068,879</u>
19. OTHER INCOME			
Other		2,014	2,724
Gain on sale of fixed assets		9,337	3,069
Return on loans to employees		4,244	3,074
		<u>15,595</u>	<u>8,867</u>
20. NET INSURANCE BENEFITS			
Gross claims			
Claims under individual policies			
by death		272,940	153,284
by insured event other than death		5,991	1,885
by maturity		314,965	338,849
by surrender		<u>3,259,028</u>	<u>2,908,337</u>
Total gross individual policy claims		<u>3,852,924</u>	<u>3,402,355</u>
Claims under group policies			
by death		483,869	463,425
by insured event other than death		19,852	72,280
by maturity		322	25
by surrender		1,762	1,278
Total gross group claims		<u>505,805</u>	<u>537,008</u>
Total gross claims		<u>4,358,729</u>	<u>3,939,363</u>
Less: Reinsurance / retakaful recoveries			
On individual life		45,004	15,095
On group claims		<u>54,440</u>	<u>90,850</u>
Total reinsurance / retakaful recoveries		<u>99,444</u>	<u>105,945</u>
Add: Claims related expenses		8,734	-
Net insurance benefit expense		<u>4,268,019</u>	<u>3,833,418</u>

21. ACQUISITION EXPENSES	Aggregate	
	Three months ended	
	31 March	
	2019	2018
	(Rupees in '000)	
Remuneration to insurance intermediaries on individual policies:		
- commission to agent on first year premiums	581,773	548,093
- commission to agent on second year premiums	138,747	97,379
- commission to agent on subsequent renewal premiums	109,611	79,897
- commission to agent on single premiums	7,754	25,635
- override commission to supervisors	142,811	123,950
- other benefits to insurance intermediaries		
- salaries, allowances and other benefits	361,932	276,735
Remuneration to insurance intermediaries on group policies:		
- commission	93,880	91,085
- other benefits to insurance intermediaries	18,158	17,856
- Traveling expenses (including cost of contests, conventions etc.)	14,993	10,918
- Printing and stationery	3,618	3,072
- Depreciation	28,796	17,691
- Rent, rates and taxes	31,194	23,259
- Electricity, gas and water	6,326	3,420
- Entertainment	7,127	5,901
- Vehicle running expenses	4,249	2,851
- Office repairs & maintenance	4,784	5,722
- postages, telegrams and telephone	11,545	9,142
- Medical fees	5,846	5,986
- Others	33,785	21,839
Other acquisition costs - policy stamps	26,680	24,276
	<u>1,638,609</u>	<u>1,394,707</u>
22. MARKETING AND ADMINISTRATION EXPENSES		
Employee benefit cost	168,448	145,779
Traveling expenses	4,011	9,010
Advertisements and sales promotion	41,772	29,692
Printing and stationery	12,855	10,170
Depreciation	31,776	29,129
Amortisation	3,231	2,847
Rent, rates and taxes	2,119	2,153
Legal and Professional charges - business related	35,415	14,145
Electricity, gas and water	8,925	6,287
Entertainment	10,036	8,490
Vehicle running expenses	1,669	4,350
Office repair and maintenance	14,894	19,886
Appointed actuary fees	2,850	2,700
Bank charges	2,099	7,778
Postage, internet and telephone	23,347	14,007
Fees and subscription	9,607	5,591
Annual supervision fee SECP	15,072	14,183
Miscellaneous	24,154	13,570
	<u>412,280</u>	<u>339,767</u>

23. OTHER EXPENSES	Aggregate	
	Three months ended 31 March	
	2019	2018
	(Rupees in '000)	
Traveling		818
Directors' fee	450	700
Advertisements and publicity	-	162
Donation	1,891	846
Others	117	174
	<u>2,458</u>	<u>2,700</u>

24. TAXATION		
For the period		
Current	103,938	89,389
Deferred	(9,508)	1,500
	<u>94,430</u>	<u>90,889</u>

	Held to maturity	Available to Sale	Fair value through profit & loss account	Deposit maturing within 12 months	Total
	(Rupees in '000)				
25 MOVEMENT IN INVESTMENTS					
At beginning of previous year (Re-stated)	3,081,423	446,022	81,992,677	12,439,000	97,959,122
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 year (Re-stated)	<u>3,740,698</u>	<u>446,795</u>	<u>86,584,045</u>	<u>15,049,100</u>	<u>105,820,637</u>
Additions	3,900,433	1,848,085	55,130,863	38,439,000	99,318,381
Disposals (sale and redemptions)	(5,516,400)	(2,250,000)	(72,215,436)	(18,184,100)	(98,165,936)
Fair value net gains (excluding net realised gains)	-	(43,878)	1,876,546		1,832,668
Impairment losses	-	(1,002)	-		(1,002)
At end of current period	<u>2,124,731</u>	<u>(0)</u>	<u>71,376,018</u>	<u>35,304,000</u>	<u>108,804,749</u>

26. SEGMENTAL INFORMATION

26.1 Revenue Account by Statutory Fund

	2019					Aggregate	
	Statutory Funds					Three months ended	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	31 March 2019
Income							
Premium / Contribution less reinsurance / retakaful	5,791,309	668,566	72	241	782,837	47,306	7,290,331
Policy transfer from other statutory funds	-	-	-	-	1,597	-	1,597
Bonus units transfer to statutory fund	-	-	-	-	-	-	-
Net investment income / wakala income	1,267,372	67,122	264	134	98,730	22,235	1,455,857
Total net income	7,058,681	735,688	336	375	883,164	69,541	8,747,785
Insurance Benefits and Expenditures							
Claims net of reinsurance recoveries	3,648,059	416,219	2,644	1,251	158,424	30,852	4,257,449
Policy transfer to other statutory funds	-	-	-	-	-	-	-
Bonus units transfer to statutory fund	1,836	-	-	-	-	-	1,836
Management expenses	1,470,693	178,259	15	80	450,541	32,407	2,131,995
Total Insurance Benefits and Expenditures	5,120,588	594,478	2,659	1,331	608,965	63,259	6,391,280
Excess of income over Insurance Benefits and Expenditures	1,938,093	141,210	(2,323)	(956)	274,199	6,282	2,356,505
Net Change in Insurance Liabilities(Other than outstanding Claims)	(1,644,362)	(131,194)	2,308	105	(284,825)	(1,488)	(2,059,456)
Surplus / (deficit) before tax	293,731	10,016	(15)	(851)	(10,626)	4,794	297,049
Movement in policyholders' liabilities	1,644,362	131,194	(2,308)	(105)	284,825	1,488	2,059,456
Transfer of (surplus) / deficit to shareholders' fund	(271,559)	(27,543)	(32)	-	-	(6,348)	(305,482)
Capital contribution from share holders' fund	-	-	-	828	25,029	-	25,857
Net Transfer to / from shareholders' fund	(271,559)	(27,543)	(32)	828	25,029	(6,348)	(279,625)
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	104,501,351	1,536,563	22,102	1,352	3,858,954	107,302	110,027,624

	Statutory Funds					Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March 2018
Income							
Premium / Contribution less reinsurance / retakaful	5,629,993	521,246	181	146	606,641	35,420	6,793,627
Policy transfer from other statutory funds	-	-	-	-	361	-	361
Net investment income	4,271,368	25,633	627	144	140,337	13,083	4,451,192
Total net income	9,901,361	546,879	808	290	747,339	48,503	11,245,180
Insurance Benefits and Expenditures							
Claims net of reinsurance recoveries	3,328,294	426,743	-	500	60,273	17,607	3,833,417
Policy transfer from other statutory funds	361	-	-	-	-	-	361
Management expenses	1,333,296	142,731	17	63	288,695	26,459	1,791,261
Total Insurance Benefits and Expenditures	4,661,951	569,474	17	563	348,968	44,066	5,625,039
Excess of income over Insurance Benefits and Expenditures	5,239,410	(22,595)	791	(273)	398,371	4,437	5,620,141
Net Change in Insurance Liabilities (Other than outstanding Claims)	(4,824,982)	(128,443)	909	350	(374,211)	(32,735)	(5,359,112)
Surplus / (Deficit) before tax	414,428	(151,038)	1,700	77	24,160	(28,298)	261,029
Movement in policyholders' liabilities							
Transfer of (surplus) / deficit to shareholders' fund	(353,456)	-	(1,705)	(96)	-	-	(355,257)
Capital contribution from share holders' fund	-	159,623	-	-	(20,544)	21,694	160,773
Net Transfer to/from shareholders' fund	(353,456)	159,623	(1,705)	(96)	(20,544)	21,694	(194,484)
Balance of statutory funds at beginning of the period	97,549,002	1,270,484	25,923	2,090	2,297,280	70,078	101,214,867
Balance of statutory funds at end of the period	102,434,956	1,407,512	25,009	1,721	2,675,107	96,209	106,640,514
26.2 Segment statement of financial position							
Property and equipment	1,302,580	1,117,265	1,117,265	2,419,845	1,317,467	1,114,160	2,431,627
Intangible assets	-	23,951	23,951	23,951	-	27,038	27,038
Investments	106,574,574	2,230,171	2,230,171	108,804,745	103,402,211	2,418,426	105,820,637
Insurance / reinsurance receivables	217,566	-	-	217,566	169,600	-	169,600
Other loans and receivables	2,020,050	190,480	190,480	2,210,530	2,928,578	181,860	3,110,438
Taxation - payments less provision	2,434	496,695	496,695	499,129	934	336,793	337,727
Prepayments	111,243	-	-	111,243	81,182	-	81,182
Cash & Bank	4,270,683	483,170	483,170	4,753,853	4,768,942	17,420	4,786,362
Total Assets	114,499,130	4,541,732	4,541,732	119,040,862	112,668,914	4,095,697	116,764,611
Insurance Liabilities net of reinsurance recoveries	109,820,374	-	-	109,820,374	107,603,537	-	107,603,537
Deferred taxation	-	682,641	682,641	682,641	-	704,433	704,433
Premium / Contribution received in advance	834,914	-	-	834,914	714,419	-	714,419
Insurance / reinsurance payables	255,869	-	-	255,869	193,218	-	193,218
Other creditors and accruals	1,144,139	62,182	62,182	1,206,321	1,458,118	63,290	1,521,408
Total Liabilities	112,055,296	744,823	744,823	112,800,119	109,969,292	767,723	110,737,015

28. WINDOW TAKAFUL OPERATIONS

The Statement of financial position of Window Takaful Operations as at 31 March 2019 and its financial performance for the period ended 31 March 2019 are as follows:

28.1 Balance Sheet

Shareholders' Fund	Statutory Funds		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	31 March 2019 Unaudited	31 December 2018 Audited
(Rupees in '000)				
Share capital and reserves				
Operator's Fund	50,000	-	50,000	50,000
Accumulated surplus	6,348	-	6,348	21,557
General reserves	-	-	-	-
Net shareholders' equity	56,348	-	56,348	71,557
Balance of statutory fund				
[including policyholders' liabilities				
Rs. 3378.39 million (2018:Rs.3496.08 million)				
Participant investment Fund	40,141	3,663,176	3,703,317	3,431,612
Participant Takaful Fund - Waqf	-	159,119	262,936	235,482
Cede Money - Waqf	-	2,000	2,000	2,000
Shareholder's Fund unit holding in PIF	-	22,617	22,617	22,201
	40,141	3,846,912	3,990,870	3,691,295
Creditors and accruals				
Outstanding Claims	-	56,927	84,091	69,263
Contribution received in advance	-	66,935	79,551	94,104
Amounts due to retakaful	-	14,788	61,777	66,301
Amounts due to agents	-	86,247	91,867	147,570
Accrued expenses	62,353	-	62,353	76,692
Other creditors and accruals	-	-	-	980,323
Capital contribution	292,586	187,160	1,004,595	-
Interfund payable	94,862	98,204	193,066	198,917
Total liabilities	449,801	510,261	1,577,300	1,633,170
Total equity and liabilities	546,290	4,357,173	5,624,518	5,396,022
Cash and bank deposits				
Policy stamps in hand	398	-	398	91
Current and other accounts	99,358	1,180,976	1,404,228	957,097
Deposits maturing within 12 months	103,000	1,251,000	1,354,000	1,374,000
	202,756	2,431,976	2,758,626	2,331,188
Investments				
Government securities	10,001	66,201	86,514	326,977
Other Fixed Income	-	659,835	659,835	480,000
Listed Equities & Mutual Funds	-	1,079,204	1,079,204	1,148,408
	10,001	1,805,240	1,825,553	1,955,385
Current assets - others				
Prepayments	9,455	-	9,455	8,019
Contributions due but unpaid	-	-	10,536	13,318
Amount due from retakaful	-	-	-	-
Sundry receivables	272,655	69,157	724,968	818,357
Investment income accrued	944	50,800	51,836	33,425
Shareholder's Fund unit holding in PIF	22,617	-	22,617	22,201
Capital contribution	25,029	-	25,029	12,809
Income Tax Assets	2,434	-	2,434	933
Advances and deposits	399	-	399	1,470
Interfund Receivable	-	-	193,065	198,917
	333,533	119,957	1,040,339	1,109,449
Total assets	546,290	4,357,173	5,624,518	5,396,022

28.2 Revenue Account

	Statutory Funds		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March	
			2019	2018

(Rupees in '000)

28.2.1 Participants' Investment Fund (PIF)

Income

Allocated contribution	436,721	-	436,721	376,730
Policy transfer to other statutory fund	1,597	-	1,597	361
Bonus units transfer to Statutory Fund	-	-	-	-
Net investment (loss) / income	27,633	-	27,633	88,435
Total net income	465,951	-	465,951	465,526

Less: Claims and Expenditure

Investment management charges	12,676	-	12,676	8,535
Bid offer spread	19,720	-	19,720	17,917
Policy admin fee	15,059	-	15,059	9,850
Wakalat-ul-Istismar	47,455	-	47,455	36,302
Surrender	147,957	-	147,957	57,360
	195,412	-	195,412	93,662

Excess of income over claims and expenditure

	270,539	-	270,539	371,864
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Add : Technical reserves at the beginning of the period

	3,392,637	-	3,392,637	2,185,823
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Less : Technical reserves at the end of the period

	3,663,176	-	3,663,176	2,557,687
	(270,539)	-	(270,539)	(371,864)

Surplus / (Deficit)

	-	-	-	-
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Movement in technical reserves

	270,539	-	270,539	371,864
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Balance of PIF at the beginning of the period

	3,392,637	-	3,392,637	2,185,823
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Balance of PIF at the end of the period

(a)	3,663,176	-	3,663,176	2,557,687
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28.2.2 Participants' Takaful Fund (PTF)

Income

Contribution net of retakaful recoveries	47,893	47,306	95,199	60,830
Net investment income	2,487	526	3,013	1,313
Total net income	50,380	47,832	98,212	62,143

Less: Claims and Expenditure

Claims net of retakaful recoveries	10,467	30,852	41,319	18,915
Wakala fee	13,956	21,709	35,665	23,209
	24,423	52,561	76,984	42,124

Excess of income over claims and expenditure

	25,957	(4,729)	21,228	20,019
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Add : Technical reserves at the beginning of the period

	45,103	58,336	103,439	58,886
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Less : Technical reserves at the end of the period

	59,389	59,824	119,213	93,968
	(14,286)	(1,488)	(15,774)	(35,082)

Surplus / (Deficit) before distribution

	11,671	(6,217)	5,454	(15,063)
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Distribution of surplus

	-	-	-	-
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Surplus / (Deficit) after distribution

	11,671	(6,217)	5,454	(15,063)
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Movement in technical reserves

	14,286	1,488	15,774	35,082
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Balance of PTF at the beginning of the period

	133,162	102,320	235,482	147,473
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	-	6,226	6,226	19,969
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Balance of PTF at the end of the period

(b)	159,119	103,817	262,936	187,461
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28.2.3 Shareholders' Sub-Fund

	Statutory Funds		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March	
			2019	2018
(Rupees in '000)				
Income				
Un-allocated contribution	298,223	-	298,223	202,535
Net investment income	7,199	-	7,199	4,161
Wakalat-ul-Istismar - PIF	47,455	-	47,455	36,302
Wakala Fee - PTF	13,956	21,709	35,665	23,209
Total net income	366,833	21,709	388,542	266,207
Less: Expenditure				
Acquisition costs	338,521	7,689	346,210	217,178
Administration expenses	50,609	3,010	53,619	38,465
	389,130	10,699	399,829	255,643
(Shortfall) / Excess of income over expenditure	(22,297)	11,010	(11,287)	10,564
Add : Technical reserves at the beginning of the period	-	-	-	-
Less : Technical reserves at the end of the period	-	-	-	-
(Deficit) / surplus transferred to shareholders' fund	(22,297)	11,010	(11,287)	10,564
Movement in technical reserves	-	-	-	-
Transfer to Shareholder's Fund	-	(6,348)	(6,348)	-
Capital Contribution	25,029	-	25,029	1,150
Qard-e-Hasna	-	(6,226)	(6,226)	(19,969)
Retained earnings on other than participating business	33,926	5,047	38,973	34,059
Balance of shareholders' sub fund at the end of the period	(c) 36,658	3,483	40,141	25,804
Balance of statutory funds at the end of the period	(a+b+c) 3,858,953	107,300	3,966,253	2,770,952

28.3 Statement of contribution

	Statutory Fund		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March	
			2019	2018
(Rupees in '000)				
Gross contribution				
Regular contribution individual policies				
First Year	373,707	-	373,707	258,032
Second Year	176,703	-	176,703	191,997
Subsequent year renewal	193,000	-	193,000	66,340
Single contribution individual policies	44,298	-	44,298	99,914
Group policies with cash values	300	-	300	386
Group policies without cash values	-	53,277	53,277	48,657
Total gross contribution	788,008	53,277	841,285	565,326

28.3.1 Participants' Investment Fund

Allocated regular contribution	394,020	-	394,020	277,177
Allocated single contribution	44,298	-	44,298	99,914
Total allocated contribution	438,318	-	438,318	377,091

28.3.2 Participants' Takaful Fund

Allocated gross contribution	51,467	53,277	104,744	85,760
Less: Retakaful contribution ceded				
On individual life first year business	764	-	764	3,845
On individual life second year business	1,367	-	1,367	4,228
On individual life subsequent year business	1,786	-	1,786	1,954
On group policies	(342)	-	(342)	1,605
Less: Reinsurance commission on risk premium	-	5,971	5,971	14,843
Total retakaful contribution ceded	3,575	5,971	9,546	26,475
Net Risk Contribution of PTF	47,892	47,306	95,198	59,225

28.3.3 Shareholders' Sub-Fund

Unallocated regular contribution	298,223	-	298,223	202,535
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28.4 Statement of Claims

	Statutory Fund		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March	
			2019	2018
	(Rupees in '000)			
Claims under Individual Family Takaful	17,395	-	17,395	4,979
Claims under Group Family Takaful	150	37,842	37,992	22,557
Total Gross Claims	17,545	37,842	55,387	27,536
Gross Claims allocated as follows:				
Participant's Investment Fund (PIF)				
Surrenders / Partial withdrawals under Individual Policies	147,957	-	147,957	57,360
Participant's Takaful Fund (PTF)				
Under group policies by death	-	35,022	35,022	20,176
Under group policies by event other than death	-	2,820	2,820	2,381
Total gross claims under PTF	-	37,842	37,842	22,557
Less: Re-Takaful recoveries under PTF				
On Individual policies	7,079	-	7,079	2,066
On group policies	-	6,990	6,990	4,950
Profit commission	-	-	-	-
	7,079	6,990	14,069	7,016
Net Claims under PTF	(7,079)	30,852	23,773	15,541
Total Net Claims	158,423	30,852	189,275	77,880

28.5 Statement of Expenses

	Statutory Fund		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March	
			2019	2018
	(Rupees in '000)			
Acquisition costs				
Shareholders' Sub-Fund				
Remuneration to insurance intermediaries on individual policies:				
- commission on first year contribution	157,182	-	157,182	111,434
- commission on renewal contribution	35,162	-	35,162	19,273
- commission on single contribution	956	-	956	2,717
- override commission	27,220	-	27,220	18,280
- other benefits to insurance intermediaries	91,913	-	91,913	34,937
	312,433	-	312,433	186,641
Remuneration to insurance intermediaries on group policies:				
- commission	215	7,434	7,649	11,923
- other benefits to insurance intermediaries	-	225	225	130
	215	7,659	7,874	12,053
Branch overheads	19,809	-	19,809	12,755
Other acquisition costs				
- policy stamps	5,706	-	5,706	4,124
- Medical fees	358	30	388	146
Total acquisition cost	338,521	7,689	346,210	215,719
Marketing and Administration expenses				
Salaries and other benefits	21,806	790	22,596	18,561
Travelling expenses	1,436	21	1,457	1,261
Cede money - Waqf	-	-	-	-
Advertisements and publicity	1,699	115	1,814	605
Printing and stationery	4,674	17	4,691	1,448
Depreciation	3,768	80	3,848	3,460
Amortization	419	-	419	369
Rent, rates and taxes	275	-	275	264
Legal and professional charges	835	1,647	2,482	1,389
Electricity, gas and water	964	38	1,002	717
Entertainment	1,144	27	1,171	979
Vehicle running Expenses	200	5	205	546
Office repairs and maintenance	1,917	-	1,917	2,576
Appointed Actuary's fees	369	-	369	350
Bank charges	285	-	285	1,108
Postage, telegrams and telephone	3,667	4	3,671	1,534
Fees and subscription	1,189	22	1,211	536
Annual supervision fee SECP	1,563	119	1,682	1,331
Miscellaneous	4,399	125	4,524	2,889
Gross Management Expenses	389,130	10,699	399,829	255,642
Fees charged to policy holders	-	-	-	-
Net Management Expenses	389,130	10,699	399,829	255,642

28.6 Statement of Investment Income

28.6.1 Participants' Investment Fund (PIF)

	Statutory Fund		Aggregate	
	Family Takaful	Family Takaful	Three months ended	
	Investment Linked Business	Protection Business	2019	2018
Return on government securities	12,015	-	12,016	1,943
Other fixed income securities	32,815	-	32,815	19,246
Dividend income	15,492	-	15,492	1,963
Amortization of (premium) / discount	-	-	-	-
(Loss) on sale of investment	(71,058)	-	(71,058)	(23,448)
Unrealized gain on investment	38,369	-	38,369	88,731
Net investment income of PIF	27,633	-	27,633	88,435

(a)

28.6.2 Participants' Takaful Fund (PTF)

Return on government securities	754	526	1,280	-
Other fixed income securities	896	-	896	1,018
Profit on bank deposits	837	-	837	295
Net investment income of PTF	2,487	526	3,013	1,313

(b)

28.6.3 Shareholders' Sub-Fund

Return on government securities	74	-	74	17
Other fixed income securities	201	-	201	169
Dividend income	95	-	95	17
Amortization of (premium) / discount	-	-	-	-
(Loss) on sale of investment	(435)	-	(435)	(206)
Unrealized gain on investment	235	-	235	779
Profit on bank deposits	7,029	-	7,029	3,385

Net investment income of shareholders' sub-fund

(c)

Net investment income

(a+b+c)

7,199

37,319

7,199

37,845

4,161

93,909

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 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:

On balance sheet financial instruments

31 March 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		
(Rupees in '000)												
Financial assets measured at fair value												
- Investments												
Government Securities (T-bills + PIBs + Sukuks)	39,556,401	-	-	-	-	-	39,556,401	-	39,556,401	-	-	39,556,401
Sukuk Bonds (other than government)	1,876,993	-	-	-	-	-	1,876,993	-	1,876,993	-	-	1,876,993
Listed equity securities	28,082,871	-	-	-	-	-	28,082,871	28,082,871	-	-	-	28,082,871
Unlisted equity securities	16,008	-	-	-	-	-	16,008	-	-	16,008	-	16,008
Units of mutual funds	381,607	-	-	-	-	-	381,607	-	381,607	-	-	381,607
Debt securities (Listed TFCs)	3,392,877	-	-	-	-	-	3,392,877	3,392,877	-	-	-	3,392,877
Financial assets not measured at fair value												
- Government Securities (T-bills + PIBs + Sukuks)	-	-	3,037,426	-	-	-	3,037,426	-	2,969,054	-	-	2,969,054
- Balances with banks *	40,057,854	-	-	-	-	-	40,057,854	-	-	-	-	-
- Certificate of Investment	210,000	-	-	-	-	-	210,000	-	-	-	-	-
- Advances	-	-	-	126,329	1,644,286	-	1,770,615	-	-	-	-	-
- Other assets (excluding markup accrued)*	-	-	-	-	662,723	-	662,723	-	-	-	-	-
	113,574,611	-	3,037,426	126,329	2,307,009	-	119,045,375	31,475,748	44,784,055	16,008	-	76,275,811
Financial liabilities not measured at fair value												
- Other liabilities (excluding Liabilities against assets subject to finance lease) *	-	-	-	-	-	2,979,747	2,979,747	-	-	-	-	-
	113,574,611	-	3,037,426	126,329	2,307,009	(2,979,747)	116,065,628	31,475,748	44,784,055	16,008	-	76,275,811

