

Directors' Review, 30 September 2019

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

Your Company's Gross premium income was Rs. 21.88 billion during the first nine months of 2019 (2018: Rs. 20.83 billion). New individual life regular premium income was Rs. 4.63 billion (2018: Rs.4.43 billion), an increase of 5%. Renewal premium was Rs. 13.91 billion (2018: Rs. 12.07 billion) an increase of 15%. Inclusive of renewal premium, the total individual life regular premium business increased by 12% to Rs. 18.54 billion (2018: 16.5 billion). Single premium business was Rs. 772 million (2018: Rs. 2.12 billion). Group Benefits business was Rs. 2.56 billion (2018: Rs. 2.21 billion), a growth of 16%.

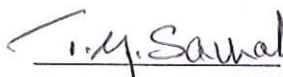
Your company's window takaful operations are in the fourth year of business. The total family takaful contribution was Rs. 2.74 billion (2018: 2.07 billion). Out of this, Rs. 2.51 billion (2018: Rs. 1.91 billion) was from Individual family takaful business (a growth of 31.57%) while Rs. 229 million (2018: Rs. 154.7 million) was from Group Family Takaful (a growth of 47%). 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 leases 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.653 million (2018: Rs.971.6 million). The Earnings per Share is Rs.6.53 (2018: Rs.9.72).

Interim Dividend: The Directors have pleasure in declaring Third Interim Dividend of Rs.1.50 per share. i.e. 15.00%. This cash dividend is in addition to Interim Cash Dividend of Rs.3.00/- per share i.e. 30% declared and paid during the year 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.


Managing Director
& Chief Executive


Director




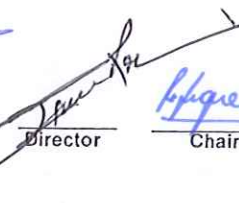


Director


Chairman

EFU LIFE ASSURANCE LTD.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019 (UNAUDITED)

	Note	Aggregate	
		30 September 2019 Unaudited	31 December 2018 Audited Restated
..... (Rupees in '000)			
Assets			
Properties and equipments	9	2,861,023	2,431,627
Intangible assets	9	17,811	27,038
Investments			
Equity securities	10	11,703,527	33,542,712
Government securities	11	64,512,709	52,972,866
Debt securities	12	10,029,529	4,078,872
Term deposits	13	24,154,000	15,049,100
Mutual funds	14	354,911	177,087
Insurance / reinsurance receivables		237,546	169,600
Other loans and receivables		1,589,277	3,110,438
Taxation - payments less provision		918,884	337,727
Prepayments		44,115	81,182
Cash & Bank	15	3,321,088	4,786,362
Total Assets		<u>119,744,420</u>	<u>116,764,611</u>
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)			
		<u>1,500,000</u>	<u>1,500,000</u>
Ordinary share capital:100,000,000(2018:100,000,000) ordinary shares of Rs.10 each			
Retained earnings arising from business other than participating business attributable to shareholders (Ledger account D)	16	1,000,000	1,000,000
Reserves		1,624,912	1,679,255
Surplus on revaluation of available for sale investment-net of tax		2,000,000	2,150,000
Unappropriated profit/(Accumulated loss)		31,736	75,713
		485,804	1,053,434
Total Equity		<u>5,142,452</u>	<u>5,958,402</u>
Liabilities			
Insurance Liabilities	17	110,918,125	107,695,796
Deferred taxation		736,167	681,368
Premium received in advance		782,807	714,419
Insurance / reinsurance payables		282,374	193,218
Other creditors and accruals		1,882,495	1,521,408
		3,683,843	3,110,413
Total Liabilities		<u>114,601,968</u>	<u>110,806,209</u>
Total Equity and Liabilities		<u>119,744,420</u>	<u>116,764,611</u>
Contingency(ies) and commitment(s)	18		

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

 Managing Director & Chief Executive	 Chief Financial Officer	 Director	 Director	 Chairman
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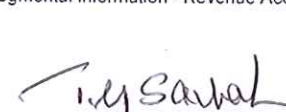
EFU LIFE ASSURANCE LTD.
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For The Nine Months Period Ended 30 September 2019

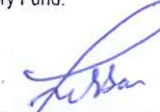
	Note	Aggregate		Aggregate	
		Nine Months Ended		Three Months Ended	
		2019	2018	2019	2018
		(Rupees in '000)			
		Restated			
Premium Revenue		21,876,371	20,834,227	6,599,214	6,786,389
Premium ceded to reinsurers		(513,499)	(540,890)	(154,566)	(136,218)
Net premium revenue	19	21,362,872	20,293,337	6,444,648	6,650,171
Investment income	20	7,910,985	4,831,642	3,091,010	1,613,372
Net realised fair value (losses) on financial assets	21	(7,286,219)	(1,032,732)	(1,718,879)	(315,073)
Net fair value gains on financial assets at fair value through profit or loss	22	124,309	(1,998,741)	(897,347)	(1,782,778)
Other income	23	46,554	25,379	15,578	8,624
		795,629	1,825,548	490,362	(475,855)
Net income		22,158,501	22,118,885	6,935,010	6,174,316
Insurance benefits		12,099,417	10,294,304	3,912,947	2,986,820
Recoveries from reinsurers		(332,699)	(325,746)	(115,803)	(102,049)
Claims related expenses		5,843	5,268	1,783	2,086
Net Insurance Benefits	24	11,772,561	9,973,826	3,798,927	2,886,857
Net Change in Insurance Liabilities (other than outstanding claims)		2,861,894	5,155,942	690,864	955,198
Acquisition expenses	25	5,147,486	4,526,120	1,702,628	1,517,743
Marketing and administration expenses	26	1,291,460	1,203,459	441,065	384,003
Other expenses	27	20,211	10,954	6,791	1,651
Total Expenses		9,321,051	10,896,475	2,841,348	2,858,595
Profit before tax		1,064,889	1,248,584	294,735	428,864
Income tax expense	28	(411,862)	(276,943)	(89,532)	(41,691)
Profit for the period		653,027	971,641	205,203	387,173
Earnings (after tax) per share - Rupees		6.53	9.72	2.05	3.87


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

Note:

Profit before tax is inclusive of the amount of the profit before tax of the Shareholder's Fund, the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholder's Fund based on the advice of the Appointed Actuary, and the undistributed surplus in the revenue account of the Statutory Funds which also includes the solvency margins maintained in accordance with the Insurance Rules, 2017. For details of the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholder's Fund aggregating to Rs. 1,061 million (2018: Rs. 1069 million), please refer to note 30, relating to segmental information - Revenue Account by Statutory Fund.


Managing Director &
Chief Executive


Chief Financial
Officer


Director



Director



Chairman


EFU LIFE ASSURANCE LTD.
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 For The Nine Months Period Ended 30 September 2019


Note	Aggregate		Aggregate	
	Nine Months Ended		Three Months Ended	
	30 September		30 September	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Profit after tax for the period- as per Profit and Loss Account	653,027	971,641	205,203	387,173
Other Comprehensive Income:				
Items that may be classified to profit and loss in subsequent period:				
Change in unrealised gains/(losses) on available-for-sale investments	(61,939)	16,594	(15,522)	(12,895)
Related Tax	17,962	(4,812)	4,501	3,740
	(43,977)	11,782	(11,021)	(9,155)
Total comprehensive income for the period	609,050	983,423	194,182	378,018


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 Managing Director & Chief Executive


 Chief Financial


 Director

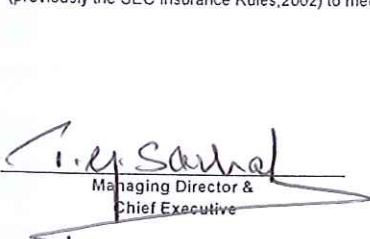

 Director


 Chairman
 RBH

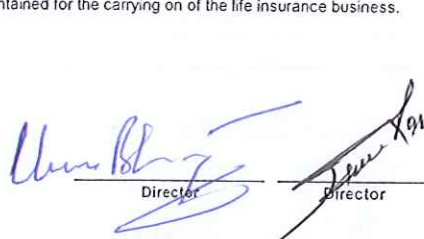
EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (Unaudited)

	Share Capital	General Reserve	Retained earnings arising from business other than participating business attributable to shareholders (ledger account D)- net of tax	Surplus on revaluation of available for sale investment	Unappropriated Profit	Total
Balance as at 1 January 2018 (as 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 September 2018						
Income for the period ended 30 September 2018			152,979		818,662	971,641
Other Comprehensive income-						
Fair value realised gain on available for sale investments during the nine months period ended 30 September 2018				11,782		11,782
			152,979	11,782	818,662	983,423
Distribution of Bonus units			18,702			18,702
Contribution to increase solvency margin			4,970		(4,970)	-
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)
Interim Dividend-2nd Quarter 2018					(125,000)	(125,000)
					(1,375,000)	(1,375,000)
Balance as at 30 September 2018	1,000,000	2,150,000	1,672,390	103,903	629,340	5,555,633
Balance as at 1 January 2019 (as reported)	1,000,000	2,150,000	1,748,449	75,713	1,053,434	6,027,596
Adjustment due to change in accounting policy 5.1.2			(69,194)			(69,194)
	1,000,000	2,150,000	1,679,255	75,713	1,053,434	5,958,402
Comprehensive Income for the period ended 30 September 2019						
Income for the period ended 30 September 2019			(183,749)		836,776	653,027
Other Comprehensive income-						
Fair value realised gain on available for sale investments during the nine months period ended 30 September 2019				(43,977)		(43,977)
			(183,749)	(43,977)	836,776	609,050
Contribution to increase solvency margin			129,406		(129,406)	-
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)
Interim Dividend-2nd Quarter 2019					(150,000)	(150,000)
					(1,425,000)	(1,425,000)
Balance as at 30 September 2019	1,000,000	2,000,000	1,624,912	31,736	485,804	5,142,452

*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.


Managing Director &
Chief Executive


Chief Financial
Officer


Director


Chairman

EFU LIFE ASSURANCE LTD.
CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2019


	Aggregate	
	30 September	
	2019	2018
	(Rupees in '000)	
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	21,874,019	21,099,260
Reinsurance premium / Retakaful contribution paid	(421,549)	(299,676)
Claims paid	(11,688,685)	(10,210,813)
Reinsurance and other recoveries received	332,700	325,746
Commission paid	(3,459,085)	(3,238,249)
Marketing and Administrative expenses paid	(1,291,460)	(1,203,459)
Other acquisition cost paid	(1,781,158)	(1,440,510)
Net cash flow from underwriting activities	3,564,782	5,032,299
b) Other operating activities		
Income tax paid	(970,557)	(619,811)
Other operating payments	1,697,642	1,077,222
Loans advanced	(64,698)	(52,844)
Loans repayments received	25,248	56,974
Net cash flow from other operating activities	687,635	461,541
Total cash flow from all operating activities	4,252,417	5,493,840
Investment activities		
Profit / Return received	7,549,529	4,225,085
Dividends received	683,434	980,897
Payments for investments	(289,440,387)	(197,385,917)
Proceed from investments	286,310,476	207,736,545
Fixed capital expenditure	(352,088)	(262,045)
Proceeds from sale of property and equipment	61,245	15,276
Total cash flow from investing activities	4,812,209	15,309,841
Financing activities		
Dividends paid	(1,425,000)	(1,375,000)
Total cash flow from financing activities	(1,425,000)	(1,375,000)
Net cash flow from all activities	7,639,626	19,428,681
Cash and cash equivalents at beginning of the period	19,835,462	18,496,913
Cash and cash equivalents at end of the period	27,475,088	37,925,594
Reconciliation to profit and loss account		
Operating cash flows	4,252,417	5,493,840
Depreciation	(341,601)	(153,895)
Amortization	(9,371)	(10,158)
Profit on disposal of property and equipment	25,495	8,782
(Loss) / Profit on disposal of investments	(7,286,219)	(1,032,731)
Other revenue	13,571	9,427
Dividend Income	673,865	972,978
Other investment income	7,596,196	4,206,307
Depreciation in market value of investments	49,591	(2,156,062)
Provision of impairment in the value of available for sale equity investments	(2,205)	(13,028)
Decrease in assets other than cash	(617,972)	(1,342,756)
Increase in liabilities other than borrowings	(3,700,740)	(5,011,063)
Profit after taxation	653,027	971,641

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


Managing Director &
Chief Executive


Chief Financial
Officer


Director


Director


Chairman

EFU LIFE ASSURANCE LIMITED

Notes To The Condensed Interim Financial Information (Unaudited) For The Nine Months Ended 30 September 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 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 nine months period to 30 September 2019, the Company recognized depreciation expense of Rs. 96.45 million and interest expense of Rs. 31.95 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:

Impact on Statement of Financial Position	At 30 September 2019 (Rupees in '000)
Increase in fixed assets - right-of-use assets	362,090
Decrease in prepayments	<u>(30,397)</u>
	331,693
Increase in other liabilities - lease liability against right-of-use assets	<u>(354,347)</u>
Decrease in net assets - before tax	<u><u>(22,654)</u></u>
	Nine months ended 30 September 2019 (Rupees in '000)
Impact on Profit and Loss account	
Increase in mark-up expense - lease liability against right-of-use assets	(31,946)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(96,455)
- Rent expense	105,747
Decrease in profit before tax	<u><u>(22,654)</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. 34.16 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 nine months have reduced by Rs. 24.517 million and EPS is reduced by Rs. 0.25 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 defers the application of IFRS 9 until the application of 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.

Financial assets	30-September-2019 (Un-audited)			
	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
	(Rupees in '000)			
Cash and bank *	-	-	3,310,528	-
Investments in equity securities and mutual funds	11,703,527	(63,220)	-	-
Investments in debt securities	-	-	74,542,238	194,928
Term Deposits	-	-	24,154,000	-
Mutual Funds	354,911	-	-	-
Total	12,058,438	(63,220)	102,006,766	194,928

	30 September 2019 (Unaudited)									
	Gross carrying amounts of debt instruments that pass the SPPI test									
	AA+	A+	AA	AA-	AAA	A-	A-1	A-1+	A-2	Unrated
	(Rupees in '000)									
Cash and bank *	-	-	-	-	-	-	-	1,076,960	2,224,143	11,138
Investments in equity securities	-	-	-	-	-	-	-	-	-	-
Investments in debt securities -	4,538,358	50,000	1,602,322	1,075,865	1,531,979	62,813	-	-	-	958,192
Investments in debt securities - Term Deposits / Certificate of Investment	-	100,000	-	-	-	250,000	9,700,000	14,104,000	-	210,000
Total gross carrying amounts of financial assets that pass the SPPI test	4,538,358	150,000	1,602,322	1,075,865	1,531,979	312,813	9,700,000	15,180,960	2,224,143	1,179,330

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

9 Properties, Equipments and Intangible Assets	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	(Rupees in '000)			
Tangible assets	9.1	2,498,933	2,431,627	
Right of use Asset	5.1	362,090	-	
Intangible assets	9.2	17,811	27,038	
		2,878,834	2,458,665	

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

	Note	Nine months ended 30 September 2019		Nine months ended 30 September 2018 ¹	
		Additions	Disposals	Additions	Disposals
		(Rupees in '000)			
Furniture and fixtures		10,394	-	41,586	-
Office equipments		15,347	189	9,673	430
Computer equipments		104,300	604	15,144	640
Motor vehicles		178,629	87,381	163,130	22,343
Lease hold Improvements	9.1.1	43,274	5,237	-	-
Building		-	-	15,000	-
		351,944	93,411	244,533	23,413

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 nine months period is Rs. 38.44 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 September 2018: Rs.17.512 million).

10. INVESTMENT IN EQUITY SECURITIES

Available for Sale	30 September 2019 Unaudited			31 December 2018 Audited		
	Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
(Rupees in '000)						
Related Party						
Listed Shares	306,470	(268,993)	37,477	334,522	(286,748)	47,774
Others						
Listed Shares	140,317	(18,145)	122,172	168,162	-	162,548
Unlisted Shares	16,008		16,008	16,008	-	16,008
Surplus on revaluation			39,206	-	-	107,914
Fair Value through Profit and Loss (Designated-upon initial recognition)						
Related Parties						
Listed Shares	476,653		473,225	539,276	-	589,347
Others						
Listed Shares	13,340,911		11,015,439	34,961,713	-	32,619,121
	14,280,359	(287,138)	11,703,527	36,019,681	(286,748)	33,542,712

11. GOVERNMENT SECURITIES

		30 September 2019 (Unaudited)	31 December 2018 (Audited)
(Rupees in '000)			
Held to Maturity	11.1	4,951,900	5,122,953
Fair Value through profit and loss((Designated-upon initial recognition)	11.2	59,560,809	47,849,913
		64,512,709	52,972,866

Held to Maturity	30 September 2019 (Unaudited)				
	Maturity Year	Effective Yield	Amortised Cost	Principal Repayment	Carrying Value
(Rupees in '000)					
03 Years Pakistan Investment Bond	2021	7.25	62,533	70,000	62,533
10 Years Pakistan Investment Bond	2028	8.75	11,853	15,000	11,853
20 Years Pakistan Investment Bond	2024	10	54,197	53,700	54,197
3 Months Treasury Bills	2019	12.07	4,763,750	4,815,000	4,763,750
3 Years Government Ijara	2019	5.24	59,567	43,000	59,567
			4,951,900	4,996,700	4,951,900
Fair Value through profit and loss((Designated-upon initial recognition)					
03 Years Pakistan Investment Bond	2021	7.25	1,288,734	1,430,000	1,301,586
03 Years Pakistan Investment Bond	2022	9	684,326	750,000	684,075
05 Years Pakistan Investment Bond	2020	9.25	5,012,182	4,987,500	4,884,259
10 Years Pakistan Investment Bond	2022	12	2,124,843	2,100,000	2,066,820
10 Years Pakistan Investment Bond	2024	12	101,925	100,000	98,820
20 Years Pakistan Investment Bond	2024	10	387,865	392,000	360,360
3 Months Treasury Bills	2019	12.25	49,816,450	50,221,000	49,806,132
03 Years Government Ijara	2019	5.24	106,273	107,000	86,490
08 Years Pakistan Water And Power Development Authority	2021	12.01	272,277	272,863	272,267
			59,794,875	60,360,363	59,560,809

11.3

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)

Note	30 September 2019 Unaudited			31 December 2018 Audited		
	Cost	Impairment/ Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value
(Rupees in '000)						
Others						
Term Finance Certificates	12.1	3,833,972	-	3,833,972	2,730,195	-
Corporate Sukuks	12.2	5,373,570	-	5,373,570	1,138,677	-
Commercial papers	12.3	611,987	-	611,987	-	-
Certificates of investment	12.4	210,000	-	210,000	-	-
		10,029,529	-	10,029,529	4,078,872	-

12.1	Term Finance Certificates	No. Of Certificates		Face Value	Value of Certificates	
		30 September 19	31 Dec 18		30 September 19	31 Dec 18
					(Rupees in '000)	
	Engro Fertilizers Ltd		52,000	4	-	91,000
	Bank Al Habib	80,100		10	396,229	300,289
	Bank Al Habib TIER I	40,000		5	200,000	
	Bank Al Habib TIER II	20,000	20,000	5	99,980	
	Al Baraka Bank	10,000	10,000	4	14,904	22,189
	Byco Oil Pakistan	20,000	20,000	5	81,979	100,000
	Bank Al-Falah Ltd	23,063	23,063	10	215,015	115,131
	MCB Bank Ltd (Formerly NIB Bank Limited)	-	20,000	5	-	101,592
	Pak Elektron Ltd.	20,000	20,000	10	-	99,994
	UBL ADT 1	250,000	250,000	5	1,250,000	1,250,000
	Sonari Bank Tier II Perpetual TFC	10,000	10,000	5	50,000	50,000
	Askari Bank Ltd. TIER I	500	500	1,000	500,000	500,000
	Dubai Islamic TIER I	20,000	20,000	5	100,000	100,000
	HBL ADT 1	20,000	-	10	200,000	
	JS Bank Limited	5,000	-	100	500,000	
	Engro Polymer	5,000	-	20	225,865	-
					3,833,972	2,730,195
12.2	Corporate Sukuks					
	Hascol Petroleum	30,000	30,000	7	75,563	99,499
	Fatima Fertilizer Company	-	9,807	4	-	29,677
	K Electric		7,500	10	978,695	78,361
	International brands	100,000	100,000	202	97,648	99,182
	Dawood Hercules	2,000	2,000	200	-	200,000
	Dawood Hercules Sukuk 1	5,819		89	520,490	-
	Dawood Hercules Sukuk 2	6,681		89	606,526	-
	Pakistan Services Limited	833	833	100	250,000	131,958
	Meezan Bank	100,000	100,000	5	500,000	500,000
	Fauji Fertilizer Company Ltd	2,814	-	10	24,675	-
	Hub Co 9 Months	5,000	-	100	500,000	-
	Hub Co 6 Months	5,000	-	70	350,000	-
	HUB Co Sukuk 4 Years	7,000	-	50,000	350,000	-
	Neelum Jhelum	1,000	-	100	1,119,973	-
					5,373,570	1,138,677
12.3	Commercial Paper					
	KEL Islamic Commercial Paper (ICP3)	1		100,000	93,407	-
	KEL Islamic Commercial Paper (ICPA)	1		500,000	470,671	-
	TPL Corp (ICP)	1	-	47,909	47,909	-
					611,987	-
12.4	Certificate of Investment					
	First Habib Modarba	1	-	210	210,000	210,000
					10,029,529	4,078,872

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, 28 February 2020, 19 March 2020.

13.	INVESTMENTS IN TERM DEPOSITS	30 September 2019	31 December 2018
		Unaudited	Audited
	Deposit maturing within 12 months	24,154,000	15,049,100

14.	INVESTMENT IN MUTUAL FUNDS	30 September 2019		31 December 2018			
		Unaudited	Audited	Unaudited	Audited		
		Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
	Related Parties	(Rupees in '000)					
	Mutual Funds (Designated upon initial recognition)	547		858	444	-	805
	Others						
	Mutual Funds (Designated upon initial recognition)	258,844		219,939	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)	112,133	(12,082)	100,051	100,147	(10,280)	89,867
	Surplus on revaluation	-	-	7,346	-	-	577
		398,241	(12,082)	354,911	185,329	(10,280)	177,087

	Note	30 September	31 December
		2019	2018
		Unaudited	Audited
----- (Rupees in '000) -----			
15. CASH & BANK			
Cash and Cash Equivalent			
Cash in hand		1,713	299
Policy & Revenue stamps		8,847	5,660
Cash at bank			
Current account		371,543	1,231,704
Saving account		2,938,985	3,548,699
		<u>3,321,088</u>	<u>4,786,362</u>
16. RETAINED EARNING LEDGER ACCOUNT D			
Opening balance		2,174,946	2,108,700
Contribution to increase solvency margin		129,406	12,809
Change in solvency margin through profit and loss		(149,783)	53,437
		<u>2,154,569</u>	<u>2,174,946</u>
Related Deferred Tax Liability on:			
Opening balance		(495,691)	(578,798)
Reversal / (charge) to profit and loss account		(33,966)	83,107
Closing balance		(529,657)	(495,691)
Net of tax		<u>1,624,912</u>	<u>1,679,255</u>
17. INSURANCE LIABILITIES			
Reported outstanding claims	17.1	2,707,041	2,281,165
Incurred but not reported claims	17.2	630,846	515,733
Investment component of unit-linked and account value policies	17.3	106,166,029	103,569,024
Liabilities under individual conventional insurance contracts	17.4	811,269	784,354
Liabilities under group insurance contracts (other than investment linked)	17.5	472,284	453,261
Participant Takaful Fund Balance	17.6	130,656	92,259
		<u>110,918,125</u>	<u>107,695,796</u>
17.1 Reported Outstanding Claims			
Gross of Reinsurance			
Payable within one year		2,328,733	1,918,000
Payable over a period of time exceeding one year		634,279	646,563
		<u>2,963,012</u>	<u>2,564,563</u>
Recoverable from Reinsurers			
Receivable over a period of time exceeding one year		(255,971)	(283,398)
		<u>(255,971)</u>	<u>(283,398)</u>
Net Reported Outstanding Claims		<u>2,707,041</u>	<u>2,281,165</u>
17.2 Incurred But Not Reported Claims			
Gross of Reinsurance		760,323	634,042
Reinsurance Recoveries		(129,477)	(118,309)
Net of Reinsurance		<u>630,846</u>	<u>515,733</u>
17.3 Investment Component of Unit Linked and Account Value Policies			
Investment Component of Unit Linked Policies		106,166,029	103,569,024
Investment Component of Account Value Policies		-	-
		<u>106,166,029</u>	<u>103,569,024</u>

17.4 Liabilities under Individual Conventional Insurance Contracts

Gross of Reinsurance	976,414	952,718
Reinsurance Credit	(165,145)	(168,364)
Net of Reinsurance	<u>811,269</u>	<u>784,354</u>

17.5 Liabilities under Group Insurance Contracts
(other than investment linked)

Gross of Reinsurance	610,695	532,584
Reinsurance Credit	(138,411)	(79,323)
Net of Reinsurance	<u>472,284</u>	<u>453,261</u>

17.6 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 judgment 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 premium charged on risk cover till 30 June 2019. However, sales tax on life insurance premium charged on risk cover 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 Company 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 it to the policy holder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules. Accordingly, based on the above view, the Life Insurance Industry has filed a writ petition in Hon'r High Court of Punjab against levy of sales tax on life insurance premiums.

The matter for the renewal of the exemption in Sindh was also taken up at the collective level by the Insurance Association of Pakistan (IAP) with the Sindh Revenue Board. The matter is still under the process of review with the taxation authorities in Sindh and the Company expects a favourable outcome. In view of the above the Company has not started billing sales tax to its customers. The amount of sales tax involved 450 million which nonetheless the Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

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.

	Aggregate		Aggregate	
	Nine months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
----- (Rupees in '000) -----				
19. NET INSURANCE PREMIUM / CONTRIBUTION REVENUE				
Gross premium / contribution				
Regular premium / contribution individual policies				
First year	4,634,537	4,428,143	1,508,806	1,553,862
Second year renewal	3,405,093	2,703,433	1,056,617	903,548
Subsequent year renewal	10,501,678	9,372,189	3,103,611	3,020,300
Single premium / contribution individual policies	771,548	2,122,466	125,430	573,673
Group policies with cash values	41,777	45,923	13,417	13,218
Group policies without cash values	2,708,650	2,306,916	852,795	774,834
Less: Experience Refund	(186,912)	(144,843)	(61,462)	(53,046)
Total gross premium / contribution	21,876,371	20,834,227	6,599,214	6,786,389
Less: Reinsurance premium / retakaful contribution ceded				
On individual life first year business	15,972	37,110	(138)	13,614
On individual life second year business	17,128	28,764	10,541	6,071
On individual life renewal business	99,558	146,390	47,093	38,873
On group policies	419,970	362,378	104,561	88,062
Less: Experience refund from reinsurers	(32,923)	(20,803)	(4,383)	(5,731)
Less: Reinsurance commission on risk premium	(6,206)	(12,949)	(3,108)	(4,671)
Total reinsurance premium / retakaful contribution ceded	513,499	540,890	154,566	136,218
Net premium / contribution	21,362,872	20,293,337	6,444,648	6,650,171
----- (Rupees in '000) -----				
	Aggregate		Aggregate	
	Nine months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
----- (Rupees in '000) -----				
20. INVESTMENT INCOME				
20.1 Income from equity securities				
Fair Value through Profit and Loss				
Dividend income	666,324	965,489	62,806	324,654
Available for Sale				
Dividend income	17,110	15,407	6,551	(8,762)
20.2 Income from debt securities				
Fair Value through Profit and Loss				
Return on debt securities	966,130	302,918	394,245	136,435
On government securities	4,554,237	2,870,844	1,977,684	947,420
Held to Maturity				
On government securities	363,428	211,591	150,753	79,572
20.3 Income from term deposits				
Return on term deposits	1,343,756	465,393	498,971	134,053
	7,910,985	4,831,642	3,091,010	1,613,372

	Aggregate		Aggregate	
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
..... (Rupees in '000)				
21. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS				
Available for sale financial assets				
Realised gains on:				
- Equity securities	29,869	-	(3,141)	-
Realised losses on:				
- Equity securities	(7,316,088)	(1,031,063)	(1,715,738)	(314,454)
- Government securities	-	(1,669)	-	(619)
	<u>(7,286,219)</u>	<u>(1,032,732)</u>	<u>(1,718,879)</u>	<u>(315,073)</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)	194,928	(701,710)	160,012	(270,857)
Net unrealised gains on investments at fair value through profit or loss (Designated upon initial recognition)- Equity Securities	<u>(63,220)</u>	<u>(1,279,944)</u>	<u>(1,058,029)</u>	<u>(1,501,567)</u>
Total investment income	131,708	(1,981,654)	(898,017)	(1,772,424)
Provision / Reversal of Impairment in value of available for sale securities	(2,205)	(13,028)	1,735	(9,353)
Less: Investment related expenses	(5,194)	(4,059)	(1,065)	(1,001)
	<u>124,309</u>	<u>(1,998,741)</u>	<u>(897,347)</u>	<u>(1,782,778)</u>
23. OTHER INCOME				
Gain on sale of fixed assets	25,495	8,782	8,192	3,462
Return on loans to employees	13,571	9,427	4,617	3,009
Other	7,488	7,170	2,769	2,153
	<u>46,554</u>	<u>25,379</u>	<u>15,578</u>	<u>8,624</u>
24. NET INSURANCE BENEFITS				
Gross claims				
Claims under individual policies				
by death	641,395	442,280	214,544	151,799
by insured event other than death	18,233	7,962	5,703	6,120
by maturity	876,447	1,002,335	273,446	336,444
by surrender	8,887,451	7,302,654	2,876,268	2,015,908
Total gross individual policy claims	10,423,526	8,755,231	3,369,961	2,510,271
Claims under group policies				
by death	1,607,539	1,459,605	522,232	446,748
by insured event other than death	48,707	73,130	18,240	26,397
by maturity	399	114	-	-
by surrender	19,247	6,224	2,517	3,402
Total gross group claims	1,675,892	1,539,073	542,989	476,547
Total gross claims	12,099,418	10,294,304	3,912,950	2,986,818
Less: Reinsurance / retakaful recoveries				
On individual life	99,196	81,869	35,593	42,209
On group claims	233,504	243,877	80,213	59,839
Total reinsurance / retakaful recoveries	332,700	325,746	115,806	102,048
Add: Claims related expenses	5,843	5,268	1,783	2,086
Net insurance benefit expense	<u>11,772,561</u>	<u>9,973,826</u>	<u>3,798,927</u>	<u>2,886,856</u>

25. ACQUISITION EXPENSES	Aggregate		Aggregate	
	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	(Rupees in '000)			
Remuneration to insurance intermediaries on individual policies:				
- commission to agent on first year premiums	1,831,710	1,869,701	607,600	647,225
- commission to agent on second year premiums	351,406	289,575	55,430	93,603
- commission to agent on subsequent renewal premiums	295,681	234,220	75,441	75,535
- commission to agent on single premiums	21,117	63,985	3,442	16,452
- override commission to supervisors	417,792	387,272	131,693	133,301
- other benefits to insurance intermediaries				
- salaries, allowances and other benefits	1,205,749	941,125	463,209	319,332
Remuneration to insurance intermediaries on group policies:				
- commission	301,277	237,466	100,262	52,789
- other benefits to insurance intermediaries	64,841	49,789	23,633	16,009
- Traveling expenses (including cost of contests, conventions etc.)	40,055	33,324	10,890	10,170
- Printing and stationery	5,599	5,503	1,066	1,155
- Depreciation	229,625	62,983	84,685	24,512
- Rent, rates and taxes	3,302	78,896	700	28,441
- Electricity, gas and water	40,098	27,091	20,062	14,003
- Entertainment	29,744	20,384	10,299	7,164
- Vehicle running expenses	8,456	8,851	-	2,668
- Office repairs & maintenance	33,574	15,420	24,408	6,065
- postages, telegrams and telephone	33,527	27,461	12,580	8,358
- Medical fees	15,619	16,927	4,482	4,664
- Finance Cost	26,489	-	5,899	-
- Others	115,012	89,767	43,782	31,969
Other acquisition costs - policy stamps	76,813	66,380	23,065	24,328
	<u>5,147,486</u>	<u>4,526,120</u>	<u>1,702,628</u>	<u>1,517,743</u>

26. MARKETING AND ADMINISTRATION EXPENSES

Employee benefit cost	545,067	497,088	189,069	180,626
Traveling expenses	54,060	65,385	8,499	14,406
Advertisements and sales promotion	68,283	129,843	24,193	13,022
Printing and stationery	49,809	39,529	16,481	11,140
Depreciation	111,976	90,913	37,619	32,076
Amortisation	9,371	10,158	2,910	3,535
Rent, rates and taxes	9,145	12,982	8,154	9,182
Legal and Professional charges - business related	81,422	63,050	22,384	30,575
Electricity, gas and water	28,993	22,786	12,569	8,602
Entertainment	32,527	20,648	12,725	5,883
Vehicle running expenses	14,774	3,901	8,707	2,016
Office repair and maintenance	53,495	47,933	20,893	14,286
Appointed actuary fees	9,450	8,550	3,150	2,850
Bank charges	11,914	9,231	2,093	859
Postage, internet and telephone	59,738	59,713	17,129	16,826
Fees and subscription	24,783	17,042	9,907	6,100
Annual supervision fee SECP	43,778	41,846	12,974	13,568
Miscellaneous	82,875	62,861	31,609	18,451
	<u>1,291,460</u>	<u>1,203,459</u>	<u>441,065</u>	<u>384,003</u>

	Aggregate		Aggregate	
	Nine months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
----- (Rupees in '000) -----				
27. OTHER EXPENSES				
Traveling	666	890	-	-
Directors' fee	1,350	1,800	400	400
Auditors' fee	300	1,846	-	400
Advertisements and publicity	9,794	1,259	5,706	-
Printing and Stationary	127	-	(1)	-
Donation	6,526	4,313	555	702
Fees and Subscription	600	-	-	-
Out of Pocket Expense	848	-	131	(697)
Others	-	846	-	846
	20,211	10,954	6,791	1,651

28. TAXATION

For the period

Current	357,063	271,830	108,063	15,310
Prior	-	79,170	-	(10)
Deferred	54,799	(74,057)	(18,530)	26,391
	411,862	276,943	89,533	41,691

Held to maturity	Available to Sale	Fair value through profit & loss account	Deposit maturing within 12 months	Total
----- (Rupees in '000) -----				

29. 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)	3,740,698	446,794	86,584,045	15,049,100	105,820,637
Additions	9,676,786	3,732,279	161,330,222	123,806,000	298,545,287
Disposals (sale and redemptions)	(10,043,000)	(3,750,000)	(165,102,595)	(114,701,100)	(293,596,695)
Fair value net gains (excluding net realised gains)	-	(61,939)	49,591		(12,348)
Impairment losses	-	(2,205)	-		(2,205)
At end of current period	3,374,484	364,929	82,861,263	24,154,000	110,754,676

30. SEGMENTAL INFORMATION

30.1 Revenue Account by Statutory Fund

	2019							Aggregate Nine months ended 30 September 2019
	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 reinsurance / retakaful	16,727,754	1,953,494	620	610	2,488,199	183,783	21,354,450	
Policy transfer from other statutory funds	-	-	-	-	8,412	-	8,412	
Bonus units transfer to statutory fund	-	-	-	-	50,296	-	50,296	
Net investment income / wakala income	391,275	194,505	163	149	220,326	89,525	895,943	
Total net income	17,119,029	2,147,999	783	759	2,767,233	273,308	22,309,111	
Insurance Benefits and Expenditures								
Claims net of reinsurance recoveries	9,806,583	1,338,246	3,783	(99)	529,538	80,255	11,758,306	
Policy transfer from other statutory funds	8,412	-	-	-	-	-	8,412	
Bonus units transfer to statutory fund	-	-	-	-	50,296	-	50,296	
Management expenses	4,609,965	516,844	68	330	1,454,383	137,865	6,719,455	
Total Insurance Benefits and Expenditures	14,424,960	1,855,090	3,851	231	2,034,217	218,120	18,536,469	
Excess of income over Insurance Benefits and Expenditures	2,694,069	292,909	(3,068)	528	733,016	55,188	3,772,642	
Net Change in Insurance Liabilities (Other than outstanding Claims)	(1,809,707)	(134,557)	3,241	18	(824,671)	(7,524)	(2,773,200)	
Surplus / (deficit) before tax	884,362	158,352	173	546	(91,655)	47,664	999,442	
Movement in policyholders' liabilities								
Transfer of (surplus) / deficit to shareholders' fund	1,809,707	134,557	(3,241)	(18)	824,671	7,524	2,773,200	
Capital contribution from share holders' fund	(862,132)	(176,397)	(240)	(553)	-	(21,212)	(1,060,534)	
Net Transfer to / from shareholders' fund	(862,132)	(176,397)	(240)	(553)	129,406	-	129,406	
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	104,666,754	1,539,408	21,149	1,455	4,422,148	141,344	110,792,258	

2018

	Statutory Funds					Aggregate Nine months ended 30 September 2018
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	
Income						
Premium / Contribution less reinsurances / relakaful	16,583,743	1,702,246	700	621	1,881,529	20,289,799
Policy transfer from other statutory funds	-	-	-	-	3,538	3,538
Bonus units transferred to statutory funds	-	-	-	-	26,718	26,718
Net investment income	1,524,598	101,311	1,687	326	201,656	1,882,151
Total net income	18,108,341	1,803,557	2,387	947	2,113,441	22,202,206
Insurance Benefits and Expenditures						
Claims net of reinsurance recoveries	8,355,319	1,240,687	214	710	319,767	9,965,020
Policy transfer from other statutory funds	3,538	-	-	-	-	3,538
Bonus units transferred to statutory funds	4,409,525	426,457	56	271	26,718	26,718
Management expenses	12,768,382	1,667,144	270	981	982,137	5,904,971
Total Insurance Benefits and Expenditures	5,339,959	136,413	2,117	(34)	784,619	15,900,247
Excess of income over Insurance Benefits and Expenditures	(4,227,591)	(93,371)	1,083	391	(772,874)	(5,124,725)
Net Change in Insurance Liabilities (Other than outstanding Claims)	1,112,368	43,042	3,200	357	11,945	1,177,234
Surplus / (Deficit) before tax	4,227,591	93,371	(1,083)	(391)	772,874	5,124,725
Movement in policyholders' liabilities	(1,065,597)	4,492	(3,208)	(389)	-	(1,069,194)
Transfer of (surplus) / deficit to shareholders' fund	-	4,492	-	-	(3,105)	4,971
Capital contribution from shareholders' fund	(1,065,597)	4,492	(3,208)	(389)	(3,105)	(1,064,223)
Net Transfer to/from shareholders' fund	97,549,002	1,270,484	25,923	2,090	2,297,280	101,214,857
Balance of statutory funds at beginning of the period	101,823,364	1,411,389	24,832	1,667	3,078,994	112,347
Balance of statutory funds at end of the period						106,452,593

30.2 Segment statement of financial position	As at 30 September 2019		As at 31 December 2018 Audited	
	Statutory Funds	Shareholders Funds	Statutory Funds	Shareholders Funds
Property and equipment	1,272,806	1,588,217	1,317,467	1,114,160
Inangible assets	-	17,811	-	27,038
Investments	109,575,726	1,178,950	103,402,211	2,418,426
Insurance / reinsurance receivables	237,546	-	169,600	-
Other loans and receivables	1,360,862	228,413	2,928,578	181,860
Taxation - payments less provision	4,136	914,748	934	336,793
Prepayments	44,115	-	81,182	-
Cash & Bank	3,304,452	16,636	4,768,942	17,420
Total Assets	115,799,643	3,944,775	112,668,914	4,095,697
Insurance Liabilities net of reinsurance recoveries	110,918,125	-	107,695,796	-
Deferred taxation	-	736,167	-	681,368
Premium / Contribution received in advance	782,806	-	714,419	-
Insurance / reinsurance payables	282,374	-	193,218	-
Other creditors and accruals	1,439,969	442,529	1,458,118	63,290
Total Liabilities	113,423,274	1,178,696	110,061,551	744,658
				110,806,209

31. RELATED PARTY TRANSACTIONS

The related parties comprise of holding company, directors, key management personnel, associated companies/associated undertakings, and entities with common directors and retirement benefit fund. 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:

	Nine months ended - Unaudited	
	30 September 2019	30 September 2018
	----- (Rupees in '000) -----	
Transactions		
Holding company		
Premium written	17,765	24,026
Premium paid	46,365	27,763
Claims paid	6,774	8,279
Claims received	7,790	1,215
Dividend paid	619,491	596,641
Dividend received	43,299	40,958
Associated companies		
Premium written	81,498	68,640
Premium paid	23,086	22,232
Claims paid	15,149	11,031
Claims received	-	-
Commission paid	156,316	189,275
Travelling expenses	464	1,441
Donation paid	1,589	1,164
Dividend paid	606,542	575,230
Interest on bank deposit	559,548	152,439
Payments of Car	22,144	-
Investment sold of related party	25,558	209,386
Key management personnel		
Premium written	525	1,970
Loan to Key employees	6,000	-
Loan recovered	3,500	2,787
Compensation paid	117,050	108,846
Dividend paid	9,625	9,227
Employees' funds		
Contribution to provident fund	25,139	23,716
Contribution to pension fund	20,891	18,933
	30 September 2019	31 December 2018
	Unaudited	Audited
	----- (Rupees in '000) -----	
Balances		
Bank balances	237,783	869,823
Bank deposits	5,400,000	5,150,000
Premium received in advance	2,465	652
Premium receivable	252	1,107
Investment in EFU General Insurance Limited-holding company	422,597	468,096
Investment in related party	117,660	172,190
Claim outstanding- Holding company	1,201	-
Claims outstanding- Related party	15,030	5,935
Loan receivable of key employees	26,044	23,544

32. WINDOW TAKAFUL OPERATIONS

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

32.1 Balance Sheet

	Statutory Funds			Aggregate	
	Shareholders' Fund	Family Takaful Investment Linked Business	Family Takaful Protection Business	30 September 2019 Unaudited	31 December 2018 Audited
		(Rupees in '000)			
Share capital and reserves					
Operator's Fund	50,000	-	-	50,000	50,000
Accumulated surplus	(170,969)	-	-	(170,969)	(157,815)
General reserves	-	-	-	-	-
Net shareholders' equity	(120,969)	-	-	(120,969)	(107,815)
Balance of statutory fund					
[including policyholders' liabilities					
Rs. 4,020.72 million (2018:Rs.3496.08 million)					
Participant Investment Fund	64,778	4,203,916	-	4,268,694	3,431,612
Participant Takaful Fund - Waqf	-	176,194	118,603	294,797	235,482
Cede Money - Waqf	-	2,000	-	2,000	2,000
Shareholder's Fund unit holding in PIF	-	37,991	-	37,991	22,201
	64,778	4,420,101	118,603	4,603,482	3,691,295
Creditors and accruals					
Outstanding Claims	-	78,987	45,906	124,893	69,263
Contribution received in advance	-	62,033	15,117	77,150	94,104
Amounts due to retakaful	-	12,075	49,393	61,468	66,301
Amounts due to agents	-	87,660	6,085	93,745	147,570
Accrued expenses	105,962	-	-	105,962	76,692
Other creditors and accruals	439,560	174,565	721,642	1,335,767	980,323
Capital contribution	192,181	-	-	192,181	179,372
Interfund payable	96,746	28,266	-	125,012	198,917
Total liabilities	834,449	443,586	838,143	2,116,178	1,812,542
Total equity and liabilities	778,258	4,863,687	956,746	6,598,691	5,396,022
Cash and bank deposits					
Policy stamps in hand	442	-	-	442	91
Current and other accounts	123,022	721,070	284,642	1,128,734	957,097
Deposits maturing within 12 months	103,000	2,366,000	-	2,469,000	1,374,000
	226,464	3,087,070	284,642	3,598,176	2,331,188
Investments					
Government securities	1	64,927	-	64,928	326,977
Other Fixed Income	10,000	1,197,435	10,312	1,217,747	480,000
Listed Equities & Mutual Funds	-	376,149	-	376,149	1,148,408
	10,001	1,638,511	10,312	1,658,824	1,955,385
Current assets - others					
Prepayments	391	-	-	391	8,019
Contributions due but unpaid	-	-	23,196	23,196	13,318
Amount due from retakaful	-	-	-	-	-
Sundry receivables	368,707	45,461	513,272	927,440	818,357
Investment income accrued	746	92,645	312	93,703	33,425
Shareholder's Fund unit holding in PIF	37,991	-	-	37,991	22,201
Capital contribution	129,406	-	-	129,406	12,809
Income Tax Assets	4,136	-	-	4,136	933
Advances and deposits	416	-	-	416	1,470
Interfund Receivable	-	-	125,012	125,012	198,917
	541,793	138,106	661,792	1,341,691	1,109,449
Total assets	778,258	4,863,687	956,746	6,598,691	5,396,022

32.2 Revenue Account

	Statutory Funds		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
			2019	2018	2019	2018

(Rupees in '000)

32.2.1 Participants' Investment Fund (PIF)

Income

Allocated contribution	1,416,889	-	1,416,889	1,105,941	461,409	390,699
Policy transfer to other statutory fund	8,229	-	8,229	3,538	1,100	497
Bonus units transfer to Statutory Fund	50,296	-	50,296	26,718	50,296	-
Net investment (loss) / income	(6,837)	-	(6,837)	48,192	15,730	13,135
Total net income	1,468,577	-	1,468,577	1,184,389	528,535	404,331

Less: Claims and Expenditure

Investment management charges	40,089	-	40,089	28,721	14,369	10,107
Bid offer spread	64,178	-	64,178	51,137	20,905	17,012
Policy admin fee	45,209	-	45,209	31,085	15,070	11,138
Wakalat-ul-Istismar	149,476	-	149,476	110,943	50,344	38,257
Surrender	507,823	-	507,823	306,052	175,078	110,022
	657,299	-	657,299	416,995	225,422	148,279

Excess of income over claims
and expenditure

	811,278	-	811,278	767,394	303,113	256,052
Add : Technical reserves at the beginning of the period	3,392,638	-	3,392,638	2,185,823	3,900,803	2,697,165
Less : Technical reserves at the end of the period	4,203,916	-	4,203,916	2,953,217	4,203,916	2,953,217
	(811,278)	-	(811,278)	(767,394)	(303,113)	(256,052)

Surplus / (Deficit)

	-	-	-	-	-	-
Movement in technical reserves	811,278	-	811,278	767,394	303,113	256,052
Balance of PIF at the beginning of the period	3,392,638	-	3,392,638	2,185,823	-	-
Balance of PIF at the end of the period	(a) 4,203,916	-	4,203,916	2,953,217	303,113	256,052

32.2.2 Participants' Takaful Fund (PTF)

Income

Contribution net of retakaful recoveries	144,195	183,783	327,978	206,850	119,294	79,801
Net investment income	15,139	1,140	16,279	5,425	7,313	3,323
Total net income	159,334	184,923	344,257	212,275	126,607	83,124

Less: Claims and Expenditure

Claims net of retakaful recoveries	21,715	80,255	101,970	62,038	39,162	19,285
Wakala fee	44,291	88,385	132,676	81,177	48,254	32,684
	66,006	168,640	234,646	143,215	87,416	51,969

Excess of income over claims
and expenditure

	93,328	16,283	109,611	69,060	39,191	31,155
Add : Technical reserves at the beginning of the period	45,103	58,336	103,439	58,886	173,859	96,791
Less : Technical reserves at the end of the period	58,494	65,860	124,354	96,729	124,354	96,729
Surplus/(Deficit) Retained Profit	79,937	8,759	88,696	31,217	88,696	31,217
Distribution of surplus	-	-	-	-	-	-

Movement in technical reserves	(93,328)	(16,283)	(109,611)	(69,060)	(39,191)	(31,155)
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Surplus / (Deficit) before distribution

	-	-	-	-	-	-
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Distribution of surplus	-	-	-	-	-	-
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Surplus / (Deficit) after distribution	-	-	-	-	-	-
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Movement in technical reserves	93,328	16,283	109,611	69,060	39,191	31,155
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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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Distribution of Surplus	(50,296)	-	(50,296)	(26,718)	-	-
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Qard-e-Hasna	-	-	-	14,717	-	(1,717)
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Balance of PTF at the end of the period	(b) 176,194	118,603	294,797	204,532	39,191	29,438
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32.2.3 Shareholders' Sub-Fund

	Statutory Funds		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
			2019	2018	2019	2018
(Rupees in '000)						
Income						
Un-allocated contribution	927,298	-	927,298	689,698	309,754	270,505
Net investment income	18,257	-	18,257	8,492	7,519	1,707
Wakalat-ul-Istismar - PIF	149,476	-	149,476	110,943	50,344	38,257
Wakala Fee - PTF	44,291	88,385	132,676	81,177	48,254	32,684
Total net income	1,139,322	88,385	1,227,707	890,310	415,871	343,153
Less: Expenditure						
Acquisition costs	1,095,040	42,412	1,137,452	737,114	411,471	279,714
Administration expenses	165,575	7,069	172,644	139,428	61,230	47,762
	1,260,615	49,481	1,310,096	876,542	472,701	327,476
(Shortfall) / Excess of income over expenditure	(121,293)	38,904	(82,389)	13,768	(56,830)	15,677
Add: Technical reserves at the beginning of the period	-	-	-	-	-	-
Less: Technical reserves at the end of the period	-	-	-	-	-	-
(Deficit) / surplus transferred to shareholders' fund	(121,293)	38,904	(82,389)	13,768	(56,830)	15,677
Movement in technical reserves	-	-	-	-	-	-
Transfer to Shareholder's Fund	-	(21,212)	(21,212)	-	947	-
Capital Contribution	129,406	-	129,406	479	73,859	(11,832)
Qard-e-Hasna	-	-	-	(14,717)	-	1,717
Retained earnings on other than participating business	33,926	5,047	38,973	34,061	-	2
Balance of shareholders' sub fund at the end of the period	42,039	22,739	64,778	33,591	17,976	5,564
Balance of statutory funds at the end of the period	4,422,149	141,342	4,563,491	3,191,340	360,280	291,054

32.3 Statement of contribution

	Statutory Fund		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
			2019	2018	2019	2018
(Rupees in '000)						
Gross contribution						
Regular contribution individual policies						
First Year	1,156,744	-	1,156,744	903,219	386,149	355,349
Second Year	641,239	-	641,239	445,558	219,061	127,876
Subsequent year renewal	573,273	-	573,273	260,491	187,229	101,348
Single contribution individual policies	141,829	-	141,829	300,877	33,041	116,076
Group policies with cash values	790	-	790	1,224	55	360
Group policies without cash values	-	229,146	229,146	154,705	87,155	60,148
Total gross contribution	2,513,875	229,146	2,743,021	2,066,074	912,690	761,157
32.3.1 Participants' Investment Fund						
Allocated regular contribution	1,283,289	-	1,283,289	808,602	429,468	275,120
Allocated single contribution	141,829	-	141,829	300,877	33,041	116,076
Total allocated contribution	1,425,118	-	1,425,118	1,109,479	462,509	391,196
32.3.2 Participants' Takaful Fund						
Allocated gross contribution	161,459	229,146	390,605	266,897	140,427	99,456
Less: Retakaful contribution ceded						
On individual life first year business	4,829	-	4,829	14,252	(5,441)	5,503
On individual life second year business	6,013	-	6,013	9,662	6,013	2,654
On individual life subsequent year business	8,477	-	8,477	8,244	8,477	2,616
On group policies	-	45,363	45,363	33,745	13,115	11,264
Less: Reinsurance commission on risk premium	(2,055)	-	(2,055)	(5,856)	(1,030)	(2,382)
Total retakaful contribution ceded	17,264	45,363	62,627	60,047	21,134	19,655
Net Risk Contribution of PTF	144,195	183,783	327,978	206,850	119,293	79,801
32.3.3 Shareholders' Sub-Fund						
Unallocated regular contribution	927,298	-	927,298	689,698	309,754	270,505

32.4 Statement of Claims

	Statutory Fund		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
			2019	2018	2019	2018
	(Rupees in '000)					
Claims under Individual Family Takaful	35,052	-	35,052	338,996	10,970	129,015
Claims under Group Family Takaful	-	97,534	97,534	56,818	34,472	15,170
Total Gross Claims	35,052	97,534	132,586	395,814	45,442	144,185
Gross Claims allocated as follows:						
Participant's Investment Fund (PIF)						
Surrenders / Partial withdrawals under Individual Policies	507,823	-	507,823	306,052	175,078	110,022
Participant's Takaful Fund (PTF)						
Under individual; policies by death	35,052	-	35,052	32,944	10,970	18,993
Under group policies by death	-	92,361	92,361	55,024	32,119	14,362
Under group policies by event other than death	-	5,173	5,173	1,795	2,353	810
Total gross claims under PTF	35,052	97,534	132,586	89,763	45,442	34,165
Less: Re-Takaful recoveries under PTF						
On Individual policies	13,337	-	13,337	19,229	2,045	13,088
On group policies	-	17,279	17,279	8,496	4,235	1,792
Profit commission	-	-	-	-	-	-
	13,337	17,279	30,616	27,725	6,280	14,880
Net Claims under PTF	21,715	80,255	101,970	62,038	39,162	19,285
Total Net Claims	529,538	80,255	609,793	368,090	214,240	129,307

32.5 Statement of Expenses

	Statutory Fund		Aggregate		Aggregate	
	Family Takaful Investment Linked Business	Family Takaful Protection Business	Nine months ended 30 September		Three months ended 30 September	
			2019	2018	2018	2017
	(Rupees in '000)					
Acquisition costs						
Shareholders' Sub-Fund						
Remuneration to insurance intermediaries on individual policies:						
- commission on first year contribution	502,040	-	502,040	390,461	174,422	148,479
- commission on renewal contribution	87,233	-	87,233	54,306	15,240	18,224
- commission on single contribution	3,626	-	3,626	7,985	902	2,914
- override commission	85,625	-	85,625	63,618	28,708	25,679
- other benefits to insurance intermediaries	316,164	-	316,164	139,677	131,470	54,589
	994,688	-	994,688	656,047	350,742	249,885
Remuneration to insurance intermediaries on group policies:						
- commission	8	41,492	41,500	29,791	16,408	11,755
- other benefits to insurance intermediaries	-	619	619	430	207	65
	8	42,111	42,119	30,221	16,615	11,820
Branch overheads	82,930	-	82,930	39,750	38,785	14,428
Other acquisition costs						
- policy stamps	16,400	131	16,531	10,320	4,965	3,176
- Medical fees	1,014	170	1,184	776	364	405
Total acquisition cost	1,095,040	42,412	1,137,452	737,114	411,471	279,714
Marketing and Administration expenses						
Salaries and other benefits	73,354	2,529	75,883	63,306	27,021	23,168
Travelling expenses	10,932	61	10,993	8,386	3,066	1,988
Advertisements and publicity	3,779	275	4,054	1,636	1,355	(1)
Printing and stationery	7,817	26	7,843	5,198	2,122	1,428
Depreciation	13,434	241	13,675	10,880	4,578	3,867
Amortization	1,214	-	1,214	1,317	377	459
Rent, rates and taxes	1,168	3	1,171	1,805	1,046	1,333
Legal and professional charges	2,873	3,208	6,081	7,168	1,822	3,083
Electricity, gas and water	3,156	127	3,283	2,572	1,438	994
Entertainment	4,159	64	4,223	2,457	1,733	706
Vehicle running Expenses	1,882	11	1,893	459	1,128	251
Office repairs and maintenance	6,888	2	6,890	6,202	2,697	1,849
Appoint-d Actuary's fees	1,225	-	1,225	1,108	409	369
Bank charges	1,645	1	1,646	3,029	254	602
Postage, telegrams and telephone	8,227	12	8,239	8,843	2,242	2,844
Fees and subscription	3,086	49	3,135	2,181	1,258	798
Annual supervision fee SECP	5,097	389	5,486	4,021	1,826	1,411
Miscellaneous	15,639	71	15,710	8,880	6,858	2,613
Gross Management Expenses	1,260,615	49,481	1,310,096	876,542	472,701	327,476
Fees charged to policy holders	-	-	-	-	-	-
Net Management Expenses	1,260,615	49,481	1,310,096	876,542	472,701	327,476

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:

	30 September 2019 Unaudited										
	Fair Value through profit and	Available for Sale	HTM	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----											
Financial assets measured at fair value											
- Investments											
Government Securities (T-bills + PIBs + Sukuks)	59,560,809	-	-	-	-	-	59,560,809	-	59,560,809	-	59,560,809
Sukuk Bonds (other than government)	5,373,570	-	-	-	-	-	5,373,570	-	5,373,570	-	5,373,570
Listed equity securities	11,472,656	214,863	-	-	-	-	11,687,519	11,687,519	-	-	11,687,519
Unlisted equity securities	16,008	-	-	-	-	-	16,008	-	-	16,008	16,008
Units of mutual funds	220,797	134,114	-	-	-	-	354,911	-	354,911	-	354,911
Debt securities (Listed TFCs)	4,445,959	-	-	-	-	-	4,445,959	4,445,959	-	-	4,445,959
	108,774,887	348,977	4,951,900	164,060	1,706,878	-	115,946,702	16,133,478	70,218,490	16,008	86,367,976
Financial assets not measured at fair value:											
- Government Securities (T-bills + PIBs + Sukuks)	27,475,088	-	4,951,900	-	-	-	4,951,900	-	4,929,200	-	4,929,200
- Balances with banks *	210,000	-	-	-	-	-	210,000	-	-	-	-
- Certificate of Investment	-	-	-	164,060	281,661	-	445,721	-	-	-	-
- Advances	-	-	-	-	1,425,217	-	1,425,217	-	-	-	-
- Other assets (excluding markup accrued)*	-	-	-	-	1,706,878	-	1,706,878	-	-	-	-
	27,685,088	-	4,951,900	164,060	1,706,878	-	24,447,926	-	4,929,200	-	24,447,926
Financial liabilities not measured at fair value											
- Other liabilities (excluding Liabilities against assets subject to finance lease) *	-	-	-	-	-	3,683,843	3,683,843	-	-	-	-
	108,774,887	348,977	4,951,900	164,060	1,706,878	(3,683,843)	112,262,859	16,133,478	70,218,490	16,008	86,367,976

On balance sheet financial instruments

31 December 2018 Audited

Fair Value through profit or 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) -----										
51,909,147	-	-	-	-	-	51,909,147	-	51,909,147	-	51,909,147
1,332,919	-	-	-	-	-	1,332,919	-	1,332,919	-	1,332,919
33,519,330	7,374	-	-	-	-	33,526,704	33,526,704	-	-	33,526,704
16,008	-	-	-	-	-	16,008	-	-	16,008	16,008
177,087	-	-	-	-	-	177,087	-	177,087	-	177,087
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	-	-	-	-
- Certificate of Investment	-	-	-	-	-	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	-	-	-	-
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

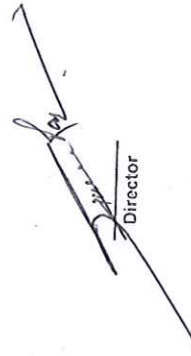
*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

34 GENERAL

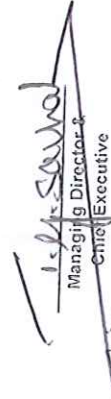
34.1 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

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 25 October 2019.


Director


Chief Financial Officer


Managing Director & Chief Executive


Chairman