

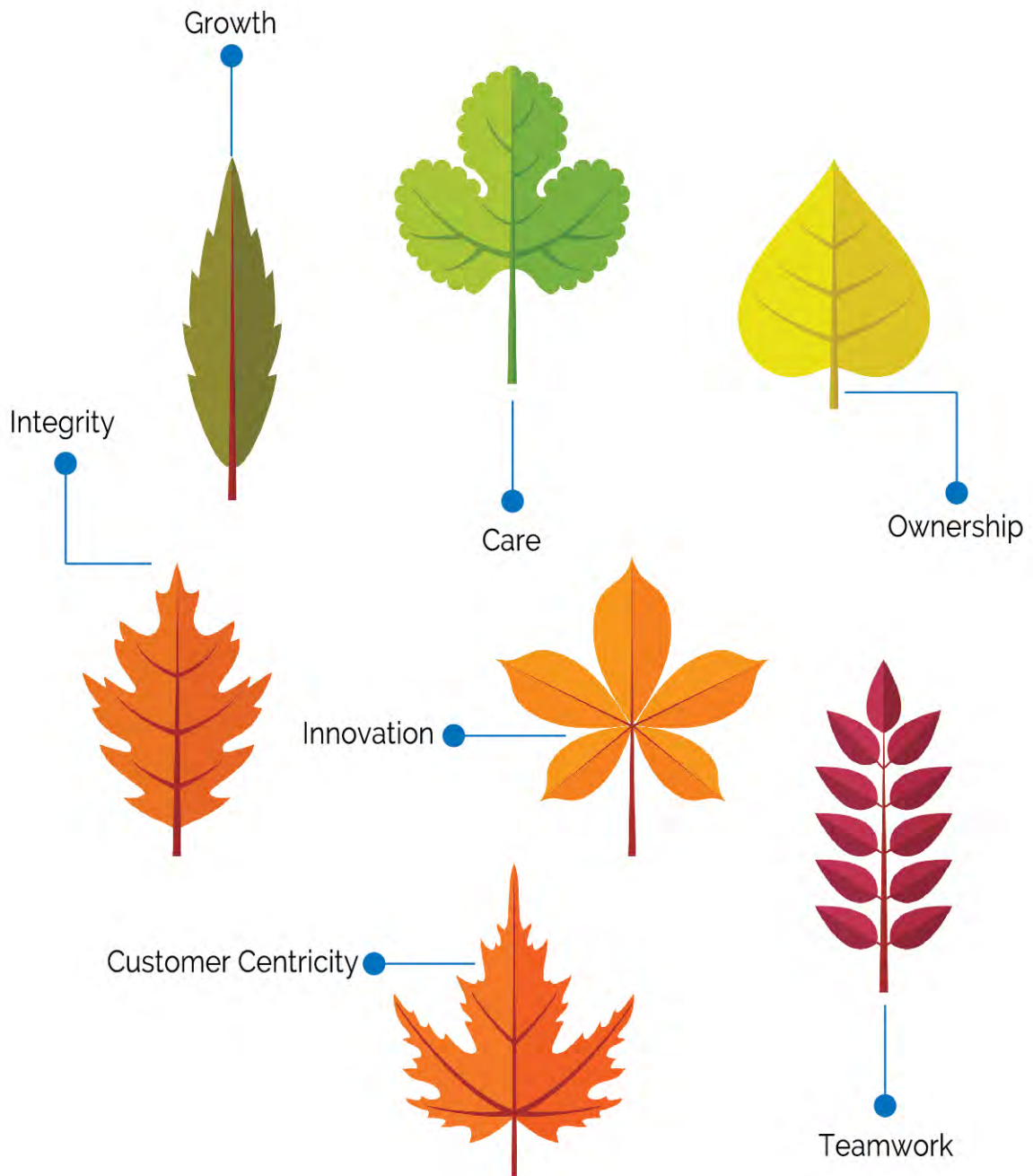
Quarterly Report
For the nine months ended September 30,
2018

IGI | Life
IGI Life Insurance Limited



Seasons of Life

Values





Vision

Assure financial future today for a better tomorrow

What we do

IGI Life provides innovative life and health insurance as well as investment solutions through groundbreaking innovation and exemplary customer service, leveraging different distribution channels.



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Corporate Information

Board of Directors

| | | | |
|-------------------------|-------------------------|---------------------|----------|
| Shamim Ahmad Khan | Chairman | Hasan Askari | Director |
| Syed Hyder Ali | Chief Executive Officer | Muhammad Kamal Syed | Director |
| Syed Yawar Ali | Director | | |
| Khurram Raza Bakhtayari | Director | | |

Audit Committee

| | | | |
|---------------------|----------|-------------------------|------------------------------|
| Hasan Askari | Chairman | Khurram Raza Bakhtayari | Member |
| Muhammad Kamal Syed | Member | Yasir Ali Quraishi | Secretary to Audit Committee |
| Syed Yawar Ali | Member | | |

Claims Settlement Committee

| | | | |
|-------------------|----------|--------------------|----------------------------|
| Shamim Ahmed Khan | Chairman | Akif Zia Malik | Member |
| Syed Yawar Ali | Member | Muhammad Wasif Ali | Member |
| Dr. Bakht Jamal | Member | Dr. Sabeeh Jaffery | Secretary to the Committee |

Underwriting & Reinsurance Committee

| | | | |
|---------------------|----------|------------------------|----------------------------|
| Syed Hyder Ali | Chairman | Syed Fahad Subhan | Member |
| Nadeem Rehman Malik | Member | Ali Nadim | Member |
| Muhammad Kamal Syed | Member | Muhammad Yousuf Ansari | Secretary to the Committee |

Investment Committee

| | | | |
|---------------------|----------|-------------------------|----------------------------|
| Muhammad Kamal Syed | Chairman | Khurram Raza Bakhtayari | Member |
| Nadeem R Malik | Member | Syed Fahad Subhan | Member |
| Hasan Askari | Member | Ali Nadim | Member |
| Syed Hyder Ali | Member | Sajjad Iftikhar | Secretary of the Committee |
| Syed Yawar Ali | Member | | |

Ethics, Human Resources, Nomination & Remuneration Committee

| | | | |
|-------------------------|--------|-----------------|----------------------------|
| Syed Yawar Ali | Member | Syed Hyder Ali | Member |
| Khurram Raza Bakhtayari | Member | Sheharyar Iqbal | Secretary of the Committee |
| Nayab Baig | Member | | |

Risk Management and Compliance Committee

| | | | |
|---------------------|----------|-------------------------|----------------------------|
| Shamim Ahmed Khan | Chairman | Khurram Raza Bakhtayari | Member |
| Syed Yawar Ali | Member | Roshail Khalid | Secretary of the Committee |
| Muhammad Kamal Syed | Member | | |

Corporate Information

Chief Financial Officer

Syed Fahad Subhan ACA

Chief Operating Officer

Ali Nadim FSA

Appointed Actuary

Shujat Siddiqui MA, FIA, FPSA

Company Secretary

Yasir Ali Quraishi LLB

Head of Internal Audit

Shahzaib Haider ACA

Head of Window Takaful Operations

Dr. Bakht Jamal

Shariah Advisor

Dr. Mufti Ismatullah

Shariah Compliance Officer

Mufti Muhammad Hanif

Legal Advisor

Surridge and Beecheno
HaidermotaBNR & Co.
OrrDignam & Co.

Rating

Rating Agency : PACRA
Insurance Financial Strength
(IFS) Rating : A+
Outlook : Stable

Auditor

A.F.Ferguson & Co.
Chartered Accountant
a member firm of
PriceWater House Coopers

Share Registrar

FAMCO Associates
(Pvt) Ltd.
8-F next to hotel Faran,
Nursery, Block - 6, P.E.C.H.S,
Shahrah-e- Faisal, Karachi

Registered Office

P.O Box No. 10528, Suite # 701-713,
7th Floor, The Forum, Khayaban-e-Jami,
Block 9, Clifton, Karachi.
Phones: +92(21) 111-111-711
Fax: +92(21) 35290042
Email: service-pakistan@igi.com.pk
Website: www.igilife.com.pk

Internal Auditor

Ernst & Young
Ford Rhodes
Sidat Hyder
Chartered Accountant.

Bankers

Bank Alfalah Limited

Standard Chartered Bank (Pakistan) Limited

Bank Al-Habib Limited

Bank Islami Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Soneri Bank Limited

Habib Metropolotan Bank Limited

MCB Bank Limited

Meezan Bank Limited

Summit Bank Limited

Dubai Islamic Bank Pakistan Limited

Samba Bank Limited

United Bank Limited

Bank Al Baraka Limited

Telenor Microfinance Bank Limited

Mobilink Microfinance Bank Limited

U-Micro Finance Bank Limited

FINCA Microfinance Bank Limited

First Microfinance Bank Limited

Khushali Microfinance Bank Limited

NRSP Microfinance Bank Limited

Our Nationwide Network

Head Office

IGI Life Insurance Limited
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Clifton, Karachi 75600, Pakistan
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(Email for Corporate Customers)

Customer Services Center

IGI Customer Care,
IGI Life Insurance Limited
Mezzanine Floor, Kassam Court, Suite No. 101-103,
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Call: (+92) 21-111-111-711
Email: services.life@igi.com.pk
(Email for Individual Life Customers)

Vitality Branch

S-2, 3, 4, 5, 24, 25, 26
2nd Floor, Pace Mall,
Fortress Stadium,
Lahore Cantt.

Central Region Lahore

Packages Lahore Branch

Regional Head Central's Office
Muhammad Jamil
Regional Head - Central
Floor 1, Behind MCB Walton
Road Branch, Shahrah-e-Roomi,
Near Packages Mall, Lahore.
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Packages Lahore Branch

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Davis Road Lahore Branch

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Davis Road Lahore Branch

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Kamran Mansoor
Senior Branch Manager
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Lahore Branch IGI Financial Services Institute

Muneef Abid
IGI Financial Services Institute
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Our Nationwide Network

Central Region Faisalabad

Regency Plaza Faisalabad Branch

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Regency Plaza Faisalabad Branch

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D-Ground Branch Faisalabad Branch

Muhammad Zulqarnain
Senior Branch Manager
Floor 2, F. M. Plaza 15-D, D- Ground,
Peoples Colony, Faisalabad
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Central Region Kasur

Kasur Branch

Muhammad Javed
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Central Region Okara

Okara

Asif Tariq
Senior Branch Manager
Floor 1, M.R. Center, M.A. Jinnah Road, Okara
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Central Region Multan

Multan Branch

Regional Head Multan's Office
Floor 1 & 2, Khawar Centre,
Near S. P. Chowk, Nusrat Road,
Multan Cantt, Multan
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E-mail: multan.branch@igi.com.pk

Multan Branch

Rao Azmat Ali
Group Manager
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Multan Branch

Saima Jabeen
Senior Branch Manager
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North Region Rawalpindi

Murree Road Rawalpindi Branch

**Regional Head North's Office
Zulqarnain Bin Masood**
Regional Head - North
Floor 2 & 3, Umar Plaza, B-134,
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Murree Road Rawalpindi Branch

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Muhammad Aslam Javaid
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Our Nationwide Network

North Region Rawalpindi

Murree Road Rawalpindi Branch

Zohaib Jamid

Senior Branch Manager
Floor 3, Umar Plaza, B-134, Murree Road,
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Murree Road Rawalpindi Branch

Sadia Kausar

Senior Branch Manager
Floor 3, Umar Plaza, B-134, Murree Road,
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North Region Islamabad

Islamabad Branch

Abdul Lateef

Branch Manager
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Jinnah Avenue, Blue Area, Islamabad.
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North Chakwal

Bhaun Road Chakwal Branch

M. Ehsan Sunny

Senior Branch Manager
Floor 1, Al-Mahmood Centre,
Near Islamia High School,
Islamia Chowk, Bhaun Road, Chakwal
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North Region Sialkot

Sialkot Branch

Asif Hussain

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Madiha Arif

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North Gujranwala

Ghouri Centre - Gujranwala Branch

Ibrar Hussain

Zonal Manager
Floor 3, Ghouri Centre,
G. T. Road, Gujranwala
Tel: 055-3843584
Email: ibrar.hussain@igi.com.pk

Shahid Iqbal

Senior Branch Manager
Floor 3, Ghouri Centre,
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Tel: 055-3843586
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North Region Gujrat

G. T. Road Gujrat Branch

Gujrat Branch

Floor 2, Faisal Plaza,
G. T. Road, Gujrat
Tel: 053-3523321
Email: gujrat.branch@igi.com.pk

North Mirpur

Mirpur Branch

Muhammad Shahzad

Group Manager
Floor 1, Jarral Plaza, Kotli Road,
Sector F-1, Mirpur Azad Kashmir
Tel: 05827-437126
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Our Nationwide Network

North Region Peshawar

Peshawar Branch

Asif Khan
Senior Branch Manager
Floor 2, The Mall Tower, Mall Road,
Peshawar Cantt., Peshawar
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South Region Karachi

Regional Office Shahrah-e-Faisal Karachi

Regional Head North's Office
Hermith Mana
Regional Head - South Room # 701-702
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Regional Office Shahrah-e-Faisal Karachi

Zaki Ahmed
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Shahrah-e-Faisal, Block-6,
P.E.C.H.S., Karachi
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Regional Office Shahrah-e-Faisal Karachi

Junaid Shakir
Senior Branch Manager
Floor 7, Room No. 701, Park Avenue,
Shahrah-e-Faisal, Block-6,
P.E.C.H.S., Karachi
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South Region Karachi

Regional Office Shahrah-e-Faisal Karachi

M. B. Shahzad
Senior Branch Manager
Floor 7, Room No. 701, Park Avenue,
Shahrah-e-Faisal, Block-6,
P.E.C.H.S., Karachi
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Vitality Branch - Karachi

Adnan Ahmed
Branch Manager
The Plaza, Floor 3, Office # 307, G-7,
Clifton Block-9, Karachi.
Tel: 021-35308750
Email: adnan.ahmed@igi.com.pk

Madina Mall Branch IGI Financial Services Institute

Shamgweel Ahmed
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Suit # 512, Floor 5, Madina City Mall,
Zainab Market, Saddar, Karachi.
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South Region Hyderabad

Hyderabad Branch

Nazeer Sayal
Senior Branch Manager
Floor 2, Badri Manzil, C. S. # F-17,
Risala Road, Hyderabad
Tel: 022-2728314
E-mail: hyderabad.branch@igi.com.pk

Hyderabad Branch

Muhammad Asif
Senior Branch Manager
Floor 2, Badri Manzil, C. S. # F-17,
Risala Road, Hyderabad
Tel: 022-2728312
022-2783168
0303-2444462
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South Region Sukkur

Sukkur Branch

Abdul Maroof Larik
Branch Manager
Mazzanine Floor-B, Chamber Plaza,
Near Chamber Of Commerce,
Bunder Road, Sukkur
Tel: 071-5621008
Email: skr.branch@igi.com.pk

DIRECTORS' REVIEW

The Directors of your Company are pleased to present the Condensed Interim Financial Information (Unaudited) for the nine months period ended September 30, 2018.

| Financial Highlights | September 30, 2018 | September 30, 2017 (Restated) |
|---|-------------------------------|-------------------------------------|
| | (Rs. in 000') | |
| Net Premium | 3,604,818 | 4,228,421 |
| Investment Income - Charged to profit and loss account | 783,487 | 805,341 |
| Profit before tax | 52,370 | 212,987 |
| Taxation | 265 | 22,087 |
| Profit after taxation | 52,105 | 190,900 |
| Other comprehensive income / (loss)- net of deferred tax | 887 | (145,414) |
| | (in Rupees) | |
| Earnings per Share | 0.74 | 2.71 |
| Break-up value of shares (including amount retained in the Statutory Funds to meet the requirements of Insurance Ordinance) | 22.64 | 22.55 |

During the nine months of year 2018, Gross Premium written by your Company (including Family Takaful Contributions) stood at Rs. 3,706 billion as against Rs. 4,322 billion in the corresponding period last year. The decline is attributable to lower Single Premium written due to slowdown in sales of products with heavier investment component and enhanced focus of the Company on protection products. However, Regular premium/contributions increased by 16% touching a total premium of Rs. 1,535.20 million as against Rs. 1,420.05 million in the corresponding period last year. Renewal premium/contribution registered growth of 8% to Rs. 1,077.57 million.

Individual Family Takaful overall regular contribution written during nine months of 2018 amounted to Rs. 441.71 million, registering a growth of 52%. The Window Takaful Operations of the Company were launched in the third quarter of 2015 and have since registered consistent growth.

The Group Life & Health premium (including family takaful contribution) stood at Rs. 1,344.75 million, posting a growth of 29% over prior period. The Group business mainly comprises of corporate customers.

The Company generated a profit after tax of Rs. 52.11 million as compared to profit after tax of Rs. 190.9 million in corresponding period of last year. The decrease is mainly on account of lower investment income due to stock market situation. Furthermore, the Company has invested in the IT infrastructure, human resource development, setting up of an in-house training Institute, and expansion of branch network.

Your Company has, based on its performance so far, secured an A+ rating from Pakistan Credit Rating Agency (PACRA).

Due to application of Insurance Rules, 2017, the Company has changed its accounting policy which has been fully disclosed in note 5 of this interim financial information.

Future Outlook

Your Company is continuing to innovate products, expand distribution network and strive for enhanced customer experience.

The Board of Directors would like to acknowledge its appreciation for the contribution made by the employees. Furthermore, the Board of Directors wishes to express its gratitude towards the policyholders and shareholders for their continuous support and patronage.

On behalf of the Board of Directors



Shamim Ahmad Khan
Chairman
Dated: October 26, 2018



Syed Hyder Ali
Chief Executive Officer
Dated: October 26, 2018

ڈائریکٹرز کی رپورٹ برائے نمبران-30 ستمبر 2018

آپ کی کمپنی کے ڈائریکٹرز بمسرت 30 ستمبر 2018 کو ختم ہونے والی نو ماہ کی مدت کے لئے مجموعی عبوری مالیاتی حسابات (غیر آڈٹ شدہ) پیش کر رہے ہیں۔

اہم مالیاتی نکات

| 30 ستمبر 2017 | 30 ستمبر 2018 | |
|------------------|------------------|--|
| | | (روپے 000 میں) |
| 4,228,421 | 3,604,818 | خالص پربیمیم |
| 805,341 | 783,487 | سرمایہ کار آمدنی - چارجڈ برائے نفع و نقصان کھاتہ |
| 212,987 | 52,370 | منافع قبل از ٹیکس |
| 22,087 | 265 | ٹیکسیشن |
| 190,900 | 52,105 | منافع بعد از ٹیکسیشن |
| (145,414) | 887 | دیگر جامع آمدنی / (خسارہ) - ڈیفنڈ ٹیکس کا خالص |
| | | روپے |
| 2.71 | 0.74 | آمدنی فی شیئر |
| | | شیئرز کی بریک - اپ ویلیو (بشمول انشورنس آرڈیننس کی شرائط کو پورا کرنے کے لئے |
| 22.55 | 22.64 | آئیپوٹری فنڈز میں برقرار رکھی گئی رقم) |

سال 2018 کے نو ماہ کے دوران آپ کی کمپنی کا مجموعی پربیمیم (بشمول فیملی کنٹراکٹس کی پربیمیم) 3.706 ارب روپے تھا جو اس کے مقابلے میں گزشتہ سال کی اس مدت میں 4.322 ارب روپے رہا تھا۔ اس کی کو پائٹریٹنگ کی توجہ مبذول کرانے کے باعث کم تر سٹاک پربیمیم سے منسوب کیا جاسکتا ہے تاہم ریگولر پربیمیم / کنٹری پربیمیم 16 فیصد تک بڑھے گئے اور مجموعی پربیمیم 1,535.20 ملین روپے ہو گیا جو گزشتہ سال کی اس مدت میں 1,420.05 ملین روپے رہا تھا۔ تجدیدی پربیمیم / کنٹری پربیمیم نے 8 فیصد کی شرح نمو رجسٹرڈ کی اور اس کا حجم 1,077.57 ملین روپے رہا۔

انفرادی فیملی کنٹراکٹس کا حجم مجموعی طور پر 2018 کے نو ماہ کے دوران 441.71 ملین روپے رہا اور 52% شرح نمو رجسٹرڈ کی۔ کمپنی کا ونڈو کنٹراکٹس آپریٹنگ 2015 کی تیسری سہ ماہی میں متعارف کرایا گیا تھا اور یہ اس وقت سے مستقل طور پر گروتھ رجسٹرڈ کر رہا ہے۔

گروپ کا لائف اور ہیلتھ پربیمیم / کنٹری پربیمیم 1,344.75 ملین روپے تھا جس نے گزشتہ سال کے مقابلے میں 29 فیصد کی تیز رفتار شرح نمو ظاہر کی۔ گروپ کا کاروبار بنیادی طور پر کارپوریٹ صارفین پر مشتمل ہے۔

کمپنی نے 52.11 ملین روپے کا منافع بعد از ٹیکس حاصل کیا جو گزشتہ سال کی اس مدت میں 190.9 ملین روپے تھا۔ اس میں کمی بنیادی طور پر اسٹاک مارکیٹ کی صورت حال کے باعث کم تر سرمایہ کاری کی آمدنی کے باعث ہوئی۔ آپ کی کمپنی نے ڈسٹری بیوٹن چینل میں سرمایہ کاری کی اور ہمارے نئے متعارف کردہ ٹریڈنگ انٹسٹی ٹیوٹ کے ذریعے بیلون فورس کے فروغ پر بھی کام کیا۔ مزید برآں کمپنی نے جدید ترین انتظامی پالیسی اور ایڈمنسٹریشن سسٹم کے ضمن میں بھی سرمایہ کاری کی جس سے کمپنی کے امور کو موثر اور مستعد بنانے میں مدد ملے گی۔ مزید یہ کہ کمپنی قابل قدر شراکت کاروں کی شمولیت اور پروڈکٹ کے فروغ کے ذریعے اپنی مارکیٹ پوزیشن بھی مستحکم بنا رہی ہے جس سے کمپنی کو مارکیٹ کے مختلف شعبوں میں کاروبار کے فروغ میں مدد ملے گی۔

آپ کی کمپنی اپنی کارکردگی کی بنیاد پر پاکستان کریڈٹ ریٹنگ ایجنسی (پیکرا) کی جانب سے A+(اے پلس) ریٹنگ حاصل کر چکی ہے۔

انشورنس رولز 2017 کے نفاذ کے باعث کمپنی نے اپنی اکاؤنٹنگ پالیسی کو تبدیل کیا ہے جسے مکمل طور پر عبوری مالیاتی حسابات کے نوٹ 5 میں واضح کر دیا گیا ہے۔

مستقبل کا جائزہ

آپ کی کمپنی مارکیٹ میں اپنی حیثیت کو مستحکم بنانے کے لئے مواقع حاصل کرنے کی پوزیشن میں ہے۔ اس مقصد کے لئے ہم اپنی پروڈکٹ کے مجموعے کو جدید بنانے اور نئے ڈسٹری بیوشن چینلز تلاش کرنے کا سلسلہ جاری رکھیں گے۔

بورڈ آف ڈائریکٹرز ملازمین کی جانب سے کی جانے والی کاوشوں اور جدوجہد پر ان کے شکرگزار ہیں اور انہیں خراج تحسین پیش کرنا چاہتے ہیں۔ مزید برآں بورڈ آف ڈائریکٹرز معزز شیئرز، ہولڈرز اور پالیسی ہولڈرز کا بھی ان کے مستقل تعاون اور حمایت پر شکریہ ادا کرنا چاہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

S. Anwar

شہیم احمد خان

چیئرمین

مورخہ 26 اکتوبر 2018

Syed Haseeb

سید حیدر علی

چیف ایگزیکٹو آفیسر

مورخہ 26 اکتوبر 2018

Condensed Interim Statement Of Financial Position - As at September 30, 2018

| | Note | (Un-audited) September 30, 2018 | (Audited) December 31, 2017 |
|---|------|------------------------------------|--------------------------------|
| | | ----- Rupees in 000's ----- | |
| | | | (Restated) |
| Assets | | | |
| Property and equipment | 8 | 293,494 | 125,552 |
| Intangible assets | | 2,215 | 2,337 |
| Investments | | | |
| Equity securities | 9 | 124,725 | 54,038 |
| Mutual funds | 9 | 3,202,856 | 3,552,502 |
| Government securities | 10 | 12,618,570 | 14,014,091 |
| Debt securities | 11 | 175,000 | - |
| Term deposits | 12 | 655,000 | 151,183 |
| | | 16,776,151 | 17,771,814 |
| Loans secured against life insurance policies | | 183,104 | 167,539 |
| Reinsurance / retakaful receivables | | 95,895 | 120,165 |
| Other loans and receivables | | 522,076 | 340,923 |
| Experience refund receivables | | 6,147 | 16,299 |
| Accrued interest | | 306,829 | 269,492 |
| Deferred tax asset | | 9,752 | 10,119 |
| Taxation - payments less provision | | 455,302 | 403,108 |
| Prepayments | | 92,098 | 64,789 |
| Cash and Bank | 13 | 712,960 | 746,277 |
| Total Assets | | 19,456,023 | 20,038,414 |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.



Chairman



Director



Chief Executive Officer







Chief Financial Officer

Condensed Interim Statement Of Financial Position - As at September 30, 2018

| | Note | (Un-audited) September 30, 2018 | (Audited) December 31, 2017 |
|---|------|------------------------------------|--------------------------------|
| | | Rupees in 000's | |
| | | | (Restated) |
| Equity and Liabilities | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Authorised share capital (100,000,000 ordinary shares of Rs. 10 each) | | 1,000,000 | 1,000,000 |
| Share capital | | 705,672 | 705,672 |
| Ledger account C & D | | 295,790 | 244,304 |
| Unappropriated profit | | 619,979 | 689,927 |
| Deficit on revaluation of available for sale investments | | (23,880) | (24,767) |
| Total Equity | | 1,597,561 | 1,615,136 |
| Liabilities | | | |
| Insurance liabilities (including policyholders' liabilities and ledger account A & B) | 14 | 17,057,888 | 17,741,157 |
| Outstanding claims | | 290,579 | 230,477 |
| Retirement benefit obligations | | 29,169 | 22,377 |
| Premium received in advance | | 62,572 | 81,422 |
| Reinsurance / retakaful payables | | 60,612 | 24,930 |
| Other creditors and accruals | | 201,348 | 166,800 |
| Experience refund payables | | 48,136 | 26,701 |
| Accrued expenses | | 90,493 | 113,202 |
| Unclaimed dividend | | 2,549 | 1,097 |
| Liabilities against assets subject to finance lease | | 15,116 | 15,115 |
| Total Liabilities | | 17,858,462 | 18,423,278 |
| Total Equity and Liabilities | | 19,456,023 | 20,038,414 |
| Contingencies and commitments | 15 | | |



The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

| | | | |
|---|---|---|---|
|  |  |  |  |
| Chairman | Director | Chief Executive Officer | Chief Financial Officer |

Condensed Interim Statement of Profit and Loss Account (Unaudited) – for the Quarter and Nine Months ended September 30, 2018

| | Note | AGGREGATE | | |
|---|------|---|---|---|
| | | Nine months ended September 30, 2018 (Rupees in '000') | Nine months ended September 30, 2017 (Restated) (Rupees in '000') | Quarter ended September 30, 2017 (Restated) (Rupees in '000') |
| Premium / contribution revenue | 16 | 3,706,019 | 4,321,760 | 1,019,251 |
| Less: Premium ceded to reinsurers / retakaful | 16 | 101,201 | 93,339 | 34,358 |
| Net premium / contribution revenue | | 3,604,818 | 4,228,421 | 984,893 |
| Investment Income | 17 | 783,487 | 805,341 | 279,399 |
| Net realised fair value gains on financial assets | | (50,408) | 113,358 | (90,577) |
| Other income - net | | 57,606 | 50,276 | 18,567 |
| | | 790,685 | 968,975 | 207,389 |
| Net income | | 4,395,503 | 5,197,396 | 1,192,282 |
| Insurance benefits | 18 | 3,787,955 | 3,315,258 | 1,179,017 |
| Recoveries from reinsurers | 18 | (23,721) | (50,637) | (12,736) |
| Net insurance benefits | | 3,764,234 | 3,264,621 | 1,166,282 |
| Change in Insurance Liabilities (other than outstanding claims) | | 631,269 | 1,932,775 | 26,000 |
| Acquisition expenses | 19 | (448,535) | 806,414 | (301,667) |
| Marketing and administration expenses | 20 | 465,233 | 520,590 | 107,015 |
| Other expenses | 21 | 539,252 | 382,485 | 203,414 |
| Total Expenses | | 22,949 | 10,299 | 7,816 |
| | | 578,899 | 1,719,788 | 16,578 |
| Finance costs | | 52,370 | 212,987 | 9,422 |
| Profit / (loss) before tax | | - | - | - |
| Income tax expense / (reversal) | 22 | 52,370 | 212,987 | 9,422 |
| Profit / (loss) after tax | | 265 | 22,087 | 265 |
| | | 52,105 | 190,900 | 9,157 |
| Earnings / (loss) per share - Rupees | 23 | 0.74 | 2.71 | 0.13 |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

Chairman  Director  Director  Chief Executive Officer  Chief Financial Officer 

Condensed Interim Statement Of Comprehensive Income (Un-audited) - for the Quarter and Nine Months ended September 30, 2018

| Note | AGGREGATE | | |
|--|---|---|---|
| | Nine months ended September 30, 2018 (Rupees in '000') | 2017 (Restated) (Rupees in '000') | Quarter ended September 30, 2018 (Restated) (Rupees in '000') |
| Profit / (loss) after tax | 52,105 | 190,900 | 9,157 |
| Other comprehensive income / (loss): | | | |
| Change in unrealised gains / (losses) on available-for-sale financial assets - net of tax | (233,847) | (351,544) | (58,927) |
| Change in insurance liabilities - net | 234,734 | 206,130 | 58,244 |
| Other comprehensive income / (loss) for the period | 887 | (145,414) | (683) |
| Total comprehensive income / (loss) for the period | 52,992 | 45,486 | 8,474 |
| | | | 47,313 |
| | | | (295,542) |
| | | | 212,886 |
| | | | (82,656) |
| | | | (35,343) |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

 Chairman
 Director
 Director
 Chief Executive Officer
 Chief Financial Officer

Condensed Statement of Changes in Equity - for the Quarter and Nine Months ended September 30, 2018

| | Attributable to equity holders of the Company | | | | Total |
|---|---|---------------------------------|----------------------|--|-----------|
| | Share capital | Unappropriated profit / (loss)* | Ledger C & D Account | Surplus / (deficit) on revaluation of available for sale investments | |
| Balance as at December 31, 2016 as previously reported (audited) | 605,000 | 813,443 | - | - | 1,418,443 |
| Effect of changes in accounting policies (note 5) | - | - | 109,717 | 108,208 | 217,925 |
| Balance as at January 01, 2017 (restated) | 605,000 | 813,443 | 109,717 | 108,208 | 1,636,368 |
| Total comprehensive income | - | 51,536 | 139,364 | - | 190,900 |
| Profit for the half year ended September 30, 2017 (restated) | - | - | - | (145,414) | (145,414) |
| Other comprehensive loss for the half year ended September 30, 2017 (restated) | - | 51,536 | 139,364 | (145,414) | 45,486 |
| Transactions with owners recorded directly in equity | - | (90,750) | - | - | (90,750) |
| Final dividend for the year ended December 31, 2016 - Re. 1.15 per share | 48,400 | (48,400) | - | - | - |
| issuance of bonus shares - 8% | 48,400 | (139,150) | - | - | (90,750) |
| Balance as at September 30, 2017 (restated) (un-audited) | 653,400 | 725,829 | 249,081 | (37,206) | 1,591,104 |
| Total comprehensive income | - | 16,370 | 915 | - | 17,285 |
| Profit for the period ended from October 01, 2017 to December 31, 2017 (restated) | - | - | 915 | - | 915 |
| Other comprehensive income for the period ended from October 01, 2017 to December 31, 2017 (restated) | - | 16,370 | (5,692) | 12,439 | 6,747 |
| Transactions with owners recorded directly in equity | - | - | (4,777) | 12,439 | 24,032 |
| issuance of bonus shares - 8% | - | - | - | - | - |
| Balance as at December 31, 2017 (restated) (audited) | 52,272 | (52,272) | - | - | - |
| Total comprehensive income | 705,672 | 689,927 | 244,304 | (24,767) | 1,615,136 |
| Profit for the nine months ended September 30, 2018 | - | 619 | 51,486 | - | 52,105 |
| Other comprehensive income for the nine months ended September 30, 2018 | - | - | - | 887 | 887 |
| Final Dividend for the year ended December 31, 2017 - Re. 1 per share | - | 619 | 51,486 | - | 52,992 |
| issuance of bonus shares - 8% | - | (70,567) | - | - | (70,567) |
| Balance as at September 30, 2018 (un-audited) | 705,672 | 619,979 | 295,790 | (23,880) | 1,597,561 |

Balance as at December 31, 2016 as previously reported (audited)
 Effect of changes in accounting policies (note 5)

Balance as at January 01, 2017 (restated)

Total comprehensive income
 Profit for the half year ended September 30, 2017 (restated)
 Other comprehensive loss for the half year ended September 30, 2017 (restated)

Transactions with owners recorded directly in equity
 Final dividend for the year ended December 31, 2016 - Re. 1.15 per share
 issuance of bonus shares - 8%

Balance as at September 30, 2017 (restated) (un-audited)

Total comprehensive income
 Profit for the period ended from October 01, 2017 to December 31, 2017 (restated)
 Other comprehensive income for the period ended from October 01, 2017 to December 31, 2017 (restated)

Transactions with owners recorded directly in equity
 issuance of bonus shares - 8%

Balance as at December 31, 2017 (restated) (audited)

Total comprehensive income
 Profit for the nine months ended September 30, 2018
 Other comprehensive income for the nine months ended September 30, 2018

Transactions with owners recorded directly in equity
 Final Dividend for the year ended December 31, 2017 - Re. 1 per share
 issuance of bonus shares - 8%

* This includes an amount of Rs. 50 million set aside by the Company in respect of Takaful operations.
 ** This balance is net of related change in insurance liabilities.

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

Chairman  Director  Director  Chief Executive Officer  Chief Financial Officer 

Condensed Interim Cash Flow Statement (Un-audited) - for the Quarter and Nine Months ended September 30, 2018

| Note | Aggregate | |
|---|---|------------------|
| | Nine months ended September 30, 2018 | 2017 |
| | ----- Rupees in 000's ----- (Restated) | |
| Operating Cash flows | | |
| (a) Underwriting activities | | |
| Premiums received net of policy transfers | 4,213,357 | 4,213,357 |
| Reinsurance premium paid | (112,273) | (141,230) |
| Claims paid | (773,300) | (713,969) |
| Surrenders paid | (2,922,966) | (2,615,450) |
| Reinsurance recovery received | 47,991 | 57,757 |
| Commissions paid | (328,458) | (390,676) |
| Commission received | 46,754 | 58,337 |
| Net cash (outflow) / inflow from underwriting activities | (474,808) | 468,126 |
| (b) Other operating activities | | |
| Income tax paid | (47,022) | (89,617) |
| Payment for expenses | (744,927) | (574,821) |
| Other operating receipts | 20,083 | 13,637 |
| Loans advanced | (5,127) | (4,870) |
| Loan repayments received | (1,493) | 7,071 |
| Net cash outflow from other operating activities | (778,486) | (648,600) |
| Total cash outflow on all operating activities | (1,253,294) | (180,474) |
| Investment activities | | |
| Profit / return received | 767,153 | 830,745 |
| Dividend received | 49,873 | 3,382 |
| Payment for investments | (3,362,122) | (10,750,910) |
| Proceeds from disposal of investments | 4,437,238 | 10,269,003 |
| Fixed capital expenditure | 30,794 | (33,573) |
| Capital work in progress | (140,625) | (21,647) |
| Proceeds from sale of property, plant and equipment | 563 | - |
| Total cash inflow from investing activities | 1,782,874 | 297,000 |
| Financing activities | | |
| Capital contribution to statutory funds | (120,000) | (45,500) |
| Capital payments received by statutory funds | 120,000 | 45,500 |
| Dividends paid | (59,080) | (79,896) |
| Total cash outflow from financing activities | (59,080) | (79,896) |
| Net cash inflow from / (outflow on) all activities | 470,500 | 36,630 |
| Cash and cash equivalents at beginning of period | 897,460 | 1,010,880 |
| Cash and cash equivalents at end of period | 1,367,960 | 1,047,510 |

Condensed Interim Cash Flow Statement (Un-audited) - for the Quarter and Nine Months ended September 30, 2018

| Note | Aggregate | |
|--|--------------------------------------|----------------|
| | Nine months ended September 30, 2018 | 2017 |
| | ----- Rupees in 000's ----- | |
| | | (Restated) |
| Reconciliation to Profit and Loss Account | | |
| Operating cash flows | (1,253,294) | (180,474) |
| Depreciation and amortisation expenses | (20,005) | (19,902) |
| Gain on disposal of fixed assets | 563 | - |
| Increase in assets other than cash | 318,102 | 309,292 |
| Decrease / (increase) in liabilities | 516,593 | (679,740) |
| Investment income | 473,062 | 606,951 |
| Profit received on bank deposits | 56,987 | 50,485 |
| Surplus of statutory funds | (39,903) | 104,288 |
| | <u>52,105</u> | <u>190,900</u> |
| Profit after taxation | | |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

 Chairman
 Director
 Director
 Chief Executive Officer
 Chief Financial Officer

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 IGI Life Insurance Limited ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on the Pakistan Stock Exchange Limited. The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Company.
- 1.2 The Company is a subsidiary of IGI Holdings Limited that holds 81.97% (December 31, 2017 : 81.97%) share capital of the Company.
- 1.3 The Company is engaged in life insurance, carrying on both participating and non-participating business. The Company is also engaged in providing Shariah Compliant family takaful products as an approved window takaful operator.
- 1.4 In accordance with the requirements of the Insurance Ordinance, 2000, the Company established a Shareholders' Fund and Separate Statutory Funds, in respect of each class of life insurance and family takaful business. The Statutory Funds established by the Company, in accordance with the advice of the Appointed Actuary are as follows:
- Life (participating)
 - Life (non-participating) – Individual
 - Life (non-participating) – Group
 - Accident & Health – Individual
 - Accident & Health – Group
 - Pension Business Fund
 - Investment Linked
 - Individual Family Takaful
 - Group Family Takaful
 - Group Health Takaful
- 1.5 The Board of Directors of the Company in their meeting held on December 23, 2017 has approved to enter into collaboration with Vitality Group International. The collaboration agreement will enable the Company to launch shared value life insurance products in Pakistan. The implementation of the proposed collaboration agreement is subject to procurement of all applicable statutory and regulatory approvals.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements 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.

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

Where the provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules 2017, the 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, the Insurance Ordinance, 2000, the Insurance Rules 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012 shall prevail.

- 2.2 The Securities and Exchange Commission of Pakistan (SECP) through its notification SRO 89(1) / 2017 dated February 9, 2017 had issued Insurance Rules, 2017 (the Rules) which had come into force at once. The Rules prescribed a revised format of annual financial statements for life insurers. Further, the SECP through SRO 88 (1) /2017 dated February 9,2017 had also issued Insurance Accounting Regulations, 2017 (the Regulations). The Regulations were applicable from April 1, 2017. However, the SECP on application filed by the management had allowed the Company to apply the Regulations effective from the accounting year commencing from January 1, 2018. The presentation of the condensed interim financial statements has been brought in line with the revised format of the financial statements as prescribed under the Rules.
- 2.3 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2017.
- 2.4 These condensed interim financial statements are unaudited and are being submitted to shareholders in accordance with the Pakistan Stock Exchange Limited Regulations and section 237 of the Companies Act, 2017.

3 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on historical cost convention except for certain investments which are carried at fair value and obligations in respect of defined benefit obligation is carried at present value.

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pakistani rupees, which is the Company's functional and presentation currency.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements of the Company for the year ended December 31, 2017 except for the changes mentioned below:

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

5.1 The presentation of the condensed interim financial statements has been brought in line with the revised format of financial statements as prescribed under the Insurance Rules, 2017 (as explained in note 2.2). The new Rules require life insurance companies to prepare a single aggregate statement of financial position and profit and loss account. Previously, the balances and transactions pertaining to the Shareholders Fund and the different Statutory Funds were required to be presented separately. Further, the surplus / retained earnings on other than participating business (Ledger Account D balances) attributable to the Company's Shareholders Fund is treated as part of equity under the new Rules. In addition, certain primary statements such as revenue account, statement of premiums, statement of claims, statement of expenses and statement of investment income which were previously part of the financial statements have now been excluded from the financial statements in accordance with the requirements of the Rules.

5.2 During the current period, consequent to the application of the Insurance Accounting Regulations, 2017 the Company has changed its accounting policy relating to the subsequent measurement and impairment of available for sale investments to comply with the requirements of IAS 39, "Financial Instruments: Recognition and Measurement." As per the revised policy available for sale investments are measured at fair value subsequent to initial recognition with changes in fair value recognised in other comprehensive income through the statement of comprehensive income. A significant or prolonged decline in the value of equity securities below its cost is also considered as an objective evidence of impairment. Impairment losses, if any, on available for sale investments are recognised directly in the income statement. Previously, available for sale investments (other than those relating to investment linked business) were stated subsequent to initial recognition at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002. Any decline in market value recognised by the Company was taken to the income statement. Further, any gain or loss arising on subsequent measurement at fair value of available for sale investments relating to the Company's investment linked business was previously taken to the revenue account.

As a result of the change in accounting policy relating to subsequent measurement of investments classified as available for sale, the management have decided to adopt the practice of 'shadow accounting' permitted under IFRS 4, whereby related adjustments to insurance liability are also recognised in other comprehensive income, if, the unrealised gains or losses are recognised in other comprehensive income.

5.3 Consequent to the application of the Insurance Accounting Regulations, 2017 the Company has changed its accounting policy in respect of recognition of actuarial gains and losses on re-measurement of staff retirement obligations. Amount arising as a result of "Re-measurements" representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to Other Comprehensive Income in the period in which they occur. Previously, these re-measurements were taken to the Revenue Account as the previous format of presentation and disclosure of financial statements notified by the SECP did not require presentation of Comprehensive Income in statutory funds.

The above changes in accounting policies have been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS) - 8, "Accounting Policies, Change in Accounting Estimates and Errors". The effects of the changes in accounting policies on the current and prior period financial statements have been summarised below:

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

| | As at | |
|--|-----------------------------|----------------------|
| | December 31, 2017 | December 31, 2016 |
| | ------(Rupees in '000)----- | |
| Impact on Statement of Financial Position | | |
| Increase in deferred tax liabilities | - | 44,199 |
| Increase in deferred tax asset | 10,119 | - |
| Increase in investments | 10,515 | 315,163 |
| Increase in Policyholder's liability | 153,337 | 162,756 |
| Increase in Equity - Ledger Account D | 244,304 | 109,717 |
| Impact on (deficit) / surplus on revaluation of available for sale investments | (14,648) | 152,407 |
| | | |
| | For the year ended | |
| | December 31, 2017 | December 31, 2016 |
| | ------(Rupees in '000)----- | |
| Impact on Profit and Loss Account | | |
| Increase in surplus of statutory fund | 134,587 | 58,800 |
| Increase / (decrease) in remeasurement of post employment benefits | 5,692 | (28,096) |
| | | |
| Impact on Other Comprehensive Income | | |
| Increase / (decrease) in unrealised gain / (loss) on available for sale investments - net of tax | (378,481) | (412,534) |
| Decrease / (Increase) in change in insurance liabilities | 245,506 | 462,047 |
| Increase / (decrease) in remeasurement of post employment benefits | (5,692) | 28,096 |
| | | |
| | ------(Rupees)----- | |
| Increase in earnings per share | 1.99 | 0.44 |

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2017. The Company intends to have an actuarial valuation in respect of staff retirement benefit plan for 2018 conducted at the year end. Hence actuarial gains / losses for the nine months ended September 30, 2018 are not quantifiable and are also considered immaterial by the management. Accordingly the resulting impact has not been accounted for in these condensed interim financial statements

7 INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2017.

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

| | (Un-audited) September 30, 2018 | (Audited) December 31, 2017 |
|-----------------------------------|------------------------------------|--------------------------------|
| | -----Rupees in '000'----- | |
| 8 PROPERTY AND EQUIPMENT | | |
| Operating assets | 137,006 | 109,689 |
| Capital work in progress | <u>156,488</u> | <u>15,863</u> |
| | <u>293,494</u> | <u>125,552</u> |
| 8.1 Opening net book value | 109,689 | 75,545 |
| Add: Additions during the period | | |
| - Leasehold improvements | 2,350 | 20,025 |
| - Furniture and fixtures | 2,834 | 14,833 |
| - Office equipment | 5,284 | 8,486 |
| - Computer equipment | 36,652 | 8,621 |
| - Motor vehicles | 80 | 16,264 |
| - Software and licenses | - | - |
| | 47,200 | 68,229 |
| Less: Net book value of deletion | - | 550 |
| Depreciation for the period | <u>19,880</u> | <u>33,535</u> |
| | 19,880 | 34,085 |
| Closing net book value | <u>137,009</u> | <u>109,689</u> |
| Add: Capital work in progress | <u>156,488</u> | <u>15,863</u> |
| | <u>293,497</u> | <u>125,552</u> |

9 INVESTMENTS IN EQUITY SECURITIES

| Note | (Un-audited) As at September 30, 2018 | | | (Audited) As at December 31, 2017 (Restated) | | |
|----------------------------|--|------------------|---|---|------------------|---|
| | Cost | Market value | Deficit on revaluation of investments | Cost | Market value | Deficit on revaluation of investments |
| | -----Rupees in 000's----- | | | | | |
| Available for sale: | | | | | | |
| Listed equity securities | 133,763 | 124,725 | (9,038) | 62,033 | 54,038 | (7,995) |
| Listed Mutual Funds | <u>3,264,973</u> | <u>3,202,856</u> | <u>(62,117)</u> | <u>3,764,741</u> | <u>3,552,502</u> | <u>(212,239)</u> |
| | <u>3,398,736</u> | <u>3,327,581</u> | <u>(71,155)</u> | <u>3,826,774</u> | <u>3,606,540</u> | <u>(220,234)</u> |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

10 INVESTMENTS IN GOVERNMENT SECURITIES

| Note | (Un-audited) As at September 30, 2018 | | | (Audited) As at December 31, 2017 (Restated) | | | |
|----------------------------|--|-------------------|---|---|-------------------|---------------------------------------|----------------|
| | Cost | Market value | Surplus / (deficit) on revaluation of investments | Cost | Market value | Surplus on revaluation of investments | |
| -----Rupees in 000's----- | | | | | | | |
| Available for sale: | | | | | | | |
| Pakistan Investment Bonds | 10.1 & 10.2 | 10,258,004 | 10,258,251 | 247 | 11,911,647 | 11,997,834 | 86,187 |
| Market Treasury Bills | 10.3 | 2,360,901 | 2,360,319 | (582) | 1,999,853 | 2,016,257 | 16,404 |
| | | <u>12,618,905</u> | <u>12,618,570</u> | <u>(335)</u> | <u>13,911,500</u> | <u>14,014,091</u> | <u>102,591</u> |

10.1 The effective yield on Pakistan Investment Bond ranges from 5.96% to 14.10% (December 31, 2017: 6.14% to 12.97%) per annum. The market yield ranges from 8.22% to 9.64% (December 31, 2017: 6.01% to 7.44%) per annum.

10.2 The Company has deposited 5 years Pakistan Investment Bonds amounting to Rs. 71.34 million (December 31, 2017: Rs. 65.34 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

10.3 The effective yield on Market Treasury Bills ranges from 7.74% (December 31, 2017: 5.99%) per annum. The market yield ranges from 8.12% (December 31, 2017: 5.84% to 5.85%) per annum.

11 INVESTMENTS IN DEBT SECURITIES

| Note | (Un-audited) As at September 30, 2018 | | | (Audited) As at December 31, 2017 (Restated) | | |
|----------------------------------|--|--------------|---|---|--------------|---|
| | Cost | Market value | Surplus / (deficit) on revaluation of investments | Cost | Market value | Surplus / (deficit) on revaluation of investments |
| -----Rupees in 000's----- | | | | | | |
| Available for sale: | | | | | | |
| Listed term finance certificates | 111 | 175,000 | 175,000 | - | - | - |

11.1 The mark-up rates on term finance certificates ranging from 9.48% to 10.06% (December 31, 2017: nil) per annum.

12 INVESTMENTS IN TERM DEPOSIT RECEIPTS

| | (Un-audited) As at September 30, 2018 | | | (Audited) As at December 31, 2017 (Restated) | | |
|---------------------------|--|---------------------|-------------------------|---|---------------------|-------------------------|
| | Principle Amount | Tenure | Rate | Principle Amount | Tenure | Rate |
| -----Rupees in 000's----- | | | | | | |
| Term Deposit Receipts | 655,000 | 1 month to 3 months | 7.25% to 9.5% per annum | 151,183 | 1 month to 3 months | 8.75% to 9.4% per annum |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

| | (Un-audited) September 30, 2018 | (Audited) December 31, 2017 |
|--|------------------------------------|--------------------------------|
| ------(Rupees in '000)----- | | |
| 13 CASH AND BANK | | |
| Cash and cash equivalents | | |
| - Cash in hand | 695 | 620 |
| Cash at Bank | | |
| - Savings accounts | <u>712,265</u> | <u>745,657</u> |
| | <u>712,960</u> | <u>746,277</u> |
| 13.1 Cash and cash equivalents | | |
| Cash and bank balances | 712,960 | 746,277 |
| Term deposit receipts (with original maturity of less than 3 months) | <u>655,000</u> | <u>151,183</u> |
| | <u>1,367,960</u> | <u>897,460</u> |
| | | |
| ------(Rupees in '000)----- | | |
| 14 INSURANCE LIABILITIES | | (Restated) |
| Incurred but not reported claims | 175,166 | 145,840 |
| Investment component of unit-linked and account value policies | 8,241,163 | 9,067,947 |
| Liabilities under individual conventional insurance contracts | 6,853,589 | 6,688,947 |
| Liabilities under group insurance contracts | 474,887 | 251,420 |
| Other insurance liabilities | 939,320 | 1,200,001 |
| Ledger account A and B | <u>373,763</u> | <u>387,002</u> |
| | <u>17,057,888</u> | <u>17,741,157</u> |
| 15 CONTINGENCIES AND COMMITMENTS | | |
| Commitment for acquisition of fixed assets | <u>211,200</u> | <u>-</u> |

- 15.1 While finalising the tax assessment for the accounting years ended December 31, 2012 (Tax Year 2013) and December 31, 2011 (Tax Year 2012) the taxation officer raised additional tax demand of Rs. 1.029 million and Rs. 6.910 million respectively on the Company on non-deduction of withholding tax under section 151(d) of the Income Tax Ordinance, 2001 on the amount of surrenders paid during the respective years.

The Company filed appeal before Commissioner Inland Revenue Appeals (CIRA) in respect of said tax years which were decided in favour of the Company. The Commissioner Inland Revenue has now filed an appeal before Appellate Tribunal (ATIR) challenging the order passed by CIRA. The management of the Company is of the view that the matter would be settled in its favour and hence no provision is required.

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

| | (Un-audited) Nine months ended September 30, | |
|---|---|------------------|
| | 2018 | 2017 |
| | ------(Rupees in '000)----- | |
| 16 NET PREMIUM / CONTRIBUTION REVENUE | | |
| Gross Premiums / Contribution: | | |
| Regular premium / contribution individual policies* | | |
| First year | 457,631 | 420,982 |
| Second year renewal | 308,653 | 198,399 |
| Subsequent year renewal | 768,920 | 800,664 |
| Single premium / contribution individual policies | 826,062 | 1,860,321 |
| Group policies without cash value | 1,344,753 | 1,041,394 |
| Total Gross premiums / contribution | 3,706,019 | 4,321,760 |
| Less: Reinsurance premium / contribution ceded | | |
| On individual life First year business | 21,744 | 21,256 |
| On individual life Second year business | 6,263 | 3,224 |
| On individual life Renewal business | 19,142 | 19,248 |
| On single premium policies | 6,868 | 8,816 |
| On group policies | 65,684 | 58,992 |
| Commission from reinsurers | (18,500) | (18,197) |
| | 101,201 | 93,339 |
| Net premium / contribution | 3,604,818 | 4,228,421 |

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

| | (Un-audited) Nine months ended September 30, | |
|---------------------------------|---|----------------|
| | 2018 | 2017 |
| | ------(Rupees in '000)----- | |
| 17 INVESTMENT INCOME | | |
| Return on government securities | 742,631 | 828,290 |
| Amortisation of premium | (40,059) | (45,785) |
| Dividend Income | 49,873 | 3,382 |
| Profit on term deposit receipts | 26,939 | 19,454 |
| Profit on debt securities | 4,103 | - |
| | 783,487 | 805,341 |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

| | (Un-audited) | |
|---|---------------------------------|-------------------------|
| | Nine months ended September 30, | |
| | 2018 | 2017 |
| | ------(Rupees in '000)----- | |
| 18 NET INSURANCE BENEFITS | | |
| Gross Claims | | |
| Claims under individual policies | | |
| By death | 79,580 | 110,233 |
| By insured event other than death | 4 | 23 |
| By maturity | 9,815 | 5,438 |
| By surrender | <u>2,922,949</u> | <u>2,614,627</u> |
| Total Gross Individual Policy Claims | <u><u>3,012,348</u></u> | <u><u>2,730,321</u></u> |
| Claims under group policies | | |
| by death | 83,872 | 114,419 |
| by insured event other than death | 681,874 | 458,379 |
| by surrender | 17 | 823 |
| experience refund | <u>9,844</u> | <u>11,316</u> |
| Total gross group policy claims | <u>775,607</u> | <u>584,937</u> |
| Total gross policy claims | <u>3,787,955</u> | <u>3,315,258</u> |
| Less: Reinsurance Recoveries | | |
| On Individual life claims | 14,207 | 50,042 |
| On Group Life claims | <u>9,514</u> | <u>595</u> |
| | <u>23,721</u> | <u>50,637</u> |
| Net insurance benefit expense | <u><u>3,764,234</u></u> | <u><u>3,264,621</u></u> |

| | (Un-audited) | |
|--|---------------------------------|----------------|
| | Nine months ended September 30, | |
| | 2018 | 2017 |
| | ------(Rupees in '000)----- | |
| 19 ACQUISITION EXPENSES | | |
| Remuneration to insurance intermediaries on individual policies: | | |
| - Commission on first year premiums/contribution | 197,428 | 203,626 |
| - Commission on second year premiums/contribution | 18,103 | 8,501 |
| - Commission on subsequent renewal premiums/contribution | 18,088 | 22,817 |
| - Commission on single premiums/contribution | 466 | 43,931 |
| - Other benefits to insurance intermediaries | <u>112,393</u> | <u>133,126</u> |
| | <u>346,478</u> | <u>412,001</u> |
| Remuneration to insurance intermediaries on group policies: | | |
| - Commission | 69,883 | 73,782 |
| - Other benefits to insurance intermediaries | <u>2,434</u> | <u>3,911</u> |
| | <u>72,317</u> | <u>77,693</u> |
| Branch overheads : | | |
| - Salaries and other benefits | 9,700 | 7,151 |
| - Other operational cost | <u>33,532</u> | <u>19,566</u> |
| | <u>43,232</u> | <u>26,717</u> |
| Other acquisition cost : | | |
| - Policy stamps | 3,206 | 4,179 |
| | <u>465,233</u> | <u>520,590</u> |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

(Un-audited)
 Nine months ended September 30,
 2018 2017
 -----(Rupees in '000)-----

20 MARKETING AND ADMINISTRATION EXPENSES

Administration Expenses

| | | |
|---------------------------------------|----------------|----------------|
| Salaries, allowances & other benefits | 302,865 | 222,596 |
| Travelling expenses | 19,690 | 4,991 |
| Directors' fees | 2,990 | 3,814 |
| Auditors' remuneration | 2,354 | 6,782 |
| Actuary's fees | 4,046 | 19,157 |
| Medical fees | 697 | 1,020 |
| Advertisement and publicity | 17,981 | 5,785 |
| Computer expenses | 2,718 | 6,353 |
| Printing and stationery | 16,184 | 10,450 |
| Depreciation and amortisation | 20,005 | 19,902 |
| Rental | 40,129 | 13,152 |
| | <u>429,659</u> | <u>314,002</u> |

Other Management Expenses

| | | |
|---|----------------|----------------|
| Vehicles and general repair and maintenance | 12,315 | 1,814 |
| Utilities-electricity, water and gas | 5,466 | 7,881 |
| Transportation | 4,963 | 1,817 |
| Communication | 24,213 | 7,835 |
| Consultancy fee | 7,530 | 6,777 |
| Training and workshop | 2,924 | 1,353 |
| Insurance | 4,126 | 1,507 |
| Interest on premium deposit in advance | 1,073 | 901 |
| Social security | 1,119 | 550 |
| Entertainment | 12,549 | 3,864 |
| Books and subscriptions | 41 | 361 |
| Miscellaneous expenses | 33,274 | 14,356 |
| | <u>109,593</u> | <u>49,016</u> |
| | <u>539,252</u> | <u>363,018</u> |

21 OTHER EXPENSES

| | | |
|---------------------------------------|---------------|---------------|
| Legal and professional charges | 8,800 | 1,477 |
| Regulators fee | 13,656 | 8,465 |
| Interest on Finance Lease Obligations | - | 176 |
| Others | 493 | 181 |
| | <u>22,949</u> | <u>10,299</u> |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

22 TAXATION

As per Income Tax Ordinance, 2001, the current tax expense is chargeable to income attributable to shareholder's fund only. During the nine months ended September 30, 2018, the shareholder's fund reflected a profit before tax of Rs. 0.884 million resulting in current tax amounting to Rs. 0.265 million.

The Income Tax Ordinance, 2000 requires insurance companies to charge tax on the surplus transferred to shareholder's fund. However, due to application of the Insurance Accounting Regulations, 2017, the surplus generated by statutory funds (other than participating fund) of the Company are also presented in profit and loss account on aggregate basis. The matter with respect to recognition of the deferred tax on the surplus generated by the statutory funds (other than participating fund) since inception was raised with the Securities and Exchange Commission of Pakistan (SECP). The SECP vide its letter ID/PRDD/IAP/2018/16188 dated August 20, 2018, has granted exemption from the applicability of International Standard of Accounting (IAS) 12 with respect to recognition of deferred tax on surplus of the statutory funds held in ledger account D for the nine months ended September 30, 2018.

23 EARNINGS / (LOSS) PER SHARE

| | (Un-audited) | | | |
|--|----------------------------------|-------------------|-----------------------------|-------------------|
| | Nine months ended Septemeber 30, | | Quarter ended September 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees in '000) | | (Rupees in '000) | |
| | | (Restated) | | (Restated) |
| Basic / diluted earnings / (loss) per share | | | | |
| Profit / (loss) for the period | <u>52,105</u> | <u>190,900</u> | <u>9,157</u> | <u>47,313</u> |
| Weighted average number of ordinary shares | <u>70,567,200</u> | <u>70,567,200</u> | <u>70,567,200</u> | <u>70,567,200</u> |
| | (Rupees) | | (Rupees) | |
| Earnings / (loss) per share | <u>0.74</u> | <u>2.71</u> | <u>0.13</u> | <u>0.67</u> |

24 SEGMENT INFORMATION

Each of class of business has been identified as a reportable segment. The following is a schedule of class of business wise assets, liabilities, revenues and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017:

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

| (Un-audited) | | | | | | | | | | | |
|---|------------------------------|--------------------------|----------------|----------------------|-------------------|-------------------------|---------------------|----------------------|-----------------|-----------------|-------------------|
| For the period ended September 30, 2018 | | | | | | | | | | | |
| | CONVENTIONAL-STATUTORY FUNDS | | | | | TAKAFUL-STATUTORY FUNDS | | | | | |
| | Life (Participating) | Life (Non-participating) | | Investment Linked | Accident & Health | | Pension Business | Individual Family | Group Family | Group Health | Total |
| | | Individual | Group | | Individual | Group | | | | | |
| ----- (Rupees in '000) ----- | | | | | | | | | | | |
| 24.1 Revenue Account by Statutory Funds | | | | | | | | | | | |
| INCOME | | | | | | | | | | | |
| Premiums/contribution less reinsurances/retakaful | 28,178 | 448,044 | 222,765 | 993,651 | 7,881 | 882,196 | 37,486 | 829,495 | 12,735 | 123,887 | 3,586,318 |
| Policy transfers from other statutory funds | - | - | - | - | - | - | - | - | - | - | - |
| Net investment income | 48,516 | 185,400 | 3,585 | 218,649 | 465 | 1,100 | (679) | (1,195) | 89 | (788) | 455,144 |
| Other income - net | 7,784 | 12,456 | 2,277 | 21,788 | 35 | 18,745 | 138 | 15,258 | 14 | 135 | 78,630 |
| Total net income | 84,478 | 645,900 | 228,627 | 1,234,088 | 8,381 | 902,041 | 36,945 | 843,558 | 12,838 | 123,236 | 4,120,092 |
| CLAIMS AND EXPENDITURE | | | | | | | | | | | |
| Claims, including bonuses, net of reinsurance recoveries | 108,640 | 561,716 | 81,302 | 2,233,875 | 3,353 | 608,172 | 17 | 90,557 | 5,747 | 70,855 | 3,764,234 |
| Policy transfers to other statutory funds | - | - | - | - | - | - | - | - | - | - | - |
| Management expenses less recoveries | 6,299 | 102,436 | 67,244 | 420,623 | 16,894 | 148,619 | 128 | 216,940 | 2,888 | 4,114 | 985,985 |
| Total claims and expenditure | 114,939 | 664,152 | 148,546 | 2,654,498 | 20,247 | 756,791 | 145 | 307,497 | 8,435 | 74,969 | 4,750,219 |
| Excess of income over claims and expenditure | (30,461) | (18,252) | 80,081 | (1,420,410) | (11,866) | 145,250 | 36,800 | 536,061 | 4,403 | 48,267 | (630,127) |
| Add: Policyholders' liabilities at beginning of the period | 1,573,079 | 6,119,617 | 75,342 | 8,109,869 | 11,624 | 262,524 | 74,927 | 1,111,274 | 5,397 | 10,502 | 17,354,155 |
| Less: Policyholders' liabilities at end of the period | (1,555,857) | (5,998,322) | (130,436) | (6,751,201) | (10,546) | (406,957) | (111,729) | (1,652,516) | (7,053) | (59,508) | (16,684,125) |
| Movement in policyholders' liabilities | 17,222 | 121,295 | (55,094) | 1,358,668 | 1,078 | (144,433) | (36,802) | (541,242) | (1,656) | (49,006) | 670,030 |
| Surplus / (deficit) | (13,239) | 103,043 | 24,987 | (61,742) | (10,788) | 817 | (2) | (5,181) | 2,747 | (739) | 39,903 |
| Movement in policyholders' liabilities | (17,222) | (121,295) | 55,094 | (1,358,668) | (1,078) | 144,433 | 36,802 | 541,242 | 1,656 | 49,006 | (670,030) |
| Transfers (to) or from shareholders' fund | | | | | | | | | | | |
| - Capital contributions from shareholders' fund | - | - | - | 70,000 | 10,000 | - | - | 30,000 | - | 10,000 | 120,000 |
| - Cede money - Waqf | - | - | - | - | - | - | - | - | - | - | - |
| - Capital returned to shareholder's fund | - | (120,000) | - | - | - | - | - | - | - | - | (120,000) |
| - Surplus appropriated to shareholders' fund | - | - | - | - | - | - | - | - | - | - | - |
| | - | (120,000) | - | 70,000 | 10,000 | - | - | 30,000 | - | 10,000 | - |
| Balance of statutory fund at beginning of the period | 1,960,081 | 6,460,164 | 174,887 | 8,276,513 | 12,230 | 388,296 | 79,477 | 1,144,118 | 7,290 | 14,905 | 18,517,961 |
| Balance of statutory fund at end of the period | 1,929,620 | 6,321,912 | 254,988 | 6,926,103 | 10,364 | 533,546 | 116,277 | 1,710,179 | 11,693 | 73,172 | 17,887,834 |
| Represented by: | | | | | | | | | | | |
| Capital contributed by shareholders' fund | - | 77,552 | - | 312,100 | 12,000 | 4,300 | 6,000 | 121,500 | 1,200 | 12,500 | 547,152 |
| Policyholders' liabilities / PTF | 1,555,857 | 5,998,322 | 130,436 | 6,751,201 | 10,546 | 406,957 | 111,729 | 1,652,516 | 7,053 | 59,508 | 16,684,125 |
| Retained earnings attributable to policyholders (Ledger Account A) | 339,436 | - | - | - | - | - | - | - | - | - | 339,436 |
| Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B) | 34,327 | - | - | - | - | - | - | - | - | - | 34,327 |
| Retained earnings on other than participating business (Ledger Account D) / PTF | - | 246,038 | 126,654 | (133,455) | (12,074) | 125,966 | (1,452) | (61,458) | 3,548 | 2,022 | 295,789 |
| Revaluation surplus / (deficit) on revaluation of available for sale investments | - | - | (2,122) | (3,743) | (108) | (3,677) | - | (2,379) | (108) | (858) | (12,995) |
| BALANCE OF STATUTORY FUND | 1,929,620 | 6,321,912 | 254,988 | 6,926,103 | 10,364 | 533,546 | 116,277 | 1,710,179 | 11,693 | 73,172 | 17,887,834 |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

| | (Un-audited) | | | | | | | | | | |
|--|--|--|-----------------|----------------------|---------------------------------|-------------------------|-----------------------------|----------------------|-----------------|-----------------|-------------------|
| | For the period ended September 30, 2017 (Restated) | | | | | | | | | | |
| | CONVENTIONAL-STATUTORY FUNDS | | | | | TAKAFUL-STATUTORY FUNDS | | | | | |
| | Life (Participating) | Life (Non-participating) Individual | Group | Investment Linked | Accident & Health Individual | Group | Pension Business Fund | Individual Family | Group Family | Group Health | Total |
| ----- (Rupees in '000) ----- | | | | | | | | | | | |
| INCOME | | | | | | | | | | | |
| Premiums/contribution less reinsurances/retakaful | 28,832 | 545,801 | 205,369 | 1,835,012 | 8,245 | 751,984 | 1,763 | 809,932 | 1,514 | 21,772 | 4,210,224 |
| Policy transfers from other statutory funds | - | - | - | - | - | - | - | - | - | - | - |
| Net investment income | 98,649 | 304,468 | 7,761 | 150,671 | 1,447 | (5,095) | 3,489 | (32,292) | (90) | (149) | 528,859 |
| Other income - net | 5,477 | 10,929 | 1,038 | 27,581 | 46 | 13,418 | 304 | 5,105 | - | 2 | 63,900 |
| Total net income | <u>132,958</u> | <u>861,198</u> | <u>214,168</u> | <u>2,013,264</u> | <u>9,738</u> | <u>760,307</u> | <u>5,556</u> | <u>782,745</u> | <u>1,424</u> | <u>21,625</u> | <u>4,802,983</u> |
| CLAIMS AND EXPENDITURE | | | | | | | | | | | |
| Claims, including bonuses, net of reinsurance recoveries | 89,869 | 484,932 | 105,065 | 2,073,778 | 1,601 | 469,348 | 823 | 30,099 | 400 | 8,706 | 3,264,621 |
| Policy transfers to other statutory funds | - | - | - | - | - | - | - | - | - | - | - |
| Management expenses less recoveries | 3,739 | 94,656 | 49,540 | 392,401 | 14,253 | 131,011 | - | 199,024 | 37 | 217 | 884,878 |
| Total claims and expenditure | <u>93,608</u> | <u>579,588</u> | <u>154,605</u> | <u>2,466,179</u> | <u>15,854</u> | <u>600,359</u> | <u>823</u> | <u>229,123</u> | <u>437</u> | <u>8,923</u> | <u>4,149,499</u> |
| Excess of income over claims and expenditure | <u>39,350</u> | <u>281,610</u> | <u>59,563</u> | <u>(452,915)</u> | <u>(6,116)</u> | <u>159,948</u> | <u>4,733</u> | <u>553,622</u> | <u>987</u> | <u>12,702</u> | <u>653,484</u> |
| Add: Policyholders' liabilities at beginning of the period | 1,404,766 | 5,818,508 | 77,320 | 8,695,395 | 9,337 | 212,747 | 63,853 | 239,008 | 573 | 3,114 | 16,524,621 |
| Less: Policyholders' liabilities at end of the period | (1,601,603) | (6,036,801) | (122,938) | (8,254,983) | (10,785) | (340,418) | (66,599) | (833,502) | (1,350) | (13,414) | (17,282,393) |
| Movement in policyholders' liabilities | <u>(196,837)</u> | <u>(218,293)</u> | <u>(45,618)</u> | <u>440,412</u> | <u>(1,448)</u> | <u>(127,671)</u> | <u>(2,746)</u> | <u>(594,494)</u> | <u>(777)</u> | <u>(10,300)</u> | <u>(757,772)</u> |
| Surplus / (deficit) | <u>(157,487)</u> | <u>63,317</u> | <u>13,945</u> | <u>(12,503)</u> | <u>(7,564)</u> | <u>32,277</u> | <u>1,987</u> | <u>(40,872)</u> | <u>210</u> | <u>2,402</u> | <u>(104,288)</u> |
| Movement in policyholders' liabilities | 196,837 | 218,293 | 45,618 | (440,412) | 1,448 | 127,671 | 2,746 | 594,494 | 777 | 10,300 | 757,772 |
| Transfers (to) or from shareholders' fund | | | | | | | | | | | |
| - Capital contributions from shareholders' fund | - | - | - | - | - | - | - | 45,000 | - | 500 | 45,500 |
| - Cede money - Waqf | - | - | - | - | - | - | - | - | - | - | - |
| - Capital returned to shareholder's fund | - | - | - | - | - | (60,000) | - | - | - | - | (60,000) |
| - Surplus appropriated to shareholders' fund | - | - | - | - | - | - | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(60,000)</u> | <u>-</u> | <u>45,000</u> | <u>-</u> | <u>500</u> | <u>(14,500)</u> |
| Balance of statutory fund at beginning of the period | <u>1,982,324</u> | <u>6,072,596</u> | <u>173,847</u> | <u>8,860,826</u> | <u>19,115</u> | <u>403,471</u> | <u>67,911</u> | <u>245,604</u> | <u>1,769</u> | <u>4,956</u> | <u>17,832,419</u> |
| Balance of statutory fund at end of the period | <u>2,021,674</u> | <u>6,354,206</u> | <u>233,410</u> | <u>8,407,911</u> | <u>12,999</u> | <u>503,419</u> | <u>72,644</u> | <u>844,226</u> | <u>2,756</u> | <u>18,158</u> | <u>18,471,403</u> |
| Represented by: | | | | | | | | | | | |
| Capital contributed by shareholders' fund | - | 197,552 | - | 242,100 | - | 4,300 | 6,000 | 91,500 | 1,200 | 2,500 | 545,152 |
| Policyholders' liabilities / PTF | 1,601,603 | 6,036,801 | 122,938 | 8,254,983 | 10,785 | 340,418 | 66,599 | 833,502 | 1,350 | 13,414 | 17,282,393 |
| Retained earnings attributable to policyholders (Ledger Account A) | 366,688 | - | - | - | - | - | - | - | - | - | 366,688 |
| Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B) | 53,383 | - | - | - | - | - | - | - | - | - | 53,383 |
| Retained earnings on other than participating business (Ledger Account D) / PTF | - | 119,853 | 116,512 | (77,879) | 2,534 | 164,898 | 45 | (79,425) | 241 | 2,302 | 249,081 |
| Revaluation surplus / (deficit) on revaluation of available for sale investments | - | - | (6,040) | (11,293) | (320) | (6,197) | - | (1,351) | (35) | (58) | (25,294) |
| BALANCE OF STATUTORY FUND | <u>2,021,674</u> | <u>6,354,206</u> | <u>233,410</u> | <u>8,407,911</u> | <u>12,999</u> | <u>503,419</u> | <u>72,644</u> | <u>844,226</u> | <u>2,756</u> | <u>18,158</u> | <u>18,471,403</u> |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

24.2 Statement of Financial Position by Segment

| | September 30, 2018 | | | December 31, 2017 | | |
|---|--------------------------------|-----------------------------|--------------------|---|--|--------------------|
| | Shareholders Fund (Un-audited) | Statutory Fund (Un-audited) | Total (Un-audited) | Shareholders Fund (Un-audited) (Restated) | Statutory Fund (Un-audited) (Restated) | Total (Un-audited) |
| -----Rupees in 000's----- | | | | | | |
| Assets | | | | | | |
| Property and equipment | 215,566 | 77,928 | 293,494 | 125,552 | - | 125,552 |
| Intangible assets | 2,215 | - | 2,215 | 2,337 | - | 2,337 |
| Equity securities | 124,725 | - | 124,725 | 54,038 | - | 54,038 |
| Mutual funds | 73,349 | 3,129,507 | 3,202,856 | 156,697 | 3,395,805 | 3,552,502 |
| Government securities | 467,584 | 12,150,986 | 12,618,570 | 112,735 | 13,901,356 | 14,014,091 |
| Debt securities | 175,000 | - | 175,000 | - | - | - |
| Term deposits | 125,000 | 530,000 | 655,000 | 51,183 | 100,000 | 151,183 |
| Loans secured against life insurance policies | - | 183,104 | 183,104 | - | 167,539 | 167,539 |
| Reinsurance / retakaful receivables | - | 95,895 | 95,895 | - | 120,165 | 120,165 |
| Other loans and receivables | 39,371 | 482,705 | 522,076 | 1,839 | 339,084 | 340,923 |
| Experience refund receivables | - | 6,147 | 6,147 | - | 16,299 | 16,299 |
| Accrued interest | 9,852 | 296,977 | 306,829 | 24 | 269,468 | 269,492 |
| Deferred tax asset | 4,445 | 5,307 | 9,752 | 4,134 | 5,985 | 10,119 |
| Taxation - payments less provision | 455,302 | - | 455,302 | 403,108 | - | 403,108 |
| Prepayments | 417 | 91,681 | 92,098 | - | 64,789 | 64,789 |
| Cash and Bank | (393,622) | 1,106,582 | 712,960 | 25,662 | 720,615 | 746,277 |
| Total Assets | 1,299,204 | 18,156,819 | 19,456,023 | 937,309 | 19,101,105 | 20,038,414 |
| Liabilities | | | | | | |
| Insurance liabilities (including policyholders' liabilities and ledger account A & B) | - | 17,057,888 | 17,057,888 | - | 17,741,157 | 17,741,157 |
| Outstanding claims | - | 290,579 | 290,579 | - | 230,477 | 230,477 |
| Retirement benefit obligations | - | 29,169 | 29,169 | - | 22,377 | 22,377 |
| Premium received in advance | - | 62,572 | 62,572 | - | 81,422 | 81,422 |
| Reinsurance / retakaful payables | - | 60,612 | 60,612 | - | 24,930 | 24,930 |
| Other creditors and accruals | 141,882 | 59,466 | 201,348 | 86,637 | 80,163 | 166,800 |
| Experience refund payables | - | 48,136 | 48,136 | - | 26,701 | 26,701 |
| Accrued expenses | - | 90,493 | 90,493 | - | 113,202 | 113,202 |
| Unclaimed dividend | 2,549 | - | 2,549 | 1,097 | - | 1,097 |
| Liabilities against assets subject to finance lease | 15,116 | - | 15,116 | 15,115 | - | 15,115 |
| Total Liabilities | 159,547 | 17,698,915 | 17,858,462 | 102,849 | 18,320,429 | 18,423,278 |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

25 REVENUE ACCOUNT - WINDOW TAKAFUL OPERATIONS

25.1 Participants' Investment Fund (PIF)

| | TAKAFUL - STATUTORY FUNDS | | | AGGREGATE | |
|--|------------------------------|--------------|--------------|---|----------------|
| | Individual Family | Group Family | Group Health | Nine months ended September 30, 2018 (Unaudited) (Unaudited) | |
| | ----- (Rupees in '000) ----- | | | | (Restated) |
| Income | | | | | |
| Allocated Contribution | 642,009 | - | - | 642,009 | 653,417 |
| Net Investment Income | (10,177) | - | - | (10,177) | (36,146) |
| Other Income | 4,407 | - | - | 4,407 | 1,337 |
| Total Net Income | 636,239 | - | - | 636,239 | 618,608 |
| Less: Claims and Expenditure | | | | | |
| Surrenders / Partial Surrenders | 84,023 | - | - | 84,023 | 23,183 |
| Risk Contributions | 11,035 | - | - | 11,035 | 10,959 |
| Wakalat-ul-Istismar | 16,196 | - | - | 16,196 | 5,220 |
| Policy admin fee | 4,876 | - | - | 4,876 | 4,243 |
| | 116,130 | - | - | 116,130 | 43,605 |
| Excess of Income over Claims and expenditure | 520,109 | - | - | 520,109 | 575,003 |
| Add: Technical reserves at the beginning of the period | 1,055,194 | - | - | 1,055,194 | 215,730 |
| Less: Technical reserves at the end of the period | (1,575,303) | - | - | (1,575,303) | (790,733) |
| | (520,109) | - | - | (520,109) | (575,003) |
| Surplus | - | - | - | - | - |
| Movement in technical reserves | 520,109 | - | - | 520,109 | 575,003 |
| Balance of PIF at the beginning of the period | 1,055,194 | - | - | 1,055,194 | 215,730 |
| Balance of PIF at the end of the period | 1,575,303 | - | - | 1,575,303 | 790,733 |

25.2 Participants' Takaful Fund (PTF)

| | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|
| Income | | | | | |
| Contribution net of retakaful | 2,095 | 4,499 | 111,533 | 118,127 | 25,078 |
| Net investment income | - | - | - | - | - |
| Other income | 2,168 | 14 | 135 | 2,317 | 1,080 |
| | 4,263 | 4,513 | 111,668 | 120,444 | 26,158 |
| Less: Claims and Expenditure | | | | | |
| Claims | 4,512 | 5,747 | 70,855 | 81,114 | 12,129 |
| Wakala fee | - | - | - | - | - |
| | 4,512 | 5,747 | 70,855 | 81,114 | 12,129 |
| Excess of Income over Claims and expenditure | (249) | (1,234) | 40,813 | 39,330 | 14,029 |
| Add : Technical reserves at the beginning of the period | 8,018 | 3,074 | 9,546 | 20,638 | 6,214 |
| Less : Technical reserves at the end of the period | (9,177) | (5,498) | (53,470) | (68,145) | (14,803) |
| | (1,159) | (2,424) | (43,924) | (47,507) | (8,589) |
| Surplus | (1,408) | (3,658) | (3,111) | (8,177) | 5,440 |
| Movement in technical reserves | 1,159 | 2,424 | 43,924 | 47,507 | 8,589 |
| Qard-e-Hasna contributed by Window Takaful Operator | - | 2,700 | 2,900 | 5,600 | - |
| Balance of PTF at the beginning of the period | 8,018 | 3,174 | 10,746 | 21,938 | 6,914 |
| Balance of PTF at the end of the period | 7,769 | 4,640 | 54,459 | 66,868 | 20,943 |

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

25.3 Operators' Sub Fund (OSF)

| | TAKAFUL - STATUTORY FUNDS | | | AGGREGATE | |
|---|------------------------------|---------------|---------------|---------------------------------|----------------|
| | Individual Family | Group Family | Group Health | Nine months ended September 30, | |
| | | | | 2018 | 2017 |
| | ----- (Rupees in '000) ----- | | | | |
| | (Restated) | | | | |
| Income | | | | | |
| Allocation fee | 193,430 | 8,236 | 12,354 | 214,020 | 162,623 |
| Investment income | 16,901 | 89 | (786) | 16,204 | 3,401 |
| Wakala fee - PTF | 2,996 | - | - | 2,996 | 3,059 |
| Policy admin fee | 4,876 | - | - | 4,876 | 4,243 |
| Takaful operator fee | - | - | - | - | - |
| Wakalat-ul-Istismar | 16,196 | - | - | 16,196 | 5,220 |
| | 234,399 | 8,325 | 11,568 | 254,292 | 178,546 |
| Less: Expenses | | | | | |
| Acquisition cost | 147,120 | 1,548 | 3,229 | 151,897 | 145,060 |
| Administration expenses | 71,078 | 1,140 | 885 | 73,103 | 55,207 |
| | 218,198 | 2,688 | 4,114 | 225,000 | 200,267 |
| Excess of (expenditure)/over income | 16,201 | 5,637 | 7,454 | 29,292 | (21,721) |
| Add : Technical reserves at the beginning of the period | 48,062 | 2,323 | 956 | 51,341 | 20,751 |
| Less : Technical reserves at the end of the period | (69,444) | (5,213) | (4,054) | (78,711) | (37,290) |
| | (21,382) | (2,890) | (3,098) | (27,370) | (16,539) |
| Surplus / (Deficit) | (5,181) | 2,747 | 4,356 | 1,922 | (38,260) |
| Movement in technical reserves | 21,382 | 2,890 | 3,098 | 27,370 | 16,539 |
| Capital Contribution during the period | 30,000 | - | 10,000 | 40,000 | 45,500 |
| Qard-e-Hasna contributed to the Participants Takaful Fund | - | (2,700) | (2,900) | (5,600) | - |
| Balance of OSF at the beginning of the period | 80,906 | 4,116 | 4,159 | 89,181 | 29,685 |
| Balance of OSF at the end of the period | <u>127,107</u> | <u>7,053</u> | <u>18,713</u> | <u>152,873</u> | <u>53,464</u> |
| Balance of Family Takaful statutory fund | <u>1,710,179</u> | <u>11,693</u> | <u>73,172</u> | <u>1,795,044</u> | <u>865,140</u> |

26 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of holding company, associated companies, retirement benefit funds, directors and key management personnel of the Company. Remuneration to the key personnel is determined in accordance with the terms of their appointments. All transactions involving related parties arise in the normal course of business. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. There are few companies with certain common directors but not considered as related parties in accordance with requirements of IAS 24 Related party Disclosures. Accordingly, transactions with such companies have not been disclosed here.

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

- 26.1** The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the condensed interim financial statements are as follows:

| | Holding Company | | Post Employment Benefit Plans | | Key Management Personnel | | Other Related Parties | |
|---|--------------------|--------------------|-------------------------------|--------------------|--------------------------|--------------------|-----------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| | (Rupees in '000) | | | | | | | |
| Transactions | | | | | | | | |
| Premium written | - | - | - | - | 825 | 5,211 | 66,868 | 57,844 |
| Premium paid for general insurance | - | - | - | - | - | - | 3,826 | 8,780 |
| Claims paid | - | - | - | - | - | - | 31,530 | 17,233 |
| Claims received | - | - | - | - | - | - | 931 | 2,175 |
| Charge for administrative services received | - | - | - | - | - | - | 38,572 | 3,561 |
| Charge for administrative services provided | - | - | - | - | - | - | 5,350 | 34,018 |
| Rent expense | - | - | - | - | - | - | 21,375 | 19,406 |
| Remuneration paid | - | - | - | - | 128,825 | 83,440 | - | - |
| Contribution to gratuity fund | - | - | 6,812 | 7,908 | - | - | - | - |
| Contribution to provident fund | - | - | 11,280 | 8,436 | - | - | - | - |
| Dividend paid | 57,841 | 74,384 | - | - | - | - | - | - |

| | Holding Company | | Post Employment Benefit Plans | | Key Management Personnel | | Other Related Parties | |
|--|--------------------|--------------------|-------------------------------|--------------------|--------------------------|--------------------|-----------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| | (Rupees in '000) | | | | | | | |
| Balances | | | | | | | | |
| Payable for administrative services received | - | - | - | - | - | - | 22,584 | 24,312 |
| Payable for general insurance premium | - | - | - | - | - | - | 289 | 173 |
| Premium receivable | - | - | - | - | - | - | 9,514 | - |
| Payable to provident fund | - | - | 879 | 7,994 | - | - | - | - |

27 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- 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).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes To And Forming Part Of The Condensed Interim Financial Statements (Unaudited)

For The Quarter And Nine Months Ended September 30, 2018

As at September 30, 2018, the Company held the following financial instruments measured at fair value:

| | (Unaudited) As at September 30, 2018 | | |
|-------------------------------------|---|-------------------|----------|
| | Level 1 | Level 2 | Level 3 |
| | ----- Rupees in '000 ----- | | |
| Assets carried at fair value | | | |
| Available-for-sale investments | 3,327,581 | 12,793,570 | - |
| | <u>3,327,581</u> | <u>12,793,570</u> | <u>-</u> |
| | (Audited) As at December 31, 2017 (restated) | | |
| | Level 1 | Level 2 | Level 3 |
| | ----- Rupees in '000 ----- | | |
| Assets carried at fair value | | | |
| Available-for-sale investments | 3,606,540 | 14,014,091 | - |
| | <u>3,606,540</u> | <u>14,014,091</u> | <u>-</u> |

28 GENERAL

All figures have been rounded off to the nearest of thousand rupees, except otherwise stated.

29 CORRESPONDING FIGURES

Corresponding figures has been rearranged or reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations, 2017 as explained in note 5 of the condensed interim financial statements.

30 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 26, 2018 by the Board of Directors of the Company.

| | | | | |
|---|---|---|--|---|
|  |  |  |  |  |
| Chairman | Director | Director | Chief Executive Officer | Chief Financial Officer |

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