

بميشة كالة

Interim Financial Statements  
for the Half Year ended  
June 30, 2019 (Unaudited)

بمیشہ کالتہ



**Premier Insurance Limited**

[www.pil.com.pk](http://www.pil.com.pk)

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# Company Information

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## **Board of Directors**

Khalid Bashir (Chairman)  
Zahid Bashir  
Imran Maqbool  
Nadeem Maqbool  
Shehryar Mazhar  
Shams Rafi  
Mr. Asadullah Khawaja  
Attaullah A. Rasheed

## **Chief Executive Officer**

Zahid Bashir

## **Chief Financial Officer**

Amjed Bahadur Ali

## **Head of Internal Audit**

Oan Ali Mustansir

## **Company Secretary & Head of Compliance**

Zeeshan Sattar

## **Audit Committee**

Nadeem Maqbool (Chairman)  
Khalid Bashir (Member)  
Imran Maqbool (Member)  
Asadullah Khawaja (Member)  
Oan Ali (Secretary)

## **Ethics, Human Resource, Remuneration & Nomination Committee**

Nadeem Maqbool (Chairman)  
Asadullah Khawaja (Member)  
Zahid Bashir (Member)  
Attaullah A. Rasheed (Member)  
Niina Khan (Secretary)

## **Investment Committee**

Zahid Bashir (Chairman)  
Nadeem Maqbool (Member)  
Imran Maqbool (Member)  
Asadullah Khawaja (Member)  
Amjed Bahadur Ali (Member/Secretary)

## **Claim Settlement Committee**

Attaullah A. Rasheed (Chairman)  
Muhammad Imran (Member)  
Hassan Mustafa (Member/Secretary)

## **Underwriting Committee**

Imran Maqbool (Chairman)  
M. K. Baig (Member)  
Afzal Ur Rehman (Member)  
M. A. Hannan Shadani (Secretary)

## **Reinsurance & Co-Insurance Committee**

Shams Rafi (Chairman)  
Afzal Ur Rehman (Member)  
Kamran Safi Rizvi (Member/Secretary)

## **Risk Management & Compliance Committee**

Shams Rafi (Chairman)  
Zahid Bashir (Member)  
Amjed Bahadur Ali (Member)  
Zeeshan Sattar (Member/Secretary)

## **Auditors**

EY Ford Rhodes, Chartered Accountants

## **Legal Advisors**

Arfin & Company Advocates

## **Company Information**

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### ***Registrar***

FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. Phones: (21) 34380101-2 Fax: (21) 34380106 Email: info.shares@famco.com.pk

### ***Registered & Head Office***

5th Floor, State Life Building No.2A Wallace Road, Karachi-74000, Pakistan. Phones: (21) 32416331-4 Fax: (21) 32416572 Email: info@pil.com.pk Website: www.pil.com.pk

# Report of the Directors to the Members

The Directors are pleased to present the unaudited condensed interim financial statements of the Company for the half year ended June 30, 2019.

## Performance Review

	Conventional		Takaful	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----			
Premium / contribution written	<b>185,932</b>	190,107	<b>53,185</b>	57,305
Net Premium/ contribution	<b>114,761</b>	171,789	<b>67,562</b>	69,672
Underwriting Result	<b>(63,176)</b>	(86,205)	<b>1,441</b>	(405)
Investment loss	<b>(150,656)</b>	(6,157)	<b>(4,652)</b>	-
Profit / (Loss) before taxation	<b>(198,684)</b>	(79,305)	<b>(20,879)</b>	(10,672)
Profit / (Loss) after taxation	<b>(223,027)</b>	(93,833)	-	-

Company reported a decline of 2.2% in gross written premium during the six months period ended June 30, 2019. The overall claim ratio decrease by 67.9% as compared to last year and underwriting loss decreased by Rs. 23 million.

Company's Window Takaful Operations reported a decline of 7.2% in gross written premium during the six months period ended June 30, 2019. The overall claim ratio decrease by 4.9% as compared to last year and underwriting profit increase by Rs. 1.8 million.

Your company is constantly striving to acquire new business through customization of its products to suit a wider customer base. As a result your company will regain its momentum in the future years to come. The Company has adopted prudent approach in conducting business as those businesses were not renewed during the period under review which were incurring losses regularly.

## Appointment of Auditors

M/s. EY Ford Rhodes (Chartered Accountants) has been appointed as statutory auditors of the company for the next term i.e., year ending on December 31, 2019.

## Acknowledgment

We would like to thank our valued customers for their continued patronage and support and to the Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

## On behalf of the Board

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
CEO/Director

Karachi, Dated: August 24, 2019

## Report of the Directors to the Members

### ممبران کے لئے ڈائریکٹران کی رپورٹ

ڈائریکٹران غیر آڈٹ شدہ اختصادی عبوری مالیاتی گوشوارے برائے سہ ماہی مئی 30 جون 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں

نفاذ جائزہ		روایتی جائزہ		جائزہ کارکردگی
30 جون 2018	30 جون 2019	30 جون 2018	30 جون 2019	
185,932	190,107	53,185	57,305	تحریری پریمیم
114,761	171,789	67,562	69,672	خالص پریمیم
(63,176)	(86,205)	1,441	(405)	بیمہ داری کے نتائج
(150,656)	(6,157)	(4,652)	-	سرمایا کاری سے حاصل ہونے والی آمدنی
(198,684)	(79,305)	(20,879)	(10,672)	منافع قبل اڈیکس
(223,027)	(93,833)	-	-	منافع بعد ٹیکس

کمپنی نے رپورٹ پیش کی کہ ششماہی تختہ کے دوران مجموعی تحریری پریمیم میں 2.2% فیصد کمی ہوئی۔ مجموعی طور پر دعویٰ کا تناسب 67.9% فیصد تک گھٹا/کم ہوا۔ پچھلے سال کے مقابلے میں اور بیمہ کاری نقصان میں 23 ملین کی کمی واقع ہوئی ہے۔ کمپنی میں ونڈ و کفائل آپریشن نے رپورٹ دی کہ مجموعی تحریری پریمیم میں 7.2% فیصد کمی ہوئی ششماہی تختہ کے دوران دعویٰ کا تناسب مجموعی طور پر 4.9% فیصد کم ہوا پچھلے سال کے مقابلے میں اور پاسیداری منافع میں 1.8 ملین کا اضافہ ہوا۔ نئے کاروبار کو حاصل کرنے کے لئے اور اپنی مصنوعات کو گاہک کی عین ضرورت کے مطابق بنانے کے لئے آپ کی کمپنی ہمہ وقت کوشش ہے جس کے نتیجے میں آپ کی کمپنی آنے والے سالوں میں اپنی رفتار دوبارہ حاصل کر لے گا۔ کمپنی نے کاروبار چلانے میں محتاط نقطہ نظر اپنایا ہے چونکہ جو کاروبار زیر جائزہ مدت کے رواں تھے تجدید شدہ نہیں تھے اور باقاعدہ طور پر نقصان میں جا رہے تھے۔

تعییناتی محاسب:

IM/S والے فورڈ رھوڈز کو کمپنی کے قانونی محاسب کے طور پر تعینات کیا گیا ہے 31 دسمبر 2019 کے لئے۔

اعتراف:

ہم شکر ادا کرنا چاہیں گے اپنے محترم گاہکوں کا انکے مسلسل حمایت اور سہارے کے لئے اور پاکستان کی دوہری بیمہ کاری کمپنی کا تحفظاتی ادارے کا اور پاکستان کے ایجنٹ کمپنی کا اور اسٹیٹ بینک آف پاکستان کا ان کے تعاون اور رہنمائی کے لئے یہ بڑے اطمینان کی بات ہے کہ ہمارے ڈائریکٹران کے لیے کہ وہ ہمارے افسران فیلڈ فورس اور اسٹاف کی کوششوں اور جدوجہد کو سراہتے ہیں جو کمپنی کی نشوونما اور اسکے آپریشن کے مسلسل کامیابی کا باعث بنے۔

چیرمین  
منجانب  
کراچی مورخہ 24 اگست 2019

# Independent Auditor's Review Report to the members of Premier Insurance Limited

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EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi-75530  
Pakistan.

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Premier Insurance Company Limited

Report on review of Condensed Interim Financial Statements

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **Premier Insurance Limited** as at **30 June 2019** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended 30 June 2019 and 30 June 2018 in the condensed interim statement of comprehensive income have not been subject to the review and therefore, we do not express a conclusion thereon.

### *Scope of review*

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

### *Conclusion*

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

A member firm of Ernst & Young Global Limited

# ***Independent Auditor's Review Report to the members of Premier Insurance Limited***

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## ***Other matter***

The condensed interim financial statements for the half year ended 30 June 2018 and the annual financial statements of the Company for the year ended 31 December 2018 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 30 August 2018 and audit report dated 05 April 2019, expressed an modified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.

## ***Chartered Accountants***

***Place: Karachi***

***Date***

# Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2019

		Unaudited 30 June 2019	Audited 31 December 2018
	Note	----- Rupees in '000 -----	
<b>Assets</b>			
Property and equipment	7	237,342	232,684
Intangible assets	8	3,442	4,038
Investment properties	9	268,348	266,586
Investment in equity securities and mutual fund units	10	680,664	806,620
Investment in associate		204,828	204,828
Loans and other receivables	11	59,405	50,992
Insurance / reinsurance receivables	12	961,996	1,015,797
Reinsurance recoveries against outstanding claims	20	507,173	540,560
Salvage recoveries accrued		3,894	3,080
Deferred commission expense	21	16,008	27,131
Prepayments	13	97,686	116,928
Cash and bank	14	39,623	72,840
		<u>3,080,409</u>	<u>3,342,084</u>
<b>Total Assets of General Takaful Operations - Operator's Fund</b>		<u>100,217</u>	<u>106,312</u>
<b>Total Assets</b>		<u>3,180,626</u>	<u>3,448,396</u>
<b>Equity and Liabilities</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital		505,650	505,650
Reserves		1,202,564	1,148,897
Accumulated losses		(702,440)	(479,413)
<b>Total Equity</b>		<u>1,005,774</u>	<u>1,175,134</u>
<b>Liabilities</b>			
Underwriting provisions			
Outstanding claims including IBNR	20	857,678	923,861
Unearned premium reserves	19	180,398	249,002
Unearned reinsurance commission	21	12,266	18,362
Retirement benefit obligations		6,729	6,561
Liabilities against asset subject to finance lease		13,507	1,614
Insurance / reinsurance payables		703,923	651,593
Other creditors and accruals	16	271,911	300,623
Unclaimed dividends		25,527	26,166
Taxation - provision less payment		52,521	51,517
<b>Total Liabilities</b>		<u>2,124,460</u>	<u>2,229,299</u>
<b>Total Liabilities of General Takaful Operations - Operator's Fund</b>		<u>50,392</u>	<u>43,964</u>
<b>Total Equity and Liabilities</b>		<u>3,180,626</u>	<u>3,448,396</u>
Contingencies and commitments	17		

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

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

# Condensed Interim Statement of Comprehensive Income (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

	Note	Aggregate		Aggregate	
		Quarter ended 30 June 2019	30 June 2018	Half year ended 30 June 2019	30 June 2018
		Rupees in '000			
<b>Net insurance premium</b>	19	59,179	58,760	114,761	171,789
Net insurance claims	20	(14,804)	(52,268)	(34,542)	(107,703)
Net commission expense and other acquisition costs	21	(6,558)	(18,301)	(21,298)	(30,916)
Insurance claims and acquisition expenses		(21,362)	(70,569)	(55,840)	(138,619)
<b>Management expenses</b>	22	(60,776)	(60,119)	(122,097)	(119,375)
Underwriting results		(22,959)	(71,928)	(63,176)	(86,205)
Investment loss	23	(152,802)	(17,416)	(150,656)	(6,157)
Rental income		930	275	1,560	275
Revaluation gain on investment property		1,762	-	1,762	-
Other income	24	26,786	21,232	20,989	23,057
Other expenses	25	2,869	(4,829)	(8,249)	(10,084)
<b>Results of operating activities</b>		(143,413)	(72,666)	(197,770)	(79,114)
Finance costs		(881)	(191)	(914)	(191)
<b>Loss before tax from General Insurance Operations</b>		(144,294)	(72,857)	(198,684)	(79,305)
<b>Loss before tax from Window Takaful Operations - Operator's Fund</b>		(15,476)	(7,285)	(20,879)	(10,672)
<b>Loss before tax for the period</b>		(159,770)	(80,143)	(219,563)	(89,977)
Income tax expense	26	(1,529)	(377)	(3,465)	(3,856)
<b>Loss after tax</b>		(161,299)	(80,520)	(223,027)	(93,833)
<b>Other comprehensive income:</b>					
Unrealized gains on available-for-sale investments		70,291	63,384	51,211	53,725
Other comprehensive income from Window Takaful Operations - Operator's Fund		1,621	101	2,456	101
Total other comprehensive income for the period		71,912	63,485	53,667	53,826
<b>Total comprehensive loss for the period</b>		(89,387)	(17,035)	(169,361)	(40,007)
Loss (after tax) per share - Rupees	26	(3.19)	(1.59)	(4.41)	(1.86)

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

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (unaudited)

FOR THE HALF YEAR  
ENDED 30 JUNE 2019

	Share capital			Reserves					Total reserves	Total equity
	Capital reserves			Revenue reserves						
	Issued, subscribed and paid-up	Reserve for exceptional losses	Devaluation reserve	General reserve	Revaluation Reserves - Available for sale investments	Revaluation Reserves - Property and Equipment	Accumulated losses			
	Rupees in '000									
Balance as at 01 January 2018	505,650	19,490	185	996,851	151,104	-	(490,060)	677,570	1,183,220	
Loss for the period ended 30 June 2018	-	-	-	-	-	-	(93,833)	(93,833)	(93,833)	
Other comprehensive Income for the period	-	-	-	-	54,138	-	-	54,138	54,138	
Total comprehensive loss for the period ended 30 June 2018	-	-	-	-	54,138	-	(93,833)	(39,695)	(39,695)	
Balance as at 30 June 2018	505,650	19,490	185	996,851	205,242	-	(583,893)	637,875	1,143,525	
Balance as at 01 January 2019	505,650	19,490	185	996,851	96,512	35,859	(479,413)	669,484	1,175,134	
Loss for the period ended 30 June 2019	-	-	-	-	-	-	(223,027)	(223,027)	(223,027)	
Other comprehensive income for the period	-	-	-	-	53,667	-	-	53,667	53,667	
Total comprehensive income / (loss) for the period ended 30 June 2019	-	-	-	-	53,667	-	(223,027)	(169,360)	(169,360)	
Balance as at 30 June 2019	505,650	19,490	185	996,851	150,179	35,859	(702,440)	500,124	1,005,774	

The annexed notes 1 to 31 form an integral part of these condensed interim financial statement.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

# Condensed Interim Statement of Cashflows (unaudited)

FOR THE HALF YEAR  
ENDED 30 JUNE 2019

	Half year ended	
	30 June 2019	30 June 2018
	----- Rupees in '000 -----	
<b>Operating cash flows</b>		
<b>a) Underwriting activities</b>		
Insurance premium received	253,416	243,887
Reinsurance premium paid	(43,827)	(189,971)
Claims paid	(104,741)	(326,159)
Reinsurance and other recoveries received	37,403	201,616
Commission paid	(28,513)	(38,939)
Commission received	13,144	13,664
Other acquisition costs paid	(11,611)	(11,690)
Management expenses paid	(158,413)	(121,746)
<b>Net cash used in underwriting activities</b>	<b>(43,142)</b>	<b>(229,338)</b>
<b>b) Other operating activities</b>		
Income tax paid	(2,461)	(476)
Other operating payments	(8,877)	(5,326)
Other operating receipts	6,622	20,445
Loans advanced, deposits made	(8,488)	(7,271)
Other liabilities paid	(11,523)	10,487
<b>Total cash (used in) / generated from other operating activities</b>	<b>(24,727)</b>	<b>17,859</b>
<b>Total cash used in all operating activities</b>	<b>(67,869)</b>	<b>(211,479)</b>
<b>Investment activities</b>		
Profit / return received	11,739	5,985
Rental received	1,560	-
Payment for investments	(3,667)	(83,661)
Proceeds from investments	19,028	201,644
Fixed capital expenditure	(1,060)	(818)
Proceeds from sale of property and equipment	10,278	4,828
<b>Total cash flow from investing activities</b>	<b>37,878</b>	<b>127,978</b>
<b>Financing activities</b>		
Interest paid	(914)	(2,113)
Dividend paid	(638)	-
Payment of lease liability	(1,675)	-
<b>Total cash used in financing activities</b>	<b>(3,227)</b>	<b>(2,113)</b>
<b>Net cash used in all activities</b>	<b>(33,218)</b>	<b>(85,614)</b>
Cash and cash equivalents at beginning of the period	72,840	149,275
<b>Cash and cash equivalents at end of the period</b>	<b>39,623</b>	<b>63,661</b>

# Condensed Interim Statement of Cashflows (unaudited)

FOR THE HALF YEAR  
ENDED 30 JUNE 2019

	Half year ended	
	30 June 2019	30 June 2018
	----- Rs in 000 -----	
<b>Reconciliation to profit or loss account</b>		
Operating cash flows	(67,869)	(211,479)
Depreciation and amortization expense	(6,200)	(7,577)
Financial charges expense	(914)	-
Profit on disposal of property and equipment	6,638	2,267
(Loss) / profit on disposal of investments	(1,249)	33,286
Impairment loss	(162,321)	(38,823)
Rental income	1,560	275
Dividends received	13,742	-
Other income	20,989	20,170
Loss from Window Takaful Operations - Operator's Fund	(20,879)	(10,672)
Decrease in assets other than cash	(234,552)	(377,373)
Decrease in liabilities other than borrowings	226,267	496,093
Gain on revaluation of investment property	1,762	-
<b>Loss after taxation</b>	<b>(223,027)</b>	<b>(93,833)</b>

## Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits maturing within 3 months.

Cash for the purpose of the statement of cash flows consists of:

### Cash and other equivalents

Cash	25	57
Stamps in hand	548	906
	573	963

### Current and other accounts

Current accounts	22,559	33,098
Savings accounts	16,491	29,600
	39,050	62,698

### Total cash and cash equivalents

	39,623	63,661
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The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Company) was incorporated as a public limited Company in Pakistan in May 1952 and is engaged in general insurance business. The shares of the Company are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 5th Floor, State Life Building No. 2A, Wallace Road, Karachi. The Company has been allowed to work as Window Takaful Operator since 02 October 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities, profit and loss of the Operator's Fund of the General Takaful Operations of the Company have been presented as a single line item in the statement of financial position and statement of comprehensive income of the Company respectively.

Further, a separate set of condensed interim financial statements of the General Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

These condensed interim financial statements is prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

These condensed interim financial statements for the half year ended June 30, 2019 have been prepared under the historical cost convention, except that investments classified as available-for-sale are stated at fair value and obligations under employee benefits are measured at present value.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2018 except as follows:

### 3.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

#### Standard or Interpretation

- IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IFRS 16 - Leases
- IAS 40 - Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on these condensed interim financial statements.

### 3.2 Accounting for leases under IFRS 16

During the current period, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its various branches and head office. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

# Notes To The Condensed Interim Financial Statements (unaudited)

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Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognized in the current period.

The effect of adoption of IFRS 16 as at 01 January 2019 (increase / (decrease)) is as follows:

	Rs. in '000
<b>Assets</b>	
Right of use assets	14,066
Total Assets	<u>14,066</u>
<b>Liability</b>	
Liabilities against asset subject to finance lease	<u>14,066</u>
<b>Total Liability</b>	<u>14,066</u>

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

## Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

### Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
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The Company has the option, under some of its leases to lease the assets for additional terms subject to rental agreement between the parties to the contract. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right of use assets	Lease liabilities
	----- Rupees in '000 -----	
<b>As at 01 January 2019</b>	14,066	14,066
Additions	-	-
Depreciation expense	(1,171)	-
Interest expense	-	850
Payments	-	(2,456)
<b>As at 30 June 2019</b>	<b>12,895</b>	<b>12,460</b>

## 4. ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements 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 expenses. Actual results may differ from these estimates.

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 annual financial statements for the year ended December 31, 2018.

## 5. FINANCIAL AND INSURANCE RISK MANAGEMENT

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

## 6. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at June 30, 2019 is considered adequate to meet the expected liability after reinsurance, for claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at the reporting date.

## 7. PROPERTY AND EQUIPMENT

	Note	Unaudited 30 June 2019	Audited 31 December 2018
		----- Rupees In 000 -----	
Operating fixed assets	7.1	191,022	198,461
Capital work-in-progress		26,109	26,109
Right of use assets / leased vehicles	7.2	20,211	8,114
		<b>237,342</b>	<b>232,684</b>

### 7.1 Operating fixed assets

Opening written down value	198,461	222,218
Add: Additions during the period / year	1,060	837
Less: Book value of disposals during the period / year	(4,184)	(13,370)
Depreciation charged during the period / year	(4,315)	(11,226)
	<b>(8,499)</b>	<b>(24,595)</b>
	<b>191,022</b>	<b>198,461</b>

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 7.2 Right-of-use assets

The Company has recognized right-of-use assets in respect of the following leases:

Vehicles under finance lease	7,316	8,114
Head office and branches	12,895	-
	<u>20,211</u>	<u>8,114</u>

## 8. INTANGIBLE ASSETS

Opening written down value	4,038	5,006
Add: Additions during the period / year	-	680
	<u>4,038</u>	<u>5,686</u>
Less: Amortization charged during the period / year	(596)	(1,649)
	<u>3,442</u>	<u>4,038</u>

## 9. INVESTMENT PROPERTIES

Carrying value at the beginning of the period / year		266,586	162,243
Transfer from property plant and equipment		-	44,954
Unrealized gain on revaluation during the period / year	9.1	1,762	59,389
Carrying value at the end of the period / year		<u>268,348</u>	<u>266,586</u>

9.1 The fair value of the investment properties was determined by external, independent property value having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the company's investment properties every year.

## 10. INVESTMENTS IN EQUITY SECURITIES AND MUTUAL FUND UNITS

	Unaudited 30 June 2019				Audited 31 December 2018			
	Cost - Net of Impairment	Impairment for the period	Revaluation Surplus / (Deficit)	Carrying Value	Cost - Net of Impairment	Impairment for the year	Revaluation Surplus / (Deficit)	Carrying Value
Rupees in 000								
<b>Available for sale</b>								
<b>Related parties - Associated Companies</b>								
Listed shares	204,142	(11,558)	10,477	203,061	214,003	(9,661)	26,316	230,458
Unlisted shares	114,983	-	-	114,983	114,983	-	-	114,983
<b>Other than related parties</b>								
Listed shares	498,562	(150,782)	(24,712)	323,108	581,675	(65,720)	(93,083)	422,872
Mutual funds	26,203	-	13,309	39,512	23,676	-	14,631	38,307
	<u>843,910</u>	<u>(162,320)</u>	<u>(926)</u>	<u>680,664</u>	<u>934,337</u>	<u>(75,581)</u>	<u>(52,136)</u>	<u>806,620</u>

Investments in Mutual funds having carrying cost of Rs.26.203 million (2018: Rs.23.675 million) are placed as statutory deposit with State Bank of Pakistan in compliance of section 29 of Insurance Ordinance, 2000.

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

	Unaudited 30 June 2019	Audited 31 December 2018
	----- Rupees in '000 -----	
<b>11. LOANS AND OTHER RECEIVABLES</b>		
Mark-up receivable	15	90
Loans to employees	11.1 5,037	1,638
Deposits	11.2 35,367	35,095
Advance to agents	1,530	2,835
Other receivables	17,456	11,334
	<u>59,405</u>	<u>50,992</u>
<b>11.1</b>	These are short term, unsecured interest free loans and advances provided to permanent employees of the company adjustable against salaries.	
<b>11.2</b>	These include Rs. 24 million (2018: Rs. 24 million) deposited under a court order in respect of a claim where the possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor.	
<b>12. INSURANCE / REINSURANCE RECEIVABLES</b>		
Premium due but unpaid	494,150	565,353
Less: Provision for doubtful receivables from insurance contract holder	(125,077)	(123,218)
	<u>369,073</u>	<u>442,135</u>
Amounts due from other insurers / reinsurers	670,287	649,167
Less: Provision for doubtful receivables from insurers / reinsurers	(77,364)	(75,505)
	<u>592,923</u>	<u>573,662</u>
	<u>961,996</u>	<u>1,015,797</u>
<b>13. PREPAYMENTS</b>		
Prepaid reinsurance premium ceded	73,179	116,797
Other prepaid expense	24,507	131
	<u>97,686</u>	<u>116,928</u>
<b>14. CASH AND BANK</b>		
Cash and other equivalents		
- Cash in hand	25	46
- Policy, revenue stamps & bond papers	548	856
Cash at bank		
- Current accounts	14.1 22,559	26,919
- Savings accounts	14.2 16,491	45,019
	<u>39,623</u>	<u>72,840</u>

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

- 14.1** This includes Rs.20 million (2018: Rs.20 million) placed as statutory deposit with the State Bank of Pakistan in compliance with section 29 of Insurance Ordinance, 2000.
- 14.2** The rate of return on saving accounts held with various banks range from 7.0% to 10.25% per annum (2018: 2.7% to 6.0%).

	Note	Unaudited	Audited
		30 June 2019	31 December 2018
----- Rupees in '000 -----			
<b>15. WINDOW TAKAFUL OPERATIONS - Operator's Fund</b>			
<b>ASSETS</b>			
Property and equipment		-	1,040
Intangible assets		-	847
Investments		-	39,465
Loan and other receivables		8,531	19,100
Deferred commission expense		5,869	7,742
Prepayments		1,275	539
Cash and bank		1,522	1,559
		<b>17,197</b>	<b>70,292</b>
Qard-e-Hasna		<b>83,020</b>	36,020
<b>Total Assets</b>		<b>100,217</b>	<b>106,312</b>
<b>Total Liabilities</b>		<b>50,392</b>	<b>43,964</b>

	Unaudited	
	30 June 2019	30 June 2018
----- Rupees in '000 -----		
<b>Operator's revenue accounts</b>		
Wakala fee	25,477	27,503
Net commission expenses and other acquisition costs	(6,673)	(6,113)
Management expenses	(32,719)	(29,632)
Investment loss	(4,652)	-
Profit on bank deposits	49	1,027
Other expenses	(2,361)	(3,457)
<b>Loss for the period</b>	<b>(20,879)</b>	<b>(10,672)</b>

## 16. OTHER CREDITORS AND ACCRUALS

Bonus payable		4,541	11,021
Commissions payable		196,888	207,597
Federal excise duty and sales tax		21,033	16,994
Federal insurance fee		216	117
Deposits and margins		6,027	6,690
Provision for sales tax		-	7,728
Provision for rent	16.1	14,000	14,000
Others	16.2	29,206	36,476
		<b>271,911</b>	<b>300,623</b>

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

16.1 This includes provision for rent amounting to Rs.14 million (2018: Rs.14 million) against which the Company is in litigation with the landlord. The possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor. However, the Company has made a provision of the disputed amount as a matter of prudence.

16.2 This includes sundry liabilities, liability for unrepresented cheques, miscellaneous liabilities for day to day expenses and inter branch payables.

## 17. CONTINGENCIES & COMMITMENTS

	Unaudited 30 June 2019	Audited 31 December 2018
	----- Rupees in '000 -----	
17.1 Commitment for capital expenditure	<u>15,038</u>	<u>15,038</u>
17.2 Contingencies are same as disclosed in the annual financial statements for the year ended 31 December 2018.		

## 18. DEFERRED TAXATION

Deferred tax asset of Rs. 259.188 million (2018: 197.22 million) has not been recognized in these condensed interim financial statements on account of uncertainty of future profit taxable in accordance with Company's accounting policy.

## 19. NET INSURANCE PREMIUM

	-----Unaudited-----			
	Quarter ended		Half year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	----- Rupees in '000 -----			
Written gross premium	74,636	72,238	185,932	190,107
Add: Unearned premium reserve opening	234,578	312,991	249,002	389,884
Less: Unearned premium reserve closing	(180,398)	(198,896)	(180,398)	(198,896)
Premium Earned	<u>128,818</u>	<u>186,333</u>	<u>254,536</u>	<u>381,095</u>
Less: Reinsurance premium ceded	49,803	72,831	96,157	104,731
Add: Prepaid reinsurance premium opening	93,013	151,352	116,797	201,185
Less: Prepaid reinsurance premium closing	(73,179)	(96,610)	(73,179)	(96,610)
Reinsurance expense	<u>69,637</u>	<u>127,573</u>	<u>139,775</u>	<u>209,306</u>
<b>Net insurance premium</b>	<u>59,179</u>	<u>58,760</u>	<u>114,761</u>	<u>171,789</u>

## 20. NET INSURANCE CLAIMS

Claims paid	52,818	81,424	104,741	326,159
Less: Outstanding claims including IBNR opening	(896,748)	(1,075,775)	(923,861)	(1,221,416)
Add: Outstanding claims including IBNR closing	857,678	1,068,184	857,678	1,068,184
Claims expense	<u>13,748</u>	<u>73,833</u>	<u>38,558</u>	<u>172,927</u>
Less: Reinsurance and other recoveries received	19,081	39,759	37,403	201,616
Less: Reinsurance and other recoveries received in respect of outstanding claims - opening	(527,310)	(733,104)	(540,560)	(851,302)
Add: Reinsurance and other recoveries received in respect of outstanding claims - closing	507,173	714,910	507,173	714,910
Reinsurance and other recoveries revenue	<u>(1,056)</u>	<u>21,565</u>	<u>4,016</u>	<u>65,224</u>
<b>Net insurance claims</b>	<u>14,804</u>	<u>52,268</u>	<u>34,542</u>	<u>107,703</u>

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

-----Unaudited-----			
Quarter ended		Half year ended	
30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- Rupees in '000 -----			

## 21. NET COMMISSION EXPENSE AND OTHER ACQUISITION COSTS

Commission paid or payable	7,391	8,334	17,804	25,334
Add: Deferred commission opening	22,785	40,973	27,131	50,501
Less: Deferred commission closing	(16,008)	(24,037)	(16,008)	(24,037)
Commission expense	14,168	25,270	28,927	51,798
Less: Commission received or recoverable from reinsurers	6,828	5,525	13,144	13,664
Add: Unearned reinsurance commission opening	15,047	24,755	18,362	33,363
Less: Unearned reinsurance commission closing	(12,266)	(14,455)	(12,266)	(14,455)
Commission from reinsurance	9,609	15,825	19,240	32,572
<b>Net Commission expense</b>	<b>4,559</b>	<b>9,445</b>	<b>9,687</b>	<b>19,226</b>
Add: Other acquisition costs				
Tracking device expenses	1,615	8,163	10,516	10,447
Service charges	46	69	237	97
Other costs	338	624	858	1,146
	1,999	8,856	11,611	11,690
<b>Net Commission expense and other acquisition costs</b>	<b>6,558</b>	<b>18,301</b>	<b>21,298</b>	<b>30,916</b>

## 22. MANAGEMENT EXPENSES

Employee benefit cost	43,760	39,011	88,636	76,913
Depreciation	3,145	4,203	6,200	6,802
Rent, rates and taxes	-	1,208	-	2,213
Legal and professional charges	1,516	5,289	2,478	9,242
Electricity, gas and water	1,861	1,035	2,555	1,786
Entertainment	722	909	1,668	1,606
Vehicle running expenses	990	988	1,634	1,595
Office repairs and maintenance	872	1,357	2,185	2,426
Postages, telegrams and telephone	1,442	1,416	2,698	2,830
Bad and doubtful debts	1,493	1,916	3,719	3,802
Others	4,975	2,787	10,324	10,160
	60,776	60,119	122,097	119,375

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

	-----Unaudited-----			
	Quarter ended		Half year ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	----- Rupees in '000 -----			
<b>23. INVESTMENT LOSS</b>				
Income from equity securities and mutual fund units				
- Dividend income	9,500	7,459	13,742	12,178
Net realized gains / (losses) on investments				
Available for sale				
- Equity securities	139	14,905	(1,249)	22,471
<b>Total investment income</b>	<b>9,639</b>	<b>22,364</b>	<b>12,493</b>	<b>34,649</b>
Less: Impairment in value of available for sale securities				
- Equity Securities	(162,320)	(38,823)	(162,320)	(38,823)
Less: Investment related expenses	(121)	(957)	(829)	(1,983)
	<b>(152,802)</b>	<b>(17,416)</b>	<b>(150,656)</b>	<b>(6,157)</b>
<b>24. OTHER INCOME</b>				
Return on bank balances	721	194	1,311	620
Gain on sale of fixed assets	5,297	1,219	6,638	2,267
Reversal of excess provision of sales tax - health insurance	15,456	-	7,728	-
Miscellaneous	5,312	19,820	5,312	20,170
	<b>26,786</b>	<b>21,232</b>	<b>20,989</b>	<b>23,057</b>
<b>25. OTHER EXPENSES</b>				
Auditors' remuneration	871	84	907	421
Subscription	(2,217)	2,383	3,325	5,098
Inadmissible input tax expense	(700)	1,010	1,326	1,999
Sales promotion expense	(1,023)	1,104	2,023	1,904
Others	200	248	668	662
	<b>(2,869)</b>	<b>4,829</b>	<b>8,249</b>	<b>10,084</b>
<b>26. LOSS PER SHARE</b>				
Loss after tax for the period	<b>(161,046)</b>	<b>(80,520)</b>	<b>(223,027)</b>	<b>(93,833)</b>
	----- Number of shares in '000 -----			
Weighted average number of ordinary shares	<b>505,650</b>	<b>505,650</b>	<b>505,650</b>	<b>505,650</b>
	----- Rupees -----			
Loss per share	<b>(3.18)</b>	<b>(1.59)</b>	<b>(4.41)</b>	<b>(1.86)</b>
No figure for diluted earnings per share has been presented as the company has not issued any instrument which would dilute its basic loss per share when exercised.				

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 27. RELATED PARTY TRANSACTIONS

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	-----Unaudited-----	
	Half year ended	
	30 June 2019	30 June 2018
	----- Rupees in '000 -----	
<b>Transactions during the period with -</b>		
<b>Associated Companies</b>		
Premium underwritten	41,208	37,125
Claims paid	17,596	31,090
Commission paid	-	1,476
<b>Others</b>		
Premium underwritten	5	20
Meeting fees	710	720
Remuneration and retirement benefits to key management personnel	74,515	46,978
	Unaudited 30 June 2019	Audited 31 December 2018
	----- Rupees in 000 -----	
<b>Period / year end balances with -</b>		
<b>Associated Companies</b>		
Premium receivable	136,368	167,174
Claims outstanding	39,349	54,276
Commission outstanding	-	14,265
<b>Others</b>		
Premium receivable	695	367
Claims outstanding	-	-

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2019

## 26. SEGMENT REPORTING

### 26.1 Segment profit or loss

	Unaudited									
	Quarter ended									
	30 June 2019		30 June 2018		30 June 2019		30 June 2018		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Fire and property damage										
Marine, aviation and transport										
Motor										
Health										
Miscellaneous										
	Rupees in '000									
Premium receivable (Inclusive of FED / sales tax, federal insurance fee and administrative surcharge)	28,849	34,179	9,962	20,553	17,455	23,709	21,399	3,886	5,142	1,362
Less: FED / sales tax	3,611	4,398	968	3,320	2,182	2,982	-	-	881	129
Less: Federal Insurance fee	251	294	88	172	151	208	212	38	44	10
Gross written premium (Inclusive of administrative surcharge)	25,088	29,487	8,914	17,151	15,112	20,521	21,187	3,847	4,437	1,223
Gross direct premium	24,825	28,887	8,468	16,857	14,887	19,882	21,149	3,827	4,382	982
Facultative inward premium	-	129	-	-	-	(1)	-	-	-	88
Administrative surcharge	180	491	348	1,304	625	1,540	19	20	56	293
Insurance premium earned	53,880	79,380	8,808	16,529	33,227	48,835	29,333	27,340	5,007	16,249
Insurance premium ceded to reinsurers	(81,327)	(77,511)	(5,481)	(7,352)	(841)	(1,487)	(19,329)	(25,825)	(1,878)	(16,358)
Net Insurance premium	2,233	1,869	3,328	6,137	32,586	47,345	19,004	1,515	3,129	(106)
Commission income	6,556	10,973	968	1,294	21	(61)	1,738	2,312	319	1,307
Net underwriting Income	8,789	12,942	4,182	9,431	32,607	47,287	18,762	3,828	3,448	1,199
Insurance claims	2,158	(12,970)	2,879	(9,722)	(12,759)	(25,010)	(1,585)	4,182	(4,243)	(30,323)
Insurance claims recovered from reinsurers	(1,852)	5,113	(1,878)	5,393	(9)	(12)	2,190	(909)	838	18,148
Net Claim	306	(4,857)	901	(9,337)	(12,768)	(25,022)	988	(4,877)	(3,613)	(14,175)
Commission expense	(4,024)	(7,787)	(248)	(1,062)	(4,883)	(7,813)	(4,905)	(5,169)	(728)	(14,180)
Management expense	(36,361)	(29,839)	(4,901)	(3,639)	(14,879)	(10,741)	(4,119)	(10,453)	(6,886)	(80,119)
Other acquisition cost	(4,893)	(9,885)	(758)	(938)	5,884	(951)	(2,881)	(1,387)	(322)	(975)
Net Insurance claims and expenses	(44,942)	(47,128)	(4,284)	(8,978)	(28,802)	(44,487)	(10,117)	(21,848)	(8,302)	(28,293)
Underwriting result	(36,093)	(34,286)	(191)	455	8,005	2,820	8,645	(18,060)	(2,456)	(24,089)
Net Investment loss										(163,802)
Rental Income										930
Fair value gain on Investment property										1,782
Other Income										28,796
Other expense										(2,869)
Finance cost										(445)
Share of loss from WTD - Operator's Fund										(15,648)
Loss before tax										(188,517)
										(80,143)

	Unaudited									
	Half year ended									
	30 June 2019		30 June 2018		30 June 2019		30 June 2018		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Fire and property damage										
Marine, aviation and transport										
Motor										
Health										
Miscellaneous										
	Rupees in '000									
Premium receivable ( Inclusive of FED / Sales Tax, Federal Insurance fee and Administrative surcharge)	61,222	83,871	19,380	38,819	54,239	74,571	80,216	12,881	10,712	10,367
Less: FED / sales tax	8,191	10,898	1,897	5,048	8,744	9,361	-	-	1,463	1,244
Less: Federal Insurance fee	512	711	173	315	489	641	598	128	82	88
Gross written Premium ( Inclusive of Administrative surcharge)	52,449	72,262	17,309	31,458	47,026	64,569	69,830	12,753	9,157	9,085
Gross direct premium	50,821	70,312	16,887	30,154	45,719	62,473	69,585	12,733	9,044	8,704
Facultative inward premium	1,728	1,459	-	-	108	536	-	-	-	88
Administrative surcharge	300	491	683	1,304	1,200	1,540	35	20	113	293
Insurance premium earned	107,692	182,478	18,232	34,082	67,586	103,204	82,724	47,366	8,003	33,867
Insurance premium ceded to reinsurers	(94,260)	(125,292)	(11,369)	(16,898)	(1,307)	(6,305)	(19,788)	(36,872)	(3,048)	(27,831)
Net Insurance premium	3,432	57,186	4,863	17,184	66,879	102,899	33,296	3,494	4,955	6,036
Commission income	13,337	22,290	1,891	2,851	45	(20)	3,392	4,297	518	3,054
Net underwriting Income	18,768	59,484	6,843	20,147	68,823	102,849	39,288	12,790	6,478	9,091
Insurance claims	(1,282)	(30,430)	4,318	(17,887)	(25,252)	(55,256)	(7,349)	(27,361)	(9,291)	(41,963)
Insurance claims recovered from reinsurers	(172)	21,534	(3,017)	17,225	8	(12)	5,418	1,887	1,778	30,061
Net Claim	(1,454)	(8,896)	1,188	(6,162)	(25,244)	(55,268)	(1,931)	(25,474)	(8,113)	(11,902)
Commission expense	(12,238)	(22,064)	(2,072)	(4,832)	(7,715)	(14,085)	(9,802)	(6,438)	(918)	(4,678)
Management expense	(51,868)	(50,884)	(8,748)	(10,875)	(32,883)	(32,422)	(25,291)	(14,837)	(3,338)	(10,548)
Other acquisition cost	(4,912)	(4,364)	(823)	(1,045)	(3,097)	(3,175)	(2,466)	(1,453)	(386)	(1,035)
Net Insurance claims and expenses	(70,362)	(88,565)	(10,441)	(22,615)	(48,816)	(114,853)	(48,292)	(11,927)	(25,217)	(48,717)
Underwriting result	(53,793)	(27,374)	(1,608)	(2,388)	(1,989)	(2,094)	669	(35,412)	(6,448)	(18,989)
Net Investment loss										(190,858)
Rental Income										1,360
Fair value gain on Investment properties										1,782
Other Income										28,599
Other expense										(9,249)
Finance cost										(914)
Share of loss from associate										(28,878)
Share of loss from WTD - Operator's Fund										(10,872)
Loss before tax										(219,283)
										(88,977)

### 26.2 Segment assets and liabilities

The following presents segments assets and liabilities as at 30 June 2019 and 31 December 2018:

	Rupees in '000																						
	28%		38%		9%		17%		25%		34%		32%		7%		6%		6%		100%		100%
	451,917	847,520	147,489	281,886	461,223	578,585	808,801	114,278	75,146	81,229	1,648,758	1,703,488											
Segment assets																							
Unallocated corporate assets											1,993,871	1,744,901											
Total assets											3,186,828	3,448,389											
Segment Liabilities	498,638	700,478	163,037	304,941	443,880	625,905	582,514	123,822	86,398	87,872	1,754,264	1,842,616											
Unallocated corporate liabilities											370,185	386,481											
Total liabilities											2,124,489	2,229,097											

# Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable
- Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

	30 June 2019		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
<b>Available for sale investments (measured at fair value)</b>			
Equity securities	526,169	-	114,983
Mutual fund units	-	39,512	-
Investment properties	-	-	268,348
	<b>526,169</b>	<b>39,512</b>	<b>383,331</b>

	31 December 2018		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
<b>Available for sale investments (measured at fair value)</b>			
Equity securities	653,330	-	114,983
Mutual fund units	-	38,307	-
Investment properties	-	-	266,586
	<b>653,330</b>	<b>38,307</b>	<b>381,569</b>

## 30. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 24 August, 2019 by the Board of directors of the Company.

## 31. GENERAL

- 31.1** There is no individual class of business within the category of 'miscellaneous', where the gross premium of the class of business is 10% or more of the gross premium revenue of the company
- 31.2** As a result of adoption of Insurance Rules, 2017 and Insurance Regulations, 2017, corresponding figures have been rearranged and reclassified wherever necessary, for purposes of comparison. There were no material reclassification to report except as follow:

Nature	Transfer to	Transfer from	Rs in '000
			30-Jun-19
Reinsurance receivable	Insurance / reinsurance receivable	Insurance / reinsurance payable	129,895
Co insurance payable	Insurance / reinsurance payable	Insurance / reinsurance receivable	359,769

- 31.3** These interim financial statement unaudited but subject to limited scope review by the auditors. Figures for the quarters ended 30 June 2018 and 30 June 2019 as reported in these interim financial statements have not been subject to limited scope review by the external auditors.
- 31.4** All amounts have been rounded to the nearest thousand Rupees.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer



# FINANCIAL STATEMENTS (WINDOW TAKAFUL)

Interim Financial Statements June 2019

# Independent Auditor's Review Report to the members of Premier Insurance Limited Window Takaful Operation



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beemont Road  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

### INDEPENDENT AUDITOR'S REVIEW REPORT TO MEMBERS ON REVIEW OF PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Premier Insurance Limited - Window Takaful Operations (the Operator)** as at **30 June 2019** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statements of changes in fund, condensed interim statement of cash flows, and notes forming part thereof (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarter ended 30 June 2019 and 30 June 2018 in the condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

#### **Scope of review**

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

#### **Conclusion**

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

#### **Other matter**

The condensed interim financial information for the half year ended 30 June 2018 and the annual financial statements of the Company for the year ended 31 December 2018 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 30 August 2018 and audit report dated 05 April 2019, expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.

#### **Chartered Accountants**

**Engagement Partner:** Shaikh Ahmed Salman

**Date:**  
**Karachi**

A member firm of Ernst & Young Global Limited

# Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2019

	Note	Unaudited 30 June 2019			Audited 31 December 2018		
		Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
Rupees in '000							
<b>Assets</b>							
Property and equipment	7	-	-	-	1,040	-	1,040
Intangible assets	8	-	-	-	847	-	847
Investments in mutual funds and term deposits	9	-	43,144	43,144	39,465	10,242	49,707
Loans and other receivables	10	8,531	52,057	60,588	19,100	4,407	23,507
Takaful / retakaful receivables	11	-	72,917	72,917	-	90,833	90,833
Retakaful recoveries against outstanding claims	16	-	4,143	4,143	-	5,114	5,114
Qard-e-hasna contributed to PTF		83,020	-	83,020	36,020	-	36,020
Salvage recoveries accrued		-	238	238	-	1,043	1,043
Deferred wakala expense	19	-	22,168	22,168	-	28,989	28,989
Deferred commission expense	20	5,869	-	5,869	7,742	-	7,742
Prepayments	12	1,275	1,504	2,779	539	3,435	3,974
Cash and bank	13	1,522	54,323	55,845	1,559	53,593	55,152
<b>Total Assets</b>		<b>100,217</b>	<b>250,494</b>	<b>350,711</b>	<b>106,312</b>	<b>197,656</b>	<b>303,968</b>
<b>Equity and Liabilities</b>							
<b>Reserves Attributable to:</b>							
<b>Operator's fund (OPF)</b>							
Statutory fund		50,000	-	50,000	50,000	-	50,000
Revaluation reserves		-	-	-	(2,456)	-	(2,456)
Accumulated deficit		(64,017)	-	(64,017)	(43,138)	-	(43,138)
		(14,017)	-	(14,017)	4,406	-	4,406
<b>Waqf / participants' takaful fund (PTF)</b>							
Ceded money		-	500	500	-	500	500
Qard-e-hasna contributed by OPF		-	83,020	83,020	-	36,020	36,020
Revaluation reserves		-	(1,066)	(1,066)	-	(468)	(468)
Accumulated deficit		-	(23,104)	(23,104)	-	(24,545)	(24,545)
		-	59,350	59,350	-	11,507	11,507
<b>Liabilities</b>							
<b>Underwriting provisions</b>							
Outstanding claims including IBNR	16	-	54,951	54,951	-	49,676	49,676
Unearned contribution reserve	15	-	63,277	63,277	-	82,824	82,824
Unearned retakaful rebate	18	-	196	196	-	674	674
Unearned wakala fees	19	22,169	-	22,169	28,989	-	28,989
Takaful / retakaful payables		-	36,803	36,803	-	34,108	34,108
Other creditors and accruals	14	92,065	35,917	127,982	72,917	18,867	91,784
		114,234	191,144	305,378	101,906	186,149	288,055
<b>Total fund and liabilities</b>		<b>100,217</b>	<b>250,494</b>	<b>350,711</b>	<b>106,312</b>	<b>197,656</b>	<b>303,968</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

# Condensed Interim Statement of Comprehensive Income (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

	Note	Aggregate Quarter ended		Aggregate Half year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Rupees in '000					
<b>Participants' Takaful Fund</b>					
Net takaful contribution	15	34,768	32,893	67,562	69,672
Net takaful claims	16	(22,886)	(21,652)	(39,135)	(41,146)
Direct expenses	17	(3,143)	(527)	(3,876)	(3,090)
Re-takaful rebate	18	378	863	843	1,662
Wakala expense	19	(12,699)	(13,537)	(25,477)	(27,503)
		(38,350)	(34,853)	(67,645)	(70,077)
Investment income	23	567	-	1,524	-
<b>Underwriting result</b>		(3,015)	(1,960)	1,441	(405)
(Loss) / surplus for the period		(3,015)	(1,960)	1,441	(405)
<b>Other Comprehensive income:</b>					
Unrealized (loss) / gain on available for sale securities - net		(669)	413	(598)	413
<b>Total other comprehensive (loss) / income</b>		(669)	413	(598)	413
<b>Total comprehensive (loss) / income for the period</b>		(3,684)	(1,547)	843	8
<b>Operator's Fund</b>					
Wakala fee	19	12,699	13,537	25,477	27,503
Net commission expense	20	(3,410)	(3,099)	(6,873)	(6,113)
Management expenses	21	(18,766)	(15,858)	(32,719)	(29,632)
		(9,477)	(5,420)	(13,915)	(8,242)
Investment loss	22	(4,652)	-	(4,652)	-
Profit on bank accounts		24	520	49	1,027
Other expenses		(1,458)	(2,385)	(2,361)	(3,457)
Loss for the period		(15,476)	(7,285)	(20,879)	(10,672)
<b>Other Comprehensive income:</b>					
Unrealized gain on available for sale securities		1,621	101	2,456	101
Loss transferred to profit and loss on disposal / redemption of investment		-	-	(2,456)	-
<b>Total other comprehensive income</b>		1,621	101	-	101
<b>Total comprehensive loss for the period</b>		(13,855)	(7,184)	(20,879)	(10,571)

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

# Condensed Interim Statement of Changes in Fund (unaudited)

FOR THE HALF YEAR  
ENDED 30 JUNE 2019

	Operator's Fund			
	Statutory fund	Revaluation reserve - Available for sale Investment	Accumulated deficit	Total
		Rupees in '000		
Balance as at 01 January 2018	50,000	(542)	(26,684)	22,774
Loss for the period ended 30 June 2018	-	-	(10,672)	(10,672)
Other comprehensive income	-	101	-	101
Qard-e-Hasna contributed to PTF	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>50,000</b>	<b>(441)</b>	<b>(37,356)</b>	<b>12,203</b>
Balance as at 01 January 2019	50,000	(2,456)	(43,138)	4,406
Loss for the period ended 30 June 2019	-	-	(20,879)	(20,879)
Other comprehensive income for the period	-	2,456	-	2,456
<b>Balance as at 30 June 2019</b>	<b>50,000</b>	<b>-</b>	<b>(64,017)</b>	<b>(14,017)</b>

	Participants' Takaful Fund				
	Ceded Money	Qard-e-Hasna	Revaluation reserve - Available for sale	Accumulated Deficit	Total
Balance as at 01 January 2018	500	22,610	-	(23,109)	1
Deficit for the period ended 30 June 2018	-	-	-	(405)	(405)
Other comprehensive income for the period	-	-	413	-	413
Qard-e-Hasna contributed by OPF	-	410	-	-	410
<b>Balance as at 30 June 2018</b>	<b>500</b>	<b>23,020</b>	<b>413</b>	<b>(23,514)</b>	<b>419</b>
Balance as at 01 January 2019	500	36,020	(468)	(24,545)	11,507
Surplus for the period ended 30 June 2019	-	-	-	1,441	1,441
Other comprehensive loss for the period	-	-	(598)	-	(598)
Qard-e-Hasna contributed by OPF	-	47,000	-	-	47,000
<b>Balance as at 30 June 2019</b>	<b>500</b>	<b>83,020</b>	<b>(1,066)</b>	<b>(23,104)</b>	<b>59,350</b>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

# Condensed Interim Statement of Cash Flow (unaudited)

FOR THE HALF YEAR  
ENDED 30 JUNE 2019

	Half year ended			
	Operator's Fund	Participants' Takaful Fund	30 June 2019 Aggregate	30 June 2018 Aggregate
----- Rupees in '000 -----				
<b>Operating Activities</b>				
a) Takaful activities				
Contribution received	-	71,101	71,101	62,356
Re-takaful contributions paid	-	(544)	(544)	(9,174)
Claims paid	-	(33,926)	(33,926)	(45,502)
Re-takaful and other recoveries	-	1,037	1,037	1,902
(Commissions paid) / re-takaful rebate received	(9,306)	365	(8,941)	(5,276)
Wakala fees received	29,000	-	29,000	33,488
Wakala fees paid	-	(29,000)	(29,000)	(33,488)
Net cash generated from underwriting activities	19,694	9,033	28,727	4,306
b) Other operating activities				
General and administration expenses paid	(33,193)	(3,876)	(37,069)	(35,938)
Other operating payments	(736)	-	(736)	(436)
Amounts due from other takaful / retakaful operators	-	(1,045)	(1,045)	-
Deposits and other receivables	(31)	(45,186)	(45,217)	(648)
Paid to Premier Insurance Limited	(22,117)	24,399	2,282	4,913
Accrued salvage recoveries	805	-	805	151
Other liabilities paid	43,027	2,128	45,155	(762)
Qard-e-hasna contributions	(47,000)	47,000	-	-
Net cash (used in) / generated from other operating activities	(59,245)	23,420	(35,825)	(32,720)
<b>Total cash (used in) / generated from operating activities</b>	<b>(39,551)</b>	<b>32,453</b>	<b>(7,098)</b>	<b>(28,414)</b>
<b>Investment Activities</b>				
Investment income received	-	1,779	1,779	1,298
Bank profit received	49	-	49	-
Sale / (purchase) of investment	39,465	(33,502)	5,963	-
<b>Total cash generated / (used) in investing activities</b>	<b>39,514</b>	<b>(31,723)</b>	<b>7,791</b>	<b>1,298</b>
<b>Total cash generated / (used in) from all activities</b>	<b>(37)</b>	<b>730</b>	<b>693</b>	<b>(27,116)</b>
Cash and cash equivalents at beginning of the period	1,559	53,593	55,152	66,859
<b>Cash and cash equivalents at the end of the period</b>	<b>1,522</b>	<b>54,323</b>	<b>55,845</b>	<b>39,743</b>

# Condensed Interim Statement of Cashflow (unaudited)

FOR THE HALF YEAR  
ENDED 30 JUNE 2019

	Operator's Fund	Participants' Takaful Fund	Half year ended	
			30 June 2019 Aggregate	30 June 2018 Aggregate
----- Rupees in '000 -----				
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(39,551)	32,453	(7,098)	(28,414)
Depreciation	-	-	-	(241)
Investment income	(4,652)	1,524	(3,128)	1,027
Increase / (decrease) in assets other than cash	57,996	(84,531)	(26,535)	(31,364)
Increase in liabilities	12,328	4,995	17,323	47,915
Qard-e-hasna contributions	(47,000)	47,000	-	-
<b>(Loss) / profit for the period</b>	<b>(20,879)</b>	<b>1,441</b>	<b>(19,438)</b>	<b>(11,077)</b>

## Attributed to

Operator's Fund	(20,879)	-	(20,879)	(10,672)
Participants' Takaful Fund	-	1,441	1,441	(405)
	<b>(20,879)</b>	<b>1,441</b>	<b>(19,438)</b>	<b>(11,077)</b>

## Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits having maturity of less than three months.

Cash for the purpose of the statement of cash flows consists of:

<b>Cash and other equivalents</b>				
Current and saving accounts	7	-	7	1,574
<b>Current and other accounts</b>				
Current and savings accounts	1,515	54,323	55,838	38,169
<b>Total cash and cash equivalents</b>	<b>1,522</b>	<b>54,323</b>	<b>55,845</b>	<b>39,743</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on 02 October 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on 31 October 2015 under the Waqf Deed with a Cede money of Rs.500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared in line with the format issued by the SECP through Insurance Rules, 2017, and SECP Circular No. 25 of 2015 dated 09 July 2015.

These condensed interim financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

### 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. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 SECP Takaful Rules, 2012.

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations and Takaful Rules, 2012, shall prevail.

- 2.1.2 In terms of the requirements of the Takaful Rules 2012, read with SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss and other comprehensive income of the Operator's Fund have been presented as a single line item in the balance sheet and statement of comprehensive income of the Operator respectively.

### 2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except investments which are carried both at fair value and at amortized cost.

### 2.3 Functional and Presentation Currency

These condensed interim financial statements are presented in Pak Rupees which is also the Operator's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Thousand Rupees, unless otherwise stated.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2018 except as follows:

# Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 3.1 New / Revised Standards, Interpretations and Amendments

The Operator has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 2	-	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 16	-	Leases
IAS 40	-	Investment Property: Transfers of Investment Property (Amendment)
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have any material effect on the accounting policies / interim financial statements of the Operator.

## 4. ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Operator'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 December 31, 2018 except in cases enumerated above.

## 5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Operator's financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2018.

## 6. CONTRIBUTION DEFICIENCY RESERVE

No provision has been made as the unearned contribution reserve for each class of business as at June 30, 2019 is considered adequate to meet the expected liability after retakaful for claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at the reporting date.

## 7. PROPERTY AND EQUIPMENT - OPF

Opening balance - net book value  
Less: Depreciation charged during the period / year  
Less: Written off during the period / year

	Unaudited June 30, 2019	Audited December 31, 2018
----- Rupees in '000 -----		
	1,040	1,162
	-	(122)
	(1,040)	-
	<u>-</u>	<u>1,040</u>

## 8. INTANGIBLE ASSETS - OPF

Opening balance - net book value  
Less: Amortization charged during the period / year  
Less: Written off during the period / year

	847	1,208
	-	(361)
	(847)	-
	<u>-</u>	<u>847</u>

# Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 9. INVESTMENTS IN MUTUAL FUND AND TERM DEPOSIT

	Note	Unaudited 30-Jun-19			Audited 31-Dec-18				
		Cost - net of Impairment	Impairment / provision for the period	Revaluation surplus / (deficit)	Carrying value	Cost - net of Impairment	Impairment / Provision for the period	Revaluation surplus / (deficit)	Carrying value
Rupees in '000									
Mutual fund units - AFS		-	-	-	-	41,921	-	(2,456)	39,465
		-	-	-	-	41,921	-	(2,456)	39,465
<b>PTF</b>									
Mutual fund units - AFS		10,242	-	(1,198)	9,044	10,242	-	(600)	9,642
Term deposit receipt - held to maturity	9.1	34,100	-	-	34,100	600	-	-	600
		44,342	-	(1,198)	43,144	10,842	-	(600)	10,242

### 9.1 Investments in term deposits

This represents a term deposit with bank having profit at the average rate of 4.5% to 13% per annum (2018 4.5%) having maturity ranging from 29 July 2019 to 30 June 2020.

	Note	Unaudited June 30, 2019			Audited December 31, 2018		
		OPF	PTF	Aggregate	OPF	PTF	Aggregate
Rupees in '000							
<b>10. LOANS AND OTHER RECEIVABLES - Considered good</b>							
Merk-up receivable		-	1	1	256	-	256
Federal excise duty		61	3,744	3,805	30	3,373	3,403
Others	10.1	-	48,312	48,312	-	1,034	1,034
Wakala fee receivable		8,470	-	8,470	18,814	-	18,814
		8,531	52,057	60,588	19,100	4,407	23,507

10.1 This includes interfund receivable from OPF amounting to Rs.45.569 million (2018: Nil).

### 11. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured and considered good

Contribution due but unpaid		-	22,058	22,058	-	41,019	41,019
Amounts due from other takaful / retakaful operators		-	50,859	50,859	-	49,814	49,814
		-	72,917	72,917	-	90,833	90,833

### 12. PREPAYMENTS

Prepaid retakaful contribution ceded		-	1,504	1,504	-	3,435	3,435
Other prepaid expense		1,275	-	1,275	539	-	539
		1,275	1,504	2,779	539	3,435	3,974

# Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

Note	Unaudited 30 June 2019			Audited 31 December 2018		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
<b>13. CASH AND BANK</b>						
<b>Cash and cash equivalent</b>						
Policy, revenue stamps and bond papers	7	-	7	-	-	-
<b>Cash at bank</b>						
Current account	15	797	812	15	977	992
Savings account	1,500	53,526	55,026	1,544	52,616	54,160
	<b>1,522</b>	<b>54,323</b>	<b>55,845</b>	<b>1,558</b>	<b>53,593</b>	<b>55,152</b>

13.1 Rate of return on PLS savings account held with Islamic banks ranges from 6.56% to 10.27% per annum (2018: 2.38% to 3.71%).

## 14. OTHER CREDITORS AND ACCRUALS

Wakala fee payable	-	8,470	8,470	-	18,814	18,814
Payable to Premier Insurance Limited	39,162	25,266	64,428	58,531	-	58,531
Federal insurance fee	-	4	4	-	4	4
Sales tax on services	-	624	624	-	49	49
Commission payable	7,438	-	7,438	11,944	-	11,944
Auditor's fee	338	-	338	183	-	183
Others	45,127	1,353	46,480	2,259	-	2,259
	<b>92,065</b>	<b>35,917</b>	<b>127,982</b>	<b>72,917</b>	<b>18,867</b>	<b>91,784</b>

14.1 This includes interfund payable by OPF amounting to Rs.45.569 million (2018: Nil).

## 15. NET TAKAFUL CONTRIBUTION

	Unaudited Quarter ended		Unaudited Half year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Written gross contribution	25,990	27,622	53,185	57,305
Add: Unearned contribution reserve opening	73,512	76,026	82,824	88,245
Less: Unearned contribution reserve closing	(63,277)	(66,969)	(63,277)	(66,969)
Contribution earned	36,225	38,679	72,732	78,581
Less:				
Retakaful contribution ceded	129	3,752	3,239	5,272
Add: Prepaid ratakaful contribution opening	2,832	5,174	3,435	6,777
Less: Prepaid ratakaful contribution closing	(1,504)	(3,140)	(1,504)	(3,140)
Retakaful expense	1,457	5,786	5,170	8,909
<b>Net contribution</b>	<b>34,768</b>	<b>32,893</b>	<b>67,562</b>	<b>69,672</b>

## 16. NET CLAIMS EXPENSE

Claims paid	18,475	28,350	33,926	45,502
Less: Outstanding claims including IBNR opening	(50,051)	(55,127)	(49,678)	(52,949)
Add: Outstanding claims including IBNR closing	54,951	50,860	54,951	50,860
Claims expense	23,375	22,083	39,201	43,413
Less:				
Retakaful and other recoveries received	606	1,134	1,037	1,802
Less: Retakaful recoveries against outstanding claims - opening	(4,260)	(8,864)	(5,114)	(5,596)
Add: Retakaful recoveries against outstanding claims - closing	4,143	5,961	4,143	5,961
Retakaful and other recoveries revenue	489	431	66	2,267
<b>Net claim</b>	<b>22,886</b>	<b>21,652</b>	<b>39,135</b>	<b>41,146</b>

# Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

	Unaudited Quarter ended		Unaudited Half year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	----- Rupees in '000 -----			
<b>17. DIRECT EXPENSES - PTF</b>				
Tracking services	1,855	1,475	2,558	3,008
Service charges	(7)	(41)	20	75
Others	1,295	(907)	1,298	7
	<b>3,143</b>	<b>527</b>	<b>3,876</b>	<b>3,090</b>
<b>18. RETAKAFUL REBATE - PTF</b>				
Less: Rebate from re-takaful received	83	538	365	994
Add: Deferred rebate opening	491	962	674	1,305
Less: Deferred rebate closing	(196)	(637)	(196)	(637)
<b>Rebate from retakaful earned</b>	<b>378</b>	<b>863</b>	<b>843</b>	<b>1,662</b>
<b>19. WAKALA EXPENSE</b>				
Gross wakala fee	9,139	9,667	18,657	20,056
Add: Deferred wakala opening	25,729	27,309	28,989	30,886
Less: Deferred wakala closing	(22,169)	(23,439)	(22,169)	(23,439)
<b>Net wakala fee</b>	<b>12,699</b>	<b>13,537</b>	<b>25,477</b>	<b>27,503</b>
<b>20. NET COMMISSION EXPENSE - OPF</b>				
Commission paid or payable	1,957	1,881	4,800	4,122
Add: Deferred commission opening	7,322	5,696	7,742	6,469
Less: Deferred commission closing	(5,869)	(4,478)	(5,869)	(4,478)
<b>Commission expense</b>	<b>3,410</b>	<b>3,099</b>	<b>6,673</b>	<b>6,113</b>
<b>21. MANAGEMENT EXPENSES - OPF</b>				
<b>Underwriting Expenses</b>				
Employee benefit cost	13,110	12,030	23,161	21,077
Fuel and power	1,498	1,352	2,351	2,007
Travelling	388	331	830	505
Loss on assets written off	1,887	-	1,887	-
Depreciation and amortization	-	(1,077)	-	241
Repair and maintenance	304	899	975	1,166
Annual supervision fee SECP	43	467	689	907
Miscellaneous	1,449	1,856	2,826	3,729
	<b>18,679</b>	<b>15,858</b>	<b>32,719</b>	<b>29,632</b>

# Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

Unaudited Quarter ended		Unaudited Half year ended	
30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- Rupees in '000 -----			

## 22. INVESTMENT LOSS - OPF

### Net realized losses on investments

#### Available for Sale (AFS)

Realized loss on sale of mutual fund units

(4,652)	-	(4,652)	-
<u>(4,652)</u>	<u>-</u>	<u>(4,652)</u>	<u>-</u>

## 23. INVESTMENT INCOME - PTF

### Income from term deposits

Return on term deposits

567	-	1,524	-
<u>567</u>	<u>-</u>	<u>1,524</u>	<u>-</u>

## 24. RELATED PARTY TRANSACTIONS - PTF

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	Unaudited Half year ended	
	30 June 2019	30 June 2018
----- Rupees in '000 -----		
<b>Transactions during the period</b>		
<b>Associated Companies</b>		
Contribution underwritten	1,077	1,179
Claims paid	669	1,063
----- Rupees in '000 -----		
<b>Period / year end balances</b>		
<b>Associated Companies</b>		
Contribution receivable	6,148	5,636
Claims outstanding	207	480
Commission outstanding	-	256



# Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND  
HALF YEAR ENDED 30 JUNE 2019

## 26. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable
- Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

		June 30, 2019		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
<b>OPF</b>				
Available for sale investments (measured at fair value)				
Mutual fund units		-	-	-
		-	-	-

		June 30, 2019		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
<b>PTF</b>				
Available for sale investments (measured at fair value)				
Mutual fund units		-	9,044	-
		-	9,044	-

		December 31, 2018		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
<b>OPF</b>				
Available for sale investments (measured at fair value)				
Mutual fund units		-	39,465	-
		-	39,465	-

		December 31, 2018		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
<b>PTF</b>				
Available for sale investments (measured at fair value)				
Mutual fund units		-	9,642	-
		-	9,642	-

## 27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24 August, 2019 by the Board of Directors of the Operator.

## 28. GENERAL

28.1 There is no individual class of business within the category of 'miscellaneous', where the gross contribution of the class of business is 10% or more of the gross premium revenue of the Operator

28.2 Corresponding figures have been rearranged and reclassified wherever necessary, for purposes of comparison. There were no material reclassification to report except as follows:

				Rs. in '000
Nature	Transfer to	Transfer from		30-Jun-19
Co Takaful payable	Takaful / retakaful payable	Takaful / retakaful payable		7,559
Retakaful receivable	Takaful / retakaful receivable	Takaful / retakaful receivable		574

28.3 These interim financial statement unaudited but subject to limited scope review by the auditors. Figures for the quarters ended 30 June 2018 and 30 June 2019 as reported in these interim financial statements have not been subject to limited scope review by the external auditors.

28.4 All amounts have been rounded to the nearest thousand Rupees

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer



# BRANCH NETWORKS

Interim Financial Statements June 2019

## **Conventional Branches**

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### **KARACHI**

#### **South Zone Branches**

##### **Head Office:**

5th Floor, State Life Building 2-A,  
Wallace Road, Off. I.I. Chundrigar Road,  
Karachi, Pakistan.  
Phone: 021-32416331-4  
Fax: 021-32416572

### **QUETTA BRANCH**

43-Regal Plaza, 2nd Floor,  
Circular Road, Quetta.  
Phone: 081-2842883  
Fax: 081-2821383

### **MULTAN BRANCH**

4th Floor, Mehr Fatima Tower,  
Opp. High Court,  
Old Bahawalpur Road, Multan.  
Phone: 061-4515007-9  
Fax: 061-4587143

### **Islamabad Branch**

64-E 2nd Floor, Masco Plaza,  
Jinnah Avenue, Blue Area,  
Islamabad.  
Phone: 051-2348167-8  
Fax: 051-2348169

### **LAHORE**

#### **North Zone Branches**

162 Shadman II Lahore.  
Phone: 042-35407001-5  
Fax: 042-35407006

### **CSD North**

162 Shadman II Lahore.  
Phone: 042-35407001-5  
Fax: 042-35407006

### **Canal Branch**

162 Shadman II Lahore.  
Phone: 042-35407001-5  
Fax: 042-35407006

### **Mall Branch**

23 Shahrah-e-Quaid-e-Azam,  
Lahore.  
Phone: 042-37324262  
042-37230602-03  
Fax: 042-37235557

## **Conventional Branches**

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### **Regency Branch Faisalabad**

1st Floor Regency Arcade,  
949-Mall Road, Faisalabad.  
Phone: 041-2632211-3  
Fax: 041-2617802

### **Gujranwala Branch**

Block - L, Trust Plaza,  
G.T Road, Gujranwala .  
Phone: 055-3859719-20  
Fax: 055-3256432

### **Sialkot Branch**

Room # 3 & 4, Sahib Plaza,  
Saga Chowk, Defence Road,  
Sialkot.  
Phone: 052-3572192-93  
Fax: 052-3572194

### **Peshawar Branch**

1081/A, Rehman Building,  
Saddar Road, Peshawar Cantt.  
Phone: 091-5273757  
Fax: 091-5277809

### **Dera Ghazi Khan Branch**

Mohib Traders, 1st Floor, Block-18,  
Opposite Ghazi Medical College,  
Jampur Road, Dera Ghazi Khan.  
Phone: 064-2403699

### **Khanpur, Rahim Yar Khan Branch**

House # 366, Model Town – B,  
Khanpur, District Rahim Yar Khan.



**Since 1952 as a life-time companion we have delivered distinctive general insurance services across the country with diligence, zeal and commitment. Yet our journey to excel continues; to do more and better for our clients.**

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