Annual Report 2018

A Sign of Protection

SHAHEEN
INSURANCE COMPANY LTD
GROUP COMPANY OF

SHAHEEN FOUNDATION
PAKISTAN AIR FORCE

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Air Marshal Muhammad Jamshed Khan (Retd.)
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)
Air Commodore Zafar Yasin (Retd.)
Mr. Aamir Shahzad Mughal
Air Commodore Jamshed Iqbal (Retd.)
Air Commodore Sikander Niaz (Retd.)
Group Captain Javed Akhtar Khan (Retd.)

AUDIT COMMITTEE

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) - Chairman
Mr. Aamir Shahzad Mughal - Member
Air Commodore Jamshed Iqbal (Retd.) - Member

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) - Chairman
Air Commodore Jamshed Iqbal (Retd.) - Member
Mr. Sohel N. Kidwai (CEO) - Member

INVESTMENT COMMITTEE

Air Marshal Muhammad Jamshed Khan (Retd.) - Chairman
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) - Member
Mr. Aamir Shahzad Mughal - Member
Air Commodore Jamshed Iqbal (Retd.) - Member
Mr. Sohel N. Kidwai (CEO) - In attendance
Mr. Nisar Ahmed Almani

CHIEF EXECUTIVE OFFICER
Mr. Sohel N. Kidwai

CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND COMPLIANCE OFFICER
Mr. Nisar Ahmed Almani

COMPANY INFORMATION

HEAD OF OPERATIONS UNDERWRITING, CLAIMS AND REINSURANCE
Mr. Zia Mehdi

COORDINATOR INTERNAL CONTROLS AND HEAD OF INTERNAL AUDIT
Mr. Mahmood Ahmed Mirza

COUNTRY HEAD BUSINESS
Mr. Naveed Y. Butt

AUDITORS
Deloitte Yousuf Adil
Chartered Accountants

SHARIAH ADVISOR
Mufti Bilal Ahmed Qazi

LEGAL ADVISOR
Iftikhar Hussain Law Associates

REGISTERED OFFICE
10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

HEAD OFFICE
10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

SHARE REGISTRAR
M/s. Corplink (PVT) Ltd.
Wings Arcade, 1-K, Commercial Model Town, Lahore

OFFICES

Head Office
10th Floor, Shaheen Complex
M. R. Kayani Raod, Karachi-74200
Tel # 32630370-75, 322139850-51 Fax # 32626674
E-mail: info@shaheeninsurance.com
URL: www.shaheeninsurance.com
UAN: (021) 111-765-111

Karachi
Branch Manager - Mr. M. Iftikhar Alam
10th Floor, Shaheen Complex
M.R Kayani Road, Karachi -74200
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E-mail :Iftikhar.alam@shaheeninsurance.com
Direct # 32272595
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House # 75, Soldier Bazar, Hyderabad
Tel # (022) 2720487
Fax # (022) 2720489
E-mail: hyd@shaheeninsurance.com

Lahore Zonal Office
Country Head Business Mr.Naveed Y. Butt
Office # 4-B, 6th Floor, Shaheen Complex
38, Abbott Road, Lahore.
Tel # 042-36376270,36376274,36376278,36376279
Fax # 042-36376276
E-mail: lhr_zone@shaheeninsurance.com

Lahore Corporate
Branch Manager / GM Mr. Sohaib Ansar Khan
Office # 6, 6th Floor , Shaheen Complex,Opp. PTV Station
Opp. PTV Station 38, Abbott Road, Lahore.
Tel # 042-36370384, 36370741, 36370742
Fax # 042-36370385
E-mail: lhr_corporate@shaheeninsurance.com

Islamabad
Branch Manager - Mujahid Raza Syed
Office # 4, 1st Floor Zaki Centre,
I-8 Markaz Islamabad
Tel: 051-4938283
Fax: 051-4938284
Email: isb@shaheeninsurance.com

Faisalabad
Branch Manager/ AGM Mr. Mohsin Khan
Office No2, 4th Floor, Ahmed Plaza,
Bilal Road, Civil Lines, Faisalabad
Tel. # (041) 2614112, 2621370, 2634658
Fax # (041) 2613514
Email: fsd@shaheeninsurance.com

Multan
GM Marketing - Mr. Muhammad Naeem Baig
Office no 103-B Fista Garden RTO office ,
Nawa Sher Chowk, Multan
Tel # 061-4580190, 4580191, 4580192
E-mail: naeem.baig@shaheeninsurance.com

Peshawar
Branch Manager - Mr. Amir Shahzad
Upper Basement, State Life Building
34 - The Mall, Peshawar Cantt.
Tel # (091) 5273122 Fax # (091)
E-mail: psw@shaheeninsurance.com

Sialkot
Zonal Manager - Mr. Faisal Jamil
Office # 210 Karim Plaza Defence Road,
Near Allama Iqbal Town, Sialkot
Tel # (052) 3250982, 3550131
Fax # (052) 3257412
E-mail: sil@shaheeninsurance.com

Gujranwala
Zonal Manager - Mr.Faisal Jamil
Office # 12-B 5th Floor Bhutta Center
Gujranwala.
Tel # 055-4294269 - 4274269
Email: faisal.jamil@shaheeninsurance.com

Sarghoda
Branch Manager - Mr.Nadeem Awan
Office # 63 1st Floor Advance Book shop
Rehman Complex Ibne Seena Hospital Market
Kanchi More Sarghoda Mobile# 0300-86802723
Email: nadeemawan1975@gmail.com

Abbottabad
Branch Manager - Mr.Ejaz Raffique
Office # 9 1st Floor Silk Plaza Supply Manshara
Road Abbottabad. Mobile # 0301-8177155
Email: abt@shaheeninsurance.com

Sahiwal
Branch Manager - Mr. Mian Abdul Tawab
Ahbab Town, Railway Road, Sahiwal
Mobile # 0321-6900020

Quetta
Branch Manager - Mr. Nasir Khan
Gul Complex, Office # 2, M.A. Jinnah Road, Quetta
Mobile # 0345-8212221

Rahim Yar khan
Branch Manager - Mr. Naveed Hussain Bhatti
Mobile # 0321-4741424

VISION

To deliver general insurance at its best and to contribute positively and proactively for the welfare of our society at large as well as for the preservation of our environment, culture and ethics

MISSION STATEMENT

Our mission is to continuously improve ourselves to become a leading, profitable Company, meeting the needs of our customers and enhancing the value of our shareholders investment.

We will accomplish this by using the strengths of our people and the application of innovative science for the development of new insurance products and services that are high in quality and competitive in price.

CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics (Code) establishes the standards that govern the way we deal with each other, our customers, shareholders, governments, suppliers, competitors and the public at large. Complying with the Code is a part of the terms and conditions of employment with Shaheen Insurance Company Limited.

ANTI FRAUD PROGRAM & CONTROL
WHISTLE BLOWING POLICY

The assessment of a Company's internal control over financial reporting must be based on procedures sufficient both the evaluate its design and to test its operating effectiveness. Controls subject to such assessment include …. Controls related to the prevention, identification, and detection of fraud.

This Whistle Blowing Policy is a part of Company's effort to further improve governance and service quality.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting (AGM) of Shaheen Insurance Company Limited (SICL) will be held on Tuesday, April 30, 2019 at 2:00 p.m. at the head office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, Jinnah International Airport, Karachi,to transact the following business;

Ordinary Business

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2018 together with the Directors' and Auditor's Reports thereon.

2. To consider and approve the final cash dividend of 2.5% (Rs 0.25 per share of Rs 10/- each) for the year ended December 31, 2018, as recommended by the Board of Directors of the Company.

3. To appoint Auditors of the Company for the year ending December 31, 2019 and fix their remuneration. The present auditors Ms. Deloitte YousufAdil, Chartered Accountants, being eligible, have offered themselves for reappointment.

Karachi: April 08, 2019

By Order of the Board

Nisar Ahmed Almani
Company Secretary

Notes:

1. In accordance with the provisions of section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode i.e. directly into the bank account designated by the entitled shareholders. Please note that if Bank account details (IBAN) as per prescribed format have not been provided by the shareholders to the Share Registrar, their Broker (participant) or CDC, the company would be constrained to act in accordance with the provisions of the law and withhold the cash dividend.

2. The Share transfer books of the Company shall remain closed from April 24, 2019 to April 30, 2019 (both days inclusive). Transfers received at M/s Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial, Model Town, Lahore, the Registrar and Share Registrar Office of the Company, by the close of business on April 23, 2019 will be considered in time for the purpose of Annual General Meeting.

3. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.

4. No persons shall be appointed as a Proxy unless he/she is a member of the company.

5. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.

6. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.

Circulation of Annual Audited Financial Statements and Notice of AGM to the Members through email:

7. SECP through its Notification No SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements ("Annual Financial Statements") along with Notice of Annual General Meeting ("Notice of AGM") to its members through email. In order to avail this facility, the members who desire to opt to receive Annual Financial Statements and Notice of AGM through e-mail are requested to provide their written consent and e-mail addresses to the Share Registrar at the below mentioned address.

   Please note the Annual Reports / Financial Statements are also available on the Company's website.

   For any query / difficulty / information, the member may contact the Company's Share Registrar and Share Transfer Agent, at the address, phone/fax numbers. Ms. Corplink (Pvt.) Ltd. 1-K Commercial, Model Town, Lahore Phone No. 042-35916714 - 042-35916719 Fax No. 042-35869037

Video Conferencing facility

Video Conferencing facility will be provided, only if the company receives consent from members holding in aggregate 10% or more shareholding, residing at Lahore or Islamabad at least 10 days prior to date of the meeting, subject to availability of such facility in that city. To avail this facility fill the following and submit it to the registered address of the company at least 10 days before meeting.

I/we _______________ of _______________, being a member of Shaheen Insurance Company Limited holder of _______________ ordinary shares as per Register Folio No. ___________________ hereby opt for Video Conferencing Facility at ___________

Signature of the member

CHAIRMAN'S REVIEW

It indeed gives me immense pleasure to present the Annual Report of the Company for the year ended December 31, 2018.

Shaheen Insurance Company Limited continue to perform strongly during the current year, as all its performance indicators exhibited healthy trends despite stiff competition and challenging economic landscape. Company posted Profit after tax of Rs 69 Million during 2018 against Rs 63 Million during 2017 translating into EPS of Rs 1.14 per share for the year 2018 - one of the highest in the history of the company.

I am pleased to report that the performance of the Board of Directors' (BoD) of the Company during the year under review has been impressive, and that the BoD has provided the desired leadership to navigate the company through challenging times, making it stable and putting it back on the growth trajectory. Board set Company's strategic objectives, and continued to monitor it on regular basis throughout the year while upholding company's vision, mission and core values. To exercise an effective oversight, Board has formed subcommittees along with defined mandate which continue to perform satisfactorily. Further, Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.), a senior non-executive director of the company has been assigned the responsibility of assisting the company to strengthen its business development in the financial hub of Pakistan i.e. Karachi.

Keeping in view the financial position of the company, trust of shareholders and with the active participation of the employees and the Board, I have no doubt that the company will rise to next level.

I would like to place on record my appreciation for the employees for their hard work and dedication, and would like to thank our valued customers, reinsurers, shareholders and regulators for their confidence and trust.

Air Marshal Muhammad Jamshed Khan (Retd.) April 08, 2019
Chairman

چیئرمین کی جائزہ رپورٹ

یہ میرے لئے انتہائی امتیاز اور مسرت کی بات ہے کہ میں کمپنی کی سالانہ رپورٹ برائے سال اختتام پذیر 31 دسمبر 2018 پیش کرر ہا ہوں۔

شاہین انشورنس کمپنی لمیٹڈ معاشی چیلنجز اور مسابقتی ماحول کے باوجود نمایاں کارکردگی سرانجام دیتی رہی جیسا کہ کمپنی کی کارکردگی ظاہر کرنے والے تمام عناصر صحت مند رجحانات ظاہر کرر ہے ہیں۔ کمپنی نے سال 2018 کے دوران مابعد ٹیکس مبلغ 69 ملین روپے کا منافع حاصل کیا جبکہ پچھلے سال 2017 کے دوران یہ منافع مبلغ 63 ملین روپے تھا۔ اس طرح سال 2018 کیلیئے فی حص آمدنی مبلغ 1.14 روپے رہی، جو کہ کمپنی کی تاریخ میں بلندترین ہے۔

میں مسرت کے ساتھ یہ رپورٹ پیش کرتا ہوں کہ زیرِغور سال کے دوران کمپنی کے بورڈ آف ڈائریکٹر کی کارکردگی انتہائی متاثر کن رہی اور بورڈ آف ڈائریکٹرز نے مشکل وقت میں کمپنی کی حسبِ تقاضہ رہنمائی فراہم کی جس نے کمپنی کو مستحکم بنایا اور اسے ترقی کی راہ پر گامزن کیا۔ بورڈ نے نہ صرف کمپنی کی حکمت عملی وضع کی بلکہ پورے سال متواتر اور باقاعدہ بنیادوں پر اس کی نگرانی کی اور اس کے ساتھ ساتھ کمپنی کے نظریہ، مشن اور بنیادی اقدار کو بھی برقرار رکھا۔ اس کے علاوہ موثر نگرانی کیلیئے بورڈ نے ذیلی کمیٹیاں تشکیل دیں جنہیں خصوصی منشور دیا گیا اس طرح منجملہ کارکردگی مطمئن بخش رہی۔ مزید برآں، ایئر وائس مارشل سید رضی الحسن نواب (ریٹائرڈ) جو کہ کمپنی کے ایک سینئر نان ایگزیکٹو ڈائریکٹر ہیں انہیں پاکستان کے سب سے بڑے معاشی حب یعنی کراچی میں کمپنی کی کاروباری صلاحیت کو بہتر بنانے کیلیئے رہنمائی فراہم کرنے کی ذمہ داری سونپی گئی ہے۔

کمپنی کی معاشی حالت، حصص داران کے بھروسے اور بورڈ و ملازمین کی متحرک سعی و جہد کو مدِنظر رکھتے ہوئے مجھے اس میں کوئی شک نہیں کہ کمپنی مزید اعلیٰ درجہ پر فائز ہوگی۔

میں ہمارے ملازمین کی جانب سے کی جانے والی سخت محنت اور تہدیت کو سراہتا ہوں اور اپنے معزز صارفین، ری انشورز، حصص داروں اور ریگولیٹرز کے اعتماد اور بھروسے کا شکریہ ادا کرتا ہوں۔

ایئر مارشل محمد جمشید خان (ریٹائرڈ)
چیئرمین

8 اپریل 2019

DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report of the Company for the year ended December 31, 2018.

GENERAL ECONOMIC REVIEW

The global economy started 2018 on an upbeat note, buoyed by a pickup in global manufacturing and trade through 2017. As investors' confidence in the global economic outlook lost steam, so did the upswing. One reason behind this loss in momentum is the implementation of tariffs by major economies - especially the United States, and retaliatory measures taken by others, including China. The increasingly protectionist rhetoric on trade has meant higher uncertainty about trade policy, which weighs on future investment decisions.

Similarly for Pakistan, year 2018 saw some of the structural constraints of the economy come to the fore, which were magnified by the political noise associated with an election year. While, country saw a major positive of democratic continuity, economic challenges continued to grab the headlines.During the year 2018, country continued to observe high growth (Real GDP recorded a growth of 5.2% - highest in a decade), supported by manufacturing and service sectors which grew by 6.84% and 6.43% respectively resulting in average GDP growth of the last fiveyears i.e. FY13 to FY18 clocking in at 4.8%, compared to 2.8% in FY08-13.

The high growth phase seen in the economy during the last few years along with lack of support infrastructure, has on the other hand resulted in stresses such as import bill ballooning, stagnant exports etc. with the external account imbalance leading the way.As a consequence, foreign exchange reserves of the country sharply depleted to US$ 13.8 Billion by December2018, from US$ 20.2 Billion at the start of 2018. Resultantly while structural reforms to address the deficiencies will require time, the new government was able to avert near-term pressures by bringing the shortfall via inflows from friendly countries.

Another challenge requiring immediate attention is the bourgeoning fiscal deficit which has grown to 6.6% of GDP in FY18 (highest since FY14) from 5.8% in the previous year.

Going forward, IMF economic stabilization program for the country seems imminent. Results of some of the measures and adjustments introduced by the government will start reflecting more meaningfully in macro-economic data over the next few months, but the initial signs indicate that the steps are bearing nascent fruit. While GDP growth is likely to clock in the 3.5-4.5% range, policy decisions will be instrumental in depicting the government's desired equilibrium between stability, masses welfare and economic growth.

Gross Written Premium including Gross Contribution from Takaful Operations in the Pakistan non-life insurance sector grew by 12% in 2017 (11% in 2016) to Rs 76 billion, while In 2018 industry growth is expected in the range of 6-8%. Insurance industry as a whole continues to experience downward pressure on premium rates across the board. Although slowing growth of economy is posing challenges, but the industry is looking forward to reasonable performance in 2019.

COMPANY'S PERFORMANCE

Year 2018proved to be another dynamic year for the company as its entireperformance indicators depicted growth and expansion, despite stiff competitive environment and old outstanding issues. Company continued its focus on generating low risk consistent revenues, consolidating and diversifying its portfolio.Expansion in branch network, strong financial performance and commencement of Window Takaful Operations were major highlights of the year.

The results of Insurance are summarized below;

	Rupees in million	
	December 2018	December 2017
Written Gross Premium	417	343
Net Insurance Premium	367	299
Net insurance claims expense	85	80
Underwriting Results	110	96
Investment Income	33	29
Profit before tax	89	74
Profit after tax	69	63
Earnings Per Share	1.14	1.13

In continuation to last year performance, our company demonstrated a robust growth during the year 2018. Profit before tax of the company increased considerably to **Rs 89 Million** for the current year against profit before tax of **Rs 74 Million** during 2017 (i.e. an increase of 20%). This was mainly due to prudent underwriting coupled with relatively low net claims expense and better investment income during the ensuing year. Profit after tax for the year 2018 increased to Rs 69 Million from Rs 63 Million during 2017. Net claims during the year 2018 increased marginally to Rs 85 Million against Rs 80 Million during the year 2017. Gross premium written during 2018 also increased significantly by 22% to Rs 417 Million from Rs 343 during 2017 due to expansion in branch network and diversification in miscellaneous business segment. Similar to year 2017, company has been able to improve its product mix in 2018 also, as miscellaneous business segment illustrated promising underwriting results, while Motor segment continued to contribute heavy chunk in the underwriting profits of the company during the year under review.

During the year, company successfully capitalized the rising interest rate scenario by making very short term placements at highly competitive rates of return. Moreover, despite constraints and settling old liabilities, an additional amount of Rs 52 Million was placed in short term bank deposits. All the investment decisions of the company are taken by the investment committee of the board on the recommendations of management.

Management and other expenses of the company for the 2018 increased marginally by 5% compared with 2017. The increase was in line with the growth in business of the company and expansion in branch network which increased from 12 to 15 spread across the country.

The results of Window Takaful are summarized below;

	For the period from April 1, 2018 to December 31, 2018
	Rs in Million
Written gross contribution	6.95
Net Contribution Revenue	(1.33)
Underwriting Results	(2.54)
Investment Income	3.24
Operator's Fund - Revenue Account	1.22
Operator's Profit /Loss	(0.23)

Company commenced its Window Takaful Operations in April 2018. Due to first year of operations and high reinsurance costs, it has incurred a loss of Rs 0.23 Million; however, company is confident to penetrate this market with the guidance of the Board by procuring significant takaful business in 2019 and beyond.

INSURER FINANCIAL STRENGTH (IFS) RATING

During the year 2017 Pakistan Credit Rating Agency Limited (PACRA) upgraded the IFS rating of the company to 'A' (single A) with stable outlook from 'A-' (single A minus). In April 2018 and December 2018 PACRA has reaffirmed the rating at 'A' (single A) with stable outlook. **This rating denotes strong capacity of the company to meet policyholder and contractual obligations.**

The upgraded rating is unprecedented and highest ever in the history of the company, and Board is confident that it will pave a way to spur growth in the business of the company.

INCREASE IN PAID UP SHARE CAPITAL

During the year 2017, company successfully increased its Paid Up Share Capital to Rs 600 Million from Rs450 Million through issue of 15.00 Million shares of Rs 10 each to Shaheen Foundation PAF by way of otherwise than Right, after approval from shareholders of the company and SECP. We are extremely delighted to inform the shareholders that our company is thoroughly capitalized and is **well in excess of the revised Minimum Capital Requirement of Rs 500 Million prescribed by the SECP for non life insurance companies.**

Increased capital will greatly assist the company in taking on future business challenges and growth prospects.

WINDOW TAKAFUL OPERATIONS

During the year, our Company crossed **yet another milestone as SECP has granted the license for Window Takaful Operations in March 2018.** This was due to matchless efforts by the company's staff and guidance by the Board, and the Board is abundantly convinced that this will translate into another era of growth and prosperity. Company commenced its Window Takaful Operations in April 2018.

BOARD OF DIRECTORS'

Board of Directors' of the company consists of seven directors having the knowledge, experience and skills required to provide oversight and strategic guidelines to the Company. All of the following directors of the company are non-executive directors;

1. Air Marshal Muhammad Jamshed Khan (Retd.)
2. Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)
3. Air Commodore Zafar Yasin (Retd.)
4. Mr. AamirShahzad Mughal
5. Air Commodore Jamshed Iqbal (Retd.)
6. Air Commodore Sikander Niaz (Retd.) *
7. Group Captain Javed Akhtar Khan (Retd.)

* Air Commodore SikanderNiaz (Retd.) was appointed in January 2018 to fill vacancy arising on the Board in December 2017. His appointment was approved by the Securities and Exchange Commission of Pakistan in February 2018.

BOARD MEETINGS

Board of Directors held 4 meetings in 2018. Attendance of directors is indicated below;

Name of Director	No. of meetings attended
Air Marshal Muhammad Jamshed Khan (Retd.)	4
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)	3
Air Commodore Zafar Yasin (Retd.)	3
Mr. Aamir Shahzad Mughal	4
Air Commodore Jamshed Iqbal (Retd.)	3
Air Commodore Sikander Niaz (Retd.)	3
Group Captain Javed Akhtar Khan (Retd.)	3

Air Commodore SikanderNiaz (Retd.) was appointed in January, 2018 to fill casual vacancy arising on the Board in December 2017. His appointment was approved by SECP in February 2018.

Leave of absence was granted in case the directors could not attend some of the meetings.

BOARD'S AUDIT COMMITTEE

During the year under review, four meetings of the audit committee were held which were attended by all members of the committee.

BOARD'S INVESTMENT COMMITTEE

All the investments / placements during the year have been approved by this committee.

BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

The Committee held two meetings during the year, which were attended by all members.

DIVIDEND AND APPROPRIATIONS OF PROFIT

Last dividend was declared during the year 2003. Board is pleased to inform that the company has come a long way to become a vibrant enterprise and is now ready to share its profits with the shareholders. Board therefore recommends the following;

The amount available for appropriation is:	
Unappropriated profit / (loss) brought forward from last year (Restated)	(16,331,519)
Profit after tax for the year	68,641,137
	52,309,618
The Directors recommend that this amount be appropriated in the following manner:	
Proposed final cash dividend @ 2.5 %	15,000,000
Carry forward to next year	37,309,618
	52,309,618

EARNINGS PER SHARE

Basic and Diluted Earnings per Share of the Company for the year ended December 31, 2018 is Rs1.14 per share (December 31, 2017 Rs 1.13 per share).

CONTRIBUTORY PROVIDENT FUND

The value of investment including accrued income of provident fund on the basis of unaudited accounts as on December 31, 2018 is as follows;

Value of investments Rs 10 Million

STATUTORY PAYMENTS ON ACCOUNT OF TAXES, DUTIES

There are no statutory payments on account of taxes, duties, levies, and charges which are outstanding except in the ordinary course of business and as disclosed in the financial statements.

Tabulated below are the financial data for the last six years against the head of accounts;

	Rupees in Millions					
	2018	2017	2016	2015	2014	2013
Written Gross Premium ↑	417	343	340	309	284	344
Investment Income ↑	33	29	17	16	16	9
Claims Expense ↑	85	80	74	166	147	378
Net commission and other acquisition cost ↑	100	62	48	41	44	70
Management and other expenses ↑	133	126	137	109	160	159
Profit/ (Loss) after tax ↑	69	63	40	26	13	(106)
Share Holders Equity ↑	684	615	406	366	340	177
Claim Outstanding ↑	116	114	110	165	229	348
Insurance / Reinsurance Receivables ↑	272	181	107	123	143	286
Investment ↑	694	642	489	450	448	282
Investment Properties ↑	31	32	21	22	24	60

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed here under spelled out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that;

1) The financial statements, prepared by the Company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2) The Company has maintained proper books of accounts as required under the Companies Act 2017 and Insurance Ordinance, 2000.

3) The auditors have qualified and added emphasis of matters paragraph in their report in the following manner;

a) **Qualification**

Auditors noted that pursuant to a settlement agreement dated 29 November 2012 with First Capital Equities Limited and FCSC Group and Pace (Pakistan) Limited (previously, the related parties) {Note 9.1.3}, the Company acquired 4.7 Million ordinary shares of First Capital Equities Limited (FCEL) at an agreed price of Rs 40 per ordinary share which are carried in the balance sheet at cost as 'available-for-sale investment' at Rupees 188 million. We noted that the quoted market value (Rs 5.41 per share as at 31 December 2018) of this available for investment remained lower than the carrying amount (Rs 40 per share) for the whole year which indicates a prolonged decline in market value. However, the management of the Company has not made provision for impairment amounting to Rs 162.57Million against this investment. Had this provision been made, profit for the year and investments would have been lower by the same amount.

Auditors further noted that the quoted market price of Rs 5.41 per ordinary share of FCEL as at the reporting date may not appear to have been derived by an active trade pattern (almost no transaction during the year), as its free float is not significant and equity of FCEL has almost been fully eroded due to continuous losses. The management could not so far dispose of this investment due to non-availability of active willing buyer. These factors indicate that the investment may be further impaired;

As disclosed in note 9.1.3 to the accompanied Financial Statements, Company has filed a civil suit in Civil Court Lahore in April 2015 against First Capital Equities Limited and five others for recovery of Rs. 188.00 million and cancellation of documents. The case is under adjudication and next hearing of the case is scheduled for April 25, 2019. Company is aggressively following up the case, and regular hearings are taking place. Further, Directors are convinced that the company has a very strong case, and are deploying every possible resource to expedite and win the case.

4) The Company has consistently followed appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgment.

5) Financial statements have been prepared by the Company in accordance with the requirements of S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan in December 2002, Insurance Ordinance, 2000, Companies Ordinance 1984 and approved accounting standards as applicable to the insurance companies in Pakistan.

6) The Board has established a system of internal control, which is implemented at all levels within the Company. The Company is making efforts and arrangements to include all necessary aspects of internal control given in the code, except for the matters highlighted by the auditors in the CCG report.

7) The fundamentals of the Company are strong and there is no doubt about its ability to continue as a going concern.

8) The Company has followed the best practices of Corporate Governance as laid down in the Listing Regulations of the stock exchanges except for the matters highlighted by the auditors in the CCG report.

9) The Company has at all times in the year, except as otherwise stated in the annexed financial statements, complied with and as at the date of the statement, the Company continues to be in compliance with the provisions of the Insurance Ordinance, 2000 and rules framed there under.

PATTERN OF SHARE HOLDING

A statement of pattern of shareholding is separately shown in the report.

TRADING IN COMPANY'S SHARES

No trading in the shares of the Company was carried out by the directors, CEO, CFO and Company Secretary, their spouses or minor children. Only 500 nominee shares were transferred to the newly inducted director Air Commodore Sikander Niaz (Retd.).

AUDITORS

Ms. Deloitte YousufAdil, Chartered Accountants have completed their assignment for the year 2018 and retire at the conclusion of the upcoming Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board Audit Committee recommends that they be reappointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

FUTURE OUTLOOK OF THE COMPANY

Keeping in view the improved strength of SICL, our company is well geared up to increase its market share gradually over the years. Our Company will aggressively focus on steady top line growth in all segments of the current business as well working on innovative ideas to offer new value added products to its clients. Our company further aims to tap opportunities in the Takaful market, and envisions being amongst the front runner in this segment. We further expect an uptick in inflation during 2019, due to depreciation of Pak Rupee and higher commodity prices which may result in increase in policy rate by the State Bank of Pakistan with favorable impact on company's investment income and neutral impact on its core business.It is further expected that the government will successfully stabilize the economic situation of the country continue during the upcoming year.

ACKNOWLEDGMENTS

We would like to place on record our appreciation for the continued guidance and support being extended by the Securities and Exchange Commission of Pakistan (SECP), PACRA and Pakistan Stock Exchange Limited.

We also appreciate and acknowledge the role of our reinsurers for their valuable support.

Most of all we are also grateful to our customers for their continued trust and confidence which made it possible for us to achieve these results. We would also like to convey our profound gratitude and commendation to the management and staff at all levels for their loyalty, devotion and hard work.

For and on behalf of Board

Sohel N. Kidwai
Chief Executive Officer

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)
Director

April 08, 2019

میں موجود مواقعوں سے مستفید ہونے کی کوشش کرے گی اور ہماری نظریہ تکافل مارکیٹ میں سب سے آگے رہنے کا ہے ۔ہم یہ بھی توقع کرتے ہیں کہ 2019 میں افراط زر کے نمو میں اضافہ ہوگا جس کی وجہ روپے کی قدر میں کمی اور اجناس کی بڑھتی ہوئی قیمتیں ہیں۔ اس کی وجہ سے اسٹیٹ بینک آف پاکستان پالیسی ریٹ میں اضافہ کرسکتا ہے، جس سے ممکنہ طور پر کمپنی کی سرمایہ کاری کی آمدنی میں اضافہ ہوگا اور انشورنس کے کاروبار میں کوئی فرق نہیں پڑے گا۔ یہ بھی امکان ہے کہ حکومت کامیابی سے اقتصادی صورتحال کو آنے والے سال میں مستحکم کردے گی۔

اظہار تشکر:

ہم مستقل رہنمائی اور حمایت پر سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP), PACRA اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے مشکور وممنون ہیں۔

اس کے ساتھ ساتھ ہم اپنے ری انشوررز کے کردار اور انکی قابل قدر معاونت پر انکے بھی شکر گزار ہیں۔

اس سب سے بڑھ کر ہم اپنے صارفین کے مشکور ہیں جن کے اعتماد اور بھروسے کی وجہ سے ہم یہ نتائج حاصل کرنے کے قابل ہوئے۔ ہم انتظامیہ اور ہر سطح کے عملے کی وفاداری، لگن اور محنت پر انکے تہہ دل سے مشکور ہیں۔

منجانب بورڈ آف ڈائریکٹرز

ایئر وائس مارشل (ر) سید رضی الحسن نواب	سہیل (ن) کدوائی
ڈائریکٹر	چیف ایگزیکٹو آفیسر

08 اپریل 2019

۹) کمپنی نے سال کے دوران تمام اوقات میں انشورنس آرڈیننس 2000 اوراس کے تحت وضع کردہ قواعد پر مکمل عملدرآمد کیا ہے الا یہ کہ منسلکہ معاشی اسٹیٹمنٹ میں کچھ اور بیان کیا جائے، نیز کمپنی اس بیان کی تاریخ کو مذکورہ قوانین وقواعد پر عملدرآمد کررہی ہے۔

شیئر ہولڈنگ کا طریقہ کار:

شیئر ہولڈنگ کا طریقہ کار رپورٹ میں علیحدہ سے بیان کیا گیا ہے۔

کمپنی کے شیئرز کی تجارت:

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکریٹری، ان کے رفقائے حیات اور چھوٹے بچوں کی جانب سے کمپنی کے شیئرز کی کوئی تجارت نہیں کی گئی۔صرف 500 نامزد شیئرز نئے مقرر ہونے والے ڈائریکٹر ایئر کموڈور (ر) سکندر نیاز کو منتقل کئے گئے ہیں۔

آڈیٹرز:

میسرز ڈیلائٹ یوسف عادل چارٹرڈ اکاؤنٹس نے سال 2018 کے لیے اپنا کام مکمل کرلیا ہے اور آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہوجائیں گے۔اہلیت کی بنیاد پہ انہوں نے اپنی خدمات دوبارہ تقرری کے لیے پیش کی ہیں۔بورڈ کی آڈٹ کمیٹی یہ تجویز کرتی ہے کہ ان کو دوبارہ ایک سال کے لیے آڈیٹر مقرر کیا جائے اور بورڈ اس تجویز کی توثیق کرتا ہے۔

کمپنی کا مستقبل:

ملک کے بہتر معاشی امکانات اور SICL کی مضبوطی کو مدنظر رکھتے ہوئے ہماری کمپنی آئندہ سالوں میں بتدریج اپنے مارکیٹ شیئر میں اضافہ کیلئے مستعد ہے۔ہماری کمپنی کی انتظامیہ موجودہ کاروبار کے تمام شعبہ جات میں مستقل بنیاد پر ترقی اوراس کے ساتھ ساتھ اپنے صارفین کو منفرد مصنوعات کی فراہمی کیلئے کوشاں رہے گی۔ہماری کمپنی تکافل مارکیٹ

روپے کی وصولی اور دستاویزات کی منسوخی کے لیے مقدمہ درج کیا ہے۔ مقدمہ زیر تصفیہ ہے اور اگلی پیشی 25 اپریل 2019 کو ہوگی۔ کمپنی جارحانہ طور پر مقدمے کی پیروی کر رہی ہے اور باقاعدگی سے پیشیاں بھی ہو رہی ہیں۔ ڈائریکٹرز کو یقین ہے کہ کمپنی کے پاس بہت مضبوط مقدمہ ہے اور ہر قسم کی ممکنہ وسائل مقدمے کو تیز تر اور جیتنے کے لیے صرف کیے جا رہے ہیں۔

۴) کمپنی نے معاشی اسٹیٹمنٹ کی تیاری کے لیے مناسب اکاؤنٹنگ پالیسیوں پر مستقل عملدرآمد کیا ہے اور اکاؤنٹنگ کے تخمینے محتاط اور مناسب فیصلوں کی بنیاد پر ہیں۔

۵) کمپنی کی جانب سے معاشی اسٹیٹمنٹ کی تیاری سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے دسمبر 2002 میں جاری کردہ SRO نمبر 938، انشورنس آرڈیننس 2000، کمپنیز آرڈیننس 1984 میں درج ہدایات اور پاکستان میں انشورنس کمپنیوں کے لیے قابل اطلاق اکاؤنٹنگ کے معیارات کے مطابق کی گئی ہے۔

٦) بورڈ نے اندرونی کنٹرول کی ایک سسٹم قائم کیا ہے جو کمپنی میں ہر سطح پر نافذ ہوگا۔ کمپنی اا اندرونی کنٹرول کے تمام ضروری پہلوؤں کو ضابطہ میں شامل کرنے کے کیلئے کوشیش اور بندوبست کر رہی ہے ماسوائے ان معاملات کے جن کی نشاندہی آڈیٹر کی جانب سے CCG رپورٹ میں کی گئی ہے۔

٧) کمپنی کی بنیادیں مضبوط ہیں او کمپنی کے طور پر جاری رکھنے کی صلاحیتوں کے حوالے سے کوئی شکوک وشبہات نہیں ہیں۔

٨) کمپنی اسٹاک ایکسچینج کے لسٹنگ کے قواعد و میں بیان کردہ کارپوریٹ گورننس کے تمام بہترین طریقوں پر عملدرآمد کر رہی ہے ماسوائے ان معاملات کے جن کی نشاندہی آڈیٹر کی جانب سے CCG رپورٹ میں کی گئی ہے

گوشوارے درست طور پر مرتب کر رکھے ہیں۔

۳) آڈیٹر نے اپنی رپورٹ سے میں درج زیل معاملات کو کوالیفائی اور توجہ طلب کہا ہے۔

a) **کوالیفکیشن:**

آڈیٹرز نے مشاہدہ کیا کہ مورخہ 29 نومبر 2012 کو فرسٹ کیپٹل ایکوٹیز لمیٹڈ اور FCSC گروپ اینڈ پیس (پاکستان) لمیٹڈ (اس سے قبل متعلقہ فریقین) (نوٹ 9.1.3) کے ساتھ معاہدے کے مطابق، کمپنی نے فرسٹ کیپٹل ایکوٹیز لمیٹڈ (FCEL) کے 4.7 ملین عام شیئر متفقہ قیمت 40 روپے فی عام شیئر کے حساب سے حاصل کئے جو بیلنس شیٹ میں 188 روپے ملین کی "برائے فروخت سرمایہ کاری" کے عنوان سے درج کئے گئے ہیں۔ ہم نے مشاہدہ کیا کہ برائے فروخت دستیاب سرمایہ کاری کی بیان کردہ مارکیٹ ویلیو (31 دسمبر 2018 کو 5.41 روپے فی شیئر) پورے سال اخذ کردہ قیمت (40 روپے فی شیئر) سے کم رہی جس سے مارکیٹ ویلیو میں طویل عرصے سے قیمت میں کمی کی نشاندہی ہوتی ہے۔ بہرحال کمپنی کی انتظامیہ نے اس سرمایہ کاری میں ہونے والی 162.57 ملین روپے کمی کے کوئی پرویژن نہیں کی۔ اگر یہ پرویژن کی جاتی تو سرمایہ کاری میں مذکورہ رقم سے کم ہوجاتی۔

آڈیٹرز نے مزید مشاہدہ کیا کہ رپورٹنگ کی تاریخ کو FCEL کے فی عام شیئرز کی 5.41 فی شیئر مارکیٹ ویلیو کسی موثر تجارتی طریقے (سال کے دوران تقریباً کوئی ٹرانزیکشن نہیں) سے حاصل کردہ ظاہر نہیں ہوتی کیونکہ اس کی آزاد فلوٹ بہت زیادہ نہیں ہے اور مستقل نقصانات کی وجہ سے FCEL کی ایکوٹی تقریباً مکمل طور پر ختم ہوچکی ہے۔ انتظامیہ خواہشمند خریدار کی عدم دستیابی کی وجہ سے اس سرمایہ کاری کو فی الحال فروخت نہیں کرسکی ہے۔ ان عناصر سے نشاندہی ہوتی ہے کہ یہ سرمایہ کاری میں مزید خرابی واقع ہوسکتی ہے۔

جیسا کہ معاشی اسٹیٹمنٹ کے نوٹ نمبر 9.1.3 یں بیان کیا گیا ہے کہ کمپنی نے اپریل 2015 میں فرسٹ کیپٹل ایکوٹی لمیٹڈ اور دیگر پانچ فریقین کے خلاف لاہور کی دیوانی عدالت میں 188 ملین

		روپے) ملین میں)					
		2018	2017	2016	2015	2014	2013
قلمز دکردہ مجموعی پریمیم		417	343	340	309	284	344
سرمایہ کاری کی آمدنی		33	29	17	16	16	9
دعووں کے اخراجات		85	80	74	166	147	378
کمیشن کے صافی اخراجات		100	62	48	41	44	70
انتظامی اخراجات		133	126	137	109	160	159
نفع/ (نقصان) بعداز ٹیکس		69	63	40	26	13	(106)
شیئر ہولڈرز کی ایکویٹی		684	615	406	366	340	177
واجب الادا دعویٰ جات		116	114	110	165	229	348
انشورنس/ ری انشورنس پریمیم		272	181	107	123	143	286
سرمایہ کاری		694	642	489	450	448	282
سرمایہ کاری کی املاک		31	32	21	22	24	60

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیان:

یہاں بیان کردہ کارپوریٹ قوانین، قواعد وضوابط پر کمپنی کے بورڈ آف ڈائریکٹرز کے تمام تر امور میں تعمیل کی جاتی ہے۔ بورڈ آف ڈائریکٹرز سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مقرر کردہ کوڈ آف کارپوریٹ گورننس میں بیان کردہ اپنی تمام تر کارپوریٹ ذمہ داریوں سے بخوبی آگاہ ہے اور تصدیق کرتا ہے کہ:

۱) کمپنی کی تیار کردہ فنانشل اسٹیٹمنٹس میں کمپنی کے تمام تر امور، تمام تعاملات کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بالکل درست صورتحال بیان کی گئی ہے۔

۲) کمپنی نے کمپنیز ایکٹ 2017 اور انشورنس آرڈیننس 2000 کے تقاضوں کے مطابق اکاؤنٹس کے

اس سال کا بعد از ٹیکس منافع	68,641,137
	52,309,618

ڈاریکٹران کی جانب سے سفارش کی جاتی ہے کہ اس رقم کو مندرجہ زیل طریقے سے مختص کیا جائے۔

تجویز کردہ حتمی نقد منافع 2.5 فیصد	15,000,000
اگلے سال کے حساب میں منتقلی	37,309,618
	52,309,618

فی شیئر آمدنی:

31 دسمبر 2018 کو اختتام پزیر ہونے والے سال میں کمپنی کی فی شیئر بنیادی اور خفیف آمدنی 1.14 روپے فی شیئر ہے (جو 31 دسمبر 2017 کو 1.13 فی شیئر تھا)۔

شراکتی پروویڈنٹ فنڈ:

31 دسمبر 2018 کے غیر آڈٹ شدہ اکاؤنٹ کی بنیاد پر سرمایہ کاری کی رقم بشمول پروویڈنٹ فنڈ کی آمدنی کی تفصیل درج ذیل ہے۔

خالص اثاثہ جات کی قدر 10 ملین روپے۔

ٹیکس، ڈیوٹیز کی مد میں ادائیگی:

ٹیکس، ڈیوٹیز، لیویز اور اخراجات کی مد میں کوئی قانونی رقم واجب الادا نہیں ہے ماسوائے ان رقوم کے جو عام کاروبار میں واجب الادا ہوتی ہے یا جن کا اظہار معاشی فنانشل اسٹیٹمنٹس میں کیا گیا ہے۔

درج ذیل ٹیبل میں گذشتہ چھ سال کے دوران بیان کردہ مد کے مالیاتی اعداد و شمار بیان کئے گئے ہیں۔

ایئر کموڈور (ر) سکندر نیاز	3
گروپ کیپٹن (ر) جاوید اختر خان	3

میٹنگ میں حاضری سے قاصر رہنے کی صورت میں ڈائریکٹرز کو رخصت فراہم کی گئی۔

بورڈ کی آڈٹ کمیٹی:

زیر نظر سال کے دوران آڈٹ کمیٹی کی چار میٹنگز کا انعقاد ہوا جن میں کمیٹی کے تمام ممبران شریک ہوئے۔

بورڈ کی انویسٹمنٹ کمیٹی:

سال کے دوران کی جانے والی تمام تر سرمایہ کاری کمیٹی کی جانب سے منظور کی گئی۔

بورڈ کی اخلاقیات، افرادی قوت و معاوضہ کمیٹی:

سال کے دوران کمیٹی کی دو میٹنگز منعقد کی گئیں جن میں تمام ممبران نے شرکت کی۔

ڈیویڈنڈ اور نفع کا استعمال:

آخری ڈیویڈنڈ کا اعلان سال 2003 میں ہوا تھا۔ بورڈ مسرت کے ساتھ یہ بیان کرتا ہے کہ کمپنی ایک طویل راستے کے بعد ایک متحرک ادارہ بن گئی ہے اور منافع اپنے حصص یافتگان سے بانٹنے کے لیے تیار ہے۔ بورڈ اس لیے یہ سفارش کرتا ہے۔

مختص کرنے کے لیے دستیاب رقم

گزشتہ سال سے آنے والا منافع/ (نقصان)	(16,331,519)

بورڈ آف ڈائریکٹرز:

کمپنی کا بورڈ آف ڈائریکٹرز سات ڈائریکٹرز پر مشتمل ہے جو کمپنی کی نگرانی، حکمت عملی اور رہنمائی کیلئے درکار لیاقت و استعداد اور تعلیم و تجربے کے حامل ہیں۔ کمپنی کے تمام ڈائریکٹرز نان ایگزیکٹوڈائریکٹرز ہیں۔

۱۔ ایئر مارشل (ر) محمد جمشید خان

۲۔ ایئر مارشل (ر) سید رضی الحسن نواب

۳۔ ایئر کموڈور (ر) ظفر یاسین

۴۔ عامر شہزاد مغل

۵۔ ایئر کموڈور (ر) جمشید اقبال

۶۔ ایئر کموڈور (ر) سکندر نیاز ☼

۷۔ گروپ کیپٹن (ر) جاوید اختر خان

☼ ایئر کموڈور (ر) سکندر نیاز کی تقرری جنوری 2018 میں خالی آسامی جو کہ دسمبر 2017 میں ہوئی؛ پر کرنے کے لیے ہوئی جس کی منظور ایس ای سی پی کی جانب سے فروری 2018 میں دی گئی۔

بورڈ کی میٹنگز:

2018 میں بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد ہوئیں۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کا نام	حاضری
ایئر مارشل (ر) محمد جمشید خان	4
ایئر وائس مارشل (ر) سید رضی الحسن نواب	3
ایئر کموڈور (ر) ظفر یاسین	3
عامر شہزاد مغل	4
ایئر کموڈور (ر) جمشید اقبال	3

انشوررفنانشل اسٹرینتھ (آئی ایف ایس) ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے سال 2017 میں کمپنی کی ریٹنگ بہتر کرتے ہوئے اسٹیبل آؤٹ لک کے ساتھ "A" قرار دیا ہے۔فروری 2019 اور دسمبر 2019 میں PACRA نے اس ریٹنگ کی دوبارہ تصدیق کی ہے۔ یہ ریٹنگ کمپنی کی پالیسی اور معاہداتی ذمہ داریوں کو پورا کرنے کی مضبوط استعداد کی نشاندہی کرتی ہے۔

ریٹنگ میں یہ اضافہ بے مثال اور کمپنی کی اب تک کی سب سے بہترین ریٹنگ ہے اور بورڈ نہایت پر اعتماد ہے کہ اس کے نتیجے میں کمپنی کے کاروبار میں ترقی کی راہیں ہموار ہونگی۔

اداشدہ سرمائے میں اضافہ:

سال 2017 کے دوران کمپنی نے کامیابی کے ساتھ اداشدہ سرمایہ 450 ملین سے بڑھا کر 600 ملین کردیا جو جہ کمپنی کے حصص یافتگان اور اور ایس ای سی پی سے منظوری حاصل کرنے کے بعد رائٹ ایشو کے علاوہ 10 روپے کے 15.00 ملین شیئرز شاہین فاؤنڈیشن پی اے ایف کو جاری کئے گئے۔ ہم انتہائی مسرت کے ساتھ اپنے شراکت داروں کو یہ بیان کرتے ہیں کہ ہماری کمپنی کا اداشدہ سرمائے کا حصہ ایس ای سی پی کے نان لائف انشورنس کمپنی کے طے شدہ تقاضے 500 ملین سے کافی زیادہ ہے۔

اضافی سرمایہ کمپنی کو مستقبل کے کاروباری چلینجز کا سامنا کرنے اور ترقی کرنے میں بہت مدد کرے گا۔

ونڈوزتکافل آپریشنز:

رواں سال کے دوران ہماری کمپنی نے ونڈو تکافل آپریشنز کا لائسنس حاصل کر کے کامیابی کا ایک اور سنگ میل عبور کیا، جو کہ اسٹاف کی انتھک محنت اور وبورڈ کی بہتریں رہنمائی کی بدولت ممکن ہوسکا اور بورڈ بلکل پر امید ہے کہ یہ سنگ میل کمپنی کی خوشحالی اور بڑھوتری میں اہم کردار ادا کرے گا۔

سال کے دوران کمپنی نے کامیابی کے ساتھ شرح سود کے بڑھتے ہوئے رجحانات کے مدنظر چھوٹی مدت کی سرمایہ کاری مسابقتی شرحوں پر کر کے استفادہ حاصل کیا مختلف رکاوٹوں اور گذشتہ واجبات کے تصفیے کے باوجود 52 ملین روپے کی اضافی رقم قلیل المدتی بینک ڈپازٹ کے طور پر رکھی گئی ہے۔ کمپنی کے سرمایہ کاری کے تمام فیصلے انتظامیہ کی تجاویز کی روشنی میں بورڈ کی انویسٹمنٹ کمیٹی کی جانب سے کئے جاتے ہیں۔

سال 2018 کے عمومی انتظامی اور مینجمنٹ کے اخراجات سال 2017 کے مقابلے میں 4 فیصد زیادہ رہے۔ یہ اضافہ کاروبار میں بڑھوتری اور برانچ نیٹ ورک میں توسیع سے مسابقت رکھتا ہے جو کہ 12 سے بڑھ کر 15 ہو گئیں اور پورے ملک میں پھیلی ہوئی ہیں۔

ونڈو تکافل آپریشنز کے نتائج کا خلاصہ درج ذیل ہے:-

	31 اپریل 2018 سے 31 دسمبر 2018 روپے (ملین میں)
مجموعی کنٹریبوشن	6.95
خالص کنٹریبوشن	(1.33)
ذمہ نویسی کے نتائج	(2.54)
سرمایہ کاری کی آمدنی	3.24
آپریٹر فنڈ ریونیو اکاؤنٹ	1.22
آپریٹر کا منافع	(0.23)

کمپنی نے اپنے ونڈو تکافل آپریشنز کا آغاز اپریل 2018 سے کیا، پہلا سال اور ری انشورنس کی مہنگی لاگت ہونے کی وجہ سے اس میں 0.23 ملین کا نقصان ہوا۔ کمپنی بورڈ کی رہنمائی سے اس مارکیٹ میں سال 2019 اور اس سے آگے والے سالوں میں تکافل کا زیادہ بزنس حاصل کر کے اپنی جگہ بنانے کے لیے پر امید ہے۔

زیر نظر سال کے نتائج کا خلاصہ درج ذیل ہے۔

	روپے (ملین میں)	
	دسمبر 2018	دسمبر 2017
قلمزد مجموعی پریمیم	417	343
پریمیم کی صافی آمدنی	367	299
صافی دعوے	85	80
ذمہ نویسی کے نتائج	110	96
سرمایہ کاری کی آمدنی	33	29
نفع قبل از ٹیکس	89	74
نفع بعد از ٹیکس	69	63
آمدنی فی شیئر (روپے)	1.14	1.13

ہماری کمپنی نے گزشتہ سال کی روایت کو برقرار رکھتے ہوئے 2018 میں مضبوط ترقی کا مظاہرہ کیا۔موجودہ سال میں کمپنی کا قبل از ٹیکس منافع کافی بڑھ کر 89 ملین روپے رہا جبکہ سال 2017 میں ٹیکس سے قبل منافع 74 ملین روپے تھا (یعنی 20 فیصد اضافہ)۔اس کی بنیادی وجہ احتیاط کے ساتھ کی جانے والی ذمہ نویسی، بمعہ سال کے دوران صافی دعویٰ جات کی شرح میں کمی اور بہتر سرمایہ کاری کی آمدن تھی۔سال 2018 کے دوران نفع بعد از ٹیکس اضافے کے بعد 69 ملین روپے تک جا پہنچا جبکہ سال 2017 میں یہ رقم 63 ملین روپے تھی۔سال 2018 کے دوراان صافی دعویٰ جات کی رقم 85 لین روپے رہی جبکہ سال 2017 میں یہ رقم 80 ملین روپے تھی۔برانچ نیٹ ورک اور متفرق انشورنس کاروبار میں توسیع کی وجہ سے سال 2018 کے دوران پریمیم کی مجموعی رقم بھی 22% اضافے کے ساتھ 471 ملین روپے رہی جبکہ سال 2017 میں یہ رقم 343 ملین روپے تھی۔سال 2018 کے دوران سال 2017 کے طرز پر کمپنی اپنی مصنوعات کے امتزاج کو بہتر کرنے میں کامیاب رہی جیسا کہ متفرق کاروباری شعبہ جات کے حوصلہ افزا نتائج ظاہر ہوئے، جبکہ موٹر کا شعبہ زیر نظر سال میں بھی کمپنی کے ذمہ نویسی کے منافع میں سب سے اہم کردار کا حامل رہا۔

تیزی سے بڑھتے ہوئے مالی خسارے پر فوری توجہ کی ضرورت ہے جو مالی سال 2018 میں جی ڈی پی کا 6.6 فیصد ہو گیا (مالی سال 2014 سے زیادہ) جبکہ پچھلے سال 5.8 فیصد تھا۔

آگے آئی ایم ایف کا معاشی استحکام پروگرام ناگزیر دکھائی دیتا ہے۔ حکومت کی جانب سے کئے جانے والے اقدامات کا میکرو اکنامک ڈیٹا کے حوالے سے اگلے کچھ مہینوں میں اچھا نتیجہ دیکھنے میں آئے گا اور ان اقدامات کی ابتدائی علامات بہتری کی نشاندہی کرتی ہیں۔ جی ڈی پی کی نمو 5.4-5.3 فیصد کے درمیان رہے گی، جبکہ پالیسی ساز فیصلے استحکام، لوگوں کی فلاح اور معاشی نمو کے درمیان توازن میں حکومت کی خواہش کو ظاہر کریں گے۔

پاکستان میں 2017 میں جنرل انشورنس کی مارکیٹ کا کل مجموعی پریمیئم بشمول مجموعی کنٹریبیوشن کے 12 فیصد اضافہ (2016 میں بھی 11 فیصد) سے 76 بلین روپے تک پہنچ گیا۔ 2018 میں صنعتی ترقی کی شرح میں متوقع اضافہ 6 سے 8 فیصد کے درمیان ہے۔ مجموعی طور پر انشورنس صنعت انڈر رائٹنگ منافع اور پریمیم کی شرح میں کمی کی صورتحال سے دوچار ہے حالانکہ معاشی ترقی میں سست روی کے سبب ہمیں کئی چیلنجز کا سامنا ہے تاہم انشورنش کی صنعت 2019 میں مناسب کارکردگی کے لئے منتظر ہے۔

کمپنی کی کارکردگی

سال 2018 کمپنی کے لئے ایک اور متحرک سال ثابت ہوا کیونکہ اس کے تمام کارکردگی کے اشارے سخت مسابقتی ماحول اور پرانے بقایا مسائل کے باوجود ترقی اور توسیع کی طرف گامزن رہے۔ کمپنی بدستور کم خدشات کے ساتھ آمدنی حاصل کرنے، مظبوطی کرنے اور اپنے خریطہ کو وسعت دینے کے اہداف پر کاربند ہے۔ برانچ نیٹ ورک میں توسیع، مضبوط مالیاتی کارکردگی اور ونڈو تکافل آپریشنز کا آغاز سال کے نمایاں امور میں شامل ہیں۔

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2018 کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ بمعہ آڈٹ شدہ معاشی اسٹیٹمنٹس پیش کررہے ہیں۔

عام معاشی جائزہ:

2017 میں عالمی مینوفیکچرنگ اور تجارت میں بڑھوتری کی وجہ سے عالمی معیشت نے 2018 کا آغاز حوصلہ افزہ انداز میں کیا۔لیکن جیسے ہی سرمایہ کاروں کے عالمی اقتصادی منظر پر اعتماد کم ہوا ویسے ہی ترقی کے رفتار کم ہوئی۔اس کمی کی ایک وجہ بڑی معیشتوں کی طرف سے ٹیرف کا اطلاق تھا خاص طور پر امریکہ کی طرف سے لیے جانے والے اقدامات اور انتقامی اقدامات جو کہ باقی معیشتوں بشمول چائنہ نے اٹھائے۔تجارت پر بڑھتے ہوئے تحفظاتی بیانات نے تجارتی پالیسی پر غیر یقینی کی صورتحال پیدا کی جو کہ مستقبل کے سرمایہ کاری کے فیصلوں پہ اثر انداز ہوئی۔

سال 2018 میں پاکستانی معیشت کی ترقی میں کچھ رکاوٹیں دیکھنے میں آئیں جو الیکشن کے سال کی وجہ سے مزید نمایاں ہوئیں۔جبکہ ملک میں جمہوریت کا تسلسل دیکھنے میں آیا تو دوسری جانب معاشی مسائل نے ملک کو جکڑے رکھا۔سال 2018 میں زیادہ شرح نمود یکھنے میں آئی اصل جی ڈی پی کی شرح نمو 5.8 فیصد ریکارڈ کی گئی جو اس عشرے میں سب سے زیادہ ہے،اس میں مینوفیکچرنگ اور سروس سیکٹر کا تعاون رہا جن کی نمو بالترتیب 6.84 فیصد اور 6.43 فیصد رہی ۔اس سے پچھلے پانچ مالی سال 2013 سے مالی سال 2018 کی اوسط جی ڈی پی کی نمو 4.8 فیصد جبکہ مالی سال 2013-2008 کی نمو 2.8 فیصد رہی۔

دوسری طرف پچھلے کچھ سالوں سے بلند شرح نمو بشمول بنیادی ڈھانچے کی کمی کی وجہ سے تناؤ پیدا ہوئے جیسا کہ درآمدات بل کا بھولنا، برآمدات کا ٹھر جانا وغیرہ جبکہ بیرونی اکاؤنٹ کا عدم توازن سرفہرست رہا۔جس کے نتیجے میں پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں کمی آئی جو 2018 کے آغاز میں 20.2 بلین ڈالر تھے اور دسمبر 2018 تک 13.8 بلین ڈالر رہ گئے تھے۔نتیجتاً جبکہ ساختہ اصلاحات کو کمزوریاں صحیح کرنے میں وقت درکار ہو گا نئی حکومت دوست ممالک کی معاونت سے فوری دباؤ کو کم کرنے میں کامیاب رہی۔

OPERATIONAL RESULTS AND FINANCIAL STRENGTHS FROM 2009 TO 2018

Rupees in '000

		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
1	Gross Direct Premium	416,938	342,923	339,503	308,988	284,182	343,566	562,845	664,326	553,084	596,327
	Increase %	21.58	1.01	9.88	8.73	(17.28)	(38.96)	(15.28)	20.11	(7.25)	(14.96)
2	Net Premium	366,913	299,586	264,558	225,225	229,620	331,124	508,120	482,963	417,389	481,636
	Increase %	22.47	13.24	17.46	(1.91)	(30.65)	(34.83)	5.21	15.71	(13.34)	(16.34)
	% to 11	61.15	49.93	58.79	50.05	51.03	110.37	169.37	193.19	208.69	240.82
3	Claim Insured	84,888	80,411	74,311	100,355	73,395	235,003	303,949	247,643	263,041	267,997
	% to 2	23.14	26.84	28.09	44.56	31.96	70.97	59.82	51.28	63.02	55.64
4	Commision	99,568	61,530	48,202	38,979	39,783	56,515	70,163	64,419	68,272	104,711
	% to 2	27.14	20.54	18.22	17.31	17.33	17.07	13.81	13.34	16.36	21.74
5	Management Expenses	72,411	65,073	52,833	45,336	48,415	83,820	90,351	87,336	65,809	59,773
	% to 1	17.37	18.98	15.56	14.67	17.04	24.40	16.05	13.15	11.90	10.02
	% to 2	19.74	21.72	19.97	20.13	21.08	25.31	17.78	18.08	15.77	12.41
6	Investment Income/(Loss)	33,037	28,710	17,157	16,305	15,897	9,310	8,629	11,654	16,671	100,650
	% to 22	4.62	3.94	3.36	3.43	3.25	2.90	2.79	11.88	7.77	45.42
7	Other Income	6,123	7,692	21,017	6,795	37,882	5,473	3,715	6,004	6,145	2,291
8	Provision for Taxation	19.980	10,458	2,645	(20,461)	2,320	3,466	2,846	5,954	5,557	3,536
9	Profit/(Loss) before Tax	88,621	74,331	42,781	5,723	11,817	(102,786)	29,245	25,199	(23,476)	21,002
10	Profit/(Loss) after Tax	68,641	63,872	40,135	26,184	12,962	(106,252)	(32,092)	19,245	(29,033)	17,466
	% to 2	18.71	21.32	15.17	11.63	5.64	(32.09)	(6.32)	3.98	(6.96)	3.63
11	Paid-up Capital	600,000	600,000	450,000	450,000	450,000	300,000	300,000	250,000	200,000	200,000
12	General Reserves	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
13	Reserves for Unexpired Risks	147,009	144,520	149,407	145,921	89,867	103,507	174,492	225,848	187,664	169,764
14	Unappropriate Profit/(Loss)	52,309	276,925	(63,596)	(103,731)	(129,916)	(142,879)	(36,627)	(4,535)	(23,780)	5,253
15	Capital Available for Shares	683,677	614,711	401,595	366,268	340,132	177,120	283,373	265,465	196,220	225,252
16	Total Net Outstanding Claims	107,957	110,353	104,234	121,436	198,615	253,250	187,789	123,688	126,179	93,004
	% to 2	29.42	36.84	39.40	53.92	86.50	76.48	36.96	25.61	30.23	19.31
17	Other Laibilities	398,934	398,934	398,934	101,872	87,733	188,111	133,560	125,882	78,010	89,947
18	Total Equity & Laibilities	1,149,014	1,041,243	770,634	780,904	786,756	864,392	879,077	832,521	717,706	729,670
19	Land & Properties	30,953	32,450	55,275	57,115	58,955	60,373	62,213	169,893	39,302	39,839
	% to 2	8.44	10.83	20.89	25.36	25.68	18.23	12.24	35.18	9.42	8.27
20	Cash & Bank Balances	21,238	86,081	22,406	24,422	41,109	39,737	48,490	26,324	38,869	24,077
	% to 2	5.79	28.73	8.47	10.84	17.90	12.00	9.54	5.45	9.31	5.00
21	Investment	694,012	641,722	488,568	450,450	447,944	281,765	260,948	71,782	175,721	197,520
22	Total Cash & Investment	715,250	727,803	510,974	474,872	489,053	321,502	309,438	98,106	214,590	221,597
23	O/S Premium	188,414	147,256	77,253	87,575	127,690	219,085	262,200	305,080	166,083	134,056
	% to 2	51.35	49.15	29.20	38.88	55.61	66.16	51.60	63.17	39.79	27.83
24	Fixed Assets	11,064	12,215	11,564	13,907	11,206	25,295	38,050	43,721	25,741	16,468
	% to 2	3.02	4.08	4.37	6.17	4.88	7.64	7.49	9.05	6.17	3.42
25	Total Assets	1,152,265	1,035,677	765,826	780,904	786,756	864,392	879,077	832,521	717,706	729,670
26	Break-up Value Per Share	11.39	10.25	6.69	6.10	5.67	5.90	9.45	10.62	9.81	11.26
27	Earning Per Share (After Tax)	1.14	1.13	0.89	0.58	0.31	(3.54)	(1.15)	(0.79)	(1.38)	0.87

SHARIAH ADVISORY REPORT TO THE BOARD OF DIRECTORS

for the year ended December 31, 2018

الحمد لله رب العلمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبى الامى

وعلى آله وصحبه اجمعين، وبعد

We have reviewed the accompanying financial statements of Shaheen Insurance Company Limited. Window Takaful Operations (hereafter referred to as "the Company") for the year ended 31 December 2018.

We acknowledge that as Shariah Advisory Board members of the Company, it is our responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Company with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Company's management to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are complied with, and that all policies and services being offered are duly approved by the Shariah Advisory Board.

The core scope of Shariah Board's Report is to inform overall Company's compliance as per Shariah Guidelines issued by its Shariah Advisory Board, and includes the analysis of the appropriate evidence of transactions undertaken by the Company during the year 2018. It is the responsibility of the Shariah Advisory Board to express its viewpoint on the submitted financial statements.

Shariah Advisory Board has reviewed all types of the business concerns of the Company with the assistance of Shariah Compliance Officer in accordance with the principles of Shariah. In our opinion, and to the best of our understanding based on the provided information and explanations, below are our findings:

(i) All general Takaful products, retakaful arrangement, financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended 31 December 2018 were in accordance with guidelines issued by the Shariah Advisory Board as well as the requirements of Takaful Rules 2012 and Shariah Governance Regulation (SGR) 2018.

(ii) According to the Rule 11 of Shariah Governance Regulation (SGR) 2018, the given Shariah Screening Criteria has been properly fulfilled in every investment & financial transaction.

(iii) We have realized the amount 00.00 as non Shariah Compliant income which has been recorded accordingly.

(iv) The company performed its duties to its level best by following Shariah guidelines issued by its Shariah Advisory Board. However, few cases which were required to be consulted in accordance with the Shariah rules & principles as well market norm have been discussed and duly resolved.

(v) we have found that the Company is in accordance with the Shariah principles in all transactional aspects. Moreover, we also agree with the Accounting principles adopted for incorporation of Participants' Takaful Fund (Waqf Fund) into the accompanying financial statements.

(vi) It is encouraged that Takaful trainings have been arranged for all distribution force and managerial level staff in compliance with the regulatory requirement.

"And Allah Knows Best "

Mufti Bilal Ahmed Qazi
Shariah Advisor &
Shariah Advisory Board Member

Mufti Muhammad Zahid
Shariah Advisory Board Member

Karachi: April 08, 2019

S.M. SUHAIL & CO.
Chartered Accountants

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INDEPENDENT ASSURANCE REPORT TO
THE BOARD OF DIRECTORS AND SHARIAH ADVISOR
IN RESPECT OF COMPLIANCE WITH PRESCRIBED TAKAFUL RULES, 2012
AND SHARIAH RULES AND PRINCIPLES DETERMINED BY THE SHARIAH ADVISOR

We have performed an independent assurance engagement - Shariah Compliance Audit - of Window Takaful Operations of Shaheen Insurance Company Limited (the Company) to ensure that the Company has complied with the prescribed Takaful Rules, 2012, and Shariah Rules and Principles determined by the Shariah Advisor of the Company, during the year ended on December 31, 2018.

2. Management's Responsibility for Shariah Compliance

It is the responsibility of the Company's management to ensure that the financial arrangements, contracts, products and transactions entered into by the Company and Shaheen Insurance Company Limited (Window Takaful Operations) - Participant Takaful Fund - PTF , with other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah Rules and Principles, as prescribed in the Takaful Rules, 2012, and determined by the Shariah Advisor.

3. Our Responsibility

3.1 Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on a sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah Rules and Principles, as determined by the Company's Shariah Advisor and prescribed in the Takaful Rules, 2012.

3.2 The procedures selected by us for the engagement were based on our judgment, including the assessment of the risks of material non-compliance with the said Shariah Rules and Principles. In making those risk assessments, we considered such internal control procedures as were relevant to the Company's compliance with the Shariah Rules and Principles. Our engagement, however, is not intended to express opinion on the effectiveness of the Company's internal controls for purposes of compliance with the Shariah Rules and Principles.

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S.M. SUHAIL & CO.
Chartered Accountants

3.3 We believe that the evidence we have obtained through performing our procedures on a sample basis, were sufficient and appropriate to provide a basis for our opinion.

3.4 During the course of our assignment, we came across certain matters that have been brought to the attention of the Shariah Advisor and the management of the Company entailing certain Shariah issues. Based on discussion with management and Shariah Advisor, it is reasonably concluded that these matters have noadverse Shariah compliance affect. In addition, interpretation and conclusion of the Shariah Advisor of the Company is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

4. Framework for the Engagement

We have conducted our engagement in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Advisor of the International Federation of Accountants. This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter, i.e., the Company's compliance with the Shariah Rules and Principles, as determined by the Shariah Advisor and prescribed in the Takaful Rules, 2012.

5. Our Opinion

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the Company and the Shaheen Insurance Company Limited, Window Takaful Operations, as the case may be, during the year ended on December 31, 2018, are in compliance with the requirements of the Shariah Rules and Principles as determined by the Shariah Advisor and prescribed in the Takaful Rules, 2012, in all material respects.

S. M. Suhail & Co

S.M. Suhail & Co.
Chartered Accountants
Islamabad.

Our Ref: SMS-A-1352019
Date: April 05, 2019

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

For the year ended December 31, 2018

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG 2017) for the purpose of establishing a framework of good governance, whereby a listed Insurer is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The total number of directors are eight as per the following:
   a. Male: 8
   b. Female: 0

2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors ("the Board"). At present all the non-executive directors on the Board are from Shaheen Foundation. The Board includes:

Category	**Names**
Independent director	-*
Executive director	Mr. Sohel Najam Kidwai
Non-executive directors	Air Marshal Muhammad Jamshed Khan (Retd.)
	Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd)
	Air Commodore Zafar Yasin (Retd.)
	Mr. Aamir Shahzad Mughal
	Air Commodore Jamshed Iqbal (Retd.)
	Air Commodore Sikander Niaz (Retd.) **
	Group Captain Javed Akhter Khan (Retd.)

*The appointment of independent Director(s), who meets criteria of independence, is being pursued, and the same will be complied with shortly.

**Air Commodore Sikander Niaz was appointed in January 2018 to fill vacancy arising on the Board in December 2017. His appointment was approved by Securities and Exchange Commission of Pakistan in January 2018.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including the Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.

5. No casual vacancy occurred on the Board during the year.

6. The Company has prepared a Code of Conduct which has been disseminated among all directors and employees of the Company.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. However, these policies and procedures are being further refined and strengthened. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executives and key officers, have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act), CCG 2017 and the Code.

9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. The Board has complied with the requirement of the Act and CCG 2017 with respect to frequency, recording and circulating minutes of meeting of Board. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2017. However, the Company does not pay any remuneration to the Directors at present.

11. One director acquired the certification under the Director's Training Program from Institute of Business Administration (IBA) Karachi in 2017. Training Programs as per the requirements of the code will be conducted in the current and coming years as per the timeline given in the code.

12. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.

13. The management of the Company has submitted CDs to the Board of Directors during the year to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course CD also apprised the Directors about changes in Code of Corporate Governance.

14. There was no change of Chief Financial Officer (CFO) or Company Secretary or Head of Internal Audit during the year. The board, however, approved the increase in the remuneration of CFO, Company Secretary and Head of Internal Audit on the recommendation of Audit Committee.

15. The directors' report for this year has been prepared incompliance with the requirements of the Code and CCG 2017 and fully describes the salient matters required to be disclosed.

16. The Financial Statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

17. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

18. The Company has complied with all the corporate and financial reporting requirements of the Code and CCG 2017.

19. The Board has formed the following Board Committees:

Ethics, Human Resource and Remuneration Committee:

Name of the Member	Category
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd)	Chairman - Non Executive Director
Air Commodore Jamshed Iqbal (Retd.)	Member - Non Executive Director
Mr. Sohel Najam Kidwai	Member -Executive Director

Investment Committee:

Name of the Member	Category
Air Marshal Muhammad Jamshed Khan (Retd.)	Chairman - Non Executive Director
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd)	Member - Non Executive Director
Mr. Aamir Shahzad Mughal	Member - Non Executive Director
Air Commodore Jamshed Iqbal (Retd.)	Member - Non Executive Director

20. The Board has formed an Audit Committee. It comprises of three members and all are non-executive and Chairman of Audit Committee is not an independent director. The Composition of the audit committee is as follows:

Audit Committee:

Name of the Member	Category
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd)	Chairman - Non Executive Director
Mr. Aamir Shahzad Mughal	Member - Non Executive Director
Air Commodore Jamshed Iqbal (Retd.)	Member - Non Executive Director

21. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Zia Mehdi	Head of Operations	Member
Mr. Naveed Yunus Butt	Country Head Business	Member
Mr. Zia Ur Rahim	Deputy Manager Underwriting	Member and Secretary

Claim Settlement Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Aamir Ghazali	Senior Manager	Member
Mr. Rizwan Idrees	Manager	Member
Mr. Kashif Ilyas	Assistant General Manager	Member and Secretary

Reinsurance & Co-Insurance Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Zia Mehdi	Head of Operations	Member
Mr. Muhammad Hasnain	Senior Manager	Member and Secretary

Risk Management & Compliance Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Zia Mehdi	Head of Operations	Member
Mr. Rizwan Muhammad Idrees	Manager	Member and Secretary

The Functions of thee Nominations Committee are being performed by the Board.

22. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee and Risk Management Committee, were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.

23. The board has setup an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.

24. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of2000):

Name of the Person	Designation
Mr. Sohel Najam Kidwai	Chief Executive Officer
Mr. Nisar Ahmed Almani	Chief Financial Officer, Company Secretary and Compliance Officer
Mr. Mahmood A. Mirza	Head of Internal Audit
Mr. Zia Mehdi	Head of Operations Underwriting, Claims and Reinsurance
Mr. Kashif Ilyas	Head of Grievance Function

25. The statutory auditors of the Company have been appointed from the penal of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.

28. The Board ensures that the risk management system of the Company is in place as per the requirements of the code.

29. The Company already has a Risk Management function. The task of Risk Management and Compliance function is carried as covered under new Code of Corporate Governance for Insurers, 2016.

30. The Company has been rated by PACRA and the rating assigned on April 27, 2018 and December 12, 2018 is 'A' (A Single) with stable outlook.

31. The Board bas set up a grievance function which fully complies with the requirement of the Code.

32. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and Pakistan Stock Exchange.

33. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.

34. The Board is in process to develop and approve the criteria for annual evaluation of its own performance as per the requirement of the Code.

35. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said Register.

36. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code.

37. Necessary steps are being taken to have separate persons handling the functions of Company Secretary and Chief Financial Officer as mentioned in the clause 7 of amendments to the Listed Companies (Code of Corporate Governance) Regulations, 2017 issued by the SECP vide its SRO no. 1475(I)/2018 dated December 05, 2018.

38. We confirm that all material principles contained in the Code and CCG 2017 have been complied with except for certain matters disclosed above in clause 2, 20, 34 and 37 towards which reasonable progress is being made by the Company to seek compliance.

By Order of the Board

Sohel N. Kidwai
Chief Executive Officer

Air vice Marshal Syed Razi Ul Hassan Nawab (Retd)
Director

April 08, 2019

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
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REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the code) and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Shaheen Insurance Company Limited (the company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations and the Code.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Regulations and the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations and the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Regulation, as applicable to the Company for the year ended December 31, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph referred below where these are stated in the annexed Statement of Compliance:

Member of
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Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

S.No	Paragraph Reference	Description
1	22	Quarterly meetings of the Risk Management committee have not been held prior to the approval and final results of the Company as required by the Code of Corporate Governance for Insurers, 2016.
2	40	Functions of the Company Secretary have been performed by Chief Financial Officer which is against the requirements of having separate persons handling the functions of Company Secretary and Chief Financial Officer.
3	2	There is no independent director on the Board of directors of the company. As per Clause (iii) of the Code, the board of the directors of the insurer should include preferably one third of the total members of the Board as independent director(s).
4	36	Regulation 10(3)(v) of the Regulations requires that, the Board of Directors shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of board and of its committees. However, nosuch formal and effective mechanism exists.

Chartered Accountants

Engagement Partner:
Hena Sadiq

Date: April 09, 2019
Karachi

Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

For The Year Ended December 31, 2018

The financial arrangements, contracts and transactions, entered into by Shaheen Insurance Company Limited WindowTakaful Operations of ('the Company') for the year ended December 31, 2018 are in compliance with the Takaful Rules, 2012.

Further, we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have implemented;

- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitisation of the staff and, the management;

- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor ; and

- The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been dully confirmed by the Shariah Advisor of the Company

Sohel N Kidwai
Chief Executive Officer

Karachi: April 08, 2019

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Shaheen Insurance Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Shaheen Insurance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2018 and the profit or loss, total comprehensive income or loss, the changes inequity and its cash flows for the year then ended.

Basis for Qualified Opinion

Pursuant to a settlement agreement dated November 29, 2012 with First Capital Equities Limited (FCEL) and First Capital Securities Corporation Limited (FCSC) Group and Pace (Pakistan) Limited (previously, the related parties) Note 9.1.3, the Company acquired 4.7 million ordinary shares of FCEL at an agreed price of Rupees 40 per ordinary share which are carried in the balance sheet at cost as 'available for sale investment' at Rupees 188 million. We noted that the quoted market value (Rupees 5.41 per share as at December 31, 2018) of this available for sale investment remained lower than the carrying amount (Rupees 40 per share) for the whole year which indicates a significant and prolonged decline in market value. However, the management has not made provision for impairment amounting to Rupees 162.573 million against this investment. Had this provision been made, profit for the year and the value of investment would have been lower by the same amount.

We further noted that the quoted market price of Rupees 5.41 per ordinary share of FCEL as at the reporting date may not have been derived by an active trade pattern (almost no transaction during the year), as its free float is not significant and equity of FCELis significantly eroded due to continuous losses. The management is unable to dispose of this investment due to non-availability of active willing buyer. These factors indicate that the investment may be further impaired.

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Chartered Accountants

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matter	How our audit addressed the key audit matter
1.	**Introduction of Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Companies Act, 2017** As stated in note 4 to the financial statements Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective from January 01, 2018. These regulations proposed a new format of financial statements and introduced new disclosures in addition to those required under accounting and reporting standards as applicable in Pakistan. These regulations also required changes in basis of valuation of investments classified as available for sale as more fully explained in note 4 to the financial statements. Because of the significance of the 'change', this was identified as key audit matter.	**Our audit procedures included the following:** • Obtaining an understanding of the rules and regulations and the relevant provisions of the Act as applicable to the Company; • Discussing the applicable changes with the Company's management, evaluating their view point with respect to the new rules, regulations and the Act, and assessing the procedures applied by the management for identification of the changes required in the financial statements and how the compliance of the same is ensured; • Ensuring that the overall presentation of the financial statements and all the material disclosures as required by the rules, regulations and the Act are in accordance with the said requirements and evaluating the internal consistency of such disclosures with other elements of the financial statements. • Ensuring that the restatement of financial statements due to change in accounting policy related to available for sale investments is made in accordance with the provisions of IAS-39 and IAS-8.

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S. No.	Key audit matter	How our audit addressed the key audit matter
2.	**Valuation of Claim Liabilities** Claim liabilities as disclosed in note 20 to the financial statements represent 25% of the Company's total liabilities. Valuation of these claim liabilities involves significant management judgment due to uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimate. The Company also maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. Claim liabilities are key audit matter due to involvement of a management's expert and the level of estimation around its recognition and measurement.	**Our audit procedures mainly involved:** • Assessing the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Inspecting significant arrangements with reinsurer to obtain an understanding of terms of contracts and assessing that recoveries from reinsurance on account of claims reported have been accounted for in accordance with terms and conditions; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

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S. No.	Key audit matter	How our audit addressed the key audit matter
3.	**Classification, Valuation and Impairment of Investments** Refer note 5.4 to the financial statements for accounting policies relating to classification, valuation and impairment of investments. The Company's investment portfolio comprises of equity and debt securities, term deposits and units in mutual funds and represents 60% of the total assets of the Company. We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment	**Our audit procedures in respect of valuation of investments, amongst others, included the following:** • Obtained an understanding of design of the controls to ensure appropriate classification and valuation of the investments and for impairment of investments classified as available for sale. • Tested, on a sample basis the transactions and classifications with underlying documentation. • Assessed the methodology used and evaluated the valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities and of debt securities and term deposits by comparing the discount/markup rates with the PKRV rates announced by Reuters and the commercial banks respectively.
4.	**Restatement due to prepaid reinsurance premium ceded** As disclosed in note 4.4 to the financial statements, the Company has identified an error in recording its prepaid reinsurance premium ceded during the year. The Company currently has non-proportional reinsurance treaty, and the Minimum Deposit Premium (MDP) on the reinsurance treaty was recognized as expense over the period of underlying policies eventually recording an asset of prepaid reinsurance premium ceded as at period end through the calculation of 1/24 method. This was not in compliance with section 26 sub-section (2)(ii) of SRO-88(I)/2017 - Insurance Accounting Regulations, 2017 by Securities and Exchange Commission of Pakistan which states that for non-proportional reinsurance business, reinsurance premium shall be recognized as an expense evenly over the period of indemnity, thereby no prepaid reinsurance premium should have been calculated and recorded using 1/24 method. This error has been corrected retrospectively and comparative balances have been restated to disclose correct balance.	**Our audit procedures to address the restatement due to prepaid reinsurance premium ceded included the following:** • obtained an understanding of the requirements of the Insurance Accounting Regulations, 2017; • obtained financial statements with restated figures from management; • obtained working from management for restatement and recalculated the amounts to check the accuracy of the amounts.

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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of the Director's report, which we have not been provided to the date. Other Information does not include the financial statements and our auditor's report thereon.

Our opinion to the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We have not received above information and therefore, could not report in this regard.

Responsibility of Management and Board of Directors for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on Other Legal and Regulatory Requirements

Based on our audit, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made and expenditure incurred during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended December 31, 2017 were audited by another firm of chartered accountants who had expressed a qualified opinion on those statements on March 29, 2018.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Chartered Accountants

Date: April 09, 2019
Place: Karachi

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BALANCE SHEET
AS AT DECEMBER 31, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		---Rupees---		
ASSETS				
Property and equipment	7	**11,064,668**	12,215,747	46,314,431
Investment properties	8	**30,953,804**	32,450,569	20,525,405
Investments				
Equity securities	9.1	**240,646,794**	238,376,042	238,203,663
Debt securities	9.2	**16,863,255**	50,227,086	54,514,125
Term deposits	9.3	**436,502,236**	353,119,482	195,850,000
Loans and other receivables	10	**14,978,957**	11,980,633	10,536,667
Insurance/ reinsurance receivables	11	**271,546,266**	181,121,490	106,873,288
Reinsurance recoveries against outstanding claims		**5,563,442**	3,667,185	5,669,279
Salvage recoveries accrued		**962,500**	642,500	80,000
Deferred commission expense / acquisition cost	21	**29,502,011**	30,857,514	25,571,859
Taxation-payment less provision		**-**	15,847,738	21,350,296
Advances deposits and prepayments	12	**20,361,281**	19,090,371	17,930,764
Cash and bank balances	13	**21,238,119**	86,080,560	22,406,073
Total assets of takaful operations - operator's fund		**52,081,890**	-	-
Total Assets		**1,152,265,223**	1,035,676,917	765,825,850
EQUITY AND LIABILITIES				
Capital and reserves attributable to Company`s equity holders				
Share capital	14	**600,000,000**	600,000,000	450,000,000
Reserves	15	**31,367,066**	31,042,345	31,416,072
Unappropriated profit / (loss)		**52,309,618**	(16,331,519)	(79,821,061)
Total Equity		**683,676,684**	614,710,826	401,595,011
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	20	**116,033,468**	114,519,530	109,983,753
Unearned premium reserves	19	**147,009,635**	144,520,108	149,407,509
Premium deficiency reserve	22	**7,685**	43,041	3,371,984
Unearned reinsurance commission	21	**1,128,058**	1,128,721	1,340,523
Liabilities against assets subject to finance lease	16	**-**	208,375	1,139,472
Premium received in advance		**-**	2,028,245	677,367
Insurance/ reinsurance payables		**69,001,942**	45,042,659	38,431,355
Other creditors and accruals	17	**132,177,548**	113,076,478	59,479,942
Unclaimed dividend		**398,934**	398,934	398,934
Taxation - provision less payments		**522,510**	-	-
Total liabilities of takaful operations - operator's fund		**2,308,759**	-	-
Total Liabilities		**468,588,539**	420,966,091	364,230,839
Total Equity and Liabilities		**1,152,265,223**	1,035,676,917	765,825,850
Contingencies and commitments	18			

The annexed notes from 1 to 42 form an integral part of these financial statements.

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017 (Restated)
		------------------*Rupees*---------------	
Net insurance premium	19	**366,913,974**	299,202,338
Net insurance claims expense	20	**(84,888,793)**	(80,411,749)
Premium deficiency reversal	22	**35,356**	3,328,943
Net commission and other acquisition cost	21	**(99,568,541)**	(61,530,235)
Insurance claims and acquisition expenses		**(184,421,978)**	(138,613,041)
Management expenses	23	**(72,411,832)**	(65,073,593)
Underwriting results		**110,080,164**	95,515,704
Investment income	24	**33,037,257**	29,143,078
Rental income		**3,434,913**	3,298,696
Other income	25	**2,688,608**	7,468,996
Other expenses	26	**(60,392,832)**	(61,478,464)
Loss before tax from window takaful operations - OPF	27	**(226,869)**	-
Profit before tax		**88,621,241**	73,948,010
Provision for taxation - current	28	**(19,980,104)**	(10,458,468)
Profit after tax		**68,641,137**	63,489,542
Other comprehensive income			
Unrealised gain / (loss) on available-for-sale investments - net		**324,721**	**(373,727)**
Total comprehensive income for the year		**68,965,858**	63,115,815
Earning per share basic and diluted	34	**1.14**	1.13

The annexed notes from 1 to 42 form an integral part of these financial statements.

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018	2017
		------------------- *Rupees* -------------------	
OPERATING ACTIVITIES			
a) Underwriting activities			
Premiums received		**373,752,850**	273,271,174
Reinsurance premiums paid		**(75,265,326)**	(44,777,052)
Claims paid		**(102,816,273)**	(99,553,763)
Reinsurance and other recoveries received		**17,225,161**	25,117,385
Commissions paid		**(92,494,578)**	(45,388,054)
Commissions received		**663**	1,821,634
Net cash flows from underwriting activities		**120,402,497**	110,491,324
b) Other operating activities			
Income tax paid		**(3,609,856)**	(4,955,910)
Management and administration expenses paid		**(116,466,750)**	(88,739,464)
Net cash used in other operating activities		**(120,076,606)**	(93,695,374)
Total cash used in operating activities	**A**	**325,891**	16,795,950
INVESTING ACTIVITIES			
Profit / return received		**33,111,239**	26,675,926
Rentals received		**3,434,913**	3,391,214
Payments for investments		**(16,863,255)**	(8,290,494)
Investments matured during the year		**50,227,086**	-
Fixed capital expenditure		**(1,571,021)**	(789,495)
Investment in window takaful operations		**(50,000,000)**	-
Proceeds from disposal of fixed assets		**92,017**	34,394,730
Total cash (used in) / generated from investing activities	**B**	**18,430,979**	55,381,881
FINANCING ACTIVITIES			
Financial charges paid		**(82,287)**	(247,641)
Issue right shares		**-**	150,000,000
Payments of finance lease liability		**(208,375)**	(1,002,314)
Total cash (used in) / generated from financing activities	**C**	**(290,662)**	148,750,045
Net (decrease) / increase in cash and cash equivalents	**A+B+C**	**18,466,208**	220,927,876
Exchange gain / (loss) on cash and cash equivalents		**74,105**	16,093
Cash and cash equivalents at the beginning of year		**439,200,042**	218,256,073
Cash and cash equivalents at end of the period		**457,740,355**	439,200,042

	2018	2017
	------------- Rupees -------------	
		(Restated)
Reconciliation to profit and loss account		
Operating cash flows	**325,891**	16,795,950
Exchange gain / (loss) on cash and cash equivalents	**74,105**	16,093
Depreciation on fixed assets	**(4,767,100)**	(4,188,171)
Depreciation on investment property	**(1,756,765)**	(1,839,836)
Loss / gain on disposal of fixed assets	**92,017**	5,299,192
Provision for doubtful premium due but unpaid	**(957,650)**	(1,000,000)
Taxes paid	**3,609,856**	4,955,910
Financial charges	**(82,287)**	(318,858)
Increase / (decrease) in assets other than cash	**105,265,844**	80,263,872
(Increase) / decrease in liabilities	**(47,099,938)**	(56,604,036)
Investment and other income	**35,725,865**	32,084,862
Provision for Workers' Welfare Fund	**(1,808,597)**	(1,516,968)
Provision for tax	**(19,980,104)**	(10,458,468)
Profit after taxation	**68,641,137**	63,489,542

Definition of cash

Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

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

	2018	2017
Cash and other equivalents		
- Cash in hand	**74,096**	33,049
- Policy stamps in hand	**77,663**	156,515
	151,759	189,564
Current and saving accounts		
- Current accounts	**1,377,343**	10,516,989
- Savings accounts	**19,709,017**	75,374,007
	21,086,360	85,890,996
Deposits maturing within 12 months		
Term Deposit- local currency	**436,502,236**	353,119,482
	457,740,355	439,200,042

The annexed notes from 1 to 42 form an integral part of these financial statements.

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Attributable to equity holders of the Company				
		Share capital	General reserves	Unrealised gain / (loss) on available-for-sale investment	Unappropriated profit /(loss)	Total
		(Rupees)				
Balance as at January 1, 2017 (as previously reported)		450,000,000	20,000,000	-	(63,596,058)	406,403,942
Effect of change in accounting policy	4.1	-	-	11,416,072	-	11,416,072
Effect of correction of error	4.4	-	-	-	(16,225,003)	(16,225,003)
Balance as at January 1, 2017 (restated)		450,000,000	20,000,000	11,416,072	(79,821,061)	401,595,011
Issue of shares otherwise than right issue		150,000,000	-	-	-	150,000,000
Total comprehensive income for the year ended December 31, 2017						
Profit for the year ended December 31, 2017		-	-	-	63,489,542	63,489,542
Other comprehensive income		-	-	(373,727)	-	(373,727)
Total comprehensive income for the year (restated)		-	-	(373,727)	63,489,542	63,115,815
Balance as at December 31, 2017 (restated)		**600,000,000**	**20,000,000**	**11,042,345**	**(16,331,519)**	**614,710,826**
Balance as at January 1, 2018		600,000,000	20,000,000	11,042,345	(16,331,519)	614,710,826
Total comprehensive income for the year ended December 31, 2018						
Profit for the year ended December 31, 2018		-	-	-	68,641,137	68,641,137
Other comprehensive income		-	-	324,721	-	324,721
Total comprehensive income for the year		-	-	324,721	68,641,137	68,965,858
Balance as at December 31, 2018		**600,000,000**	**20,000,000**	**11,367,066**	**52,309,618**	**683,676,684**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	**Air Commodore Zafar Yasin (Retd.) Director**	**Sohel N. Kidwai Chief Executive Officer**	**Nisar Ahmed Almani Chief Financial Officer**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated in March 1995 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), as a Public Limited Company and obtained the certificate for commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising fire, marine, motor, aviation, engineering, transportation, health, etc. On March 14, 2018 the Company has been awarded license to commence Window Takaful Operations. The Company is listed on Pakistan Stock Exchange Limited. Its registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi. The company operates only in Pakistan through 13 Branches.

Following are the geographical location and address of all the business units of the Company:

Head office - Registered Office

10th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi, Province of Sindh, Pakistan

Branches

- 10th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi, Sindh, Pakistan.
- Upper 2nd floor, House # 75, Soldier Bazar, Hyderabad, Sindh, Pakistan.
- Office # 4, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan.
- Office # 6, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan.
- Officer # 4, 1st Floor, Zaki Centre, I-8 Markaz, Islamabad Capital Territory, Pakistan.
- Office # 2, 4th Floor, Ahmed Plaza, Bilal Road, Civil Lines, Faisalabad, Punjab, Pakistan.
- Office # 1-3-B, Fista Garden RTO Office, Nawa Sher Chowk, Multan, Punjab, Pakistan.
- Upper Basement, State Life Building 34 - The Mall, Peshawar Cantt., Khyber Pakhtunkhwa, Pakistan.
- Office # 210, Karim Plaza, Defence Road, Near Allama Iqbal Town, Sialkot, Punjab, Pakistan.
- Office # 12-B, 5th Floor, Bhutta Center, Gujranwala, Punjab, Pakistan
- Office # 63, 1st Floor, Advance Book Shop, Rehman Complex, Ibne Seena Hospital Market, Kanchi More, Sarghoda, Punjab, Pakistan.
- Office # 9, 1st Floor, Silk Plaza Supply Manshara Road, Abbottabad, Khyber Pantunkhwa, Pakistan.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved 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 Standard Board (IASB) as are notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

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

The SECP, as per S.R.O 229 (I)/2019, dated Febraury 14, 2019, has allowed the companies to defer the application of International Financial Reporting Standard (IFRS 9) "Financial Instruments".

3. BASIS OF PRESENTATION

The SECP wide the Insurance Rules, 2017 dated February 9, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

Separate set of financial statements of the General Takaful operations have been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortized cost, investment 'at fair value through profit or loss- held for trading investments' are stated at fair value and certain investments classified as available-for-sale are stated at fair value.

3.2 Functional and presentation currency

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

3.3 Amendments to accounting standards and IFRS interpretations that are effective for the year ended December 31, 2018

The following amendments and interpretations are effective for the year ended December 31, 2018. These interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment': Clarification of the classification and measurement of share-based payment transactions.	January 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration'. Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

3.4 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after:
IFRS 15 'Revenue from Contracts with Customers'	July 01, 2018 as per directives issued by the SECP
Amendments to IFRS 9 'Financial Instruments' Prepayment features with negative compensation	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely earlier adoption is permitted
Amendments to IAS 19 'Employee Benefits': Plan amendment, curtailment or settlement	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'	January 01, 2019
Annual Improvements to IFRS Standards 2015-2017 cycle amendments to: IFRS 3 Business Combinations; IFRS 11 Joint Arrangements; IAS 12 Income Taxes; and IAS 23 Borrowing Costs"	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business'	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards	January 01, 2020

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4. CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERRORS

4.1 Available for sale investments

During the period, the Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1) / 2017 dated February 9, 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments are taken to Other Comprehensive Income and transferred to reserve for unrealised gain / (loss) on available-for-sale investment, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in reserve for unrealised gain / (loss) on available-for-sale investment are reclassified to Profit or Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies.

Accordingly, retrospective adjustments have been made in these financial statements and comparatives have been restated as follows:

	December 31, 2017 (Audited)		
	Balance previously reported	Adjustment	Balance restated
	------------------ Rupees----------------		
Investment - equity securities (mutual funds)	38,997,460	11,042,345	50,039,805
Reserves	20,000,000	11,042,345	31,042,345

	December 31, 2016 (Audited)		
	Balance previously reported	Adjustment	Balance restated
	------------------ Rupees----------------		
Investment - equity securities (mutual funds)	36,583,697	11,416,072	47,999,769
Reserves	20,000,000	11,416,072	31,416,072

4.2 Premium

The Insurance Accounting Regulations, 2017 remodel the recognition criteria for the premium written under a Insurance Policy. The said regulations require the Company to recognize premium receivable under a Insurance policy/cover note as written from the date of attachment of risk to the policy/cover note. Accordingly, the Company is required to account for cover notes which are effective as at reporting date. As per repealed SEC(Insurance) Rules, 2002, the premium was written under an insurance policy at the time of its issuance. The change is considered to be a change in accounting policy in accordance with IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of the same is not considered to be material to these financial statements and accordingly not included in the comparative restated financial statements.

4.3 Changes in the presentation of financial statements

Following major changes have been made as prescribed by the new Insurance Rules, 2017:

- Changes in sequence of assets / liabilities in the statement of financial position;
- Discontinuation of separate statements of Premiums, Claims, Expense and Investment Income;
- Underwriting results in relation to various classes of business which were previously presented on the face of the profit and loss account are now presented separately, (note 30); and
- Prior years figures have been reclassified/ rearranged for the purpose of comparison where necessary.

4.4 Correction of error in prepaid reinsurance ceded

During the period, the Company has identified an error in recording its prepaid reinsurance premium ceded. The Company currently has non-proportional reinsurance treaty, and the Minimum Deposit Premium (MDP) on the reinsurance treaty was recognized as expense over the period of underlying policies eventually recording an asset of prepaid reinsurance premium ceded as at period end through the calculation of 1/24 method. This was not in compliance with section 26 sub-section (2)(ii) of SRO-88(I)/2017 - Insurance Accounting Regulation by Securities and Exchange Commission of Pakistan which states that for non-proportional reinsurance business, reinsurance premium shall be recognized as an expense evenly over the period of indemnity, thereby no prepaid reinsurance premium should have been calculated using 1/24 method. This error has been corrected retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to disclose correct balance.

Accordingly, retrospective adjustments have been made in these financial statements and comparatives have been restated as follows:

	December 31, 2017 (Audited)		
	Balance previously reported	Adjustment	Balance restated
	----------------- Rupees----------------		
Prepaid reinsurance premium ceded	23,939,089	(16,608,444)	7,330,645
Unappropriated profit	276,925	(16,608,444)	(16,331,519)

	December 31, 2016 (Audited)		
	Balance previously reported	Adjustment	Balance restated
	----------------- Rupees----------------		
Prepaid reinsurance premium ceded	25,020,853	(16,225,003)	8,795,850
Unappropriated profit	(63,596,058)	(16,225,003)	(79,821,061)

5. SIGNIFICANT ACCOUNTING POLICIES AND COMPUTATION METHODS

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

5.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (the insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property"
- Marine, aviation and transport
- Motor"
- Accident and health
- Miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class, where the coverage period varies. Normally all marine insurance contracts and some fire and property contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalization.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

5.1.1 Premium income and provision for unearned premiums

Premium under a policy is recognized at the time of the issuance of insurance policy.

Revenue from premiums is recognized after taking into account the unearned portion of premium which is calculated using the 1/24th method except for premium revenue relating to marine which is calculated using the 1/6th method and Afghan transit policies on the basis of pattern of risk coverage . The unearned portion of premium income is recognized as a liability. Under this method, the liability for above unearned premium is equal to 1/24 of the premiums relating to policies commencing in the first month of financial year, 3/24 of the premiums relating to policies commencing in the second month of the financial year, and so on.

5.1.2 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets.

5.1.3 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and are measured at the undiscounted value of expected future payments.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

5.1.4 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

5.1.5 Commission expense and deferred commission expense

Commission incurred in obtaining and recording policies is recognized as expense after taking into account the proportion of deferred commission expense which is calculated using 1/24th method.

5.1.6 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from the previous years.

The Company recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the actuarial valuation which takes in to account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the reporting date.

5.1.7 Administrative surcharge

Administrative surcharge is included in the profit and loss account (as premium revenue) at the time the policies are issued.

5.1.8 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premiums received in advance and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any premiums due but unpaid are impaired, the Company reduces the carrying amount of the insurance receivable and recognizes the loss in the profit and loss account.

5.1.9 Reinsurance expense and prepaid reinsurance premium ceded

Reinsurance premium is recognized as expense after taking into account the proportion of deferred premium expense which is calculated using 1/24th method. The deferred portion of premium expense is recognized as a prepayment.

5.1.10 Commission income and unearned commission income

Commission from reinsurers is recognized as income after taking into account the unearned portion of commission which is calculated using the 1/24th method (in accordance with the pattern of recognition of reinsurance premium). The unearned portion of commission is recognized as liability.

5.1.11 Premium deficiency reserve

The Company is required under the Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve (PDR) is recognised in the profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The actuary determines adequacy of liability of premium deficiency by carrying out analysis of the Company's loss ratio of expired periods. For this purpose average loss ratio of last five years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

5.1.12 Claim and salvage recoveries

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised and are measured at the amount expected to be received. Claims expenses are reported net-off reinsurance in the profit and loss account.

Salvage value recoverable is recognised only if a firm and irrevocable contract and price thereon have been agreed with the buyer.

5.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.3 Fixed assets

Tangibles

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to workable condition.

Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying straight line method at rates given in note 7 to these financial statements.

Depreciation is charged from the month the asset is available for intended use. No depreciation is charged from the month of disposal of the asset.

The assets' residual value, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposal of fixed assets are taken to profit or loss account currently.

Expenditure incurred subsequent to the initial recognition of asset is capitalised only when it increases the future economic benefits embodied in the items of fixed assets. All other expenditure is recognised in the profit and loss account as an expense.

Leased

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of lease less accumulated depreciation and impairment losses, if any. Finance charge on lease obligation is recognised in the profit and loss account over the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding balance.

Depreciation on assets subject to finance lease is recognised in the same manner as owned assets.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term.

Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 7 to the financial statements.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

5.4 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for 'investments at fair value through profit or loss - held-for-trading investments in which case the transaction costs are charged to the profit and loss account.

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. Investments are recognised and classified as follows:

5.4.1 **Investments at fair value through profit or loss - held-for-trading**

Quoted investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking are classified as held-for-trading.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit or loss of the period in which it arises.

5.4.2 **Held-to-maturity**

Investments with fixed maturity, where the management has both the intent and the ability to hold to maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortised cost. Premium paid or discount availed on the acquisition of held-to-maturity investment is deferred and amortised over the term of investment using the effective yield method.

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the profit and loss account of the period in which they arise.

5.4.3 **Available-for-sale**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates or equity prices are classified as available-for-sale. These are valued as follows:

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the market value. The Company uses Stock Exchange quotations at the reporting date to determine the market value of listed shares. Furthermore, market value of open-ended mutual funds is determined by using MUFAP rates at the reporting date.

Unquoted

Unquoted investments are recorded at cost less impairment (if any).

5.4.4 **Recognition / de-recognition of investments**

Investments are recognised / derecognised by the Company on the date it commits to purchase / sell the investments.

5.5 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not recognized in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in the financial statements as balance receivables for securities purchased under resale arrangements in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the period of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not derecognized from the financial statements and continue to be recognized as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

5.6 Investment properties

Investment properties are accounted for under the cost model in accordance with International Accounting Standard 40, Investment Property. Accordingly:

i) premises is depreciated so as to write-off the assets over their expected useful lives under the straight line method at rates given in note 8 to these financial statements; and

ii) subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as operating fixed assets.

5.7 Other receivables

These are stated at cost less impairment losses, if any. Full provision is made against the impaired amounts.

5.8 Retirement benefits

Defined Contribution Plan (Provident Fund)

The Company operates a contributory provident fund scheme for its permanent employees. Contribution to the fund is made by the employees and the Company at the rate of 10% of their basic salaries.

5.9 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted.

Deferred

Deferred tax is recognised using the statement of financial position liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

5.10 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company losses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on de-recognition of financial assets and financial liabilities are taken to income directly.

5.11 Revenue recognition

i) Underwriting result

The earned premium less reinsurance, claims, commission and allocable expenses of management are reflected in the profit and loss account as the underwriting result for each class of insurance business undertaken.

ii) Investment income

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the instruments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the right to receive the same is established.

Entitlement to bonus shares is recognised when the right to receive the same is established by increasing the number of shares to which the Company is entitled without giving any monetary effect in the financial statements either in terms of cost or value thereof.

Gains / losses on sale of investments are recognised in the profit and loss account at the time of sale.

iii) Return on bank accounts, term finance certificates and certificates of investments

Return on bank accounts, term finance certificates and certificates of investments are accounted for on accrual basis.

iv) Income from investment properties

Rental income from investment properties is recognised on time proportion basis.

5.12 Off setting

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

5.13 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. In addition impairment on available-for-sale investments and reinsurance assets are recognised as follows:

- **Available-for-sale**

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

- **Reinsurance assets**

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

5.14 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rate approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange which approximates those prevailing on the reporting date. Gains and losses on translations are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

5.15 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Rules 2017 as the primary reporting format.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous.

Fire insurance segment provides insurance covers against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health insurance provides cover against loss due to accidental injury or sickness.

Miscellaneous insurance provides cover against loss of cash in safe and cash in transit, money, engineering losses and others coverage.

Assets and liabilities that are directly attributable to segments have been assigned to them while the assets and liabilities pertaining to two or more segments have been allocated to segments on a net premium revenue basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium earned.

5.16 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and policy stamps in hand and balance with banks in current, saving and deposit accounts.

5.17 Amount due to other insurers / reinsurers

Liabilities for other insurers / reinsurers are carried at cost which is the fair value of consideration to be paid in the future for services.

5.18 Premiums due but unpaid

These are recognized at cost, which is the fair value of the consideration to be received less provision for impairment, if any.

5.19 Amount due from other insurers / reinsurers

Amount due from other insurers / reinsurers are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in future under reinsurance contracts.

5.20 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

5.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.22 Related parties transactions

All transactions with related parties are carried out by the Company at mutually agreed terms. The Company follows the "Comparable Uncontrolled Price Method" to measure and value the transactions with the related parties, without exceptions.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas where assumptions and estimates were exercised in application of accounting policies are as follows:

- Classification of investments (Note 5.4)
- Provision for outstanding claims (including IBNR) (Note 5.1.9)
- Provision for premium deficiency reserves (Note 5.1.11)
- Reinsurance recoveries against outstanding claims (Note 5.1.4)
- Income taxes (Note 5.9)
- Impairment (Note 5.14)
- Provision against premium due but unpaid (Note 5.18)
- Fixed assets, investment properties and depreciation / amortization (Note 5.3)

7. PROPERTY AND EQUIPMENT

Particulars	Cost				Accumulated Depreciation				Written down value as at December 31	Depreciation Rate
	As at January 01	Additions/ (disposals)	Transfers	As at December 31	As at January 01	Depreciation for the year / (disposals)	Transfers	As at December 31		
	(Rupees)									%
- Owned										
Tangible fixed assets										
Furniture and fixtures	13,558,615	531,373	-	14,089,988	11,050,065	661,139	-	11,711,204	2,378,784	10
		-				-				
Office and electrical equipment	12,176,972	645,410	-	11,893,349	10,663,229	622,643	-	10,356,839	1,536,510	15 - 20
		(929,033)				(929,033)				
Computer equipment	16,670,268	394,238	-	16,206,706	16,291,491	273,538	-	15,707,229	499,477	33.3
		(857,800)				(857,800)				
Motor vehicles	29,470,773	2,045,000	4,085,000	35,461,323	23,630,513	3,209,780	2,110,583	28,811,426	6,649,897	20
		(139,450)				(139,450)				
	71,876,628	3,616,021	4,085,000	77,651,366	61,635,298	4,767,100	2,110,583	66,586,698	11,064,668	
		(1,926,283)	-			(1,926,283)	-			
Intangible assets										
Computer software	10,178,944	-		10,178,944	10,178,944	-		10,178,944	-	33.3
	82,055,572	3,616,021	4,085,000	87,830,310	71,814,242	4,767,100	2,110,583	76,765,642	11,064,668	
		(1,926,283)	-			(1,926,283)	-			
- Leased										
Tangible fixed assets										
Motor vehicles	4,085,000	-	(4,085,000)	-	2,110,583	-	(2,110,583)	-	-	20
	86,140,572	3,616,021	-	87,830,310	73,924,825	4,767,100	-	76,765,642	11,064,668	
		(1,926,283)	-			(1,926,283)	-			

7.1 Fixed assets include fully depreciated items costing Rs. 59.274 million (2017: Rs. 61.674 million).

Prior year

Particulars	Cost: As at January 01	Cost: Additions/ (disposals)	Cost: Adjustments *	Cost: As at December 31	Accumulated Depreciation: As at January 01	Accumulated Depreciation: Depreciation for the year / (disposals)	Accumulated Depreciation: Adjustments	Accumulated Depreciation: As at December 31	Written down value as at December 31	Depreciation Rate
	(Rupees)									%
- Owned										
Tangible fixed assets										
Furniture and fixtures	13,295,003	263,612 -	-	13,558,615	10,395,286	654,779 -	-	11,050,065	2,508,550	10
Office and electrical equipment	12,092,992	211,700 (127,720)	-	12,176,972	10,147,864	643,085 (127,720)	-	10,663,229	1,513,743	15 - 20
Computer equipment	16,905,223	211,200 (446,155)	-	16,670,268	16,488,867	248,779 (446,155)	-	16,291,491	378,777	33.3
Motor vehicles	23,119,290	2,423,483 (122,000)	4,050,000	29,470,773	20,999,784	2,752,729 (122,000)	-	23,630,513	5,840,260	20
	65,412,508	3,109,995 (695,875)	4,050,000	71,876,628	58,031,801	4,299,372 (695,875)	-	61,635,298	10,241,330	
Intangible assets										
Computer software	10,178,944	-	-	10,178,944	10,178,944	-	-	10,178,944	-	33.3
	75,591,452	3,109,995 (695,875)	4,050,000	82,055,572	68,210,745	4,299,372 (695,875)	-	71,814,242	10,241,330	
- Leased										
Tangible fixed assets										
Motor vehicles	6,405,500	- (2,320,500)	-	4,085,000	2,221,784	1,281,099 (1,392,300)	-	2,110,583	1,974,417	20
	81,996,952	3,109,995 (3,016,375)	4,050,000	86,140,572	70,432,529	5,580,471 (2,088,175)	-	73,924,825	12,215,747	

* During prior year, the Company identified few motor vehicles appearing in salvage recoveries amounting to Rs. 4.050 million which were in use of the employees of the Company. Since it was not practically possible to identify the exact date and period in which most of these vehicles started to and became available for use of the employees of the Company, the adjustment relating to these were booked in the prior year's financial statements in order to rectify the effect of this error as per the requirements of International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resultantly the depreciation expense was accounted for accordingly.

8. INVESTMENT PROPERTIES

Particulars	Cost			Depreciation			Written down value as at December 31	Depreciation rate
	As at January 01	Addition / (disposals)	As at December 31	As at January 01	Depreciation for the year	As at December 31		
	(Rupees)							%
Shop premises	33,948,414	-	33,948,414	15,322,188	1,697,422	17,019,610	16,928,804	5
Office premises	2,848,320	-	2,848,320	2,788,977	59,343	2,848,320	-	5
Freehold land	13,765,000	260,000	14,025,000	-	-	-	14,025,000	-
	50,561,734	260,000	50,821,734	18,111,165	1,756,765	19,867,930	30,953,804	

Prior year

Particulars	Cost			Depreciation			Written down value as at December 31	Depreciation rate
	As at January 01	Addition / (disposals)	As at December 31	As at January 01	Depreciation for the year	As at December 31		
	(Rupees)							%
Shop premises	33,948,414	-	33,948,414	13,624,767	1,697,421	15,322,188	18,626,226	5
Office premises	2,848,320	-	2,848,320	2,646,562	142,415	2,788,977	59,343	5
Freehold land	-	13,765,000	13,765,000	-	-	-	13,765,000	-
	36,796,734	13,765,000	50,561,734	16,271,329	1,839,836	18,111,165	32,450,569	

8.1 As per latest available valuation conducted by KBN (Private) Limited, assessed value of shop premises as of December 31, 2018 amounted to Rs.70.433 million (2017: Rs. 70.433 million), office premises valued by Chaudhary Noor Mohammad & Co. (Private) Limited as of December 31, 2018 amounted to Rs. 25.00 million (2017: Rs. 16.70 million).

8.2 Free hold land represents two open plots of land measuring 300 square yards located at Tarnol, Islamabad, each acquired during the prior period for capital appreciation purposes. Cost model has been adopted for valuation of investment property and no depreciation is charged, being immovable property with indefinite life. As per latest valuation by Industrial Consultants & Machinery Linkers (ICML), fair value of such freehold land as at December 31, 2018 amounted to Rs. 14.220 million (2017: Rs. 14 million).

9. INVESTMENTS

9.1 INVESTMENTS IN EQUITY SECURITIES

	Note	2018 Cost	2018 Fair value gain / (loss)	2018 Carrying value	2017 Cost	2017 Fair value gain / (loss)	2017 Carrying value
						(Restated)	
		Rupees			Rupees		
Available for sale							
Listed shares							
- First Capital Equities Limited	9.1.2 & 9.1.3	**188,000,000**	**-**	**188,000,000**	188,000,000	-	188,000,000
Mutual funds	9.1.1	**52,171,140**	**376,118**	**52,547,258**	47,999,769	2,040,036	50,039,805
Investment at fair value through profit and loss - held for trading							
Listed shares							
- Summit Bank Limited		**336,237**	**(236,701)**	**99,536**	740,964	(404,727)	336,237
		240,507,377	**139,417**	**240,646,794**	236,740,733	1,635,309	238,376,042

9.1.1 These include units of Pakistan Income Fund with book value of Rs. 43,503,660 (2017: Rs. 32,904,635) pledged with the State Bank of Pakistan under the provisions of Insurance Rules, 2017.

9.1.2 Market value of available-for-sale listed shares is Rs. 25.427 million (2017: Rs. 48.41 million).

9.1.3 On November 29, 2012, the Company through an agreement settled balance of 'reverse repo' and 'premium due but unpaid' amounting to Rs. 99.89 million (reverse repo and associated mark-up) and Rs. 88.859 million of FCSC Group and Pace (Pakistan) Limited respectively, against 4.7 million shares of First Capital Equities Limited (a related party) calculated at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on March 07, 2013 to make the clause of restriction on holding period and swap against property null and void.

The Company has filed a civil suit in Civil Court Lahore in April 2015 against First Capital Equities Limited and five others for recovery of Rs. 188.00 million and cancellation of documents. The case is under adjudication and next hearing of the case is scheduled for April 25, 2019. Company is aggressively following up the case, and regular hearings are taking place. Further, Management strongly believe that the company has irrefutable evidences / arguments to win this litigation, and is deploying every possible resource for expeditious disposal of the case

The Company has been served a show cause notice dated May 02, 2013 by the SECP stating that investment with FCEL is creating difficulty for the Company with respect to the liquidity and solvency. Further, it appears that the Company has not followed the requirements of section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The SECP has conducted hearing on this matter. The decision of SECP is awaited.

9.2 INVESTMENTS IN DEBT SECURITIES

	Note	2018 Cost	2018 (Impairment) / provision	2018 Carrying value	2017 Cost	2017 (Impairment) / provision	2017 Carrying value
		Rupees			Rupees		
Held to maturity							
Government securities							
Pakistan Investment Bonds		**-**	**-**	**-**	50,227,086	-	50,227,086
Treasury Bill	9.2.1	**16,863,255**	**-**	**16,863,255**	-	-	-
		16,863,255	**-**	**16,863,255**	50,227,086	-	50,227,086

9.2.1 This government security having maturity within 3 months (i.e. upto January 17, 2019). The rate of return on this treasury bill is 9.12% per annum. This Government security is pledged with the State Bank of Pakistan under the provisions of Insurance Rules 2017.

	2018	2017
9.3 INVESTMENT IN TERM DEPOSITS	-----------Rupees----------	
Held to maturity		
Deposits maturing within 12 months	**436,502,236**	353,119,482

9.3.1 This include term deposits with various banks having maturities within 12 months (i.e. upto March 05, 2019). The rate of return on these term deposits ranging between 8% to 10.5% (2017: 5.5% to 6.45%) per annum.

	Note	2018	2017
		-----------Rupees----------	
10. LOANS AND OTHER RECEIVABLES			
unsecured, considered good			
Loan to employees		**3,000**	3,000
Accrued investment income		**3,313,390**	3,895,327
Other receivables	10.1	**11,662,567**	8,082,306
		14,978,957	11,980,633

10.1 This includes balance receivable of Rs. 5.6 million (2017: Rs. 5.6 million) from Pace Pakistan Limited in respect of sale of property located at 1-D first floor of pace tower,27-H college road,Gulberg II, Lahore.

	2018	2017
11. INSURANCE / REINSURANCE RECEIVABLES	-----------Rupees----------	
unsecured, considered good		
Due from insurance contract holders	**228,339,196**	207,736,507
less: provision for impairment	**(39,924,761)**	(60,479,528)
	188,414,435	147,256,979
Due from other insurers / reinsurers	**83,131,831**	33,864,511
	271,546,266	181,121,490

11.1 Premiums due but unpaid from related parties include:

Shaheen Foundation - PAF	**67,329,890**	49,745,402

	Note	2018	2017
		-----------Rupees----------	

11.2 Reconciliation of provision against doubtful receivables

Balance as at beginning of the year		**60,479,528**	59,479,528
Charge for the year		**-**	1,000,000
Balance written off during the year		**(20,554,767)**	-
Balance as at end of the year		**39,924,761**	60,479,528

12. ADVANCES DEPOSITS AND PREPAYMENTS

Advances		**921,241**	2,320,541
Security deposits	12.1	**8,682,203**	9,428,904
Prepaid reinsurance premium ceded		**9,752,884**	7,330,645
Prepaid rent		**1,004,953**	10,281
		20,361,281	19,090,371

12.1 This includes Rs. 2.517 million (2017: Rs. 2.517 million) in respect of security deposits paid against rental arrangements to Shaheen Foundation - PAF, a related party.

13. CASH AND BANK BALANCES

Cash and cash equivalents			
- Cash in hand		**74,096**	33,049
- Policy stamps and bond papers in hand		**77,663**	156,515
		151,759	189,564
Bank balances			
- Current accounts		**1,377,343**	10,516,989
- Savings accounts	13.1	**19,709,017**	75,374,007
		21,086,360	85,890,996
		21,238,119	86,080,560

13.1. These carry mark-up at rates ranging between 3% to 5.5% (2017: 3%% to 5.6%) per annum.

14. SHARE CAPITAL

14.1 Authorized share capital

2018	2017		2018	2017
Number of shares			---------- Rupees ----------	
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	**1,000,000,000**	1,000,000,000

14.2 Issued, subscribed and paid - up share capital

2018	2017		2018	2017
Number of shares			---------- Rupees ----------	
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	**80,000,000**	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each, issued as bonus shares	**120,000,000**	120,000,000
10,000,000	10,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	**100,000,000**	100,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	**150,000,000**	150,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued otherwise than right issue	**150,000,000**	150,000,000
60,000,000	60,000,000		**600,000,000**	600,000,000

14.3 As at December 31, 2018, 44.066 million (December 31, 2017: 44.065 million) shares of the company are held by the associated companies / undertakings. Details of these holdings are as follows:

	2018	2017
	Number of shares	
Shaheen Foundation - PAF	**41,565,973**	41,565,422
Central Non Public Fund - PAF	**2,500,000**	2,500,000
	44,065,973	44,065,422
Percentage of shareholding by associated companies / undertakings	**73.44%**	73.44%

	2018	2017 (Restated)
15. RESERVES	-------------------Rupees------------------	
General reserves	**20,000,000**	20,000,000
Unrealised gain / (loss) on available-for-sale investment - net	**11,367,066**	11,042,345
	31,367,066	31,042,345

16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2018			2017		
	Minimum lease payments	**Financial charges for future periods**	**Principal outstanding**	Minimum lease payments	Financial charges for future periods	Principal outstanding
	---------- Rupees ----------					
Not later than one year	-	-	-	213,022	(4,647)	208,375

	2018	2017
17. OTHER CREDITORS AND ACCRUALS	-----------Rupees----------	
Agent balances	**41,880,814**	34,840,191
Accrued expenses	**12,345,719**	18,806,754
Provincial services tax	**52,143,161**	41,866,047
Withholding tax payable	**6,855,889**	4,560,337
Sindh workers' welfare fund payable	**5,749,722**	3,555,307
Unearned rental income	**689,304**	645,607
Payable to provident fund	**252,924**	102,356
Others	**12,260,015**	8,699,879
	132,177,548	113,076,478

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Securities and Exchange Commission of Pakistan (SECP) has concluded the hearings on show cause notices issued under section 208 of the repealed Companies Ordinance 1984 and section 39 read with section 156 and section 158 of the Insurance Ordinance 2000. Decisions of SECP in this regard are awaited.

18.1.2 M/s. New Lal Enterprise (Pvt.) Limited and M/s. Zahid Enterprises (Pvt.) Limited have filed four (04) suits against the Company in the Insurance Tribunal, Karachi. Three (03) suits pertain to claim of damages on delayed claims settlement, while one (01) suit relates to recovery of marine claim. Total amount involved is approximately Rupees 28 million. Another suit bearing No. 11 of 2013 for recovery of Rupees 1.086 million has been filed against the Company. As the legal advisor of the Company is confident about favorable outcome of these suits, no provision has been made in these financial statements.

18.1.3 The income tax assessments of the Company have been finalized up to and including the assessment year 2016-17 (financial year ended December 31, 2016), unless amended. However, assessments for tax years 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal) (CIR(A)). Subsequently, CIR(A) confirmed the order of taxation officer, against which the Company preferred to file an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of the Company. Case was decided in favour of the Company in High Court as well, through the order dated 5 September 2013. However, taxation officer has filed civil petition against the order with the Supreme Court of Pakistan; the decision of which is pending. The demand raised was of Rupees 2.045 million for the tax year 2004, Rupees 8.22 million for the tax year 2006, and Rupees 9.689 million for tax year 2007 against apportionment of expenditure. As it is expected that the matter will be decided in favour of the Company, no provision has been made in these financial statements. Further, the Company has received notice to amend assessments for the tax years 2015 and 2016 under section 122 (9) read with 122(5A) of the Income Tax ordinance 2001 creating a demand of Rupees 1.49 million and Rupees 2.70 million respectively. The Company filed appeals against these orders with CIR (A), who vacated the order of taxation officer. Taxation Officer has subsequent to the year-end filed appeals with the ATIR against decision of CIR (A). Proceedings in this regard have not started yet.

18.1.4 Further, the Company has received show cause notice to amend assessments for the tax years 2012, 2013 and 2014 under section 122(5A) of the Income Tax ordinance 2001. The case is in hearing / compliance stage.

18.1.5 The Company has also received a notice for further amending the assessment of tax year 2011 under section 122 (9) read with section 122(5A) of the Income Tax Ordinance 2011 against which a constitutional petition has been filed in the High Court of Sindh. High Court has granted the stay in favor of the Company.

	2018	2017
18.2 Commitments	**-----------Rupees----------**	
Lease commitments		
Not later than 1 year	-	213,022

	Note	**2018**	2017
		--------------------Rupees----------------	
			(Restated)
19. NET INSURANCE PREMIUM			
Written gross premium		**416,938,551**	342,923,583
Add: Unearned premium reserve opening		**144,520,108**	149,407,509
Less: Unearned premium reserve closing		**147,009,635**	144,520,108
Premium earned		**414,449,024**	347,810,984
Less:			
Reinsurance premium ceded		**49,957,289**	47,143,441
Add: Prepaid reinsurance premium opening		**7,330,645**	8,795,850
Less: Prepaid reinsurance premium closing		**9,752,884**	7,330,645
Reinsurance expense		**47,535,050**	48,608,646
Net premium		**366,913,974**	299,202,338

	Note	2018	2017
		--------------------Rupees-----------------	
			(Restated)

20. NET INSURANCE CLAIMS EXPENSE

	Note	2018	2017
Claims paid		**102,816,273**	99,553,763
Add: Outstanding claims including IBNR closing	20.1	**116,033,468**	114,519,530
Less: Outstanding claims including IBNR opening		**114,519,530**	109,983,753
Claims expense		**104,330,211**	104,089,540
Less:			
Reinsurance and other recoveries received		**17,225,161**	25,117,385
Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening		**4,309,685**	5,749,279
Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing		**6,525,942**	4,309,685
Reinsurance and other recoveries revenue		**19,441,418**	23,677,791
Net claims expense		**84,888,793**	80,411,749

20.1 Outstanding claims include amounts in relation to unpaid reported claims, provision for claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for IBNR to account for the cost of settling claims incurred but not reported as at reporting date on the basis of actuarial valuation amounts to Rs. 8.076 million (2017: Rs. 4.166 million). The latest valuation was carried out as of December 31, 2018.

20.2 Claim development

The following table shows the development of claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

Accident year	2014	2015	2016	2017	**2018**
	------------	------------	Rupees	------------	------------
At end of accident year	167,473,208	136,769,153	99,667,040	96,418,496	**108,355,345**
One year later	205,292,016	137,533,120	93,678,082	97,853,724	-
Two years later	180,050,178	135,796,735	90,243,183	-	-
Three years later	179,338,329	132,531,588	-	-	-
Four years later	176,355,064	-	-	-	-
Current estimate of cumulative claims	176,355,064	132,531,588	90,243,183	97,853,724	**108,355,345**
Cumulative payments to date	165,248,313	128,048,213	85,153,928	86,620,502	**69,846,098**
Liability recognised in the statement of financial position	11,106,751	4,483,375	5,089,255	11,233,222	**38,509,247**

	Note	2018	2017
		--------------------Rupees-----------------	

21. NET COMMISSION AND OTHER ACQUISITION COST

		2018	2017
Commission paid or payable		**99,535,201**	68,849,326
Add: Deferred commission expense opening		**30,857,514**	25,571,859
Less: Deferred commission expense closing		**29,502,011**	30,857,514
Net Commission		**100,890,704**	63,563,671
Less:			
Commission received or recoverable		**1,321,500**	1,821,634
Add: Unearned reinsurance commission opening		**1,128,721**	1,340,523
Less: Unearned reinsurance commission closing		**1,128,058**	1,128,721
Commission from reinsurers		**1,322,163**	2,033,436
		99,568,541	61,530,235

22. PREMIUM DEFICIENCY REVERSAL

	Note	2018	2017
Premium deficiency reserve - opening		**43,041**	3,371,984
Premium deficiency reversal	22.1	**(35,356)**	(3,328,943)
Premium deficiency reserve - closing		**7,685**	43,041

22.1 The independent actuary has determined Premium deficiency reserve of Rs. 7,685 as at December 31, 2018 (2017: Rs. 43,041). Consequently the Company has reversed an amount of Rs. 35,356 during the year.

23. MANAGEMENT EXPENSES

	Note	2018	2017
		--------------------Rupees-----------------	
Salaries and other benefits		**43,998,072**	34,714,471
Provident fund contribution		**923,603**	1,097,416
Rent	23.1	**7,785,134**	9,349,863
Utilities		**4,068,251**	5,257,994
Repair and maintenance		**659,346**	692,606
Legal and professional charges		**826,550**	330,900
Depreciation and amortization		**2,944,721**	1,768,767
Bank charges		**19,721**	42,315
Advertisement and sales promotion		**381,735**	7,900
Travelling and entertainment		**4,593,666**	5,294,694
Printing and stationery		**1,482,868**	1,433,389
Newspaper and periodicals		**30,668**	24,285
Fee and subscription		**2,000**	671,747
Software maintenance		**510,805**	520,300
Donation		**15,000**	-
Miscellaneous		**4,169,692**	3,866,946
		72,411,832	65,073,593

23.1 This amount includes Rs.5.803 million (2017: Rs.6.909 million) rent expense to Shaheen Foundation - PAF, a related party.

	Note	2018	2017
24. INVESTMENT INCOME		--------------------Rupees----------------	
Dividend income on investment			
Dividend income on securities held for trading		**48,080**	432,720
Dividend income on available for sale investments		**2,507,458**	3,180,926
Held-to-maturity			
Return on other fixed income securities		**27,605,452**	20,231,007
Return on Government Securities		**3,112,968**	4,706,757
Investment related expenses		**-**	(15,180)
Unrealized (loss) / gain on revaluation of held-for-trading		**(236,701)**	606,848
		33,037,257	29,143,078

25. OTHER INCOME

Return on bank balances	**1,425,857**	1,328,278
Gain on sale of fixed assets	**92,017**	5,299,192
Exchange gain	**74,105**	16,093
Miscellaneous	**1,096,629**	825,433
	2,688,608	7,468,996

26. OTHER EXPENSES

	Note		
Salaries and other benefits		**31,473,179**	27,239,655
Provident fund contribution		**936,136**	1,240,373
Rent	26.1	**6,024,991**	5,675,125
Utilities		**2,926,614**	2,697,404
Repair and maintenance		**463,078**	5,843,410
Legal and professional charges		**1,464,061**	2,216,616
Auditors' remuneration	26.2	**1,150,000**	1,150,000
Depreciation and amortization		**3,579,143**	4,259,240
Bank charges		**59,032**	205,326
Financial charges on assets subject to finance lease		**3,534**	71,217
Advertisement and sales promotion		**681,097**	911,421
Travelling and entertainment		**1,890,084**	2,448,494
Printing and stationery		**1,703,898**	1,215,020
Newspaper and periodicals		**5,750**	15,155
Fee and subscription		**4,392,043**	2,978,561
Provision for doubtful premium due but unpaid		**957,650**	1,000,000
Sindh workers' welfare fund		**1,808,597**	1,516,968
Shariah Advisory		**-**	464,158
Miscellaneous		**873,945**	330,321
		60,392,832	61,478,464

26.1 This amount includes Rs.5.401 million (2017: Rs.5.401 million) rent expense to Shaheen Foundation - PAF, a related party.

	Note	2018	2017
		---Rupees---	
26.2 Auditors' remuneration			
Annual audit fee		**600,000**	600,000
Interim review fee		**175,000**	175,000
Certification fees and review of statement of compliance with the Code of Corporate Governance		**225,000**	225,000
Out of pocket expenses		**150,000**	150,000
		1,150,000	1,150,000

	Note	2018	2017
27. LOSS BEFORE TAX FROM WINDOW TAKAFUL OPERATIONS - OPF			
Wakala fee		**1,217,318**	-
Commission expenses		**(797,945)**	-
Management expenses		**(2,660,526)**	-
Modarib's share of PTF investment income		**47,566**	-
Other expenses		**(1,276,606)**	-
Other income		**3,243,324**	-
Loss for the period		**(226,869)**	**-**

	Note	2018	2017
28. TAXATION			
Current	28.1	**19,980,104**	10,458,468

	Note	2018	2017
28.1 Relationship between tax expense and accounting profit is as follows:			
Profit before taxation		**88,621,241**	74,331,451
Tax charge at enacted tax rate of 29%		**25,700,160**	22,299,434
Tax effect of expense that are allowable in determining taxable income		**(5,355,366)**	(17,256,779)
Tax effect of dividend income taxable at normal rate		**(357,775)**	(159,046)
Tax effect of application of minimum tax rate		**-**	-
Tax under Section 5A		**-**	5,574,859
Others		**-**	-
		19,987,019	10,458,468

28.2 Deferred tax asset on deductible temporary differences amounting to Rs. 31.283 million (2017: Rs. 21.168 million) has not been recognized in view of the uncertainty about its realization.

29. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2018	2017	**2018**	2017	**2018**	2017
	------ Rupees ------					
Managerial Remuneration	**4,787,496**	4,216,731	**-**	-	**16,342,068**	13,027,102
Provident fund	**180,000**	176,400	**-**	-	**580,200**	706,968
	4,967,496	4,393,131	**-**	-	**16,922,268**	2,679,600
Number of persons	**1**	1	**7**	7	**6**	5

No performance bonuses were granted to employees during the year. In addition to the above, the Chief Executive Officer and executives have been provided with the Company maintained vehicles.

Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year. No amounts have been paid by the Company to its directors other than Chief Executive Officer.

30. SEGMENT INFORMATION

30.1 Segment profit and loss

Current year

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	------------ Rupees ------------					
Premium receivable (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	**66,032,989**	**17,015,674**	**256,105,930**	**13,530,100**	**133,222,164**	**485,906,857**
Less: Federal excise duty	(8,365,247)	(2,003,899)	(33,245,622)	-	(20,742,380)	(64,357,148)
Less: Federal insurance fee	(570,810)	(148,659)	(2,204,525)	(133,963)	(1,553,201)	(4,611,158)
Gross written premium (inclusive of administrative Surcharge)	**57,096,932**	**14,863,116**	**220,655,783**	**13,396,137**	**110,926,583**	**416,938,551**
Gross direct premium	56,339,484	14,377,575	215,069,964	13,371,138	104,795,739	403,953,900
Administrative surcharge	757,448	485,541	5,585,819	24,999	6,130,844	12,984,651
Insurance premium earned	48,255,919	14,425,397	228,075,223	11,279,654	112,412,831	414,449,024
Insurance premium ceded to reinsurers	16,015,126	4,259,739	8,856,820	-	18,403,365	47,535,050
Net insurance premium	**32,240,793**	**10,165,658**	**219,218,403**	**11,279,654**	**94,009,466**	**366,913,974**
Commission income	832,396	-	-	-	489,767	1,322,163
Net underwriting income	**33,073,189**	**10,165,658**	**219,218,403**	**11,279,654**	**94,499,233**	**368,236,137**
Insurance claims	7,017,097	(339,011)	90,702,577	8,286,483	(1,336,935)	104,330,211
Insurance claims recovered from reinsurance	(476,556)	11,570	19,008,000	-	898,404	19,441,418
Net claim	**7,493,653**	**(350,581)**	**71,694,577**	**8,286,483**	**(2,235,339)**	**84,888,793**
Commission expense	13,827,554	4,011,519	35,836,765	389,375	46,825,491	100,890,704
Management expense	8,431,192	2,520,381	39,848,917	1,970,762	19,640,580	72,411,832
Premium deficiency reversal	-	(35,356)	-	-	-	(35,356)
Net insurance claims and expenses	**29,752,399**	**6,181,319**	**147,380,259**	**10,646,620**	**64,230,732**	**258,155,973**
Underwriting result	**3,320,790**	**3,984,339**	**71,838,144**	**633,034**	**30,268,501**	**110,080,164**
Net investment income						**33,037,257**
Rental income						**3,434,913**
Other income						**2,688,608**
Other expenses						**(60,392,832)**
Loss before tax from window takaful operations - OPF						**(226,869)**
Profit before tax						**88,621,241**

Prior year

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	---------- *(Restated)* ----------					
	---------- Rupees ----------					
Premium receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	**53,101,086**	**14,822,330**	**238,445,089**	**11,664,703**	**77,953,604**	**395,986,812**
Less: Federal excise duty	(6,714,422)	(1,595,592)	(30,805,628)	(1,165,130)	(9,357,286)	(49,638,058)
Less: Federal insurance fee	(459,269)	(130,990)	(2,055,813)	(103,937)	(675,162)	(3,425,171)
Gross written premium (inclusive of administrative surcharge)	**45,927,395**	**13,095,748**	**205,583,648**	**10,395,636**	**67,921,156**	**342,923,583**
Gross direct premium	45,226,937	12,686,789	201,273,762	10,385,636	66,147,817	335,720,941
Administrative surcharge	700,458	408,959	4,309,886	10,000	1,773,339	7,202,642
Insurance premium earned	52,674,207	13,358,653	208,812,945	10,182,042	62,783,137	347,810,984
Insurance premium ceded to reinsurers	18,172,662	4,722,235	9,573,432	-	16,140,317	48,608,646
Net Insurance premium	**34,501,545**	**8,636,418**	**199,239,513**	**10,182,042**	**46,642,820**	**299,202,338**
Commission income	1,415,663	-	65,423	-	552,350	2,033,436
Premium deficiency (expenses) / reversal	3,371,984	(43,041)				3,328,943
Net underwriting income	**39,289,192**	**8,593,377**	**199,304,936**	**10,182,042**	**47,195,170**	**304,564,717**
Insurance claims	11,728,321	2,618,503	77,883,827	4,927,197	6,931,692	104,089,540
Insurance claims recovered from reinsurance	(2,360,313)	(176,563)	(20,164,905)	-	(976,010)	(23,677,791)
Net Claim	**9,368,008**	**2,441,940**	**57,718,922**	**4,927,197**	**5,955,682**	**80,411,749**
Commission expense	14,600,646	3,154,897	31,347,208	81,314	14,379,606	63,563,671
Management expense	9,855,065	2,499,333	39,067,796	1,905,007	11,746,392	65,073,593
Net insurance claims and expenses	**33,823,719**	**8,096,170**	**128,133,926**	**6,913,518**	**32,081,680**	**209,049,013**
Underwriting result	**5,465,473**	**497,207**	**71,171,010**	**3,268,524**	**15,113,490**	**95,515,704**
Net investment income						**29,143,078**
Rental income						**3,298,696**
Other income						**7,468,996**
Other expenses						**(61,478,464)**
Profit before tax						**73,948,010**

30.2 Segment Assets & Liabilities

December 31, 2018

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	Rupees					
SEGMENT ASSETS						
Segment assets	**43,425,667**	**10,296,397**	**161,009,713**	**9,843,899**	**96,551,608**	**321,127,285**
Unallocated corporate assets						**831,137,938**
Total assets						**1,152,265,223**
SEGMENT LIABILITIES						
Segment liabilities	**63,375,441**	**5,406,461**	**195,076,201**	**23,479,227**	**45,835,771**	**333,173,102**
Unallocated corporate liabilities						**135,415,437**
Total liabilities						**468,588,539**

December 31, 2017

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	Rupees					
SEGMENT ASSETS						
Segment assets	83,280,889	20,846,851	480,930,458	24,577,726	113,513,434	723,149,358
Unallocated corporate assets (restated)						329,136,003
Total assets						1,052,285,361
SEGMENT LIABILITIES						
Segment liabilities	52,280,310	6,816,752	226,205,181	24,126,832	51,708,549	361,137,624
Unallocated corporate liabilities						59,828,467
Total liabilities						420,966,091

31. PROVIDENT FUND RELATED DISCLOSURE

The Company operates contributory provident fund scheme for its permanent employees. Details of net assets and investments of this fund are as follows:

	2018	2017
	---------- Rupees ----------	
Size of the fund - Net assets	**10,596,727**	8,900,139
Cost of the investment made	**10,492,014**	8,863,234
Percentage of the investment made	**99.01%**	99.59%
Fair value of the investment made	**10,596,727**	8,863,234

The breakup of fair value of the investment is:

	2018		2017	
	Rupees	%	Rupees	%
Bank balances	**10,492,014**	**99.01%**	8,826,329	99.58%
Loans to members	**104,713**	**0.99%**	36,905	0.42%
	10,596,727		8,863,234	

Above disclosure is based on unaudited financial statements of the provident fund for the year ended December 31, 2018. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified therein.

32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise major shareholders, key management personnel, employees' provident funds and Companies with common directors. The transactions and balances with related parties, other than those disclosed elsewhere, are summarized as follows:

Relationship with the Company	Nature of transactions	2018	2017
		------------- (Rupees) -------------	
Parent company			
Shaheen Foundation - PAF	Premium due but unpaid	**67,329,890**	49,745,402
Shaheen Foundation - PAF	Outstanding claims	**889,609**	900,673
Shaheen Foundation - PAF	Rent payable	**303,186**	6,933,051
Shaheen Foundation - PAF	Commission payable	**14,031,814**	14,031,814
Shaheen Foundation - PAF	Security deposits	**2,517,537**	2,517,537
Shaheen Foundation - PAF	Rental expense	**11,203,994**	12,309,711
Shaheen Foundation - PAF	Advertisement expenses	**1,062,832**	919,321

32.1 Insurance and claim related transactions with related parties are carried in normal course of business.

32.2 Other transactions are at agreed terms.

33. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	------------	------------ Rupees	------------	------------
At beginning of previous year	54,514,125	235,999,769	2,203,894	292,717,788
Disposals (sale and redemptions)	(4,287,039)	-	(1,462,931)	(5,749,970)
Fair value net gains / (losses)	-	2,040,036	(404,727)	1,635,309
At beqinninq of current year	50,227,086	238,039,805	336,236	288,603,127
Additions	33,386,458	2,131,335	-	35,517,793
Disposals (sale and redemptions)	(66,750,289)	-	-	(66,750,289)
Fair value net gains / (losses)	-	376,118	(236,700)	139,418
At end of current year	**16,863,255**	**240,547,258**	**99,536**	**257,510,049**

34. EARNINGS PER SHARE - BASIC AND DILUTED

	2018	2017
	------------ Rupees	------------
Profit for the year	**68,641,137**	63,489,542
	Number of Shares	
Weighted average number of ordinary shares of Rs. 10 each	**60,000,000**	56,250,000
	------------ Rupees	------------
Earnings per share	**1.14**	1.13

34.1 The company has not issued any instrument which would dilute its basic earnings per share when exercised.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Financial instruments by category

	2018	2017
	------------ Rupees	------------
Financial assets		
Loans and receivables		
Loans and other receivables	**14,978,957**	11,980,633
Insurance/ reinsurance receivables	**271,546,266**	241,601,018
Reinsurance recoveries against outstanding claims	**5,563,442**	3,667,185
Salvage recoveries accrued	**962,500**	642,500
Advances deposits and prepayments	**8,682,203**	9,428,904
Cash and bank balances	**21,238,119**	86,080,560
	301,733,368	267,320,240
Held to maturity		
Investments - debt securities	**16,863,255**	50,227,086
Investments - term deposits	**436,502,236**	353,119,482
	453,365,491	403,346,568
Available for sale		
Investments - equity securities	**240,547,258**	238,039,805
Held for trading		
Investments - equity securities	**99,536**	336,237
	995,745,653	909,042,850

	2018	2017
	------------ Rupees ------------	
Financial liabilities		
At amortized cost		
Outstanding claims including IBNR	**116,033,468**	114,519,530
Liabilities against assets subject to finance lease	**-**	208,375
Insurance/ reinsurance payables	**69,001,942**	45,042,659
Other creditors and accruals	**66,486,548**	62,449,180
Unclaimed dividend	**398,934**	398,934
	251,920,892	222,618,678

35.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

35.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to any single customer.

Credit risk of the Company arises principally from deposits, insurance/reinsurance receivables, loans and other receivables, held to maturity investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	------------ Rupees ------------	
Loans and other receivables	**14,978,957**	11,980,633
Insurance/ reinsurance receivables	**311,471,027**	241,601,018
Reinsurance recoveries against outstanding claims	**5,563,442**	3,667,185
Salvage recoveries accrued	**962,500**	642,500
Deposits	**8,682,203**	9,428,904
Investments	**453,365,491**	403,346,568
Bank balances	**21,086,360**	85,890,996
	816,109,980	756,557,804

The Company did not hold any collateral against the above during the year.

The credit quality of loans, advances and other receivables can be assessed with reference to the historical performance and there are no defaults in recent history.

The age analysis of insurance receivables (Gross) from other than related parties is as follows:

	2018	2017
	------------ Rupees	------------
Upto 1 year	**62,201,327**	60,323,267
1 - 2 years	**23,986,510**	18,009,072
2 - 3 years	**7,558,216**	7,765,685
Over 3 years	**67,287,096**	105,757,592
	161,033,149	191,855,616

The age analysis of receivables (Gross) from related parties is as follows:

	2018	2017
Upto 1 year	**40,978,527**	49,745,402
1 - 2 years	**26,351,363**	-
2 - 3 years	**-**	-
Over 3 years	**-**	-
	67,329,890	49,745,402

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	2018 Short term	2018 Long term
Soneri Bank Limited	PACRA	A1+	AA-
Allied Bank Limited	PACRA	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-
Bank Al Habib Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
Bank Islami Limited	PACRA	A1	A+
The Bank of Punjab	PACRA	A1+	AA

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 11.

The credit quality of premium receivable from co-insurer, and for commission and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 37.

35.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	December 31, 2018			
	Within 1 year	2 - 5 years	More than 5 years	Total
	------Rupees------			
Financial liabilities				
Outstanding claims including IBNR	**116,033,468**	**-**	**-**	**116,033,468**
Insurance/ reinsurance payables	**69,001,942**	**-**	**-**	**69,001,942**
Other creditors and accruals	**66,486,548**	**-**	**-**	**66,486,548**
Unclaimed dividend	**398,934**	**-**	**-**	**398,934**
	251,920,892	**-**	**-**	**251,920,892**

	December 31, 2017			
	Within 1 year	2 - 5 years	More than 5 years	Total
	------Rupees------			
Financial liabilities				
Outstanding claims including IBNR	114,519,530	-	-	114,519,530
Liabilities against assets subject to finance lease	208,375	-	-	208,375
Insurance/ reinsurance payables	45,042,659	-	-	45,042,659
Other creditors and accruals	62,449,180	-	-	62,449,180
Unclaimed dividend	398,934	-	-	398,934
	222,618,678	-	-	222,618,678

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances.

35.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

35.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

	Interest / Markup bearing			Non- interest / Non - markup bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	---------- Rupees ----------						
FINANCIAL ASSETS							
Investments	453,365,491	-	453,365,491	240,646,794	-	240,646,794	694,012,285
Loans and other receivables	-	-	-	14,978,957	-	14,978,957	14,978,957
Insurance/ reinsurance receivables	-	-	-	311,471,027	-	311,471,027	311,471,027
Reinsurance recoveries against outstanding claims	-	-	-	5,563,442	-	5,563,442	5,563,442
Salvage recoveries accrued	-	-	-	962,500	-	962,500	962,500
Deposits	-	-	-	8,682,203	-	8,682,203	8,682,203
Cash and bank balances	19,709,017	-	19,709,017	1,529,102	-	1,529,102	21,238,119
December 31, 2018	**473,074,508**	**-**	**473,074,508**	**583,834,025**	**-**	**583,834,025**	**1,056,908,533**
FINANCIAL LIABILITIES							
Outstanding claims including IBNR	-	-	-	116,033,468	-	116,033,468	116,033,468
Insurance/ reinsurance payables	-	-	-	69,001,942	-	69,001,942	69,001,942
Other creditors and accruals	-	-	-	66,486,548	-	66,486,548	66,486,548
Unclaimed dividend	-	-	-	398,934	-	398,934	398,934
December 31, 2018	**-**	**-**	**-**	**251,920,892**	**-**	**251,920,892**	**251,920,892**
Interest risk sensitivity gap	**473,074,508**	**-**	**473,074,508**	**331,913,133**	**-**	**331,913,133**	**804,987,641**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

35.2.3.2 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

35.2.3.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities and units. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and mutual funds. In addition, the Company actively monitors the key factors that affect stock market, money market and TFCs market.

The following table summarizes the Company's other price risk as of December 31, 2018 and 2017. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
		------------- Rupees	------------
December 31, 2018	**5%**	**78,073,794**	**3,903,690**
December 31, 2017	5%	98,787,762	4,939,388

36. INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is entered into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the non-proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, and quota arrangement. The objective of having such arrangements is to mitigate adverse impacts of severe losses on the Company's net retentions. As all the reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against the Company's risk exposures is not quantifiable.

Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim chain-ladder method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of IBNR.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for IBNR is based on historic reporting pattern of the claims; hence, actual amount of IBNR may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and PDR is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The assumed net off reinsurance loss ratios taken on the basis of current year analysis for each class of business are as follows:

	2018	2017
Class	Assumed net loss ratio (%)	
Fire and property	23.24%	20.40%
Marine, aviation and transport	-3.45%	18.65%
Motor	32.70%	28.08%
Accident and health	73.46%	47.40%
Miscellaneous	-2.38%	8.77%

Sensitivities

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, if the claims had (decreased) / increased by 10% with all other variables held constant, as at December 31, 2018 it would have increased / (decreased) the equity and profit or loss by Rs. 5,942,216 (2017: Rs. 5,628,822)

37. REINSURANCE RISK

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognized by the rating of the entity from which it is due are as follows:

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2018	2017
	----------	----------	Rupees	----------	----------
A- or above including Pakistan Reinsurance Company Limited	**68,372,337**	**-**	**9,752,884**	**78,125,221**	54,814,934
BBB	**3,518,617**	**6,525,942**	**-**	**10,044,559**	7,298,355
Others	**11,240,877**	**-**	**-**	**11,240,877**	-
	83,131,831	**6,525,942**	**9,752,884**	**99,410,657**	62,113,289

38. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e.,

- its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and"

- to maintain a strong capital base to support the sustained development of its businesses.

The Company currently meets the minimum paid up capital requirement i.e. 500 million as required by the Securities and Exchange Commission of Pakistan.

39. FAIR VALUE OF FINANCIAL AND NON-FINANCIAL ASSETS

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. Consequently, difference may arise between the carrying values and the fair value estimates.

Fair value hierarchy

The following table provides an analysis of financial and non-financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Following are the assets where fair value is only disclosed and is different from their carrying value:

	2018		
	Fair value measurement using		
	Level - 1	Level - 2	Level - 3
	---------------------- Rupees ----------------------		
Financial investments			
- Available for sale investments	**77,974,258**	-	-
- Held-for-trading investments	**99,536**	-	-
Non - financial investments			
- Investment properties	-	-	**109,652,820**

Available-for-sale investments are stated at market value in accordance with the requirements of the Insurance Rules, 2017 as disclosed in note 5.4.3 to these financial statements. Held-for-trading investments are stated at quoted market prices. Further, investment properties are stated at carrying value as disclosed in note 5.6 to these financial statements.

40. STATEMENT OF SOLVENCY

		2018 Rupees
Assets		
Property and equipment		11,064,668
Investment property		30,953,804
Investments		
Equity securities		240,646,794
Debt securities		16,863,255
Term deposits		436,502,236
Loans and other receivables		14,978,957
Insurance / reinsurance receivables		271,546,266
Reinsurance recoveries against O/S claims		5,563,442
Salvage recoveries accrued		962,500
Deferred commission expense		29,502,011
Deferred taxation		-
Prepayments		20,361,281
Cash & bank		21,238,119
Total assets of takaful operations - operator's fund		52,081,890
Total Assets (A)		1,152,265,223
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
(d)		3,000
(h)		187,716,119
(U)-(i)		6,649,897
(U)-(ii)		4,414,771
Total of In-admissible assets (B)		198,783,787
Total Admissible Assets (C=A-B)		953,481,436

		2018 Rupees
Total Liabilities		
Underwriting provisions		
Outstanding claims including IBNR		116,033,468
Unearned premium reserves		147,009,635
Premium deficiency reserves		7,685
Unearned commission income		1,128,058
Insurance / reinsurance payables		69,001,942
Other creditors and accruals		132,177,548
Unclaimed dividend		398,934
Taxation - provision less payments		522,510
Total liabilities of takaful operations - operator's fund		2,308,759
Total Liabilities (D)		468,588,539
Total Net Admissible Assets (E=C-D)		484,892,897
Minimum Solvency Requirement (higher of following)		150,000,000
Method A - U/s 36(3)(a)	150,000,000	
Method B - U/s 36(3)(b)	72,394,798	
Method C - U/s 36(3)(c)	46,262,651	
Excess / Deficit in Net Admisible Assets over Minimum Requirements		334,892,897

41. NUMBER OF EMPLOYEES

	2018	2017
	----- No. of employees -----	
Total employees of the Company at the year end	128	110
Average employees of the Company during the year	130	115

42. SUBSEQUENT EVENTS

The Board of Directors Proposed a final dividend for the year ended December 31, 2018 of Rs. 0.25 per share (2017: Rs. Nil per share) amounting to Rs. 15 million (2017: Rs. Nil) at their meeting held on April 08, 2019 for approval of members at the Annual General Meeting. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

43. GENERAL

43.1 These financial statements were approved and authorized for issue in the board of directors meeting held on April 08, 2019.

43.2 The figures have been rounded off to the nearest rupee.

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

Window Takaful Operations Financial Statements

SHAHEEN INSURANCE COMPANY LTD
GROUP COMPANY OF
SHAHEEN FOUNDATION
PAKISTAN AIR FORCE

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INDEPENDENT AUDITOR'S REPORT

To the members of Shaheen Insurance Company Limited - Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shaheen Insurance Company Limited - Window Takaful Operations** (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2018 and the profit or loss, total comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standard on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of the Director's report, which we have not been provided to the date. Other Information does not include the financial statements and our auditor's report thereon.

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have not been provided with any information in this regard.

Responsibility of Management and Board of Directors for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Member of
Deloitte Touche Tohmatsu Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made and expenditure incurred during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Chartered Accountants

Date: April 09, 2019
Karachi

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate
		-------------------------	Rupees	-------------------------
ASSETS				
Qard-e-Hasna to Participants' Takaful Fund	5	1,653,750	-	1,653,750
Property and equipment	6	20,139	-	20,139
Intangible assets	7	161,115	-	161,115
Investments in TDRs	8	45,000,000	-	45,000,000
Other receivables	9	453,517	25,038	478,555
Takaful / retakaful receivables	10	-	2,522,871	2,522,871
Receivable from OPF / PTF	11	1,127,323	-	1,127,323
Deferred wakala fee	18	-	1,174,418	1,174,418
Deferred commission expense	21	735,604	-	735,604
Prepayments	12	195,865	-	195,865
Cash and bank	13	2,734,577	4,235,378	6,969,955
		50,428,140	7,957,705	58,385,845
TOTAL ASSETS		52,081,890	7,957,705	60,039,595
EQUITY AND LIABILITIES				
Operator's fund				
Statutory fund		50,000,000	-	50,000,000
Accumulated deficit		(226,869)	-	(226,869)
		49,773,131	-	49,773,131
Waqf / Participants' takaful fund				
Ceded money		-	500,000	500,000
Accumulated deficit		-	(3,683,430)	(3,683,430)
		-	(3,183,430)	(3,183,430)
Qard-e-Hasna from Operator's Fund	5	-	1,653,750	1,653,750
LIABILITIES				
Underwriting provisions				
Outstanding claims including IBNR	19	-	1,149,688	1,149,688
Unearned contribution reserve	17	-	3,314,877	3,314,877
Unearned wakala fees	18	1,174,418	-	1,174,418
Takaful / Retakaful payables	14	-	3,307,483	3,307,483
Payable to OPF / PTF	11	-	1,127,323	1,127,323
Other creditors and accruals	15	1,134,341	588,014	1,722,355
		2,308,759	9,487,385	11,796,144
TOTAL FUND AND LIABILITIES		52,081,890	7,957,705	60,039,595
Contingencies and commitments	16			

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

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD FROM APRIL 1, 2018 TO DECEMBER 31, 2018

	Note	Rupees
PTF revenue account		
Net contribution revenue	17	**(1,325,540)**
Wakala expense	18	**(1,217,318)**
Underwriting result		**(2,542,858)**
Net claims	19	**(1,172,158)**
Direct expenses		**(39,762)**
Deficit before investment income		**(3,754,778)**
Other income	24	**118,914**
Less: Modarib's share of investment income		**(47,566)**
Loss for the period		**(3,683,430)**
Operator's revenue account		
Wakala fee	18	**1,217,318**
Commission expenses	21	**(797,945)**
Management expenses	22	**(2,660,526)**
		(2,241,153)
Modarib's share of PTF investment income		**47,566**
Other expenses	23	**(1,276,606)**
Other income	24	**3,243,324**
Loss for the period		**(226,869)**

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

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM APRIL 1, 2018 TO DECEMBER 31, 2018

	Rupees
PARTICIPANTS' TAKAFUL FUND	
Loss for the period	**(3,683,430)**
Other comprehensive income for the period	-
Total comprehensive income for the period	**(3,683,430)**
OPERATORS' FUND	
Loss for the period	**(226,869)**
Other comprehensive income for the period	-
Total comprehensive income for the period	**(226,869)**

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

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM APRIL 1, 2018 TO DECEMBER 31, 2018

		Operator's Fund	Participants' Takaful Fund	Aggregate
		------------------- Rupees	-------------------	
OPERATING ACTIVITIES				
a) Takaful activities				
Contribution received		-	4,427,716	4,427,716
Re-takaful contributions paid		-	(1,653,767)	(1,653,767)
Claims paid		-	(22,470)	(22,470)
Commissions paid		(1,006,408)	-	(1,006,408)
Wakala fees received		1,311,979	-	1,311,979
Wakala fees paid		-	(1,311,979)	(1,311,979)
Net cash (used in) / generated from underwriting activities		305,571	1,439,500	1,745,071
b) Other operating activities				
Management and other expenses paid		(3,893,386)	(39,762)	(3,933,148)
Deposits and other receivables		(649,382)	(25,038)	(674,420)
Other creditors and accruals		607,200	588,014	1,195,214
Qard-e-hasna contributions		(1,653,750)	1,653,750	-
Net cash used in other operating activities		(5,589,318)	2,176,964	(3,412,354)
Total cash (used in) / generated from operating activities	**A**	**(5,283,747)**	**3,616,464**	**(1,667,283)**
INVESTING ACTIVITIES				
Investment income received		3,243,324	118,914	3,362,238
Addition to fixed assets		(25,000)	-	(25,000)
Addition to intangibles		(200,000)	-	(200,000)
Total cash generated from investing activities	**B**	**3,018,324**	**118,914**	**3,137,238**
FINANCING ACTIVITIES				
Capital injected during the period		50,000,000	-	50,000,000
Ceded money to waqf fund		-	500,000	500,000
Total cash generated from financing activities	**C**	**50,000,000**	**500,000**	**50,500,000**
Net increase in cash and cash equivalents	**A+B+C**	**47,734,577**	**4,235,378**	**51,969,955**
Cash and cash equivalents at the beginning of period		-	-	-
Cash and cash equivalents at end of the period		**47,734,577**	**4,235,378**	**51,969,955**

	Operator's Fund	Participants' Takaful Fund	Aggregate
	------------------ Rupees ------------------		
Reconciliation to profit and loss account			
Operating cash flows	(5,283,747)	3,616,464	(1,667,283)
Increase in assets other than cash	2,227,724	4,006,912	6,234,636
Increase in liabilities	(2,308,759)	(9,487,385)	(11,796,144)
Depreciation / amortisation expense	(43,746)	-	(43,746)
Investment and other income - net	71,348	3,290,890	3,362,238
Qard-e-hasna contributions	1,653,750	(1,653,750)	-
(Deficit) / profit for the period	**(3,683,430)**	**(226,869)**	**(3,910,299)**

Definition of cash

Cash comprises of cash in hand, Participent Membership Document (PMD) stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

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

Current and other accounts			
- Current accounts	2,734,577	4,235,378	6,969,955
Deposits maturing within 12 months			
Term deposit- local currency	45,000,000	-	45,000,000
	47,734,577	4,235,378	51,969,955

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

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director

Air Commodore Zafar Yasin (Retd.) Director

Sohel N. Kidwai
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer

STATEMENT OF CHANGES IN FUND
FOR THE PERIOD FROM APRIL 1, 2018 TO DECEMBER 31, 2018

	Operator's Fund		
	Statutory fund	**Accumulated Profit / (loss)**	**Total**
	--------------------Rupees----------------------		
Balance as at April 1, 2018	-	-	-
Capital injected	50,000,000	-	50,000,000
Loss for the period ended December 31, 2018	-	(226,869)	(226,869)
Balance as at December 31, 2018	**50,000,000**	**(226,869)**	**49,773,131**

	Participants' Takaful Fund		
	Cede Money	**Accumulated Deficit**	**Total**
	--------------------Rupees----------------------		
Balance as at April 1, 2018	-	-	-
Ceded during the period	500,000	-	500,000
Loss for the period ended December 31, 2018	-	(3,683,430)	(3,683,430)
Balance as at December 31, 2018	**500,000**	**(3,683,430)**	**(3,183,430)**

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

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	Air Commodore Zafar Yasin (Retd.) Director	Sohel N. Kidwai Chief Executive Officer	Nisar Ahmed Almani Chief Financial Officer

NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD FROM APRIL 1, 2018 TO DECEMBER 31, 2018

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Operator) has been authorised to undertake Window Takaful Operations (WTO) on March 14, 2018 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 March 20, 2018 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. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017.

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

3. BASIS OF PRESENTATION

The SECP wide its S.R.O. 992(I) / 2018 dated August 08, 2018 has notified the Draft General Takaful Accounting Regulations, 2018 which has the prescribed format of the presentation of annual financial statements for takaful operations of insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

Since this is the first year of Window Takaful operations of the Company, therefore the comparative figures have not been presented.

3.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention, except for certain investments which are carried at fair value.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency.

3.3 Amendments and IFRS interpretations that are effective for the year ended December 31, 2018

The following amendments and interpretations are effective for the year ended December 31, 2018. These interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

- Amendments to IFRS 2 'Share-based Payment': Clarification of the classification and measurement of share-based payment.

- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property. Effective from accounting period beginning on or after January 01, 2018.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'. Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. Effective from accounting period beginning on or after January 01, 2018.

Certain annual improvements have also been made to a number of IFRSs

3.4 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after:
IFRS 15 'Revenue from Contracts with Customers'	July 01, 2018 as per directives issued by the SECP
Amendments to IFRS 9 'Financial Instruments' Prepayment features with negative compensation	June 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely earlier adoption is permitted
Amendments to IAS 19 ‘Employee Benefits’. Plan amendment, curtailment or settlement	January 01, 2019

	Effective from accounting period beginning on or after:
IFRIC 23 'Uncertainty over Income Tax Treatments'. Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle amendments to: IFRS 3 Business Combinations; IFRS 11 Joint Arrangements; IAS 12 Income Taxes; and IAS 23 Borrowing Costs."	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business'	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards	January 01, 2020

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only the period of the revision and future period if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements or judgments were exercised in application of accounting policies, are as follows:

- Estimation of technical reserves and underlying actuarial assumption
- Provision for claims
- Fixed assets - useful lives and salvage value
- Impairment of assets
- Provisions

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these financial statements are as under:

4.1 Takaful contracts

Takaful model is based on the principles of Wakala and Waqf. Takaful contracts are centered around the concepts of Ta'awun (mutual cooperation) and Tabarru (donation) with the overall objective of compensating losses on mutual cooperation basis. For achieving the above objectives, a separate Waqf is formed which owns Participants Takaful Fund (PTF) whereby Participants' contributions, net of government taxes (if any) received from its members (participants/policyholders) are credited. The Operator donates the cede money for the formation of Waqf in its separate capacity and acts as a Wakeel (Agent) against wakala fees for the services rendered. By virtue of being PTF members, the participant are provided membership benefits if a specified uncertain future event related to the covered benefits occurs which adversely affect the participant.

The Operator underwrites non-life Takaful membership benefits that can be categorized into Fire and Property Damage, Marine, Aviation and Transport, Motor, Accident and health and Miscellaneous contracts as per Waqf Deed and Rules. PTF membership tenure may be agreed for a fixed term of one year, or less than one year. However, most of the membership tenures are for twelve months duration.

Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care and major medical care including maternity care and outpatient care.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

These membership contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the member.

4.2 Membership contribution

Members contribute in the form of donation to PTF. Once donated to PTF, members cannot claim the amount contributed. In order to determine the performance of PTF for a given time period, contribution is recognized on accrual basis.

Membership contribution net of Wakala fee under a PMD is recognized over the period of Takaful coverage from the date of inception of the PMD to which it relates to its expiry evenly over the period of the PMD.

Administrative surcharge is recognized as contribution at the date of inception of membership PMD to which it relates and agreed with the members in schedules. Contribution due but unpaid represents the amount due from participants on account of PMD. These are recognized at cost, which is the fair value of the contribution to be received less provision for any impairment, if any.

4.3 Unexpired membership contribution related to takaful benefits

PMD contribution relating to the unexpired period of takaful coverage is recognized as unearned contribution. This liability of the PTF is calculated by applying the 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Wakala fee on the portion of membership contribution relating to the unexpired period of takaful coverage is recognized as unearned Wakala fee by the Operator. This liability of the Operator is calculated by applying the aforesaid 1/24 method.

The related deferred portion of re-takaful contribution is recognized as a prepayment calculated by using the aforesaid 1/24 method.

4.4 Receivables and payables related to takaful coverage

Receivables and payables relating to takaful coverage are recognized when due. These include contribution due but unpaid and claims payable to PTF members/participant. If there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that membership contribution receivable in PTF statement and reduces equivalent Wakala fee from the statement of profit or loss.

4.5 Re-takaful contracts held

The Operator, on behalf of PTF, enters into re-takaful arrangements in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward re-takaful contribution is accounted for in the same period as the related contribution for the direct or accepted re-takaful business being ceded to retakaful operator.

Re-takaful coverage is recognized as per respective re-takaful arrangement in the period of coverage. The unexpired portion of re-takaful contribution is shown as prepayment in PTF accounts which is calculated in the same manner as of unearned contribution.

Re-takaful liabilities represent balances due to re-takaful companies. Amounts payable are calculated in a manner consistent with the related re-takaful arrangement. Re-takaful assets represent balances due from re-takaful companies in PTF accounts. Amounts recoverable from re-takaful operators are calculated in a manner consistent with the provision for outstanding claims or settled claims associated with the re-takaful PMDs and are in accordance with the related re-takaful arrangements.

Amount due from other takaful/re-takaful are carried at cost less provision for impairment, if any. If there is objective evidence that the amount due from re-takaful is impaired, the Operator reduces the carrying amount of the re-takaful receivable to its recoverable amount and recognizes that impairment loss in the PTF statement.

4.6 Claims

General takaful claims include all claims occurring during the year, whether reported or not, including both internal and external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Operator recognizes liability in respect of all claims incurred but not paid up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a PMD. The liability for claims includes amounts relating to unpaid reported claims; claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for claims incurred but not reported (IBNR) is made at the reporting date in accordance with the advice of appointed actuary.

4.7 Re-takaful recoveries against outstanding claims

Claims recoveries receivable from re-takaful operators are recognized as an asset in PTF accounts at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

4.8 Commissions

Commission expense and other acquisition costs are charged to the statement of profit or loss at the time the PMDs are accepted. Commission income from re-takaful operators is recognized on a quarterly basis as per terms and conditions agreed with the re-takaful operators. These are deferred and brought to account as income in accordance with the pattern of recognition of the contribution to which they relate.

4.9 Wakala & Mudarib fees

The Operator manages the PTF operations for the participants and charges a percentage of gross membership contribution including administrative surcharge as Wakala fee against the services. Wakala fee is recognized on the same basis on which the related contribution is recognized. Unexpired portion of Wakala fee is recognized as a liability of the Operator and an asset of PTF.

4.10 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.11 Takaful surplus

PTF surplus, if any, is attributable to the participants, after settlement of all claims and liabilities, is calculated after charging all direct cost and setting aside various reserves.

4.12 Qard-e-hasna

Qard-e-Hasna is provided by Operator to the PTF in case of deficit to keep it solvent. Operator would recover this Qard amount without any additional profit from the PTF once PTF recovers and is in surplus.

4.13 Investment income

Profit on investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

4.14 Cash and cash equivalents

Cash and cash equivalents consist of cash, cheques and stamp in hand, balances with bank, short term deposits maturing within twelve months of the year end and liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

4.15 Financial instruments

All the financial assets and liabilities are recognized at the time when the Operator or PTF becomes a party to the contractual provisions of the instrument and de-recognized when the Operator or PTF looses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

4.16 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the statement of profit or loss. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investment. Subsequently, these are recognized and classified as follows:

4.16.1 At fair value through profit or loss - held for trading

These are classified as 'at fair value through profit or loss' if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).

Upon initial recognition these are designated by the Operator as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. At subsequent reporting dates, these investments are measured at fair value and any gains, and losses arising from the changes in fair value are included in the statement of profit or loss for the period in which they arise.

4.16.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Operator has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortized cost using the effective interest method.

Gain or loss is also recognized in the statement of profit or loss when held to maturity investments are derecognized or impaired, and through the amortization process.

4.16.3 Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit or loss.

Quoted investments are initially recognized at cost inclusive of transaction costs. Unquoted investments are recorded at cost less impairment, if any.

Changes in the fair value of financial instruments classified as available-for-sale are recognised in other comprehensive income until derecognised or impaired, when the accumulated adjustments recognised in other comprehensive income are included in the statement of profit or loss.

Unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

4.16.4 Impairment

The carrying amounts of assets are reviewed to determine whether there is any indication of impairment. If such indication exists the recoverable amount of the asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

4.16.5 **De-recognition**

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

4.17 Investment properties

Investment properties are accounted for under the cost model in accordance with IAS 40 Investment Property and S,R.O. 938 issued by the SECP on December 12, 2002.

- Land is stated at cost.
- Buildings are depreciated by applying the reducing balance method from the date of purchase to the date of disposal at the rate of 5%.

Subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as for tangible fixed assets.

4.18 Fixed assets

4.18.1 These are stated at cost less accumulated depreciation / amortization and impairment, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying straight line method. Depreciation is charged from the month the asset is available for intended use. No depreciation is charged from the month of disposal of the asset.

Rates of depreciation:

• Furniture and fixtures	10%
• Computer equipment	33.3%
• Office and electrical equipment	15 - 20%
• Motor vehicles	20%

Normal repairs and maintenance are charged to the statement of profit or loss as and when incurred; major renewals and replacements are capitalized.

Gain or loss on disposal of fixed assets is taken to the statement of profit or loss.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

4.20 Operating segments

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000. Takaful Rules 2012 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has five primary business segments for reporting purposes namely, fire and property damage, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 4.1.

Assets, liabilities and capital expenditure that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.21 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the PMDs in that class of business. Any movement in the reserve is to be charged to the statement of profit or loss.

For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health and Personal accident takaful is calculated in accordance with the advice of actuary.

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of PMDs in force at the reporting date.

5. QARD-E-HASNA TO PARTICIPANTS' TAKAFUL FUND

	December 31, 2018	
	OPF	PTF
	--------------Rupees--------------	
Opening balance of Qard-e-Hasna	-	-
Qard-e-Hasna transferred from OPF during the year	1,653,750	(1,653,750)
Closing balance of Qard-e-Hasna	1,653,750	(1,653,750)

6. PROPERTY AND EQUIPMENT - OPF

Particulars	Cost			Depreciation			Written down value as at 31 December	Depreciation Rate
	As at 1 January	Addition / (Disposals)	As at 31 December	As at 1 January	Depreciation for the year	As at 31 December		
	(Rupees)							%
Computer hardware	-	25,000	25,000	-	4,861	4,861	20,139	33.33

7. INTANGIBLE ASSETS - OPF

Particulars	Cost			Depreciation			Written down value as at 31 December	Amortisation Rate
	As at 1 January	Addition / (Disposals)	As at 31 December	As at 1 January	Amortisation for the year	As at 31 December		
	(Rupees)							%
Computer software	-	200,000	200,000	-	38,885	38,885	161,115	33.33

8. INVESTMENTS IN TDRS - OPF

	December 31, 2018 Rupees
Held to maturity	
Deposits maturing within 12 months	45,000,000

8.1 This includes term deposits with an Islamic Bank having maturities within 12 months (i.e. upto January 30, 2019). The rate of return on these term deposits is 10.5% per annum.

	December 31, 2018	
	OPF	PTF
	--------------Rupees--------------	

9. OTHER RECEIVABLES

	OPF	PTF
Sindh sales tax receivable	117,800	-
Accrued profit on bank deposits	335,717	25,038
	453,517	25,038

10. TAKAFUL / RETAKAFUL RECEIVABLES - PTF

	PTF
Due from takaful participant holders	248,772
Due from other takaful / retakaful	2,274,099
	2,522,871

11. RECEIVABLE / (PAYABLE) (Current account between OPF and PTF)

		December 31, 2018	
	Note	OPF	PTF
		----------Rupees--------	
Wakala fee		1,079,757	(1,079,757)
Modarib fee		47,566	(47,566)
		1,127,323	(1,127,323)

12. PREPAYMENTS

	Note	OPF	PTF
Advance tax	12.1	195,865	-

12.1 This includes tax deducted on profit on savings accounts.

13. CASH AND BANK

	Note	OPF	PTF
Savings accounts	13.1	2,734,577	4,235,378

13.1 These carry mark-up at rates ranging between 5.5% to 8.5% per annum.

14. TAKAFUL / RETAKAFUL PAYABLES - PTF

	PTF
Payable to re-takaful	3,307,483

	Note	December 31, 2018 OPF	PTF
		----------Rupees--------	
15. OTHER CREDITORS AND ACCRUALS			
Federal takaful fee		-	34,110
FED payable		-	531,544
Sales tax on services		-	22,360
Commission payable		527,141	-
Auditors' fee		298,750	-
Others		308,450	-
		1,134,341	588,014

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on December 31, 2018.

	For the period ended December 31, 2018 Rupees
17. NET CONTRIBUTION REVENUE	
Written gross contribution	6,950,587
Less:Unearned contribution reserve closing	(3,314,877)
Contribution earned	3,635,710
Less: Re-takaful Contribution ceded	4,961,250
Net contribution revenue	(1,325,540)

18. WAKALA EXPENSE

The company manage the general takaful operations for the participants and charges 30% for fire, 30% for marine, 40% for motor, 20% for health and 35% for miscellaneous of the gross contribution written as wakala fee against the services.

	Note	For the period ended December 31, 2018 Rupees
Gross wakala fee		2,391,736
Less: Deferred wakala closing		(1,174,418)
Wakala expense		1,217,318

19. NET CLAIMS

Claims paid	22,470
Add: Outstanding claims including IBNR closing	1,149,688
Claims expense	1,172,158

20. DIRECT EXPENSES

Co-takaful surcharge	20.1	39,762

20.1 This is the service charges deducted by co-takaful at 2.5% of gross contribution revenue on PMDs in which the Company is a co-takaful.

	For the period ended December 31, 2018 Rupees
21. COMMISSION EXPENSE	
Commission paid or payable	1,533,549
Add: Deferred commission opening	-
Less: Deferred commission closing	(735,604)
Commission expense	797,945

22. MANAGEMENT EXPENSES

Salaries, wages and benefits	897,400
Travelling and entertainment	213,305
Depreciation / amortization	43,746
Shariah advisory fee	822,755
Software maintenance	660,000
Others	23,320
	2,660,526

23. OTHER EXPENSES

Auditor's remuneration	373,750
Printing and stationery	894,800
Others	8,056
	1,276,606

	December 31, 2018	
	OPF	PTF
	----------Rupees--------	
24. OTHER INCOME		
Return on bank deposits	3,210,280	117,952
Others	33,044	962
	3,243,324	118,914

25. MODARIB'S FEE

The company manage the participants' investments as a Modarib and charge 40% Modarib's share of PTF investment income.

26. SEGMENT REPORTING

	For the period ended December 31, 2018					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
Participants' Takaful Fund	---Rupees --					
Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge)	2,565,495	1,550,633	3,180,477		800,576	8,097,181
Less : Federal excise duty	(348,856)	(188,959)	(429,769)	-	(109,479)	(1,077,063)
Less : Federal takaful fee	(21,962)	(13,480)	(27,235)	-	(6,854)	(69,531)
Gross written contribution (inclusive of Administrative Surcharges)	2,194,677	1,348,194	2,723,473	-	684,243	6,950,587
Gross contribution direct	2,126,845	1,314,956	2,638,351	-	663,657	6,743,809
Admin surcharge	67,832	33,238	85,122	-	20,586	206,778
Takaful contribution earned	813,340	1,296,482	1,006,188	-	519,700	3,635,710
Re-takaful expense	(2,173,500)	(1,242,000)	(1,080,000)	-	(465,750)	(4,961,250)
Net takaful contribution	(1,360,160)	54,482	(73,812)	-	53,950	(1,325,540)
Rebate earned	-	-	-	-	-	-
Operation income	(1,360,160)	54,482	(73,812)	-	53,950	(1,325,540)
Claim expense	(7,577)	(794,479)	(15,100)	-	(355,002)	(1,172,158)
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	(7,577)	(794,479)	(15,100)	-	(355,002)	(1,172,158)
Wakala expense	(244,002)	(388,945)	(402,475)	-	(181,896)	(1,217,318)
Direct expense	(27,715)	(2,867)	(2,825)	-	(6,355)	(39,762)
Net takaful claim & expense	(279,294)	(1,186,291)	(420,400)	-	(543,253)	(2,429,238)
Surplus/(deficit) before investment income	(1,639,454)	(1,131,809)	(494,212)	-	(489,303)	(3,754,778)
Other income						118,914
Modarib's share of investment income						(47,566)
Deficit for the period						(3,683,430)
Operator's Fund						
Wakala fee income	244,002	388,945	402,475	-	181,896	1,217,318
Commission expense	(235,763)	(320,535)	(139,453)	-	(102,194)	(797,945)
Management expense	(595,183)	(948,735)	(736,304)	-	(380,304)	(2,660,526)
						(2,241,153)
Modarib's share of PTF investment income						47,566
General and administration expenses						(1,276,606)
Other Income						3,243,324
Profit before taxation						(226,869)

The following presents segments assets and liabilities as at December 31, 2018

Segment assets	1,636,626	723,535	2,172,909	-	416,930	4,950,000
Unallocated assets						55,089,595
						60,039,595
Segment liabilities	3,196,047	927,436	4,141,905	-	658,713	8,924,101
Unallocated liabilities						2,872,043
						11,796,144

27. TRANSACTIONS WITH RELATED PARTIES

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

The Company has not incurred any transactions with related parties during the period.

28. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	----------	Rupees	----------	
At beginning of current period	-	-	-	-
Additions	45,000,000	-	-	**45,000,000**
At end of current period	**45,000,000**	**-**	**-**	**45,000,000**

29. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Company issues contracts that transfer Takaful risk. This section summarises the risk and the way the Company manages it.

29.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly fire & property, motor, marine cargo and transportation, health and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual PMDs, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

29.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities (in percentage terms) by class of business at the reporting date.

2018				
Class	Gross claim liabilities	Net claim liabilities	Gross contribution liabilities	Net contribution liabilities
	%	%	%	%
Fire and property damage	0%	0%	42%	42%
Marine, aviation and transport	1%	1%	2%	2%
Motor	67%	67%	52%	52%
Miscellaneous	32%	32%	5%	5%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its re-takaful PMD to reduce such exposures to levels acceptable to the Operator.

The Operator's class wise major gross risk exposure is as follows:

Class	2018
Fire and property damage	**471,438,115**
Marine, aviation and transport	**149,875,000**
Motor	**16,000,000**
Miscellaneous	**144,281,546**

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to PMDs written in Pakistan.

29.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to participants arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date. The details of estimation of outstanding claims (including IBNR) are given under note 4.6.

29.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. The Operator has taken actuarial advice for the determination of IBNR claims which has been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired PMDs as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

29.1.4 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

	Rupees	
	PTF	
	2018	
	Revenue	Equity
Impact of change in claim liabilities by + 10%		
Fire and property damage	-	-
Marine, aviation and transport	(758)	(531)
Motor	(77,201)	(54,041)
Miscellaneous	(37,010)	(25,907)
	(114,969)	(80,479)
Impact of change in claim liabilities by - 10%		
Fire and property damage	-	-
Marine, aviation and transport	758	531
Motor	77,201	54,041
Miscellaneous	37,010	25,907
	114,969	80,479

29.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

29.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	OPF	PTF	Aggregate
Financial assets:	------------------- Rupees -------------------		
Bank balances	2,734,577	4,235,378	6,969,955
Investments in TDRs	45,000,000	-	45,000,000
Takaful / retakaful receivables	-	2,522,871	2,522,871
Accrued profit	335,717	25,038	360,755
	48,070,294	6,783,287	54,853,581

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

The credit quality of claim recoveries from takaful / retakaful operators can be assessed with reference to external credit ratings.

29.2.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities, In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at the reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	2018					
	OPF			PTF		
	Carrying amount	Upto one year	Greater than one year	Carrying amount	Upto one year	Greater than one year
Financial liabilities	**-------------------------Rupees in '000'-------------------------------**					
Takaful / Retakaful payables	-	-	-	3,307,483	3,307,483	-
Other creditors and accruals	1,134,341	1,134,341	-	588,014	588,014	-
	1,134,341	**1,134,341**	**-**	**3,895,497**	**3,895,497**	**-**

29.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by investing only in term deposit receipts offering lucurative returns.

29.2.4 Profit rate risk

The table below provides the maturity analysis of the Operator's liabilities as at reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	2018 - OPF							
		Mark-up bearing			Non mark-up bearing			
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
Financial assets								
Bank balances	**5.5 - 8.5**	2,734,577	-	2,734,577	-	-	-	2,734,577
Investments in TDRs	**10.5**	45,000,000	-	45,000,000	6,228	-	6,228	45,006,228
Accrued profit		-	-	-	335,717	-	335,717	335,717
		47,734,577	**-**	**47,734,577**	**341,945**	**-**	**341,945**	**48,076,522**
Financial liabilities								
Other creditors and accruals		-	-	-	1,134,341	-	1,134,341	1,134,341
		-	**-**	**-**	**1,134,341**	**-**	**1,134,341**	**1,134,341**
Total yield / mark-up rate risk sensitivity gap		**47,734,577**	**-**	**47,734,577**	**(792,396)**	**-**	**(792,396)**	**46,942,181**

	2018 - PTF							
		Mark-up bearing			Non mark-up bearing			
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
Financial assets								
Bank balances	**5.5 - 8.5**	4,235,378	-	4,235,378	-	-	-	4,235,378
Takaful / retakaful receivables		-	-	-	2,522,871	-	2,522,871	2,522,871
Accrued profit		-	-	-	25,038	-	25,038	25,038
		4,235,378	**-**	**4,235,378**	**2,547,909**	**-**	**2,547,909**	**6,783,287**
Financial liabilities								
Provision for outstanding claims (excluding IBNR)		-	-	-	1,149,688	-	1,149,688	1,149,688
Takaful / Retakaful payables		-	-	-	3,307,483	-	3,307,483	3,307,483
Other creditors and accruals		-	-	-	588,014	-	588,014	588,014
		-	**-**	**-**	**5,045,185**	**-**	**5,045,185**	**5,045,185**
Total yield / mark-up rate risk sensitivity gap		**4,235,378**	**-**	**4,235,378**	**(2,497,276)**	**-**	**(2,497,276)**	**1,738,102**

Sensitivity analysis

As on December 31, 2018, the Window Takaful Operations had no financial instruments valued at fair value through profit or loss nor any variable rate instrument. It is therefore the Window Takaful Operations is not exposed to profit rate risk.

29.2.5 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

29.2.6 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As on December 31, 2018, the Window Takaful Operations had no financial instruments valued at fair value nor any variable rate instrument. It is therefore the Window Takaful Operations is not exposed to other price risk.

29.3 Fair value of financial instruments

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values.

The Company's accounting policy on fair value measurements of its investments is discussed in note 4.16 to these financial statements.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

29.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company’s operations either internally within the Company or externally at the Company’s service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company’s activities.

The Company’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

29.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company currently meets the minimum paid up capital requirement i.e. 500 million as required by the Securities and Exchange Commission of Pakistan.

30. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorized for issue on April 08, 2019 by the Board of Directors of the company.

31. GENERAL

All amount have been rounded off to the nearest rupees.

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director	**Air Commodore Zafar Yasin (Retd.) Director**	**Sohel N. Kidwai Chief Executive Officer**	**Nisar Ahmed Almani Chief Financial Officer**

PATTERN OF SHARE HOLDING
HELD BY THE SHARE HOLDERS AS AT 31ST DECEMBER, 2018

No. of Shareholders	From	To	Total Shares Held
202	1	100	2,871
109	101	500	38,548
90	501	1,000	76,569
187	1,001	5,000	458,205
37	5,001	10,000	292,488
23	10,001	15,000	296,891
13	15,001	20,000	237,696
10	20,001	25,000	238,500
3	25,001	30,000	88,000
5	30,001	35,000	166,500
2	35,001	40,000	73,500
3	40,001	45,000	123,500
5	45,001	50,000	243,500
2	50,001	55,000	106,000
1	55,001	60,000	60,000
1	60,001	65,000	60,500
2	65,001	70,000	139,000
2	70,001	75,000	146,500
1	75,001	80,000	80,000
1	85,001	90,000	90,000
3	95,001	100,000	300,000
1	100,001	105,000	104,500
1	115,001	120,000	120,000
1	175,001	180,000	179,500
1	220,001	225,000	225,000
1	265,001	270,000	267,000
1	285,001	290,000	288,000
1	305,001	310,000	307,500
1	355,001	360,000	360,000
1	445,001	450,000	447,500
1	830,001	835,000	834,000
1	2,495,001	2,500,000	2,500,000
1	3,135,001	3,140,000	3,136,963
1	6,345,001	6,350,000	6,345,296
1	41,565,001	41,570,000	41,565,973
716			**60,000,000**

CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER (CCG) AS ON DECEMBER 31, 2018

Name	Holding	%AGE
Directors, Chief Executive Officers, and their spouse and minor children	3,500	0.0058
Associated Companies, undertakings and related parties. (Parent Company)	44,065,973	73.4432
NIT and ICP	0	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	0	0.0000%
Share holders holding 10% or more	47,911,269	79.8521
General Public		
	4,748,459	7.9140
	0	0.0000%
Others (to be specified)		
Foreign Companies	6,345,296	10.5754
Joint Stock Companies	4,836,772	8.0612

NAME OF SHAREHOLDERS 10% OR MORE OF TOTAL CAPITAL AS ON 31ST DECEMBER, 2018

Name	Holding	%AGE
SHAHEEN FOUNDATION PAF	41,565,973	69.2766%
THE HOLLARD COMPANY LIMITED (CDC)	6,345,296	10.5755%
	47,911,269	79.8521%

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERANCE CATEGORIES OF SHAREHOLDER AS AS AT ECEMBER 31, 2018

Name	Holding	%AGE
DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
Air Marshal Muhammad Jamshed Khan (Retd.)	500	0.0008%
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)	500	0.0008%
Air Commodore Zafar Yasin (Retd.)	500	0.0008%
Mr. Aamir Shahzad Mughal	500	0.0008%
Air Commodore Jamshed Iqbal (Retd.)	500	0.0008%
Air Commodore Sikander Niaz (Retd.)	500	0.0008%
Group Captain Javed Akhtar Khan (Retd.)	500	0.0008%
	3,500	0.0058%
ASSOCIATED COMPANIES		
SHAHEEN FOUNDATION PAF	41,565,973	69.2766%
CENTRAL NON PUBLIC FUND. PAF	2,500,000	4.1667%
	44,065,973	73.4433%

PROXY FORM

I/We,______________________________________of______________________________________

being member of Shaheen Insurance Company Limited and holder of__________________________

ordinary shares as per Share Register Folio No.________________ and/or CDC Participant ID No.________________ and Account/Sub-Account No.____

hereby appoint____ of _____________________ as my /our proxy to attend and vote for me/ us and on my/our behalf at the Extra Ordinary General Meeting

of the Company to be held on Tuesday, April 30, 2019 at 2.00 p.m. at the Head Office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, Jinnah International Airport, Karachi and at any adjournment thereof.

Signed this__________________ day of,____________________2019.

Witness: 1

Signature____________________

Name_______________________

CNIC No.____________________

Address____________________

Signature on
Revenue
Stamp of Rs. 5/-

Witness: 2

Signature____________________

Name_______________________

CNIC No.____________________

Address____________________

Notes:

1. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
2. No persons shall be appointed as a Proxy unless he/she is a member of the company.
3. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
4. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.

مختار نامہ

میں /ہم --کا/کے------------------------------------

بحیثیت رکن شاہین انشورنس کمپنی لمیٹڈ اور حامل حصص، --------------------------بمطابق شیئرز رجسٹرڈ فولیو نمبر--------------------- اور/یا سی

ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی نمبر-----------------اور اکاؤنٹ (کھاتہ) سب اکاؤنٹ (ذیلی کھاتہ) نمبر----------------------------

محترم/محترمہ--کا/کے------------------------------------

کو اپنے/ ہمارے ایماء پر بروز منگل مورخہ 30 اپریل، 2019، بوقت دوپہر 2:00 بجے کو بمقام ہیڈ آفس شاہین ایئر پورٹ سروسز (سپس) واقع سپس کمپلیکس ملیر ایونیو، جناح انٹرنیشنل ائیرپورٹ، کراچی پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت میں اپنا / ہمارا مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز--------------------------بتاریخ--------------------------2019 و دستخط کیے گئے۔

گواہان

۱۔ دستخط:------------------------------------

نام:------------------------------------

پتہ:------------------------------------

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:-------------------

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے

نمونہ دستخط سے مماثل ہونے چاہئیں

۲۔ دستخط:------------------------------------

نام:------------------------------------

پتہ:------------------------------------

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:-------------------

نوٹ

۱۔ اس فارم کو پُر اور دستخط کر کے ممبر، پراکسی (مختار) اور گواہان کے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی مصدقہ نقول کے ہمراہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتے پر جمع کرایا جائے۔ مختار (پراکسی فارم) کو اصل شناختی کارڈ/ پاسپورٹ اجلاس کے وقت پیش کرنا ہوگا۔

۲۔ کسی بھی شخص کو مختار (پراکسی) مقرر نہیں کیا جاسکتا الا یہ کہ وہ کمپنی کا رکن ہو۔

۳۔ کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ اور نمائندے کے دستخط کے نمونہ بھی جمع کرائے جائیں گے۔

۴۔ سی ڈی سی اکاؤنٹ ہولڈر اور ان کے مختار کیلئے ضروری ہے کہ مختار نامہ (پراکسی فارم) کے ہمراہ اپنے کمپیوٹرائزڈ شناختی کارڈ/ پاسپورٹ کی مصدقہ نقول بھی جمع کرائیں۔


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GROUP COMPANY OF

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