

Third Quarterly Report 2019



SHAHEEN FOUNDATION
PAKISTAN AIR FORCE

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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Marshal Muhammad Jamshed Khan (Retd.)
Mr. Aamir Shahzad Mughal
Air Commodore Jamshed Iqbal (Retd.)
Air Commodore Ahsan Muhammad Khan (Retd.)
Air Commodore Humayun Viqar Zephyr (Retd.)
Group Captain Javed Akhtar Khan (Retd.)

AUDIT COMMITTEE

Air Marshal Muhammad Jamshed Khan (Retd.) - Chairman
Mr. Aamir Shahzad Mughal - Member
Air Commodore Jamshed Iqbal (Retd.) - Member

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Air Marshal Muhammad Jamshed Khan (Retd.) - Chairman
Air Commodore Jamshed Iqbal (Retd.) - Member
Mr. Sohel N. Kidwai (CEO) - Member

INVESTMENT COMMITTEE

Air Marshal Muhammad Jamshed Khan (Retd.) - Chairman
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

LEGAL ADVISOR

Iftikhar Hussain Law Associates

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants

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
Tel # 32630370-75,32213950-51, Fax # 32626674
E-mail :iftikhar.alam@shaheeninsurance.com
Direct # 32272595

Hyderabad

Branch Manager - Mr.Shakir Ali
Upper 2nd Floor
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

Multan

GM Marketing - Mr. Muhammad Naeem Baig
Office no 21,1st Floor anAli Archade,
Near Chock Kachary LMQ Road, Multan
Phone: 061-4580190.91,92
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

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

Islamabad

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

Sahiwal

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

Sarghoda

Branch Manager - Mr.Nadeem Awan
Office # 63 1st Floor Advance Book shop
Rehman Complex Ibne Seena Hospital Market
Kanchi More Sarghoda Mobile# 0300-8602723
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

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the unaudited accounts of the company for the nine months ended September 30, 2019.

The results of Insurance are summarized below;

	Rupees in million	
	September 2019	September 2018
Gross Premium Written	291	386
Net Insurance Premium	234	290
Underwriting Results	69	63
Investment Income	44	22
Profit before tax	67	48
Profit after tax	47	34
Earnings Per Share	0.78	0.56

Despite tumultuous economic situation of the country, our company continued to perform well during the first nine months of 2019 compared with the same period of 2018. Profit after tax of the company increased by 38% to Rs. 47 Million during the period under review against Rs 34 Million during the corresponding period of 2018. Underwriting profits of the company also increased from Rs. 63 Million in 2018 to Rs. 69 Million in 2019.

Simultaneously, investment income of company also depicted a robust growth of 97% mainly due to higher interest rates and better fund management. Company continue to successfully capitalize the rising interest rate scenario by making short term placements at highly competitive rates of return, and is confident that investment income of the company is expected to show upward trend during remaining months of the year.

Company commenced its Window Takaful Operations in April 2018.

The results of Window Takaful are summarized below;

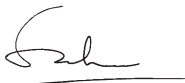
	Rupees in million	
	September 2019	For the period from April 1, 2018 to September 30, 2018
Gross Contribution	4.81	5.68
Net Contribution Revenue	(0.16)	0.29
Underwriting Results	(4.8)	(0.80)
Investment Income	3.54	1.74
Operator's Fund - Revenue Account	1.71	(1.09)
Operator's Profit / (loss)	1.73	(0.72)

Due to initial year of operations, this business segment is progressing gradually. However, keeping in view the current status of enlistment with major Financial Institutions (which requires at least one Audited Financial Statements) and with the guidance if the Board, Company is confident to penetrate this market by procuring takaful business in coming years.

Despite constraints, major operational indicators continue to look promising, and it is expected that the performance / profitability trend will continue during remaining months of the financial year.

Directors would like to place on record their appreciation to the field force, officers and staff of the Company for their commitment and contributions and urge to maintain the tempo for further growth.

Directors would also like to thank the Securities and Exchange Commission of Pakistan, PACRA, Pakistan Stock Exchange Limited, all clients, banks / financial institutions and re-insurers for their continued guidance and support.



Sohel N. Kidwai
Chief Executive Officer



Air Commodore Ahsan Muhammad Khan
(Retd.) Director

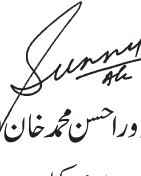
October 28, 2019

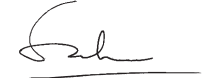
ہکافل کاروبار کے شروعاتی سال ہونے کی وجہ سے یہ کاروباری سرگرمی سست روی کا شکار رہی، مگر بڑے اسلامیات تجارتی اداروں کے ساتھ الحاق (ایک سال کے آڈٹ شدہ اکاؤنٹ درکار ہوتے ہیں) اور کمپنی کے بورڈ کی رہنمائی سے اس مارکیٹ میں آنے والے سالوں میں ہکافل کا زیادہ بزنس حاصل کر کے اپنی جگہ بنانے کے لیے پرامید ہے۔

مشکلات کے باوجود کمپنی کے اکثریتی عملکاری اشارے امید افزا ہیں اور امید ہے کہ کارکردگی/منافع کے یہ رجحانات معاشی سال کے باقی مہینوں میں بھی جاری رہیں گے۔

آپ کے ڈائریکٹرز فیلڈ میں موجود عملے، افسران اور کمپنی کے عملے کی انتھک جدوجہد کو تسلیم کرتے ہوئے انہیں خراج تحسین پیش کرتے ہیں اور تاکید کرتے ہیں کہ نموء کا سفر جاری رہے گا۔

اسی طرح آپ کے ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف، PACRA، پاکستان اسٹاک ایکسچینج، تمام صارفین، بینکوں اور تمام ری انشوررز کے شکر گزار ہیں جو مسلسل کمپنی کی رہنمائی و معاونت میں مصروف عمل ہیں۔


ایئر کموڈور احسن محمد خان (ریٹائرڈ)
ڈائریکٹر


سہیل ن کدوانی
چیف ایگزیکٹو آفیسر

28 اکتوبر 2019ء

ڈائریکٹرز رپورٹ برائے ممبران!

ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2019 کو اختتام پذیر نو ماہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

انشورنس کے نتائج کا خلاصہ درج ذیل ہے:-

روپے ملین میں		
ستمبر 2018	ستمبر 2019	
386	291	تحریر کردہ مجموعی پریمیئم
290	234	پریمیئم کی صافی آمدنی
63	69	ذمہ نویسی کے نتائج
22	44	سرمایہ کاری کی آمدنی
48	67	منافع قبل از ٹیکس
34	47	منافع بعد از ٹیکس
0.56	0.78	آمدنی فی شیئر

ملک کی ہنگامہ خیز معاشی صورتحال کے باوجود 2018 کے پہلے نو ماہ سے موازنہ کیا جائے تو ہماری کمپنی نے 2019 کے اس عرصے میں اچھی کارکردگی کا مظاہرہ کیا۔ اسی نو ماہ کے دوران کمپنی کے ٹیکس کے بعد نفع 38 فیصد اضافے کے ساتھ 47 ملین روپے تک جا پہنچا جبکہ 2018 کے اس عرصے کے دوران یہ رقم 34 ملین روپے تھی۔ کمپنی کے ذمہ نویسی کے نتائج اضافے کے بعد 69 ملین روپے تک جا پہنچا جبکہ 2018 کے اس عرصے کے دوران یہ رقم 63 ملین روپے تھی۔

بیک وقت کمپنی کی سرمایہ کاری کی آمدنی میں بھی 97 فیصد کی مضبوط نمو، اونچی شرح سود اور فنڈز کے بہتر انتظامات کی وجہ سے ہوئی۔ کمپنی نے کامیابی کے ساتھ شرح سود کے بڑھتے ہوئے رجحانات کے مد نظر چھوٹی مدت کی سرمایہ کاری مسابقتی شرحوں پر کر کے استفادہ حاصل کیا ہے اور کمپنی پر اعتماد ہے کہ سرمایہ کاری آمدنی سال کے باقی مہینوں میں بڑھتے رہنے کا امکان ہے۔

کمپنی نے اپنے ونڈ وٹکافل آپریشنز کا آغاز اپریل 2018 سے کر دیا ہے۔

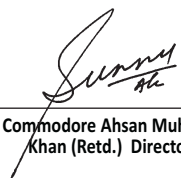
ونڈ وٹکافل آپریشنز کے نتائج کا خلاصہ درج ذیل ہے:-

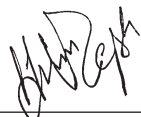
روپے ملین میں	روپے ملین میں	
اپریل 1، 2018 سے ستمبر 30، 2018	ستمبر 30، 2019	
5.68	4.81	مجموعی کٹری بیوشن
0.29	(0.16)	خالص کٹری بیوشن
(0.80)	(4.8)	ذمہ نویسی کے نتائج
1.74	3.54	سرمایہ کاری کی آمدنی
(1.09)	1.71	آپریٹنگ ریونیو اکاؤنٹ
(0.72)	1.73	آپریٹنگ منافع

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2019

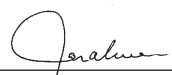
	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
-----Rupees-----			
Assets			
Property and equipment	6	80,445,265	11,064,668
Investment properties	7	29,680,736	30,953,804
Investments			
Equity securities	8.1	243,594,833	240,646,794
Debt securities	8.2	17,348,825	16,863,255
Term deposits	8.3	486,146,446	436,502,236
Loans and other receivables	9	12,195,296	14,978,957
Insurance / reinsurance receivables	10	314,479,671	271,546,266
Reinsurance recoveries against outstanding claims		27,974,467	5,563,442
Salvage recoveries accrued		4,327,500	962,500
Deferred commission expense / acquisition cost		23,455,497	29,502,011
Advances deposits and prepayments		17,046,592	20,361,281
Cash and bank balances	11	13,157,046	21,238,119
Total assets of takaful operations		53,582,636	52,081,890
Total Assets		1,323,434,809	1,152,265,223
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Share capital	12	600,000,000	600,000,000
Reserves	13	31,057,901	31,367,066
Unappropriated profit		83,852,039	52,309,618
Total equity		714,909,940	683,676,684
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		142,243,739	116,033,468
Unearned premium reserves		161,598,874	147,009,635
Premium deficiency reserve		7,685	7,685
Unearned reinsurance commission		1,140,203	1,128,058
Lease liabilities		80,716,933	-
Insurance/ reinsurance payables		70,047,587	69,001,942
Other creditors and accruals	14	145,170,761	132,177,548
Unclaimed dividend		1,911,962	398,934
Taxation - provision less payments		3,608,041	522,510
Total liabilities of takaful operations - operator's fund		2,079,084	2,308,759
Total liabilities		608,524,869	468,588,539
Total Equity and Liabilities		1,323,434,809	1,152,265,223
Contingencies and commitments	15		

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director



Sohel N. Kidwai
Chief Executive Officer



Nisar Ahmed Almani
Chief Financial Officer

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Quarter ended		Nine months ended	
		Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
-----Rupees-----					
Net insurance premium	16	71,341,242	108,701,266	233,599,497	289,744,999
Net Insurance claims	17	(18,193,912)	(21,303,331)	(63,589,064)	(71,718,938)
Net commission and other acquisition cost	18	(16,414,304)	(42,190,218)	(49,615,080)	(102,388,768)
		(34,608,216)	(63,493,549)	(113,204,144)	(174,107,706)
Management expenses		(16,452,744)	(16,524,518)	(51,862,077)	(52,399,179)
Underwriting results		20,280,282	28,683,199	68,533,276	63,238,114
Investment income	19	15,071,368	8,986,998	43,627,943	22,145,906
Rental income		910,149	519,652	2,649,453	2,215,259
Other income		1,107,737	763,991	3,880,870	2,333,002
Other expenses		(14,329,001)	(15,479,868)	(46,503,942)	(41,704,371)
Finance charges on right-of-use assets		(2,391,778)	-	(7,301,333)	-
Profit before tax from window takaful operations - OPF		247,575	-	1,730,421	-
Profit before tax		20,896,331	23,473,972	66,616,687	48,227,910
Provision for taxation - current		(7,257,815)	(4,982,062)	(20,074,266)	(14,468,373)
Profit after tax		13,638,516	18,491,910	46,542,421	33,759,537
Other comprehensive income					
Unrealised (losses) / profit on available-for-sale Investment-net		1,451,530	672,022	(309,165)	1,965,699
Total comprehensive income for the period		15,090,046	19,163,932	46,233,256	35,725,236
Earning per share - basic and diluted	22	0.23	0.31	0.78	0.56

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director

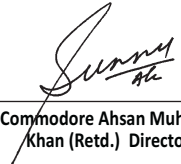

Sohail N. Kidwai
Chief Executive Officer



Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR NINE MONTHS ENDED SEPTEMBER 30, 2019

	Share Capital	General Reserves	Available for Sale Investment Revaluation Reserve	Unappropriated Profit	Total
	------(Rupees)-----				
Balance as at January 01, 2018	600,000,000	20,000,000	11,042,345	276,925	631,319,270
Total comprehensive income for nine months ended September 30, 2018					
Profit for nine months ended September 30, 2018	-	-	-	33,759,537	33,759,537
Other comprehensive income	-	-	1,965,699	-	1,965,699
Total comprehensive income for the period	-	-	1,965,699	33,759,537	35,725,236
Balance as at September 30, 2018 (Un-audited)	600,000,000	20,000,000	13,008,044	34,036,462	667,044,506
Balance as at January 1, 2019	600,000,000	20,000,000	11,367,066	52,309,618	683,676,684
Total comprehensive income for the nine month period ended September 30, 2019					
Profit for nine months ended September 30, 2019	-	-	-	46,542,421	46,542,421
Other comprehensive loss	-	-	(309,165)	-	(309,165)
Total comprehensive income for the period	-	-	(309,165)	46,542,421	46,233,256
Final dividend by the year ended December 31, 2018 @ 2.5% (Rupees 0.25 per share)	-	-	-	(15,000,000)	(15,000,000)
Balance as at September 30, 2019 (Un-audited)	600,000,000	20,000,000	11,057,901	83,852,039	714,909,940

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2019	December 31, 2018
Note	-----Rupees-----	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	291,794,980	311,510,276
Reinsurance premiums paid	(32,680,747)	(47,772,942)
Claims paid	(89,565,834)	(77,108,761)
Reinsurance and other recoveries received	30,403,891	11,027,572
Commissions paid	(41,687,210)	(64,931,395)
Commissions received	962,113	1,098,779
Net cash flows from underwriting activities	<u>159,227,195</u>	<u>133,823,529</u>
b) Other operating activities		
Income tax paid	(12,714,070)	(3,207,267)
Finance cost paid	(7,364,332)	-
Management and administration expenses paid	(86,367,230)	(89,513,497)
Net cash used in other operating activities	<u>(106,445,632)</u>	<u>(92,720,764)</u>
Total cash used in all operating activities	A <u>52,781,563</u>	<u>41,102,765</u>
INVESTING ACTIVITIES		
Profit / Return received	47,508,813	24,478,907
Rentals received	2,649,453	2,215,259
Payments for investments	(605,142,984)	(1,513,437)
Proceeds from investments	636,188,543	-
Fixed capital expenditure	(78,878,317)	(2,999,542)
Investment in window takaful operations	-	(50,000,000)
Proceeds from disposal of fixed assets	41,500	91,000
Total cash flow from all investing activities	B <u>2,367,007</u>	<u>(27,727,813)</u>
FINANCING ACTIVITIES		
Financial charges paid	(153,619)	(80,300)
Dividend paid	(13,486,972)	-
Total cash flows from / (used in) all financing activities	C <u>(13,640,591)</u>	<u>(80,300)</u>
Net cash flow from / (used in) all activities	A+B+C <u>41,507,979</u>	<u>13,294,652</u>
Exchange loss on cash and cash equivalents	55,158	189,564
Cash and cash equivalents at the beginning of year	457,740,355	439,010,478
Cash and cash equivalents at end of the period	<u><u>499,303,492</u></u>	<u><u>452,494,694</u></u>

September 30, 2019 December 31, 2018
-----Rupees-----

Reconciliation to profit and loss account

Operating cash flows	52,781,563	41,102,765
Exchange loss on cash and cash equivalents	55,158	189,564
Finance charges on right of use assets	(7,301,333)	-
Depreciation on fixed assets	(3,361,389)	(3,399,096)
Depreciation on investment property	(1,273,068)	(1,190,957)
Loss / gain on disposal of fixed assets	(6,000)	76,000
Taxes paid	12,714,070	3,207,267
Financial charges	(153,619)	(80,300)
Increase / (decrease) in assets other than cash	128,347,050	128,041,672
(Increase) / decrease in liabilities	(163,015,570)	(143,445,600)
Investment and other income	47,199,648	24,478,907
Provision for Workers' Welfare Fund	(1,100,243)	(752,313)
Provision for tax	(20,074,266)	(14,468,373)
Profit from window takaful operations - OPF	1,730,421	-
Profit after taxation	46,542,421	33,759,537

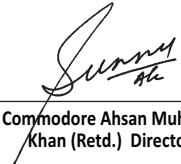
Definition of cash


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:

Cash and other equivalents		
- Cash in hand	146,710	106,731
- Policy stamps in hand	-	-
	<u>146,711</u>	<u>106,731</u>
Current and saving accounts		
- Current accounts	3,203,605	951,135
- Savings accounts	9,806,731	31,464,544
	<u>13,010,336</u>	<u>32,415,679</u>
Deposits maturing within 12 months		
Term Deposit- local currency	486,146,446	419,972,284
	<u>499,303,493</u>	<u>452,494,694</u>

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR NINE MONTHS ENDED SEPTEMBER 30, 2019

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 12 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.
- Office # Ahbab Town, Railway Road, Sahiwal

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017 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 February 14, 2019, has allowed the companies to defer the application of International Financial Reporting Standard (IFRS 9) "Financial Instruments".

2.2 The condensed interim financial information does not include all the information required in the annual financial statements. Accordingly, the condensed interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

2.3 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. SIGNIFICANT ACCOUNTING POLICIES

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the period ended June 30, 2019

The following standards, amendments and interpretations are effective for the period ended June 30, 2019. These standards, interpretations and the 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 on the classification and measurement of share-based payment transactions	January 01, 2018
- IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
- IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
- IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 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.

3.2 New accounting standards / amendments 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 the 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 as disclosed in note 3.4.

	Effective from accounting period beginning on or after:
- Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	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 from accounting period beginning on or after a date to be determined. Earlier application is permitted
- IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
- Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

**Effective from accounting period
beginning on or after:**

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material January 01, 2020
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements. January 01, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. 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

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

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

3.3 The significant accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2018 and half year ended June 30, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended December 31, 2018.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

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

6. PROPERTY AND EQUIPMENT

6.1 Details of the cost of operating assets that have been acquired and disposed of during the nine months period ended are as follows:

	Un-audited September 30, 2019		Un-audited September 30, 2018	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----			
Right-of-use assets	78,217,961			
Furniture, fixtures and office equipment	53,450		961,116	822,233
Computers	216,500		293,426	661,275
Motor vehicles	390,406	41,500	1,745,000	85,450
Capital work in progress	-	-	-	34,750,008
	78,878,317	41,500	2,999,542	36,318,966

	(Unaudited) September 30, 2019	(Audited) December 31, 2018		
	-----Rupees-----			
7. INVESTMENT PROPERTY				
Cost				
Total cost at beginning of the period / year	50,821,734	50,561,734		
Additions	-	260,000		
Total cost at end of the period / year	<u>50,821,734</u>	<u>50,821,734</u>		
Depreciation				
Accumulated depreciation at beginning of the period / year	19,867,930	18,111,165		
For the period / year	1,273,068	1,756,765		
Accumulated depreciation at end of the period / year	<u>21,140,998</u>	<u>19,867,930</u>		
Balance at end of the period / year	<u>29,680,736</u>	<u>30,953,804</u>		
8. INVESTMENTS				
8.1 INVESTMENTS IN EQUITY SECURITIES				
	September 30, 2019	Un-audited	December 31, 2018	Audited
	COST	Fair value gain (loss)	CARRYING VALUE	COST
	Fair value gain (loss)	CARRYING VALUE	Fair value gain (loss)	CARRYING VALUE
Available for sale				
Listed shares	188,000,000	-	188,000,000	188,000,000
Mutual funds	55,809,717	(284,073)	55,525,644	52,171,140
				376,118
				52,547,258
Investment at fair value through profit and loss - held for trading				
Listed shares	99,536	(30,347)	94,821	336,237
	<u>243,909,253</u>	<u>(314,420)</u>	<u>243,594,833</u>	<u>240,507,377</u>
				<u>139,417</u>
				<u>240,646,794</u>
8.2 INVESTMENTS IN DEBT SECURITIES				
Held to maturity				
Pakistan Investment Bond	17,348,825	-	17,348,825	16,863,255
	<u>17,348,825</u>	<u>-</u>	<u>17,348,825</u>	<u>16,863,255</u>
				<u>-</u>
				<u>16,863,255</u>
8.3	This include term deposits with various banks having maturities within 12 months (i.e. upto October 16, 2019) The rate of return on these term deposits ranging between 11.50% to 13.50% (December 31, 2018: 8% to 10.5%) per annum.			
			(Unaudited) September 30, 2019	(Audited) December 31, 2018
9. LOANS AND OTHER RECEIVABLES			-----Rupees-----	
Loan to employees			3,000	3,000
Accrued investment income			2,961,487	3,313,390
Other receivables			9,230,809	11,662,567
			<u>12,195,296</u>	<u>14,978,957</u>
9.1	This include balance receivable of Rs. 5.6 million (December 31, 2018: 5.6 million) from Pace Pakistan Limited in respect of sale of property located at Pace Tower project, Lahore.			

			(Unaudited) September 30, 2019	(Audited) December 31, 2018
10. INSURANCE / REINSURANCE RECEIVABLES unsecured, considered good			-----Rupees-----	
Due from insurance contract holders less: provision for impairment			273,151,143 (39,925,260) 233,225,883	228,339,196 (39,924,761) 188,414,435
Due from other insurers / reinsurers			81,253,788	83,131,831
			314,479,671	271,546,266
11. CASH AND BANK BALANCES				
Cash and other equivalents				
- Cash in hand			146,710	106,731
- Policy stamps and bond papers in hand			-	-
			146,710	106,731
Current and saving accounts				
- Current accounts			3,203,605	951,135
- Saving accounts	11.1		9,806,731	31,464,544
			13,010,336	32,415,679
			13,157,046	32,522,410
11.1.	These carry mark-up at rates ranging between 6% to 8.5% (December 31, 2018: 3% to 5.5%) per annum.			
12. SHARE CAPITAL				
12.1 Authorized share capital				
	(Unaudited) September 30, 2019	(Audited) December 31, 2018	(Unaudited) September 30, 2019	(Audited) December 31, 2018
	Number of shares		-----Rupees-----	
	100,000,000	100,000,000	1,000,000,000	1,000,000,000
12.2 Issued, subscribed and paid - up share capital				
	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

12.3 As at September 30, 2019, 44.066 million (December 31, 2018: 44.065 million) shares of the company are held by the associated companies / undertakings. Details of these holdings are as follows:

	(Unaudited) September 30, 2019	(Audited) December 31, 2018
	Number of shares	
Shaheen Foundation, PAF	41,565,848	41,565,422
Central Non Public Fund, PAF	<u>2,500,000</u>	<u>2,500,000</u>
	<u>44,065,848</u>	<u>44,065,422</u>
Percentage of shareholding by associated companies / undertakings	73.44%	73.44%

	(Unaudited) September 30, 2019	(Audited) December 31, 2018
	-----Rupees-----	
13. RESERVES		
General reserves	20,000,000	20,000,000
Unrealised gain / (loss) on available-for-sale investment	<u>11,057,901</u>	<u>11,367,066</u>
	<u>31,057,901</u>	<u>31,367,066</u>

	(Unaudited) September 30, 2019	(Audited) December 31, 2018
14. OTHER CREDITORS AND ACCRUALS		
Agent balances	44,724,284	41,880,814
Accrued expenses	10,990,379	12,345,719
Provincial services tax	63,163,347	52,143,161
Withholding tax payable	7,498,231	6,855,889
Workers welfare fund payable	4,277,519	5,749,722
Unearned rental income	1,155,449	689,304
Payable to provident fund	174,748	252,924
Others	<u>13,186,805</u>	<u>12,260,015</u>
	<u>145,170,761</u>	<u>132,177,548</u>

15. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments as reported in the annual financial statements of the Company for the year ended December 31, 2018.

	Quarter ended Un-audited		Nine months ended Un-audited	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	-----Rupees-----			

16. NET INSURANCE PREMIUM

Written gross premium	70,492,395	172,263,327	290,908,016	385,603,654
Add: Unearned premium reserve opening	177,684,751	153,253,808	147,009,635	144,520,108
Less: Unearned premium reserve closing	162,424,780	206,011,897	162,424,780	206,011,897
Premium earned	85,752,366	119,505,238	275,492,871	324,111,865
Less:				
Reinsurance premium ceded	10,910,939	10,752,970	34,443,153	29,404,445
Add: Prepaid reinsurance premium opening	5,802,848	19,027,680	9,752,883	23,939,088
Less: Prepaid reinsurance premium closing	2,302,662	18,976,764	2,302,662	18,976,767
Reinsurance expense	14,411,126	10,803,886	41,893,374	34,366,766
Net Premium	71,341,242	108,701,352	233,599,497	289,745,099

	Quarter ended Un-audited		Nine months ended Un-audited	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
-----Rupees-----				
17. NET INSURANCE CLAIMS EXPENSE				
Claims paid	25,783,567	23,227,190	89,565,834	77,108,761
Add: Outstanding claims including IBNR closing	116,033,468	122,440,533	142,243,738	122,440,533
Less: Outstanding claims including IBNR opening	95,002,089	117,688,392	116,033,468	114,519,530
Claims expense	46,814,946	27,979,331	115,776,104	85,029,764
Less:				
Reinsurance and other recoveries received	7,970,636	8,515,000	30,403,891	11,027,572
Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening	7,658,694	8,431,940	6,525,943	4,309,685
Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing	28,309,092	6,592,939	28,309,092	6,592,939
Reinsurance and other recoveries revenue	28,621,034	6,675,999	52,187,040	13,310,826
Net claim	18,193,912	21,303,332	63,589,064	71,718,938
18. NET COMMISSION EXPENSE				
Commission paid or payable	25,930,225	43,053,031	44,530,679	103,696,467
Add: Deferred commission expense opening	14,304,902	30,391,582	29,502,011	30,857,513
Less: Deferred commission expense closing	23,455,497	31,066,432	23,455,497	31,066,432
Net Commission	16,779,630	42,378,181	50,577,193	103,487,548
Less:				
Commission received or recoverable	365,326	-	974,258	-
Add: Unearned reinsurance commission opening	1,140,203	1,316,683	1,128,058	2,227,500
Less: Unearned reinsurance commission closing	1,140,203	1,128,721	1,140,203	1,128,721
Commission from reinsurers	365,326	187,962	962,113	1,098,779
Net Commission	16,414,304	42,190,219	49,615,080	102,388,769
19. INVESTMENT INCOME				
Dividend income on investment				
Dividend income securities held for trading	-	-	-	48,080
Dividend income on available for sale investments	-	-	3,834,694	-
Held-to-maturity				
Return on other fixed income securities	14,575,270	6,786,828	38,496,250	17,575,433
Return on Government Securities	784,627	273,772	1,606,164	2,671,254
Unrealized gain / (loss) on revaluation of held-for-trading	(288,529)	1,926,397	(309,165)	1,851,138
Total investment income	15,071,368	8,986,997	43,627,943	22,145,905

20. SEGMENT INFORMATION
20.1 Segment profit and loss
For nine month ended September 30, 2019

	Current period					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
	----- Rupees -----					
Premium receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	45,653,802	12,974,830	200,147,255	5,687,905	91,833,195	356,296,987
Less: Federal excise duty	(5,758,672)	(1,657,078)	(26,119,901)	(60)	(27,666,206)	(61,201,917)
Less: Federal insurance fee	(395,022)	(111,978)	(1,723,629)	(56,596)	(1,899,819)	(4,187,044)
Gross written Premium (inclusive of Administrative Surcharge)	39,500,108	11,205,774	172,303,725	5,631,249	62,267,170	290,908,026
Gross direct premium	38,984,098	10,892,894	168,265,323	67,141,809	5,623,892	290,908,016
Administrative surcharge	516,010	312,870	4,038,402	3,408,114	7,357	8,282,753
Insurance premium earned	39,500,108	11,205,764	172,303,725	70,549,923	5,631,249	299,190,769
Insurance premium ceded to reinsurers	37,771,954	10,340,392	157,280,424	8,385,660	61,714,442	275,492,871
	15,044,722	3,828,834	6,668,064	-	16,351,754	41,893,374
Net Insurance premium	22,727,231	6,511,558	150,612,361	8,385,660	45,362,687	233,599,497
Commission income	319,412	-	-	-	642,701	962,113
Net underwriting income	23,046,643	6,511,558	150,612,361	8,385,660	46,005,388	234,561,610
Insurance claims	16,072,620	483,051	82,499,992	6,481,416	10,239,025	115,776,104
Insurance claims recovered from reinsurance	17,207,947	363,133	30,866,477	-	3,749,483	52,187,040
Net Claim	(1,135,327)	119,918	51,633,515	6,481,416	6,489,542	63,589,064
Commission expense	10,969,647	2,839,567	20,668,727	988,884	15,110,369	50,577,193
Management expense	7,089,314	1,940,760	29,674,544	1,573,882	11,583,578	51,862,077
Net insurance claims and expenses	16,923,635	4,900,245	101,976,786	9,044,181	33,183,488	166,028,334
Underwriting result	6,123,009	1,611,313	48,635,575	(658,521)	12,821,900	68,533,276
Net investment income						43,627,943
Rental income						2,649,452
Other income						3,880,870
Other expenses						(46,503,942)
Finance charges on right-of-use assets						(7,301,333)
Profit before tax from window takaful operations - OPF						1,730,421
Profit before tax						66,616,687

SEGMENT INFORMATION

Segment profit and loss

For nine months ended September 30, 2018

	Current period					
	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)	56,907,392	13,703,241	233,965,504	12,542,302	126,031,660	443,150,099
Less: Federal excise duty	(7,238,613)	(1,616,422)	(30,028,944)	-	(14,806,564)	(53,690,543)
Less: Federal insurance fee	(491,802)	(119,683)	(2,018,880)	(124,182)	(1,101,455)	(3,856,002)
Gross written premium (inclusive of administrative surcharge)	49,176,977	11,967,136	201,917,680	12,418,120	110,123,641	385,603,554
Gross direct premium	48,562,598	11,588,781	197,550,672	12,403,120	106,010,377	376,115,548
Administrative surcharge	614,379	378,355	4,367,008	15,000	4,113,264	9,488,006
Insurance premium earned	33,919,943	10,523,673	169,389,844	8,053,491	102,224,815	324,111,765
Insurance premium ceded to reinsurers	12,037,977	3,207,864	6,614,226	-	12,506,698	34,366,765
Net Insurance premium	21,881,965	7,315,808	162,775,618	8,053,491	89,718,116	289,745,000
Commission income	768,216	-	-	-	330,563	1,098,779
Net underwriting income	22,650,181	7,315,808	162,775,618	8,053,491	90,048,679	290,843,779
Insurance claims	2,954,182	986,954	71,254,093	4,701,848	5,132,687	85,029,764
Insurance claims recovered from reinsurance	-	38,571	12,507,000	-	765,255	13,310,826
Net Claim	2,954,182	948,383	58,747,093	4,701,848	4,367,432	71,718,938
Commission expense	9,758,008	2,903,537	28,208,047	151,479	62,466,477	103,487,547
Management expense	5,483,840	1,701,363	27,385,272	1,302,009	16,526,695	52,399,179
Net insurance claims and expenses	18,196,030	5,553,283	114,340,411	6,155,335	83,360,605	227,605,664
Underwriting result	4,454,151	1,762,525	48,435,207	1,898,156	6,688,075	63,238,115
Net investment income						22,145,906
Rental income						2,215,259
Other income						2,333,002
Other expenses						(41,704,371)
Profit before tax						48,227,910

20.2

Segment Assets & Liabilities

Un-audited
September 30, 2019

Current period	Rupees					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
SEGMENT ASSETS						
Segment assets	44,182,599	12,240,689	223,636,543	12,349,964	76,993,642	369,403,437
Unallocated corporate assets						954,031,372
Total assets						<u>1,323,434,809</u>
SEGMENT LIABILITIES						
Segment liabilities	44,527,642	12,336,283	225,383,028	12,446,412	77,615,418	372,308,783
Unallocated corporate liabilities						236,216,086
Total liabilities						<u>608,524,869</u>

Segment Assets & Liabilities

Audited
December 31, 2018

Current period	Rupees					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
SEGMENT ASSETS						
Segment assets	43,425,667	10,296,397	161,009,713	9,843,899	96,551,609	321,127,285
Unallocated corporate assets						831,137,938
Total assets						<u>1,152,265,223</u>
SEGMENT LIABILITIES						
Segment liabilities	63,375,441	5,406,461	195,076,201	23,479,227	45,835,771	333,173,101
Unallocated corporate liabilities						135,415,438
Total liabilities						<u>468,588,539</u>

21. 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 transaction	2019	2018
		----- Rupees -----	
Parent Company			
Shaheen Foundation-PAF	Premium due but unpaid	89,419,389	67,329,890
Shaheen Foundation-PAF	Outstanding claim	1,657,311	889,609
Shaheen Foundation-PAF	Rent payable	4,043,375	303,186
Shaheen Foundation-PAF	Commission payable	14,031,814	14,031,814
Shaheen Foundation-PAF	Security deposit	2,517,537	2,517,537
Balances with other related parties			
Payable to the provident fund		174,748	252,924
Other transactions during the year with associated companies			
		2019	2018
		----- Rupees -----	
Remuneration of key management personnel		15,596,442	10,073,220
Contribution to provident fund		1,785,529	859,535

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

21.2 Remuneration to the key management personnel are in accordance with the terms of their employment.

21.3 Contribution to the provident fund is in accordance with the Company's staff services rules.

21.4 Other transactions are at agreed terms.

22. EARNINGS PER SHARE - BASIC AND DILUTED

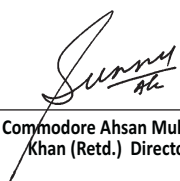
	Quarter ended		Nine months ended	
	(Unaudited) September 30, 2019	(Unaudited) September 30, 2018	(Unaudited) September 30, 2019	(Unaudited) September 30, 2018
	----- Rupees -----		----- Rupees -----	
	-----Un-audited-----			
Profit for the period	13,638,516	18,491,910	46,542,421	33,759,537
	Number of Shares		Number of Shares	
Weighted average number of ordinary shares of Rs. 10 each	60,000,000	60,000,000	60,000,000	60,000,000
	----- Rupees -----		----- Rupees -----	
Earnings per share	0.23	0.31	0.78	0.56


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

23. GENERAL

23.1 This condensed interim financial information was approved and authorized for issue in the board of directors meeting held on October 28, 2019.

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


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

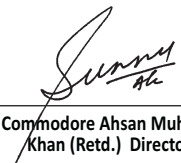



Window Takaful Operations Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Note	----- Unaudited ----- September 30, 2019			Unaudited December 31, 2018
		Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate	Aggregate
		-----Rupees -----			Rupees
ASSETS					
Qard-e-hasana to Participants' Takaful Fund	4	-	-	-	1,653,750
Property and equipment	5	15,973	-	15,973	20,139
Intangible assets	6	127,785	-	127,785	161,115
Investment in TDRs	7	47,000,000	-	47,000,000	45,000,000
Takaful / Retakaful receivables	8	-	1,524,266	1,524,266	2,522,871
Receivable from OPF / PTF		227,917	-	227,917	1,127,323
Deferred wakala fee		-	1,067,316	1,067,316	1,174,418
Deferred commission expense		594,120	-	594,120	735,604
Prepayments	9	302,974	24,523	327,497	195,865
Other receivables	10	3,150,782	47,078	3,197,860	478,555
Cash and bank	11	1,962,111	2,005,837	3,967,948	6,969,955
		53,381,661	4,669,020	58,050,681	58,385,845
TOTAL ASSETS		53,381,661	4,669,020	58,050,681	60,039,595
EQUITY AND LIABILITIES					
Operator's fund					
Statutory fund		50,000,000	-	50,000,000	50,000,000
Accumulated profit / (loss)		1,503,552	-	1,503,552	(226,869)
		51,503,552	-	51,503,552	49,773,131
Waqf / Participants' takaful fund					
Ceded money		-	500,000	500,000	500,000
Accumulated deficit		-	(8,320,622)	(8,320,622)	(3,683,430)
		-	(7,820,622)	(7,820,622)	(3,183,430)
Qard-e-hasana to Operator's Fund	4	-	-	-	1,653,750
LIABILITIES					
Underwriting provisions					
Outstanding claims including IBNR		-	2,111,466	2,111,466	1,149,688
Unearned contribution reserve		-	3,331,699	3,331,699	3,314,877
Unearned wakala fees		1,067,316	-	1,067,316	1,174,418
Takaful / Retakaful payables		-	6,614,982	6,614,982	3,307,483
Payable to OPF / PTF		-	227,917	227,917	1,127,323
Other creditors and accruals	12	810,793	203,577	1,014,370	1,722,355
		1,878,109	12,489,641	14,367,750	11,796,144
TOTAL FUND AND LIABILITIES		53,381,661	4,669,020	58,050,681	60,039,595
Contingencies and commitments	13				

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director

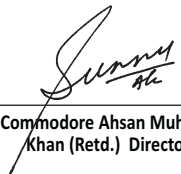

Sohail N. Kidwai
Chief Executive Officer



Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OCI (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

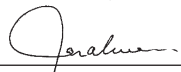
	Note	Quarter ended		For the period ended	For the period ended
		Sep 30, 2019	Sep 30, 2018	Sept 30, 2019	Sept 30, 2018
-----Rupees-----					
PTF revenue account					
Net Takaful contribution	14	(140,036)	1,836,164	(164,893)	292,104
Wakala expense	15	(498,298)	(175,488)	(1,889,696)	(215,231)
Underwriting result		(638,334)	1,660,676	(2,054,589)	76,873
Net claims	16	(390,602)	(877,100)	(2,758,133)	(877,100)
Deficit before investment income		(1,028,936)	783,576	(4,812,722)	(800,227)
Other income	17	41,890	-	175,530	-
Less: Modarib's share of investment income		-	-	-	-
Loss for the period		<u>(987,046)</u>	<u>783,576</u>	<u>(4,637,192)</u>	<u>(800,227)</u>
Operator's revenue account					
Wakala fee		498,298	175,488	1,889,696	215,231
Commission expenses	18	(191,364)	(310,897)	(1,016,619)	(332,038)
Management expenses	19	(849,295)	(204,000)	(2,580,921)	(973,802)
		<u>(542,361)</u>	<u>(339,409)</u>	<u>(1,707,844)</u>	<u>(1,090,609)</u>
Modarib's share of PTF investment income		-	-	-	-
Other expenses	20	(99,800)	(918,560)	(106,413)	(1,377,658)
Other Income	17	889,735	509,422	3,544,678	1,749,210
Profit for the period		<u>247,574</u>	<u>(748,547)</u>	<u>1,730,421</u>	<u>(719,057)</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director

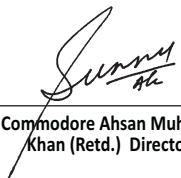

Air Commodore Humayun Viqar
Zephyr (Retd.) Director



Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019			December 31, 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	-----Rupees -----			Rupees
OPERATING ACTIVITIES				
a) Takaful activities				
Contribution received	-	3,554,457	3,554,457	701,645
Re-takaful contributions paid	-	(505,836)	(505,836)	-
Claims paid	-	(2,550,054)	(2,550,054)	-
Commissions paid	(865,423)	-	(865,423)	(43,680)
Wakala fees received	2,789,102	-	2,789,102	-
Wakala fees paid	-	(2,789,102)	(2,789,102)	-
Net cash (used in) / generated from underwriting activities	1,923,679	(2,290,535)	(366,856)	657,965
b) Other operating activities				
Management, General and administration expenses paid	(2,543,425)	-	(2,543,425)	(1,228,900)
Deposits and other receivables	(2,349,537)	(24,523)	(2,374,060)	(48,459)
Other creditors and accruals	191,776	384,994	576,770	201,573
Qard-e-hasna contributions	-	-	-	-
Net cash used in other operating activities	(4,701,186)	360,471	(4,340,715)	(1,075,786)
Total cash (used in) / generated from operating activities	(2,777,507)	(1,930,064)	(4,707,571)	(417,821)
INVESTING ACTIVITIES				
Investment income received	3,525,614	179,950	3,705,564	1,239,788
Addition to fixed assets	-	-	-	(25,000)
Addition to intangibles	-	-	-	-
Total cash generated from investing activities	3,525,614	179,950	3,705,564	1,214,788
FINANCING ACTIVITIES				
Capital injected during the period	-	-	-	50,000,000
Ceded money to waqf fund	-	-	-	500,000
Total cash generated from financing activities	-	-	-	50,500,000
Net increase in cash and cash equivalents	748,107	(1,750,114)	(1,002,007)	51,296,967
Cash and cash equivalents at the beginning of period	47,734,577	4,235,378	51,969,955	-
Cash and cash equivalents at end of the period	48,482,684	2,485,264	50,967,948	51,296,967


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

	September 30, 2019			December 31, 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	-----Rupees -----			Rupees
Reconciliation to profit and loss account				
Operating cash flows	(2,777,507)	(1,930,064)	(4,707,571)	(417,821)
Decrease / increase in assets other than cash	1,431,396	662,108	2,093,505	725,344
Increase in liabilities	(430,650)	(3,544,766)	(3,975,416)	(3,101,624)
Investment and other income	3,544,678	175,530	3,720,208	1,239,788
Depreciation / amortisation expense	(37,496)	-	(37,496)	-
Profit / (deficit) for the period	1,730,422	(4,637,192)	(2,906,770)	(1,554,313)

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:

Current and other accounts

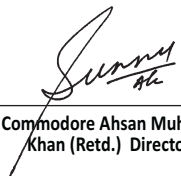
- Current and other accounts	1,962,111	2,005,837	3,967,948	6,296,967
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Deposits maturing within 12 months

- Term deposits - local currency	47,000,000	-	47,000,000	45,000,000
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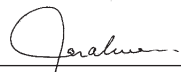
- Current accounts	48,962,111	2,005,837	50,967,948	51,296,967
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The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director

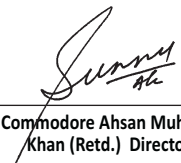

Sohail N. Kidwai
Chief Executive Officer



Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

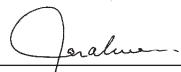
	For the period ended Sept 30, 2019	For the period ended Sept 30, 2018
	-----Rupees-----	
PARTICIPANTS' TAKAFUL FUND		
Loss for the period	(4,637,192)	(1,583,803)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(4,637,192)</u>	<u>(1,583,803)</u>
OPERATORS' FUND		
Profit for the period	1,730,421	29,490
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>1,730,421</u>	<u>29,490</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director


Sohail N. Kidwai
Chief Executive Officer

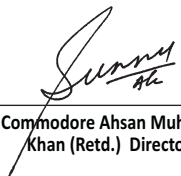

Nisar Ahmed Almani
Chief Financial Officer


CONDENSED INTERIM STATEMENT OF CHANGES IN FUND (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Operator's Fund		
	Statutory fund	Accumulated Profit / (loss)	Total
	-----Rupees-----		
Capital Injected	50,000,000	-	50,000,000
Profit for period ended September 30, 2018	-	(719,057)	(719,057)
Balance as at September 30, 2018	50,000,000	(719,057)	49,280,943
Balance as at January 1, 2019	50,000,000	(226,869)	49,773,131
Profit for the period ended Septmeber 30, 2019	-	1,730,421	1,730,421
Balance as at September 30, 2019	50,000,000	1,503,552	51,503,552

	Participants' Takaful Fund		
	Cede Money	Accumulated Deficit	Total
	-----Rupees-----		
Ceded during the period	500,000	-	500,000
Deficit for the period ended Sept 30 ,2018	-	(800,227)	(800,227)
Balance as at Sep 30, 2018	500,000	(800,227)	(300,227)
Balance as at January 1, 2019	500,000	(3,683,430)	(3,183,430)
Loss for the period ended September 30, 2019	-	(4,637,192)	(4,637,192)
Balance as at September 30, 2019	500,000	(8,320,622)	(7,820,622)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Air Commodore Humayun Viqar
Zephyr (Retd.) Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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 condensed interim financial statements of the Operator are prepared such that the financial position and results from the operations of Waqf and the Operator are shown separately.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting standard (IAS) 34 - ' Interim Financial Reporting as applicable in Pakistan, provisions and Directives issued under Companies Act 2017, the Insurance Ordinance 2000, Insurance Rules 2017, the Insurance Accounting Regulations 2017 and Takaful Rules 2012. In case where requirements differ the provisions of or directives issued under Companies Act 2017 the Insurance Ordinance 2000, Insurance Rules 2017 the Insurance Accounting Regulations 2017 and Takaful Rules 2012 shall prevail.

The condensed interim statement of financial position, statement of profit or loss & other comprehensive income, statement of cash flows and statement of changes in fund for the period does not include all the information and disclosures required in the annual financial statements.

The condensed interim financial information reflect the financial position and result of operations of both OPF and PTF in a manner that the assets, liabilities, income and expenses of the OPF and PTF remain separately identifiable.

The financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

During the period the Companies Act, 2017 has been implemented, however there is no impact on the condensed interim financial information.

The condensed interim financial information for the period ended September 30, 2019 has been prepared under historic cost basis except for the available for sale investments, that have been measured at market value. However, the Company has no available for sale investments as at reporting date.

During the period the Companies Act, 2017 has been implemented, however there is no impact on the condensed interim financial information.

The profit or loss account, cash flow statement and statement of changes in equity for the year ended September 30, 2018 does not represent the full period operation therefore the comparatives are not entirely comparable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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 policyholders are provided membership benefits if a specified uncertain future event related to the covered benefits occurs which adversely affect the policyholders.

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, for less than one year. However, most of the membership tenures are for twelve months duration. Takaful contracts entered into by the Operator under which the (member) is another Takaful Operator (inwards re- Takaful) of a facultative nature are included within the individual category of Takaful membership benefits, other than those which fall under Treaty. The risk involved in these contracts is similar to the contracts undertaken by the Operator as Takaful operator.

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

- i. Fire and property
- ii. Marine, aviation and transport
- iii. Motor
- iv. Accident and health
- iv. Miscellaneous

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

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 health , Personal accident, 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.

3.2 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 membership document to which it relates to its expiry as follows:

- i) For direct contribution, evenly over the period of the PMD.
- ii) For proportional re-takaful contribution, evenly over the period of the underlying policies. Membership contribution, net of Wakala fee, is recognized on pro-rata basis for the expired period of the membership document. The unearned contribution related to unexpired period is recognized as liability.

Takaful Contribution on facultative re-takaful accepted is reflected in the financial statements along with direct contribution.

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

3.3 Unexpired membership contribution related to takaful benefits

PTF membership 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.

3.4 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. 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 profit and loss account.

3.5 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 re-takaful 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 PMD 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.

3.6 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 balance sheet 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 PTF membership policy. 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 balance sheet date in accordance with the advice of appointed actuary.

Upto previous year the provision for IBNR was accounted for on the basis whereby all claims incurred before the year end but reported subsequently were aggregated and the ratio of such claims to outstanding claims was applied to outstanding claims at the reporting date (except exceptional losses) to arrive at liability for IBNR. The analysis was carried out separately for each class of business.

3.7 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.

3.8 Commissions

Commission expense, deducted from Wakala fee of the Operator, and other acquisition costs are charged to the profit and loss account at the time the policies 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.

3.9 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.

3.11 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.

3.12 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.

3.13 Investment income

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

3.14 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.

3.15 Financial instruments

Financial instruments include cash and bank balances, investments, contributions due but unpaid, amount due from other takaful operators / re-takaful operators, accrued investment income, re-takaful recoveries against outstanding claims, deposits, other receivables, outstanding claim liabilities, amount due to other takaful operators / re-takaful operators, accrued expenses, agents balance and other creditors.

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 loses 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.

3.16 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 & other comprehensive income. 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:

3.16.1 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 profit and loss account for the period in which they arise.

3.16.2 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 profit and loss account when held to maturity investments are derecognized or impaired, and through the amortization process.

3.16.3 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 & other comprehensive income. The financial instruments classified as loans and receivables are subsequently measured at amortised cost less provision for impairment, if any.

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.

3.16.4 Impairment

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

3.16.5 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.

3.17 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.

3.18 Property and equipment

3.18.1 These are stated at cost less accumulated depreciation / amortization and impairment, if any. Depreciation / amortization is charged to income applying the reducing balance method from the dates of available to use to disposal.

Rates of depreciation:

• Furniture and fixtures	10.0%
• Computer equipment	33.3%
• Office and electrical equipment	15 - 20%
• Motor vehicles	20.0%

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

Gain or loss on disposal of fixed assets is taken to statement of profit or loss & other comprehensive income.

3.18.2 Impairment

The carrying amounts of fixed assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the related assets are written down to the estimated recoverable amount and the impairment loss is charged to statement of profit or loss & other comprehensive income.

3.19 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.

3.20 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 3.1

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.

3.21 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 balance sheet date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the statement of profit or loss & other comprehensive income.

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 policies in force at the statement of financial position date.

4. QARD-E-HASANA TO PARTICIPANTS' TAKAFUL FUND

	September 30, 2019		September 30, 2018	
	OPF	PTF	OPF	PTF
	-----Rupees-----		-----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

5. PROPERTY AND EQUIPMENT

Particulars	Cost			Depreciation		Written down value as at June 30, 2019	Depreciation Rate %
	As at December 31, 2018	Addition / (Disposals)	As at June 30, 2019	As at December 31, 2018	As at June 30, 2019		
Computer hardware	25,000	-	25,000	4,861	4,166	15,973	33.33
Comparative							
	As at 1 April 2018	Addition / (Disposals)	As at December 31, 2018	As at 1 April 2018	Depreciation for the year	As at December 31, 2018	Written down value as at 31 December
Computer hardware	-	25,000	25,000	-	4,861	4,861	20,139

6. INTANGIBLE ASSETS

Particulars	Cost			Depreciation		Written down value as at 31 December	Depreciation Rate %
	As at December 31, 2018	Addition / (Disposals)	As at June 30, 2019	As at December 31, 2018	As at June 30, 2019		
Computer software	200,000	-	200,000	38,885	33,330	127,785	33.33
Comparatives							
	As at 1 April 2018	Addition / (Disposals)	As at December 31, 2018	As at 1 April 2018	Depreciation for the year	As at December 31, 2018	Written down value as at 31 December
Computer software	-	200,000	200,000	-	38,885	38,885	161,115

	September 30, 2019 Rupees	December 31, 2018 Rupees
7. INVESTMENT IN TDRS		
Held to maturity		
Deposits maturing within 12 months	<u><u>47,000,000</u></u>	<u><u>45,000,000</u></u>
7.1	This includes term deposits with an Islamic Bank having maturities within 12 months (i.e. upto September 21, 2019). The rate of return on these term deposits is 11.9% per annum (December 31, 2018 : 10.5%).	

	----- Unaudited ----- September 30, 2019			Unaudited December 31, 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	----- Rupees -----			

8. TAKAFUL / RETAKAFUL RECEIVABLES				
Due from takaful participant holders	398,082	398,082	248,772	
Due from other takaful / retakaful	-	1,126,184	1,126,184	2,274,099
	<u><u>-</u></u>	<u><u>1,524,266</u></u>	<u><u>1,524,266</u></u>	<u><u>2,522,871</u></u>

9. PREPAYMENTS				
Other Pre-payments	330,000			
Advance tax	<u><u>(27,026)</u></u>	<u><u>24,523</u></u>	<u><u>(2,503)</u></u>	<u><u>195,865</u></u>

9.1 This includes tax deducted on profit on savings accounts.

10. OTHER RECEIVABLES				
Sindh sales tax receivable	296,000	26,460	322,460	117,800
Accrued profit on bank deposits	354,782	20,618	375,400	360,755
Advance commission	2,500,000	-	2,500,000	-
	<u><u>3,150,782</u></u>	<u><u>47,078</u></u>	<u><u>3,197,860</u></u>	<u><u>478,555</u></u>

11. CASH AND BANK				
Saving accounts	<u><u>1,962,111</u></u>	<u><u>2,005,837</u></u>	<u><u>3,967,948</u></u>	<u><u>6,969,955</u></u>

11.1 These carry mark-up at rates ranging between 10.5% to 13% (December 31, 2018: 5.5% to 8.5%) per annum.

	----- Unaudited ----- September 30, 2019			Unaudited December 31, 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	----- Rupees -----			
Federal takaful fee	-	12,003	12,003	34,110
FED payable	-	127,172	127,172	531,544
Sales tax on services	-	64,402	64,402	22,360
Commission payable	395,369	-	395,369	527,141
Auditors fee	298,750	-	298,750	298,750
Others	116,674	-	116,674	308,450
	<u><u>810,793</u></u>	<u><u>203,577</u></u>	<u><u>1,014,370</u></u>	<u><u>1,722,355</u></u>

13. CONTINGENCIES AND COMMITMENTS	
There were no contingencies and commitments as on Sept 30, 2019	

	Quarter ended		For the period	For the period
	Sep 30, 2019	Sep 30, 2018	ended Sept 30, 2019	ended Sept 30, 2018
-----Rupees-----				
14. NET TAKAFUL CONTRIBUTION				
Written gross contribution	4,277,656	754,565	4,813,179	5,684,109
Add: Unearned contribution reserve opening	2,424,280	-	3,314,877	-
Less: Unearned contribution reserve closing	(3,331,699)	(644,875)	(3,331,699)	(4,151,130)
Contribution earned	3,370,237	109,690	4,796,357	1,532,979
Less: Re-takaful Contribution ceded	(3,307,500)	(1,653,750)	(4,961,250)	3,307,500
Add: Prepaid re-takaful contribution opening	-	-	-	-
Less: Prepaid re-takaful contribution closing	-	-	-	(2,066,625)
Re-takaful expense	(3,307,500)	(1,653,750)	(4,961,250)	1,240,875
Net contribution revenue	62,737	(1,544,060)	(164,893)	292,104
15. WAKALA EXPENSE				
Gross wakala fee	1,545,752	269,160	1,782,594	873,497
Add: Deferred wakala opening	481,795	-	1,174,418	-
Less: Deferred wakala closing	(1,067,316)	(229,419)	(1,067,316)	(658,266)
Wakala expense	960,231	39,741	1,889,696	215,231
16. NET CLAIMS				
Claims paid	1,311,987	-	1,796,213	-
Less: Outstanding claims including IBNR opening	(959,551)	-	(1,149,688)	-
Add: Outstanding claims including IBNR closing	2,111,466	877,100	2,111,466	877,100
Claims expense	2,463,902	877,100	2,757,991	877,100
17. OTHER INCOME				
Return on bank deposits	3,544,005	155,948	3,699,953	1,238,828
Others	673	19,582	20,255	960
	3,544,678	175,530	3,720,208	1,239,788
18. COMMISSION EXPENSES				
Commission paid or payable	840,629	146,529	875,135	1,157,689
Add: Deferred commission opening	496,248	-	735,604	-
Less: Deferred commission closing	(594,120)	(125,388)	(594,120)	(825,651)
Commission expense	742,757	21,141	1,016,619	332,038
			For the period ended Sept 30, 2019	For the period ended Sept 30, 2018
-----Rupees-----				
19. MANAGEMENT EXPENSES				
Salaries, wages and benefits			680,400	173,800
Depreciation / amortization			37,496	-
Shariah advisory fee			850,005	-
Software maintenance			990,000	200,000
Others			23,020	396,002
			2,580,921	769,802
20. OTHER EXPENSES				
Auditor's remuneration			82,500	-
Printing and stationery			17,300	457,048
Others			6,613	2,050
			106,413	459,098

21. SEGMENT REPORTING

	For the period ended September 30, 2019					
	-----Unaudited-----					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
-----Rupees-----						
Participants' Takaful Fund						
Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge)	697,150	253,236	5,073,350	-	(426,600)	5,597,136
Less : Federal excise duty	(81,679)	(27,524)	(684,997)	-	58,339	(735,861)
Less : Federal takaful fee	(6,095)	(2,233)	(43,417)	-	3,649	(48,096)
Gross written contribution (inclusive of Administrative Surcharges)	609,376	223,479	4,344,936	-	(364,612)	4,813,179
Gross contribution direct	586,946	214,629	4,165,800	-	(354,878)	4,612,497
Admin surcharge	22,430	8,850	179,136	-	(9,734)	200,682
Takaful contribution earned	1,356,519	168,210	3,205,471	-	66,157	4,796,357
Re-takaful expense	(2,173,500)	(1,242,000)	(1,080,000)	-	(465,750)	(4,961,250)
Net takaful contribution	(816,981)	(1,073,790)	2,125,471	-	(399,593)	(164,893)
Rebate earned	-	-	-	-	-	-
Operation income	(816,981)	(1,073,790)	2,125,471	-	(399,593)	(164,893)
Claim expense	-	-	(2,758,133)	-	(150,000)	(2,758,133)
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	-	-	(2,758,133)	-	(150,000)	(2,758,133)
Wakala expense	(477,394)	(57,989)	(2,033,322)	-	741,705	(1,889,696)
Direct expense	-	-	-	-	-	-
Net takaful claim & expense	(477,394)	(57,989)	(4,791,455)	-	591,705	(4,647,829)
Surplus/(deficit) before investment income	(1,294,375)	(1,131,779)	(2,665,984)	-	192,112	(4,812,722)
Net investment income						175,530
Deficit for the period						(4,637,192)
Operator's Fund						
Wakala fee income	477,394	57,989	2,033,322	-	(741,705)	1,889,696
Commission expense	(451,807)	(34,050)	(488,632)	-	3,914	(1,016,619)
Management expense	(729,943)	(90,514)	(1,724,865)	-	(35,599)	(2,580,921)
						(1,707,844)
Investment income						3,544,678
General and administration expenses						(106,413)
Other Income						-
Profit before taxation						1,730,421
The following presents segments assets and liabilities as at Sept 30, 2019						
Segment assets	432,184	158,496	3,081,530	-	(258,590)	3,413,620
Unallocated assets						54,637,061
						58,050,681
Segment liabilities	1,080,129	414,000	1,147,823	-	155,250	2,797,202
Unallocated liabilities						11,570,548
						14,367,750

SEGMENT REPORTING
For the period ended Sept 30, 2018

	-----Unaudited-----					Aggregate
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	
	-----Rupees-----					
Participants' Takaful Fund						
Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge)	1,671,841	1,219,757	2,541,113	-	1,188,536	6,621,247
Less : Federal excise duty	(228,557)	(147,003)	(80,089)	-	(162,534)	(618,183)
Less : Federal takaful fee	(14,294)	(10,620)	(5,055)	-	(10,169)	(40,138)
Gross written contribution (inclusive of Administrative Surcharges)	1,428,990	1,062,134	2,455,969	-	1,015,833	5,962,926
Gross contribution direct	1,387,090	1,038,518	2,113,561	-	993,267	5,532,436
Admin surcharge	41,960	23,616	63,531	-	22,566	151,673
Takaful contribution earned	336,551	577,730	363,539	-	255,159	1,532,979
Re-takaful expense	(362,250)	(621,000)	(180,000)	-	(77,625)	(1,240,875)
Net takaful contribution	(25,699)	(43,270)	183,539	-	177,534	292,104
Rebate earned	-	-	-	-	-	-
Operation income	(25,699)	(43,270)	183,539	-	177,534	292,104
Claim expense	-	-	(62,000)	-	(815,100)	(877,100)
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	-	-	(62,000)	-	(815,100)	(877,100)
Wakala expense	(27,671)	(124,679)	(129,794)	-	66,913	(215,231)
Direct expense	(213,789)	(366,994)	(230,933)	-	(162,086)	(973,802)
Net takaful claim & expense	(241,460)	(491,673)	(422,727)	-	(910,273)	(2,066,133)
Surplus/(deficit) before investment income	(267,159)	(534,943)	(239,188)	-	(732,739)	(1,774,029)
Net investment income						1,748,135
Deficit for the period						(25,894)
Operator's Fund						
Wakala fee income	27,671	124,679	129,794	-	(66,913)	215,231
Commission expense	(95,227)	(136,573)	(49,840)	-	(50,398)	(332,038)
Management expense	(213,789)	(366,994)	(230,933)	-	(162,086)	(973,802)
						(1,090,609)
Investment income						1,748,135
General and administration expenses						(1,377,658)
Other Income						1,075
Profit before taxation						(719,057)
The following presents segments assets and liabilities as at Sept 30, 2018						
Segment assets	423,191	488,897	5,591,175	-	(243,666)	6,259,597
Unallocated assets						52,734,760
						58,994,357
Segment liabilities	2,666,214	1,674,675	3,970,251	-	679,253	8,990,393
Unallocated liabilities						1,023,248
						10,013,641

22. 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 and in the prior period.

23. 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 3.16 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).

The company does not have any financial instrument measured at fair value as at June 30, 2019 .


24. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorized for issue on October 28, 2019 by the Board of Directors of the company.


25. GENERAL

25.1 Corresponding figures have been rearranged and reclassified for better presentation, where considered necessary.

25.2 Figures have been rounded off to the nearest thousand rupees unless other wise stated.




Air Commodore Ahsan Muhammad
Khan (Retd.) Director



Air Commodore Humayun Viqar
Zephyr (Retd.) Director



Sohel N. Kidwai
Chief Executive Officer



Nisar Ahmed Almani
Chief Financial Officer

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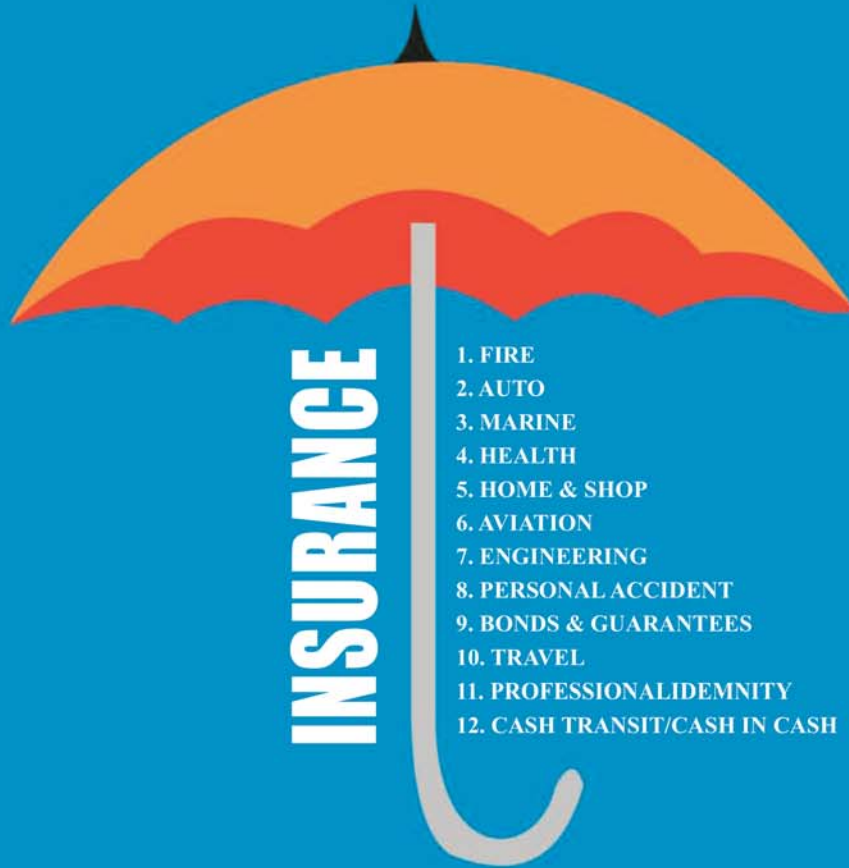


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10th Floor, Shaheen Complex M.R. Kayani Road, Karachi-74200
Tel # (9221) 3263 0370-75 (06 Lines) 32213950-51 (02 Lines)
Fax # (9221) 32626674, Web: www.shaheeninsurance.com