

Half Yearly Report 2020



SHAHEEN FOUNDATION
PAKISTAN AIR FORCE



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Air Marshal Muhammad Arif Pervaiz (Retd.)
Air Vice Marshal Salman Ahsan Bokhari (Retd.)
Air Commodore Ahsan Muhammad Khan (Retd.)
Air Commodore Mahmood Ahmad (Retd.)
Air Commodore Jamshed Iqbal (Retd.)
Group Captain Javed Akhtar Khan (Retd.)
Mr. Khalid Saeed Mirza

AUDIT COMMITTEE

Air Commodore Ahsan Muhammad Khan (Retd.) - Chairman
Group Captain Javed Akhtar Khan (Retd.) - Member
Mr. Khalid Saeed Mirza

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Air Vice Marshal Salman Ahsan Bokhari (Retd.) - Chairman
Air Commodore Mahmood Ahmad (Retd.)
Mr. Sohel N. Kidwai (CEO) - Member

INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Perviaz (Retd.) - Chairman
Air Vice Marshal Salman Ahsan Bokhari (Retd.) - Member
Air Commodore Jamshed Iqbal (Retd.) - Member
Mr. Khalid Saeed Mirza - Member
Mr. Sohel N. Kidwai - Chief Executive Officer
Mr. Nisar Ahmed Almani - Chief Financial Officer

CHIEF EXECUTIVE OFFICER

Mr. Sohel N. Kidwai

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Nisar Ahmed Almani



CORPORATE 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

SHARIAH ADVISOR

Mufti Bilal Ahmed Qazi

COMPLIANCE OFFICER

Mr. Muhammad Hasnain

SHARIAH COMPLIANCE OFFICER

Mr. Kashif Naeem

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

Regional Head - 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

General Manager Marketing - Mr. Muhammad Naeem Baig
Office no 21, 1st Floor Nadra office Ali Arcade,
Court Kachery 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
E-mail: psw@shaheeninsurance.com

Sialkot

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Near Allama Iqbal Town, Sialkot
Tel # (052) 3250982, 3550131
Fax # (052) 3257412
E-mail: sil@shaheeninsurance.com

Gujranwala

Office # 04, Yousuf Center, 99 Commercial
Neelum DC Colony GT Road Gujranwala.

Faisalabad

Branch Manager/ Assistant General Manager - Mr. Mohsin Khan
Office No 2, 4th Floor, Ahmed Plaza,
Bilal Road, Civil Lines, Faisalabad
Tel. # (041) 2614112, 2621370, 2634658
Fax # (041) 2613514
Email: fsd@shaheeninsurance.com

Islamabad

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

Abbottabad

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

Sargodha

Branch Manager - Mr. Nadeem Awan
Office # 63 1st Floor Advance Book shop
Rehman Complex Ibne Seena Hospital Market
Kanchi More Sargodha Mobile# 0300-8602723
Email: nadeemawan1975@gmail.com

Rahim Yar Khan

Branch Manager - Mr. Muhammad Naveed
Al Baraka Plaza, 1st Floor, Abu Dhabi Road,
Rahim Yar Khan.
Email: naveed.hussain@shaheeninsurance.com



DIRECTORS' REVIEW

The Directors are pleased to present the unaudited Financial Statements of the company for the half year ended June 30, 2020.

Company Performance

The results of Insurance are summarized below;

	Rupees in million	
	June 2020	June 2019
Gross Premium Written	140	220
Net Insurance Premium	119	162
Underwriting Results	25	48
Investment and rental income	35	30
Profit before tax	31	46
Profit after tax	24	33
Earnings Per Share	0.41	0.55

Economic landscape of the country during the period under review remained turbulent. This was further aggravated by the spread of Pandemic COVID 19, resulting in sharp slow down of economic activity commencing March 2020, onward. Resultantly, profit after tax of the company decreased to Rs 24 Million during the period ended June 30, 2020 compared with Rs 33 Million during the corresponding period of 2019. Gross Written Premium for insurance business also decreased to Rs.140 Million during first half of 2020 from Rs 220 Million during the same period of 2019.

Investment and rental income of company on the other hand depicted a significant growth of 17% mainly due to better fund management.

Company commenced its Window Takaful Operations in April, 2018.

The results of Window Takaful are summarized below;

	Rupees in million	
	June 2020	June 2019
Gross Contribution	5.8	3.48
Net Contribution Revenue	1.5	(0.02)
Underwriting Results	(0.19)	(1.41)
Investment Income	2.39	2.65
Operator's Fund - Revenue Account	(0.68)	(1.16)
Operator's Profit / (loss)	1.69	1.48



Due to initial year of operations, this business segment is progressing gradually. However, going forward, Company is confident to penetrate this market by procuring takaful business.

Outlook

COVID 19 outbreak has brought the economy to a near standstill causing a huge impact on income, consumption, production and trade flows. In this uncertain and unprecedented backdrop, it is extremely difficult to predict. However, it is certain that year 2020 would be a challenging year and the insurance industry is likely to be affected.

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 Marshal Muhammad Arif Pervaiz (Retd.)
Chairman

August 27, 2020

کمپنی نے ونڈ وٹکافل آپریشنز کا آغاز 11 اپریل 2018 سے کر دیا ہے۔

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

روپے ملین میں	روپے ملین میں	
جون 2019	جون 2020	
3.48	5.8	مجموعی کنٹری بیوشن
(0.02)	1.5	خالص کنٹری بیوشن
(1.41)	(0.19)	ذمہ نویسی کے نتائج
2.65	2.39	سرمایہ کاری کی آمدنی
(1.16)	(0.68)	آپریٹنگ ریونیو کاؤنٹ
1.48	1.69	آپریٹنگ منافع

ٹکافل کاروبار کے شروعاتی سال ہونے کی وجہ سے یہ کاروبار آہستہ آہستہ ترقی کر رہا ہے۔ اور کمپنی آگے آنے والے سالوں میں ٹکافل کا زیادہ بزنس حاصل کر کے اپنی جگہ بنانے کے لیے پرامید ہے۔

آؤٹ لک

کوویڈ 19 کے پھیلاؤ نے معیشت کو ٹھرا دیا ہے جس کی وجہ سے آمدنی، کھپت، پیداوار اور تجارت کے بہاؤ پر بہت زیادہ اثر پڑا ہے۔ اس غیر یقینی اور بے مثال پس منظر میں، کوئی پیش گوئی کرنا انتہائی مشکل ہے۔ تاہم، یہ یقینی ہے کہ سال 2020 ایک چیلنجنگ سال ہوگا اور انشورنس صنعت متاثر ہونے کا امکان ہے۔

ڈائریکٹرز فیڈ 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 ٹھوکا سفر جاری رہے۔

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

سہیل (ن) کدوائی
چیف ایگزیکٹو آفیسر

ایمر مارشل محمد عارف پرویز (ریٹائرڈ)
چیئر مین

27 اگست 2020

ڈائریکٹرز کا تبصرہ

ڈائریکٹرز مسرت کے ساتھ 30 جون 2020 کو اختتام پذیر ششماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

کمپنی کی کارکردگی

انشورنس کے نتائج کا خلاصہ درج ذیل ہے۔

روپے ملین میں		
جون 2019	جون 2020	
220	140	قلمرو مجموعی پرییم
162	119	پرییم کی صافی آمدنی
48	25	ذمہ نویسی کے نتائج
30	35	سرمایہ کاری اور کرایہ کی آمدنی
46	31	ٹیکس سے قبل نفع
33	24	ٹیکس کے بعد نفع
0.55	0.42	آمدنی فی شیئر

زیر جائزہ ششماہی کے دوران ملک کا معاشی منظر نامہ ہنگامہ خیز رہا۔ اس میں وبائی مرض کوویڈ 19 کے پھیلاؤ کی وجہ سے مزید شدت آئی، جس کے نتیجے میں مارچ 2020 سے معاشی سرگرمیوں میں تیزی سے سست روی پیدا ہوئی۔ نتیجے کے طور پر، کمپنی کے ٹیکس کے بعد منافع 30 جون 2020 کو ختم ہونے والے عرصے کے دوران کم ہو کر 24 ملین روپے رہ گیا جبکہ اس کے مقابلے میں 2019 کے اسی عرصے کے دوران یہ منافع 33 ملین روپے کا تھا۔ 2020 کی پہلی ششماہی کے دوران مجموعی تحریری پرییم بھی گھٹ کر 140 ملین روپے رہا جو کہ 2019 کے اسی عرصے کے دوران 220 ملین روپے تھا۔

کمپنی کی سرمایہ کاری اور کرائے کی آمدنی میں دوسری طرف 17 فیصد مضبوط نمو کا مظاہرہ کیا، جس کی بنیادی وجہ بہتر فنڈ مینجمنٹ ہے۔



Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHAHEEN INSURANCE COMPANY LIMITED

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Shaheen Insurance Company Limited** as at June 30, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures of the quarters ended June 30, 2020 and 2019 in these condensed interim financial information have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2020.

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

Chartered Accountants

Place: Karachi
Date: August 27, 2020

Member of
Deloitte Touche Tohmatsu Limited

Half Yearly Report
2020


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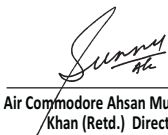


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT JUNE 30, 2020

	Note	June 30, 2020 Un-audited	December 31, 2019 Audited
-----Rupees-----			
ASSETS			
Property and equipment	6	24,827,425	82,318,416
Investment properties	7	130,423,000	130,423,000
Investments			
Equity securities	8.1	60,452,563	57,897,916
Debt securities	8.3	166,601,779	78,239,583
Term deposits	8.4	348,250,081	427,570,597
Loans and other receivables	9	9,920,833	10,828,408
Insurance / reinsurance receivables	10	283,325,597	252,529,338
Reinsurance recoveries against outstanding claims		8,130,754	12,744,301
Salvage recoveries accrued		4,391,100	4,421,100
Deferred commission expense / acquisition cost		26,571,953	26,394,193
Taxation - payment less provision		1,382,765	1,096,139
Advances deposits and prepayments		15,496,286	10,928,649
Cash and bank balances	11	23,099,345	23,318,700
Total assets of takaful operations - operator's fund		57,591,665	55,497,832
Total Assets		1,160,465,147	1,174,208,172
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Share capital	12	600,000,000	600,000,000
Reserves	13	29,846,928	33,102,778
Unappropriated profit / (loss)		12,478,379	(11,991,078)
Total equity		642,325,307	621,111,700
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	18	134,219,539	128,202,751
Unearned premium reserves	17	122,546,589	133,134,440
Premium deficiency reserve		231,534	231,534
Unearned reinsurance commission	19	1,966,750	1,052,225
Lease liabilities	15	25,310,366	77,959,648
Insurance/ reinsurance payables		79,681,545	61,895,461
Other creditors and accruals	14	149,361,621	146,205,383
Unclaimed dividend		1,911,962	1,911,962
Taxation - provision less payments		-	-
Total liabilities of takaful operations - operator's fund		2,909,934	2,503,068
Total liabilities		518,139,840	553,096,472
Total Equity and Liabilities		1,160,465,147	1,174,208,172
Contingencies and commitments	16		

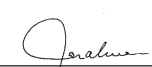
The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director



Sohel N. Kidwai
Chief Executive Officer

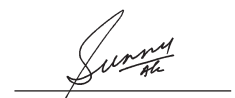

Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED) FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Note	Quarter ended		Half year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Rupees-----					
Net insurance premium	17	49,583,107	78,271,828	119,300,786	162,258,255
Net Insurance claims	18	(14,967,381)	(22,545,162)	(36,128,095)	(45,395,152)
Net commission and other acquisition cost	19	(13,275,566)	(14,514,794)	(28,009,622)	(33,200,776)
		(28,242,947)	(37,059,956)	(64,137,717)	(78,595,928)
Management expenses		(13,985,548)	(17,284,830)	(30,082,881)	(35,409,333)
Underwriting results		7,354,612	23,927,042	25,080,188	48,252,994
Investment income	20	17,121,680	16,438,948	33,448,261	28,556,575
Rental income		385,149	869,652	1,295,298	1,739,304
Other income		300,681	1,509,670	1,652,797	2,773,133
Other expenses		(15,435,314)	(17,353,284)	(30,373,294)	(32,174,941)
Results of operating activities		9,726,808	25,392,028	31,103,250	49,147,065
Finance charges on right-of-use assets		(726,510)	(4,909,555)	(1,744,030)	(4,909,555)
Profit before tax from window takaful operations - OPF		593,814	221,329	1,686,967	1,482,846
Profit before tax		9,594,112	20,703,802	31,046,187	45,720,356
Provision for taxation - current	21	(1,124,378)	(5,561,650)	(6,576,730)	(12,816,451)
Profit after tax		8,469,734	15,142,152	24,469,457	32,903,905
Earning per share - basic and diluted	25	0.14	0.25	0.41	0.55

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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer

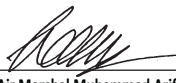

Nisar Ahmed Almani
Chief Financial Officer

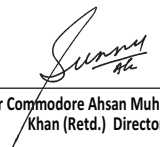


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees-----			
Profit after tax	8,469,734	15,142,152	24,469,457	32,903,905
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss:				
Unrealised loss on available-for-sale Investment-net	(1,791,570)	(1,942,925)	(3,255,850)	(1,760,695)
Total comprehensive income for the period	6,678,164	13,199,227	21,213,607	31,143,210

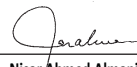
The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director



Sohail N. Kidwai
Chief Executive Officer



Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Share Capital	General Reserves	Available for Sale Investment Revaluation Reserve	Unappropriated Profit	Total
	------(Rupees)-----				
Balance as at January 01, 2019	600,000,000	20,000,000	11,367,066	(56,991,186)	574,375,880
Total comprehensive income for half year ended June 30, 2019					
Profit for half year ended June 30, 2019	-	-	-	32,903,905	32,903,905
Other comprehensive income	-	-	(1,760,695)	-	(1,760,695)
Total comprehensive income for the period	-	-	(1,760,695)	32,903,905	31,143,210
Balance as at June 30, 2019 (Un-audited)	600,000,000	20,000,000	9,606,371	(24,087,281)	605,519,090
Balance as at January 1, 2020	600,000,000	20,000,000	13,102,778	(11,991,078)	621,111,700
Total comprehensive income for half year ended June 30, 2020					
Profit for half year ended June 30, 2020	-	-	-	24,469,457	24,469,457
Other comprehensive loss	-	-	(3,255,850)	-	(3,255,850)
Total comprehensive income for the period	-	-	(3,255,850)	24,469,457	21,213,607
Balance as at June 30, 2020 (Un-audited)	600,000,000	20,000,000	9,846,928	12,478,379	642,325,307

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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	June 30, 2020 Un-audited	June 30, 2019 Un-audited
	-----Rupees-----	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	92,961,777	195,840,929
Reinsurance premiums paid	(7,124,745)	(16,102,229)
Claims paid	(40,608,960)	(63,782,267)
Reinsurance and other recoveries received	19,784,747	22,433,255
Commissions paid	(27,712,864)	(27,350,807)
Commissions received	2,177,792	608,932
Net cash flows from underwriting activities	<u>39,477,747</u>	<u>111,647,813</u>
b) Other operating activities		
Income tax paid	(6,648,605)	(5,456,255)
Management and administration expenses paid	(57,681,353)	(58,232,368)
Net cash used in other operating activities	<u>(64,329,957)</u>	<u>(63,688,623)</u>
Total cash (used in) / generated from all operating activities	<u>(24,852,210)</u>	<u>47,959,190</u>
INVESTING ACTIVITIES		
Profit / Return received	34,559,609	27,669,626
Rentals received	524,998	1,050,000
Payments for investments	(88,362,196)	(586,415,132)
Proceeds from investments	-	557,568,139
Fixed capital expenditure	(441,410)	(660,356)
Proceeds from disposal of fixed assets	1,764,200	6,000
Total cash flow used in all investing activities	<u>(51,954,799)</u>	<u>(781,723)</u>
FINANCING ACTIVITIES		
Financial charges paid	(35,846)	(147,837)
Dividend paid	-	(13,486,972)
Lease rentals	(2,697,015)	-
Total cash flows used in all financing activities	<u>(2,732,861)</u>	<u>(13,634,809)</u>
Net cash flow from used in all activities	<u>(79,539,870)</u>	<u>33,542,658</u>
Exchange gain on cash and cash equivalents	-	55,158
Cash and cash equivalents at the beginning of year	450,889,297	457,740,355
Cash and cash equivalents at end of the period	<u><u>371,349,427</u></u>	<u><u>491,338,171</u></u>



Note	June 30, 2020 Un-audited	June 30, 2019 Un-audited
	-----Rupees-----	
Reconciliation to condensed statement of profit or loss		
Operating cash flows	(24,852,210)	47,959,190
Exchange gain / (loss) on cash and cash equivalents	-	55,158
Finance charges on right-of-use assets	(1,744,030)	(4,909,555)
Depreciation on fixed assets	(2,177,906)	(3,297,969)
Depreciation on right-of-use asset	(5,561,045)	(5,582,627)
Loss / gain on disposal of fixed assets	807,000	6,000
Financial charges	(35,846)	(147,837)
Increase / (decrease) in assets other than cash	31,274,500	50,250,291
(Increase) / decrease in liabilities	10,534,608	(60,320,320)
Investment and other income	14,537,418	7,408,728
Profit from window takaful operations - OPF	1,686,967	1,482,846
Profit after taxation	24,469,457	32,903,905

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	152,144	79,587
- Policy stamps	195,400	-


Current and saving accounts


- Current accounts	3,409,085	3,229,716
- Savings accounts	19,342,716	26,000,422
	22,751,801	29,230,138

Deposits maturing within 12 months

Term Deposit- local currency	8.4	348,250,081	462,028,446
		371,349,427	491,338,171

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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director


Sohel 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 THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated in March 1995 in Pakistan. The Company is 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 was awarded license to commence Window Takaful Operations. The Company is listed on Pakistan Stock Exchange Limited. Its registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi. The company operates only in Pakistan through 13 Branches. Shaheen Foundation (the parent) holds approximately 69.3% shares in Shaheen Insurance Company Limited.

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.
- Office # 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 # 21, First floor, Nadra Office, Ali Arcade, Court Kachery Road, Multan 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 # 4, Yousuf Centre, 99 Commercial, Neelum DC Colony, GT Road, 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.
- Al Baraka Plaza, 1st floor, Abu Dhabi Road, Rahim Yar Khan, Pakistan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under 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, 2019. Comparative figures for condensed interim statement of financial position are stated from annual audited financial statements of the Company for the year ended December 31, 2019, whereas comparatives for interim profit and loss account, interim statement of comprehensive income, interim statement of changes in equity and interim cash flow statement and related notes are extracted from condensed interim financial information of the Company for the six months ended June 30, 2020.

2.3 IFRS 9 "Financial Instruments" became applicable, however as insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 given below:



The tables below set out the fair values at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately.

	June 30, 2020			
	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealised gain loss	Fair value	Change in unrealised gain loss
	-----Rupees-----			
Bank	-	-	23,099,345	
Equity Securities	145,662	-	-	-
Debt Securities	-	-	166,601,779	-
Term Deposit	-	-	348,250,081	-
Mutual Funds	60,306,901	(3,255,850)	-	-
	60,452,563	(3,255,850)	537,951,206	-

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended December 31, 2019. Certain new IFRS and amendments to existing IFRS's and effective for period beginning on or after January 01, 2020 which do not have any impact on the company's financial reporting and therefore have not been detailed in this condensed interim financial information.

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, 2019.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

5.1 The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2019, except for the following additional considerations due to the COVID-19 Pandemic.

The COVID-19 Pandemic outbreak has resulted in consequences on economy, health and society. The COVID-19 pandemic has significantly impacted the markets around the globe and may continue to do so in the coming months of 2020, affecting the earnings and cash flows of businesses. The scale and duration of the COVID-19 pandemic remains uncertain till date. In this connection, SECP also issued various circulars allowing certain regulatory relief, including relaxation in the timeline for filing first quarterly financial statements, convening of board meetings through video conferencing instead of physical meetings, etc., to dampen the effect of the COVID-19. The management is monitoring the situation very closely, to estimate the overall impact on the business.

6. PROPERTY AND EQUIPMENT

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



	Note	June 30, 2020 Un-audited	December 31, 2019 Audited
-----Rupees-----			
Operating assets	6.2	8,144,289	10,005,785
Right of use of assets		16,683,136	72,312,631
		24,827,425	82,318,416

This includes addition / disposals with following details:

	Half year ended June 30, 2020		Half year ended June 30, 2019	
	Additions	Disposals	Additions	Disposals
-----Rupees-----				
-----Un-audited-----				
6.2 Cost:				
Right-of-use assets - Buildings	-	-	78,217,961	-
Furniture, fixtures and office equipment	70,126	228,200	53,450	-
Computers	138,000	-	216,500	-
Motor vehicles	233,284	1,536,000	390,406	41,500
	441,410	1,764,200	78,878,317	41,500

	Note	June 30, 2020 Un-audited	December 31, 2019 Audited
-----Rupees-----			
7. INVESTMENT PROPERTIES			
Opening net book value		130,423,000	109,653,000
Unrealized fair value gain		-	20,770,000
Closing net book value	7.1	130,423,000	130,423,000

7.1 This consist of freehold land, shops and office premises. The covered area of the freehold land, shops and office premises is 5400 sq. ft., 2,187 sq. ft. and 1,676 sq. ft. respectively.

Market value of this investment property was Rs. 130.423 million based on the valuation carried out by independent valuers as at December 31, 2019 which then agreed to become approximate value of investment property as at June 30, 2020.

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Valuation Technique

The valuer has arranged enquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization, and current trends in prices of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the best estimates of the fair value.

8. INVESTMENTS

8.1 EQUITY SECURITIES

	Note	June 30, 2020			December 31, 2019		
		COST	Impairment	Carrying value	COST	Impairment	Carrying value
		(Un-audited)			(Audited)		
		Rupees					
Available for sale							
Listed shares							
- First Capital Equities Limited	8.1	188,000,000	-	-	188,000,000	-	-
Mutual funds	8.2	50,122,345	-	60,306,901	44,316,658	-	57,757,109
Investment at fair value through profit and loss - held for trading							
Listed shares (Summit Bank)		99,536	-	145,662	99,536	-	140,807
		<u>238,221,881</u>	<u>-</u>	<u>60,452,563</u>	<u>232,416,194</u>	<u>-</u>	<u>57,897,916</u>

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

The Company has filed a civil suit in Civil Court Lahore in April 2015 against First Capital Equities Limited and five others for recovery of Rs.188 million and cancellation of documents. Company is aggressively following up the case, and regular hearings are taking place. Further, management strongly believe that the company has irrefutable evidences / arguments to win this litigation, and is deploying every possible resource for expeditious disposal of the case.

8.2 Name of Fund

	Units		June 30, 2020		December 31, 2019	
	June 30,2020	December 31,2019	Cost	Carrying value	Cost	Carrying value
	-----Number-----		-----Rupees-----			
Atlas Islamic Income Fund	849,515	849,515	43,083,617	539,531	37,926,896	396,399
Pakistan Income Fund	7,365	7,365	436,890	51,200,046	301,153	48,748,085
Pakistan Cash Fund	8,249	8,249	338,743	408,611	656,438	890,389
Faysal Saving & Growth Fund	139,068	139,068	739,456	928,809	1,018,760	1,487,622
ABL Income Fund	974	974	1,218,380	1,571,777	389,275	521,989
HBL Cash Fund	166,308	166,308	2,135,119	2,557,387	819,013	1,702,996
Lakson Money Market Fund	23,916	23,916	522,483	613,628	1,996,633	2,435,928
HBL Money Market Fund	5,809	5,809	812,136	1,028,709	493,096	584,644
Alhamra Islamic Stock Fund	9,105	9,105	835,521	1,458,403	715,394	989,057
			<u>50,122,345</u>	<u>60,306,901</u>	<u>44,316,658</u>	<u>57,757,109</u>

8.3 INVESTMENTS IN DEBT SECURITIES

	June 30, 2020			December 31, 2019		
	COST	(Impairment) / provision	Carrying value	COST	(Impairment) / provision	Carrying value
	(Un-audited)			(Audited)		
		Rupees				
Held to maturity						
Government securities						
Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bond	166,601,779	-	166,601,779	78,239,583	-	78,239,583
	<u>166,601,779</u>	<u>-</u>	<u>166,601,779</u>	<u>78,239,583</u>	<u>-</u>	<u>78,239,583</u>



Pakistan Investment Bond

Face value Rupees	Units		June 30, 2020		December 31, 2019	
	Yield on profit	Maturity date	Cost	Carrying value	Cost	Carrying value
65,000,000	11.35% (Semi-annually)	September 19, 2024	61,486,257	61,486,257	61,486,257	61,486,257
20,000,000	12.7% (Semi-annually)	July 12, 2023	16,753,326	16,753,326	16,753,326	16,753,326
87,000,000	8.53% (Semi-annually)	September 19, 2022	88,362,196	88,362,196	-	-
<u>172,000,000</u>			<u>166,601,779</u>	<u>166,601,779</u>	<u>78,239,583</u>	<u>78,239,583</u>

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
8.4 TERM DEPOSITS			
Held to maturity			
Deposits maturing within 12 months	8.4.1	<u>348,250,081</u>	<u>427,570,597</u>
8.4.1 This include term deposits with various banks having maturities within 12 months (i.e. upto April 30, 2021) The rate of return on these term deposits ranging between 5% to 8.25% (December 31, 2019: 11.25% to 13.25%) per annum.			
9. LOANS AND OTHER RECEIVABLES			
Accrued investment income		3,625,373	4,721,867
Other receivables	9.1	<u>6,295,460</u>	<u>6,106,541</u>
		<u>9,920,833</u>	<u>10,828,408</u>
9.1 This includes balance receivable of Rs. 5.654 million (2019: Rs. 5.654 million) from Pace Pakistan Limited in respect of sale of property located at 1-D first floor of Pace Tower, 27-H College Road, Gulberg II, Lahore.			
10. INSURANCE / REINSURANCE RECEIVABLES unsecured, considered good			
Due from insurance contract holders less: provision for impairment	10.1	<u>247,302,009</u> <u>(44,962,495)</u> <u>202,339,514</u>	<u>211,224,469</u> <u>(44,962,495)</u> <u>166,261,974</u>
Due from other insurers / reinsurers	10.2	<u>80,986,083</u>	<u>86,267,364</u>
		<u>283,325,597</u>	<u>252,529,338</u>
10.1 Reconciliation of provision against doubtful receivables			
Balance as at beginning of the year		44,962,495	39,924,761
Charge for the period		-	5,037,734
Balance as at end of the year		<u>44,962,495</u>	<u>44,962,495</u>
10.2 This includes premium due but unpaid from Shaheen Foundation (related party) of Rs. 54.512 million (2019: Rs.54.769 million)			



11. CASH AND BANK BALANCES	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		-----Rupees-----	
Cash and other equivalents			
- Cash in hand		152,144	55,104
- Policy stamps and bond papers in hand		195,400	239,826
		<u>347,544</u>	<u>294,930</u>
Current and saving accounts			
- Current accounts		3,409,085	8,558,959
- Savings accounts	11.1	19,342,716	14,464,811
		<u>22,751,801</u>	<u>23,023,770</u>
		<u>23,099,345</u>	<u>23,318,700</u>

11.1. These carry mark-up at rates ranging between 4% to 6% (December 31, 2019: 7% to 9%) per annum.

12. SHARE CAPITAL

12.1 Authorized share capital

June 30, 2020	December 31, 2019		June 30, 2020 (Un-audited)	June 30, 2020 (Un-audited)
Number of shares			-----Rupees-----	
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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
<u>60,000,000</u>	<u>60,000,000</u>		<u>600,000,000</u>	<u>600,000,000</u>



12.3 As at June 30, 2020 44.066 million (December 31, 2019: 44.066 million) shares of the company are held by the associated undertakings. Details of these holdings are as follows:

Related Party Name	Percentage	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		Number of shares	
Shaheen Foundation Holding undertaking	69.3%	41,565,973	41,565,973
Central Non Public Fund Associate	4.2%	2,500,000	2,500,000
		<u>44,065,973</u>	<u>44,065,973</u>
		------(%)-----	
Percentage of shareholding by associated undertakings		<u>73.44%</u>	<u>73.44%</u>

12.4 The Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
-----Rupees-----			
13. RESERVES			
General reserves		20,000,000	20,000,000
Capital reserve / Unrealised loss on available for sale investment - net		9,846,928	13,102,778
Revenue reserve / Unappropriated profit / loss		12,478,379	(11,991,078)
		<u>42,325,307</u>	<u>21,111,700</u>
14. OTHER CREDITORS AND ACCRUALS			
Agent balances		46,751,628	45,013,842
Accrued expenses		10,406,301	8,539,839
Provincial services tax		62,236,832	63,452,590
Withholding tax payable		10,105,315	9,890,563
Workers welfare fund payable		6,539,120	5,904,834
Unearned rental income		-	770,300
Payable to provident fund		209,239	18,395
Security deposit against bond issuance		6,965,508	6,393,461
Others		6,147,679	6,221,559
		<u>149,361,621</u>	<u>146,205,383</u>
15. LEASE LIABILITIES			
Lease Liability - Buildings	15.1	<u>25,310,366</u>	<u>77,959,648</u>
15.1 Adoption of IFRS 16 - January 01,2019		77,959,648	78,217,961
Increase / (decrease) in lease liability due to additions / reductions		(50,068,450)	2,463,530
Repayments		(4,324,862)	(13,092,900)
Unwinding of profit		1,744,030	10,371,057
		<u>25,310,366</u>	<u>77,959,648</u>
15.2 Tenure analysis			
Current period		15,516,592	5,631,699
Non-current period		9,793,774	72,327,949
		<u>25,310,366</u>	<u>77,959,648</u>
15.3			
The company has reassessed its lease term during the period due to COVID-19. Previously the lease liability of the company has been reported on seven years. After reassessment, the lease liability has been reported on three years tenure, resulting in modification of lease liability accordingly. The company has adopted modified approach as prescribed in para 36 of IFRS-16.			



16. CONTINGENCIES AND COMMITMENTS

16.1 There is no change in contingencies and commitments as reported in the annual audited financial statements of the Company for the year ended December 31, 2019.

16.2 Commitments

Commitments include lease rentals paid by the Company in respect of right-of-use assets.

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees-----	
Not later than one year	13,092,900	13,092,900
Later than one year	6,546,450	13,092,900

	Quarter ended		Half year ended	
	June 30, 2020 Un-audited	June 30, 2019 Un-audited	June 30, 2020 Un-audited	June 30, 2019 Un-audited
	-----Rupees-----			

17. NET INSURANCE PREMIUM

Written gross premium	72,998,215	141,266,463	139,627,168	220,415,621
Add: Unearned premium reserve opening	118,415,277	128,540,609	133,134,440	147,009,635
Less: Unearned premium reserve closing	(122,546,589)	(177,684,751)	(122,546,589)	(177,684,751)
Premium earned	68,866,903	92,122,321	150,215,019	189,740,505
Less:				
Reinsurance premium ceded	19,349,126	10,204,255	30,192,110	23,532,214
Add: Prepaid reinsurance premium opening	4,194,217	9,449,084	4,981,670	9,752,884
Less: Prepaid reinsurance premium closing	(4,259,547)	(5,802,846)	(4,259,547)	(5,802,848)
Reinsurance expense	(19,283,796)	(13,850,493)	(30,914,233)	(27,482,250)
Net Premium	49,583,107	78,271,828	119,300,786	162,258,255

18. NET INSURANCE CLAIMS

Claim paid	12,098,388	25,126,739	40,609,460	63,782,267
Add: Outstanding claims including IBNR closing	134,219,539	121,212,359	134,219,539	121,212,359
Less: Outstanding claims including IBNR opening	(124,155,526)	(113,384,317)	(128,202,751)	(116,033,468)
Claim expense	22,162,401	32,954,781	46,625,748	68,961,158
Less:				
Reinsurance and other recoveries received	11,880,065	10,147,120	15,141,200	22,433,255
Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening	(17,206,899)	(7,396,193)	(17,165,401)	(6,525,942)
Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing	12,521,854	7,658,692	12,521,854	7,658,693
Reinsurance and other recoveries revenue	(7,195,020)	(10,409,619)	(10,497,653)	(23,566,006)
Net claims	14,967,381	22,545,162	36,128,095	45,395,152



	Quarter ended		Half year ended	
	June 30, 2020 Un-audited	June 30, 2019 Un-audited	June 30, 2020 Un-audited	June 30, 2019 Un-audited
-----Rupees-----				
19. NET COMMISSION AND OTHER ACQUISITION COST				
Commission paid or payable	15,275,172	18,600,454	29,450,649	31,011,944
Add: Deferred commission expense opening	25,264,135	22,912,209	26,394,193	29,502,011
Less: Deferred commission expense closing	(26,571,953)	(26,716,392)	(26,571,953)	(26,716,392)
Net Commission	13,967,354	14,796,271	29,272,889	33,797,563
Less:				
Commission received or recoverable	2,255,953	1,106,369	2,177,792	608,932
Add: Unearned reinsurance commission opening	402,585	315,310	1,052,225	1,128,058
Less: Unearned reinsurance commission closing	(1,966,750)	(1,140,202)	(1,966,750)	(1,140,203)
Commission from reinsurers	(691,788)	(281,477)	(1,263,267)	(596,787)
	13,275,566	14,514,794	28,009,622	33,200,776
20. INVESTMENT INCOME				
Dividend income on investment				
Dividend income securities held for trading	-	-	-	-
Dividend income on available for sale investments Held-to-maturity	6,740,142	3,803,833	6,829,506	3,834,694
Return on other fixed income securities	7,573,655	12,169,213	21,858,938	23,920,980
Return on Government Securities	2,880,715	476,827	4,744,962	821,537
Unrealized gain / (loss) on revaluation of held-for-trading investments	(72,832)	(10,925)	14,855	(20,636)
Total investment income	17,121,680	16,438,948	33,448,261	28,556,575
21. TAXATION				
21.1 Current	1,124,378	5,561,650	6,576,730	12,816,451
21.2 Deferred				

Deferred tax asset on deductible temporary differences amounting to Rs. 65.070 million (2019: Rs. 59.520 million) has not been recognized in view of the uncertainty about its realization, and economic effects due to COVID-19.

22. SEGMENT INFORMATION
22.1 Segment profit or loss

	June 30, 2020 (Un-audited)	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)	24,291,680	9,891,542	98,070,220	6,077,337	33,913,676	172,244,455	
Less: Federal excise duty	(3,110,919)	(1,054,291)	(12,818,964)	-	(12,179,299)	(29,163,473)	
Less: Federal insurance fee	(230,934)	(266,562)	(990,091)	(60,244)	(1,905,983)	(3,453,814)	
Gross written Premium (inclusive of Administrative Surcharge)	20,949,827	8,570,689	84,261,165	6,017,093	19,828,394	139,627,168	
Gross direct premium	20,601,769	8,335,848	81,972,236	6,007,091	19,074,566	135,991,510	
Administrative surcharge	348,058	234,868	2,288,929	10,002	753,801	3,635,658	
Insurance premium earned	24,810,057	8,367,582	92,537,196	2,935,234	21,564,951	150,215,019	
Insurance premium ceded to reinsurers	9,359,648	2,748,654	12,178,584	-	6,627,348	30,914,233	
Net Insurance premium	15,450,410	5,618,928	80,358,612	2,935,234	14,937,603	119,300,786	
Commission income	674,139	68	425,457	-	163,603	1,263,268	
Net underwriting income	16,124,549	5,618,996	80,784,069	2,935,234	15,101,207	120,564,054	
Insurance claims	293,486	815,379	41,606,916	3,482,296	427,671	46,625,748	
Insurance claims recovered from reinsurance	6,049	(179,550)	10,671,154	-	-	10,497,653	
Net Claim	287,437	994,929	30,935,762	3,482,296	427,671	36,128,095	
Commission expense	8,439,145	2,555,456	13,939,613	115,044	4,223,632	29,272,889	
Management expense	5,037,736	1,699,056	18,789,878	596,006	3,960,206	30,082,881	
Net insurance claims and expenses	13,764,317	5,249,441	63,665,253	4,193,345	8,611,509	95,483,866	
Underwriting result	2,360,231	369,556	17,118,816	(1,258,112)	6,489,698	25,080,188	
Net investment income						33,448,261	
Rental income						1,295,298	
Other income						1,652,797	
Other expenses						(30,373,294)	
Finance charges on right-of-use assets						(1,744,030)	
Profit before tax from window takaful operations - OPF						1,686,967	
Profit before tax						<u>31,046,187</u>	





June 30, 2019 (Un-audited)	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)	30,521,078	8,452,265	154,965,180	7,443,094	64,703,138	266,084,755
Less: Federal excise duty	(3,866,085)	(973,202)	(19,928,626)	-	(15,798,525)	(40,566,438)
Less: Federal insurance fee	(291,912)	(175,232)	(1,596,050)	(74,059)	(2,965,443)	(5,102,696)
Gross written premium (inclusive of administrative surcharge)	26,363,081	7,303,831	133,440,504	7,369,035	45,939,170	220,415,621
Gross direct premium	26,073,682	7,103,894	130,571,430	7,356,678	42,818,444	213,924,128
Administrative surcharge	289,399	199,927	2,863,548	12,357	3,126,262	6,491,493
Insurance premium earned	25,266,606	6,735,306	106,515,174	6,509,055	44,714,365	189,740,506
Insurance premium ceded to reinsurers	10,114,536	2,552,556	4,445,376	-	10,369,783	27,482,251
Net Insurance premium	15,152,070	4,182,750	102,069,798	6,509,055	34,344,582	162,258,255
Commission income	319,523	-	-	-	277,264	596,787
Net underwriting income	15,471,593	4,182,750	102,069,798	6,509,055	34,621,846	162,855,042
Insurance claims	1,901,739	233,051	59,211,670	4,837,436	2,777,262	68,961,158
Insurance claims recovered from reinsurance	(119,026)	65,719	23,489,172	-	130,141	23,566,006
Net Claim	2,020,765	167,332	35,722,498	4,837,436	2,647,121	45,395,152
Commission expense	7,491,069	1,840,262	14,528,662	737,656	9,199,914	33,797,563
Management expense	4,715,249	1,256,941	19,877,839	1,214,719	8,344,585	35,409,333
Net insurance claims and expenses	14,227,083	3,264,535	70,128,999	6,789,811	20,191,620	114,602,048
Underwriting result	1,244,510	918,215	31,940,799	(280,756)	14,430,226	48,252,994
Net investment income						28,556,575
Rental income						1,739,304
Other income						2,773,133
Other expenses						(32,174,941)
Finance charges on right-of-use assets						(4,909,555)
Profit before tax from window takaful operations - OPF						1,482,846
Profit before tax						45,720,356

22.2 Segment Assets & Liabilities

June 30, 2020 (Un-audited)

Current period	Rupees					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
SEGMENT ASSETS						
Segment assets	49,015,226	20,052,461	197,141,484	14,077,888	46,391,396	326,678,455
Unallocated corporate assets						833,786,692
Total assets						<u>1,160,465,147</u>
SEGMENT LIABILITIES						
Segment liabilities	50,776,030	20,772,818	204,223,518	14,583,616	48,057,943	338,413,925
Unallocated corporate liabilities						179,725,915
Total liabilities						<u>518,139,840</u>

Segment Assets & Liabilities

December 31, 2019 (Audited)

Current period	Rupees					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
SEGMENT ASSETS						
Segment assets	44,922,707	12,138,723	166,685,947	5,904,032	71,419,193	301,070,602
Unallocated corporate assets						873,137,570
Total assets						<u>1,174,208,172</u>
SEGMENT LIABILITIES						
Segment liabilities	70,233,156	6,974,953	193,284,493	18,946,809	35,784,840	325,224,251
Unallocated corporate liabilities						227,872,221
Total liabilities						<u>553,096,472</u>



23. Fair value of financial instruments

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

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

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).

On statement of financial position financial instruments

	June 30, 2020 (Un-Audited)								
	Available for Sale	FVTPL	Carrying Value Financial Assets --HTM	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
- Investments									
Government Securities	-	-	166,601,779	-	166,601,779	-	-	-	-
Listed equity securities	-	145,662	-	-	145,662	145,662	-	-	145,662
Units of mutual funds	60,306,901	-	-	-	60,306,901	60,306,901	-	-	60,306,901
Financial assets not measured at fair value									
- Balances with banks	-	-	371,001,882	-	371,001,882	-	-	-	-
- Other financial assets	-	-	308,894,861	-	308,894,861	-	-	-	-
Financial liabilities not measured at fair value									
- Financial liabilities	-	-	-	318,142,887	318,142,887	-	-	-	-
	-	-	-	318,142,887	318,142,887	-	-	-	-
	60,306,901	145,662	846,498,522	(318,142,887)	588,808,199	60,452,563	-	-	60,452,563

* FVTPL: Fair value through profit or loss

On statement of financial position financial instruments

December 31, 2019 (Audited)

	Carrying Value			Fair Value					
	Available for Sale	FVTPL	Financial Assets --HTM	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
Financial assets measured at fair value									
- Investments									
Government Securities	-	-	78,239,583	-	78,239,583	-	-	-	-
Listed equity securities	-	140,807	-	-	140,807	140,807	-	-	140,807
Units of mutual funds	57,757,109	-	-	-	57,757,109	57,757,109	-	-	57,757,109
- Investment Properties	-	-	130,423,000	-	130,423,000	-	-	130,423,000	130,423,000
Financial assets not measured at fair value									
- Balances with banks	-	-	450,594,367	-	450,594,367	-	-	-	-
- Investment Properties	-	-	-	-	-	-	-	-	-
- Other financial assets	-	140,807	274,341,499	-	274,341,499	-	-	-	-
	57,757,109	140,807	933,598,449	-	991,496,365	57,897,916	-	130,423,000	188,320,916
Financial liabilities not measured at fair value									
- Financial liabilities	-	-	-	336,303,595	336,303,595	-	-	-	-
	-	-	-	336,303,595	336,303,595	-	-	-	-
	57,757,109	140,807	933,598,449	(336,303,595)	655,192,770				

24. 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	June 30, 2020	December 31, 2019
		Un-Audited	Audited
		----- Rupees -----	
Parent Company			
Shaheen Foundation	Premium due but unpaid	54,512,204	54,769,383
Shaheen Foundation	Outstanding claims	1,397,386	1,455,576
Shaheen Foundation	Commission payable	14,031,814	14,031,814
Shaheen Foundation	Security deposits	3,317,246	3,317,246

	June 30, 2020	June 30, 2019	
	Un-Audited	Un-Audited	
		----- Rupees -----	

Other transactions during the period with associated undertakings

Lease rentals	4,070,000	5,565,457
Remuneration of key management personnel	10,630,434	10,397,628
Contribution to provident fund	901,638	1,145,816
Advertisement expense	249,400	18,000

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

24.2 Other transactions are at agreed terms.

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

25. EARNING PER SHARE - BASIC AND DILUTED


	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Un-audited----- ----- Rupees -----				
Profit for the period	8,469,734	15,142,152	24,469,457	32,903,905
	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	0.14	0.25	0.41	0.55


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

26. GENERAL

26.1 This condensed interim financial information was approved and authorized for issue in the Board of Directors meeting held on August 27, 2020.

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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer



Window Takaful Operations Financial Statements



Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHAHEEN INSURANCE COMPANY LIMITED WINDOW TAKAFUL OPERATIONS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shaheen Insurance Company Limited - Window Takaful Operations as at June 30, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of fund, condensed interim statement of cash flows, and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures of the quarters ended June 30, 2020 and 2019 in these condensed interim financial information have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2020.

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

Chartered Accountants


Place: Karachi
Date: August 27, 2020

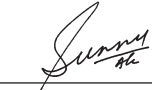
Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT JUNE 30, 2020

Note	June 30, 2020		December 31, 2019		
	Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate	Aggregate Audited	
	----- Unaudited -----				
	----- Rupees -----				
ASSETS					
Qard-e-hasana to Participants' Takaful Fund	4	20,000,000	-	20,000,000	-
Property and equipment	5	7,641	-	7,641	11,807
Intangible assets	6	61,125	-	61,125	94,455
Investment in term deposits	7	27,000,000	20,000,000	47,000,000	47,000,000
Takaful / Retakaful receivables	8	-	2,751,376	2,751,376	934,221
Receivable from OPF / PTF		448,146	-	448,146	345,976
Deferred wakala fee		-	1,805,128	1,805,128	1,392,456
Deferred commission expense		885,535	-	885,535	770,811
Prepayments	9	1,522,571	60,118	1,582,689	1,098,364
Other receivables	10	853,449	54,590	908,039	1,304,608
Bank balance	11	6,834,730	2,776,304	9,611,034	8,789,356
		37,613,197	27,447,516	65,060,713	61,742,054
TOTAL ASSETS		57,613,197	27,447,516	85,060,713	61,742,054
EQUITY AND LIABILITIES					
Operator's fund					
Statutory fund		50,000,000	-	50,000,000	50,000,000
Accumulated profit / (loss)		4,681,731	-	4,681,731	2,994,764
		54,681,731	-	54,681,731	52,994,764
Waqf / Participants' takaful fund					
Ceded money		-	500,000	500,000	500,000
Accumulated deficit		-	(9,916,736)	(9,916,736)	(9,530,365)
		-	(9,416,736)	(9,416,736)	(9,030,365)
Qard-e-hasana to Operator's Fund	4	-	20,000,000	20,000,000	-
LIABILITIES					
Underwriting provisions					
Outstanding claims including IBNR		-	2,284,338	2,284,338	2,513,667
Unearned contribution reserve		-	4,933,045	4,933,045	3,892,234
Unearned wakala fees		1,805,128	-	1,805,128	1,392,456
Takaful / Retakaful payables		-	8,426,353	8,426,353	8,268,732
Payable to OPF / PTF		-	448,146	448,146	345,976
Other creditors and accruals	12	1,126,338	772,370	1,898,708	1,364,590
		2,931,466	36,864,252	39,795,718	17,777,655
TOTAL FUND AND LIABILITIES		57,613,197	27,447,516	85,060,713	61,742,054
Contingencies and commitments	13				

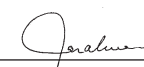
The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer

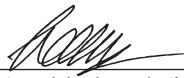

Nisar Ahmed Almani
Chief Financial Officer

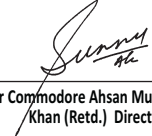


CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED) FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2020

Note	Quarter ended		Half year ended		
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	
	-----Unaudited----- -----Rupees-----				
Participant Takaful Fund revenue account					
Net Takaful contribution	14	699,478	203,043	1,520,742	(24,587)
Wakala expense	15	(829,740)	(461,932)	(1,707,439)	(1,391,397)
Underwriting result		(130,262)	(258,889)	(186,697)	(1,415,984)
Net takaful claims reported / settled	16	(139,665)	(2,073,442)	(482,878)	(2,367,531)
Deficit before investment income		(269,927)	(2,332,331)	(669,575)	(3,783,515)
Other income	17	158,035	75,206	283,204	133,640
Less: Modarib's share of investment income		-	-	-	-
Surplus / (Deficit) transferred to accumulated surplus / (deficit)		(111,893)	(2,257,125)	(386,371)	(3,649,875)
Operator's revenue account					
Wakala fee		829,739	461,932	1,707,439	1,391,397
Commission expenses	18	(421,795)	(551,393)	(911,133)	(825,255)
Management expenses	19	(640,431)	(559,816)	(1,476,836)	(1,731,626)
		(232,487)	(649,277)	(680,530)	(1,165,484)
Modarib's share of PTF investment income		-	-	-	-
Other expenses	20	(91)	(333,866)	(27,239)	(6,613)
Other Income	17	826,391	1,204,472	2,394,736	2,654,943
Profit for the period		593,813	221,329	1,686,967	1,482,846

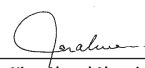
The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director


Sohel N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer




CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Unaudited----- -----Rupees-----			
PARTICIPANTS' TAKAFUL FUND				
Loss for the period	(111,893)	(2,257,126)	(386,371)	(3,649,875)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(111,893)</u>	<u>(2,257,126)</u>	<u>(386,371)</u>	<u>(3,649,875)</u>
OPERATORS' FUND				
Profit for the period	593,813	221,329	1,686,967	1,482,846
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>593,813</u>	<u>221,329</u>	<u>1,686,967</u>	<u>1,482,846</u>

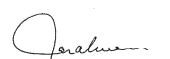
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Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	-----Unaudited-----			
	June 30, 2020			June 30, 2019
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	-----Rupees-----			
OPERATING ACTIVITIES				
a) Takaful activities				
Contribution received	-	4,027,694	4,027,694	1,885,636
Re-takaful contributions paid	-	(3,120,357)	(3,120,357)	(475,452)
Claims paid	-	(712,207)	(712,207)	(1,125,312)
Commissions paid	(679,611)	-	(679,611)	(371,997)
Wakala fees received	2,017,941	-	2,017,941	1,862,696
Wakala fees paid	-	(2,017,941)	(2,017,941)	(1,862,696)
Net cash (used in) / generated from underwriting activities	1,338,330	(1,822,811)	(484,481)	(87,125)
b) Other operating activities				
Management, General and administration expenses paid	(1,468,818)	-	(1,468,818)	(1,694,130)
Prepayments	(424,207)	(60,118)	(484,325)	(1,352,674)
Other receivables	404,908	(8,339)	396,569	(1,352,664)
Other creditors and accruals	(3,224)	188,016	184,792	273,857
Qard-e-hasna contributions	-	-	-	-
Net cash used in other operating activities	(1,491,341)	119,559	(1,371,782)	(4,125,611)
Total cash (used in) / generated from operating activities	A	(153,011)	(1,856,263)	(4,212,736)
INVESTING ACTIVITIES				
Investment income received	2,077,349	600,592	2,677,942	2,773,938
Fixed capital expenditure	-	-	-	-
Addition to intangibles	-	-	-	-
Total cash generated from investing activities	B	600,592	2,677,942	2,773,938
FINANCING ACTIVITIES				
Capital injected during the period	-	-	-	-
Ceded money to waqf fund	-	-	-	-
Qard e Hasna	(20,000,000)	20,000,000	-	-
Total cash generated from financing activities	C	20,000,000	-	-
Net increase in cash and cash equivalents	A+B+C	(18,075,662)	821,679	(1,438,798)
Cash and cash equivalents at the beginning of period	51,910,392	3,878,964	55,789,356	51,969,955
Cash and cash equivalents at end of the period	33,834,730	22,776,304	56,611,035	50,531,157

	-----Unaudited-----			
	June 30, 2020		June 30, 2019	
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	-----Rupees-----			
Operating cash flows	(153,011)	(1,703,252)	(1,856,263)	(4,212,736)
Decrease / increase in assets other than cash	(110,396)	160,632	50,236	(91,662)
Increase in liabilities	(406,866)	873,046	466,180	(613,718)
Investment and other income	2,394,736	283,204	2,677,940	2,788,583
Depreciation / amortisation expense	(37,496)	-	(37,496)	(37,496)
Profit / (deficit) for the period	1,686,967	(386,371)	1,300,596	(2,167,029)

Note

Reconciliation to condensed interim statement of profit and loss

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:

Bank balance

- Saving accounts 11 6,834,730 2,776,304 9,611,034 3,531,157

Deposits maturing within 12 months

- Term deposits - local currency 7 27,000,000 20,000,000 47,000,000 47,000,000

33,834,730 22,776,304 56,611,034 50,531,157

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

Air Marshal Muhammad Arif Pervaiz (Retd.) Chairman

Air Commodore Ahsan Muhammad Khan (Retd.) Director

Khalid Saeed Mirza Director

Sohel N. Kidwai Chief Executive Officer

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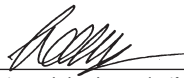


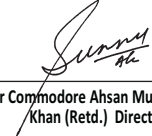
CONDENSED INTERIM STATEMENT OF CHANGES IN FUND (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Operator's Fund		
	Statutory fund	Accumulated Profit / (loss)	Total
	-----Rupees-----		
Balance as at January 01, 2019	50,000,000	(226,869)	49,773,131
Other comprehensive income	-	-	-
Profit for the period ended June 30, 2019	-	1,482,846	1,482,846
Balance as at June 30, 2019	<u>50,000,000</u>	<u>1,255,977</u>	<u>51,255,977</u>
Balance as at January 01, 2020	50,000,000	2,994,764	52,994,764
Other comprehensive income	-	-	-
Profit for the period ended June 30, 2020	-	1,686,967	1,686,967
Balance as at June 30, 2020	<u>50,000,000</u>	<u>4,681,731</u>	<u>54,681,731</u>

	Participants' Takaful Fund		
	Cede Money	Accumulated Deficit	Total
	-----Rupees-----		
Balance as at January 01, 2019	500,000	(3,683,430)	(3,183,430)
Loss for the period ended June 30, 2019	-	(3,649,875)	(3,649,875)
Balance as at June 30, 2019	<u>500,000</u>	<u>(7,333,305)</u>	<u>(6,833,305)</u>
Balance as at January 01, 2020	500,000	(9,530,365)	(9,030,365)
Loss for the period ended June 30, 2020	-	(386,371)	(386,371)
Balance as at June 30, 2020	<u>500,000</u>	<u>(9,916,736)</u>	<u>(9,416,736)</u>

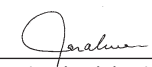
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2020

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 information 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, condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim 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 Operation's functional and presentation currency.

The condensed interim financial information for the period ended June 30, 2020 has been prepared under historic cost basis except for the available for sale investments, that have been measured at market value. However, the Operator has no available for sale investments as at reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FINANCIAL AND INSURANCE RISK MANAGEMENT

3.1 The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of annual financial statements of the company for the year ended December 31, 2019.

3.2 In preparing these condensed interim financial information, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the financial statements for the year ended December 31, 2019.



- 3.3** The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2019, except for the following additional considerations due to the COVID-19 Pandemic.

The COVID-19 Pandemic outbreak has resulted in consequences on economy, health and society. The COVID-19 pandemic has significantly impacted the markets around the globe and may continue to do so in the coming months of 2020, affecting the earnings and cash flows of businesses. The scale and duration of the COVID-19 pandemic remains uncertain till date. In addition, SECP has issued various circulars allowing certain regulatory relief, including relaxation in the timeline for filing first quarterly financial statements, convening of board meetings through video conferencing instead of physical meetings, etc., to dampen the effect of the COVID-19. The management is monitoring the situation very closely, to estimate the overall impacts on the business.

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

	June 30, 2020		December 31, 2019	
	OPF	PTF	OPF	PTF
	-----Rupees-----		-----Rupees-----	
Opening balance of Qard-e-Hasna	-	-	-	-
Qard-e-Hasna transferred from OPF during the period / year	(20,000,000)	20,000,000	-	-
Closing balance of Qard-e-Hasna	(20,000,000)	20,000,000	-	-

5. PROPERTY AND EQUIPMENT

Particulars	Cost		Depreciation		Written down value as at June 30, 2020	Depreciation Rate
	As at January 01, 2020	As at June 30, 2020	As at January 01, 2020	Depreciation for the year		
Computer hardware	25,000	25,000	13,193	4,166	17,359	33.33
Comparative						%
Particulars	Cost		Depreciation		Written down value as at December 31, 2019	Depreciation Rate
	As at January 01, 2019	As at December 31, 2019	As at January 01, 2019	Depreciation for the year		
Computer hardware	25,000	25,000	4,861	8,332	13,193	33.33

6. INTANGIBLE ASSETS

Particulars	Cost		Depreciation		Written down value as at December 31, 2020	Depreciation Rate
	As at January 01, 2020	As at June 30, 2020	As at January 01, 2020	Depreciation for the year		
Computer software	200,000	200,000	105,545	33,330	138,875	33.33
Comparatives						%
Particulars	Cost		Depreciation		Written down value as at December 31, 2019	Depreciation Rate
	As at January 01, 2019	As at December 31, 2019	As at January 01, 2019	Depreciation for the year		
Computer software	200,000	200,000	38,885	66,660	105,545	33.33



		June 30, 2020	December 31, 2019	
		-----'Rupees-----		
7. INVESTMENT IN TERM DEPOSITS				
Held to maturity				
Deposits maturing within 12 months		<u>47,000,000</u>	<u>47,000,000</u>	
7.1	This include term deposits with islamic banks having maturities within 12 months (i.e. upto April 30, 2021) The rate of return on these term deposits ranging between 7% to 8.5% (December 31, 2019: 11.25% to 13.25%) per annum.			
		June 30, 2020		December 31, 2019
		Operator's Fund	Participants' Takaful Fund	Aggregate
		(Unaudited)		Aggregate (Audited)
	Note	----- Rupees-----		
8. TAKAFUL / RETAKAFUL RECEIVABLES				
Due from takaful participant holders		-	1,902,508	1,902,508
Due from other takaful / retakaful		-	848,868	848,868
		<u>-</u>	<u>2,751,376</u>	<u>2,751,376</u>
9. PREPAYMENTS				
Advance tax	9.1	1,192,571	60,118	1,252,689
Others		330,000	-	330,000
		<u>1,522,571</u>	<u>60,118</u>	<u>1,582,689</u>
9.1	The balance includes tax deducted on profit on savings accounts.			
		June 30, 2020		December 31, 2019
		Operator's Fund	Participants' Takaful Fund	Aggregate
		(Unaudited)		Aggregate (Audited)
		----- Rupees-----		
10. OTHER RECEIVABLES				
Sindh sales tax receivable		331,230	33,972	365,202
Accrued profit on bank deposits		322,219	20,618	342,837
Advance commission		200,000	-	200,000
GST receivable claims		-	-	17,963
		<u>853,449</u>	<u>54,590</u>	<u>908,039</u>
11. BANK BALANCE				
Savings accounts		<u>6,834,730</u>	<u>2,776,304</u>	<u>9,611,034</u>
11.1	These carry profit rates ranging between 4% to 6% (December 31, 2019: 10.5% to 13%) per annum.			
		June 30, 2020		December 31, 2019
		Operator's Fund	Participants' Takaful Fund	Aggregate
		(Unaudited)		Aggregate (Audited)
		----- Rupees-----		
12. OTHER CREDITORS AND ACCRUALS				
Federal insurance fee		-	21,853	21,853
Federal excise duty payable		-	355,927	355,927
Sales tax on services		-	64,214	64,214
Commission payable		815,783	-	815,783
Auditors fee		291,250	-	291,250
Others		19,305	330,376	349,681
		<u>1,126,338</u>	<u>772,370</u>	<u>1,898,708</u>



Half year ended
June 30, 2020 **June 30, 2019**
-----'Unaudited'-----
-----Rupees-----

19. MANAGEMENT EXPENSES

Salaries, wages and benefits	460,400	450,600
Depreciation / amortization	37,496	37,496
Shariah advisory fee	566,670	566,670
Software maintenance	330,000	660,000
Others	82,270	16,860
	<u>1,476,836</u>	<u>1,731,626</u>

20. OTHER EXPENSES

Printing and stationery	19,150	-
Others	8,089	6,613
	<u>27,239</u>	<u>6,613</u>

21. SEGMENT REPORTING

For the period ended June 30, 2020

	-----Unaudited-----					Aggregate
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	
	-----Rupees-----					
21.1 Participants' Takaful Fund (PTF)						
Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge)	1,048,587	253,522	5,225,275	-	196,852	6,724,236
Less : Federal excise duty	(135,813)	(31,071)	(683,373)	-	(26,920)	(877,177)
Less : Federal insurance fee	(9,035)	(2,199)	(44,964)	-	(1,683)	(57,881)
Gross written contribution (inclusive of Administrative Surcharges)	903,739	220,252	4,496,938	-	168,249	5,789,178
Gross contribution direct	873,991	209,764	4,341,978	-	166,250	5,591,983
Admin surcharge	29,748	10,488	154,960	-	1,999	197,195
Takaful contribution earned	739,054	381,878	3,595,318	-	32,117	4,748,367
Re-takaful expense	(1,414,350)	(808,200)	(702,000)	-	(303,075)	(3,227,625)
Net takaful contribution	(675,296)	(426,322)	2,893,318	-	(270,958)	1,520,742
Rebate earned	-	-	-	-	-	-
Operation income	(675,296)	(426,322)	2,893,318	-	(270,958)	1,520,742
Claim expense	-	-	(482,878)	-	-	(482,878)
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	-	-	(482,878)	-	-	(482,878)
Wakala expense	450,740	(88,438)	(733,480)	-	(1,336,261)	(1,707,439)
Direct expense	-	-	-	-	-	-
Net takaful claim & expense	450,740	(88,438)	(1,216,358)	-	(1,336,261)	(2,190,317)
Surplus/(deficit) before investment income	(224,556)	(514,760)	1,676,961	-	(1,607,219)	(669,575)
Net investment income						283,204
Deficit for the period						(386,371)
The following presents segments assets and liabilities as at June 30, 2020 of PTF:						
Segment assets	373,875	91,118	1,860,372	-	69,604	2,394,969
Unallocated assets						25,052,547
						27,447,516
Segment liabilities	7,509,582	3,761,266	7,067,660	-	(4,768,460)	13,570,047
Unallocated liabilities						23,294,205
						36,864,252
Operator's Fund						
Wakala fee income	(450,740)	88,438	733,480	-	1,336,261	1,707,439
Commission expense	(475,849)	(6,239)	(183,986)	-	(245,060)	(911,134)
Management expense	(229,861)	(118,772)	(1,118,215)	-	(9,989)	(1,476,836)
						(680,531)
Investment income						2,394,736
General and administration expenses						(27,239)
Other Income						-
Profit before taxation						1,686,966
The following presents segments assets and liabilities as at June 30, 2020 of OPF:						
Segment assets	505,195	123,123	2,513,818	-	94,052	3,236,188
Unallocated assets						54,377,009
						57,613,197
Segment liabilities	281,796	68,677	1,402,194	-	52,462	1,805,129
Unallocated liabilities						1,126,337
						2,931,466


SEGMENT REPORTING
For the period ended June 30, 2019

	-----Unaudited-----					Aggregate
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	
	-----Rupees-----					
Participants' Takaful Fund (PTF)						
Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge)	317,997	19,162	4,144,026	-	(426,600)	4,054,585
Less : Federal excise duty	(36,070)	415	(560,154)	-	58,339	(537,470)
Less : Federal insurance fee	(2,792)	(194)	(35,481)	-	3,649	(34,818)
Gross written contribution (inclusive of Administrative Surcharges)	279,135	19,383	3,548,391	-	(364,612)	3,482,297
Gross contribution direct	270,380	16,373	3,417,182	-	(354,878)	3,349,057
Admin surcharge	8,755	3,010	131,209	-	(9,734)	133,240
Takaful contribution earned	1,003,056	62,402	1,976,097	-	241,358	3,282,913
Re-takaful expense	(1,449,000)	(828,000)	(720,000)	-	(310,500)	(3,307,500)
Net takaful contribution	(445,944)	(765,598)	1,256,097	-	(69,142)	(24,587)
Rebate earned	-	-	-	-	-	-
Operation income	(445,944)	(765,598)	1,256,097	-	(69,142)	(24,587)
Claim expense	-	-	-	-	-	-
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	-	-	(2,217,531)	-	(150,000)	(2,367,531)
Wakala expense	(446,648)	(27,177)	(1,642,898)	-	725,326	(1,391,397)
Direct expense	-	-	-	-	-	-
Net takaful claim & expense	(446,648)	(27,177)	(3,860,429)	-	575,326	(3,758,928)
Surplus/(deficit) before investment income	(892,592)	(792,775)	(2,604,332)	-	506,184	(3,783,515)
Net investment income						133,640
Deficit for the period						(3,649,875)
The following presents segments assets and liabilities as at December 31, 2019 of PTF:						
Segment assets	176,951	12,288	2,249,420	-	(231,137)	2,207,522
Unallocated assets						2,943,700
						5,151,222
Segment liabilities	2,253,259	1,254,339	5,055,136	-	568,783	9,131,517
Unallocated liabilities						2,853,010
						11,984,527
Operator's Fund						
Wakala fee income	446,648	27,177	1,642,898	-	(725,326)	1,391,397
Commission expense	(428,283)	(9,559)	(342,989)	-	(44,424)	(825,255)
Management expense	(529,078)	(32,915)	(1,042,325)	-	(127,308)	(1,731,626)
						(1,165,485)
Investment income						2,654,943
General and administration expenses						(6,613)
Other Income						-
Profit before taxation						1,482,846
The following presents segments assets and liabilities as at December 31, 2019 of OPF:						
Segment assets	168,627	11,710	2,143,598	-	(220,264)	2,103,671
Unallocated assets						51,231,390
						53,335,061
Segment liabilities	89,114	6,188	1,132,822	-	(116,402)	1,111,722
Unallocated liabilities						967,362
						2,079,084



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 Operator 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 Operator's accounting policy on fair value measurements of its investments is discussed in note 3.16 to these financial statements.

The Operator 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 Operator does not have any financial instrument measured at fair value as at June 30, 2020 .


24. DATE OF AUTHORIZATION OF ISSUE

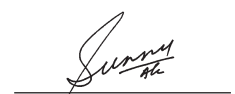
These condensed interim financial information were authorized for issue on August 27, 2020 by the Board of Directors of the Operator.

25. GENERAL

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

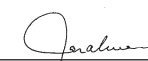
25.2 Figures have been rounded off to the nearest thousand rupees unless other wise stated.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Commodore Ahsan Muhammad
Khan (Retd.) Director

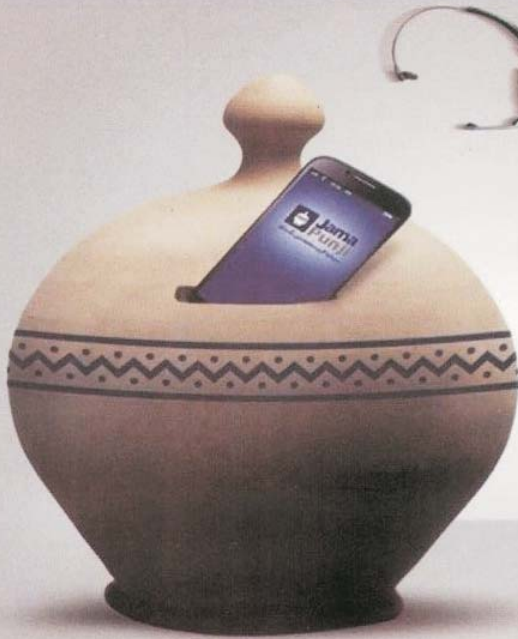

Khalid Saeed Mirza
Director


Sohel N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

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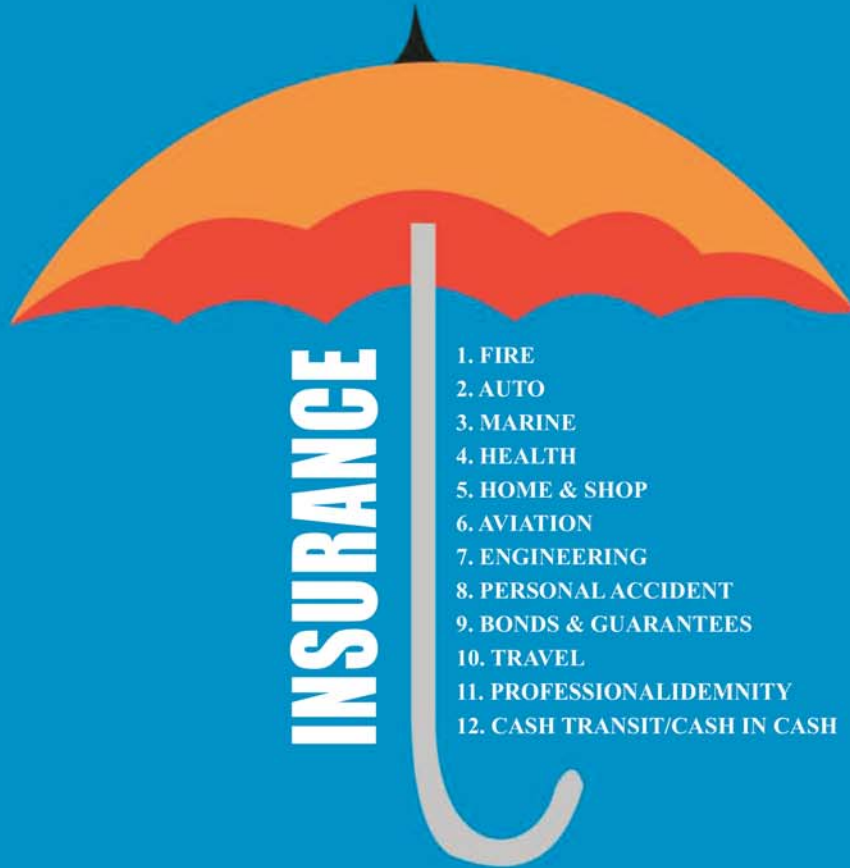


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