

Half Yearly 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 Sikandar Niaz (Retd.)
Air Commodore Ahsan Muhammad Khan (Retd.)
Air Commodore Humayayun Viqar Zephyr (Retd.)
Group Captain Javed Akhtar Khan (Retd.)

AUDIT COMMITTEE

Mr. Aamir Shahzad Mughal - Member
Air Commodore Jamshed Iqbal (Retd.) - Member

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

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
UAN: (021-111-765-111)

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

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

Multan

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

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

Sarghoda

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

Sahiwal

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

Rahim Yar khan

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

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 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

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

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

Gujranwala

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

Quetta

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

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the unaudited accounts of the company for the half year ended June 30, 2019.

The results of Insurance are summarized below;

	Rupees in million	
	June 2019	June 2018
Gross Premium Written	220	213
Net Insurance Premium	162	181
Underwriting Results	48	35
Investment Income	28	13
Profit before tax	46	26
Profit after tax	33	16
Earnings Per Share	0.55	0.27

Our company continued to perform strongly during the first half of 2019 compared with the same period of 2018. Profit after tax of the company increased by 76% to Rs. 46 Million during the period under review against Rs. 26 Million during the corresponding period of 2018. Underwriting profits of the company also increased significantly from Rs. 34 Million in 2018 to Rs. 48 Million in 2019 (i.e. an increase of 40%).

Investment income of company also depicted a robust growth of 117% mainly due to higher interest rates and better fund management. Company continues 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	
	June 2019	For the period from April 1, 2018 to June 30, 2018
Gross Contribution	3.48	0.75
Net Contribution Revenue	(0.02)	(1.54)
Underwriting Results	(1.41)	(1.54)
Investment Income	2.65	1.2
Operator's Fund - Revenue Account	(1.16)	(0.75)
Operator's Profit	1.48	0.029

Due to first 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 2019 and 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.

Sohail N. Kidwai
Chief Executive Officer

Air Marshal Muhammad Jamshed Khan
(Retd.) - Chairman

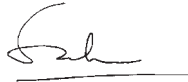
August 27, 2019

مکمل کاروبار کے پہلا سال ہونے کی وجہ سے یہ کاروباری سرگرمی ست روی کا شکار رہی، مگر بڑے اسلامی تجارتی اداروں کے ساتھ الحاق (ایک سال کے آڈٹ شدہ اکاؤنٹ درکار ہوتے ہیں) اور کمپنی کے بورڈ کی رہنمائی سے اس مارکیٹ میں سال 2019 اور اس سے آگے والے سالوں میں مکمل کاروبار 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 پرجھانناات معاشی سال کے باقی مہینوں میں بھی جاری رہیں گے۔

آپ کے ڈائریکٹرز فیملڈ 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 نمونہ سفر جاری رہے گا۔

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



سہیل (ن) کدوائی
چیف ایگزیکٹو آفیسر



امیر مارشل محمد جمشید خان (ریٹائرڈ)
چیئر مین

27 اگست 2019

ڈائریکٹر ز رپورٹ برائے ممبران!

ڈائریکٹر زمرست کے ساتھ 30 جون 2019 کو اختتام پذیر ہونے والی ششماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

انٹورنس کے نتائج کا خلاصہ درج ذیل ہے:-

روپے ملین میں		
جون 2018	جون 2019	
213	220	تحریر کردہ مجموعی پریمنیم
181	162	پریمنیم کی صافی آمدنی
35	48	ذمہ داری کے نتائج
13	28	سرمایہ کاری کی آمدنی
26	46	منافع قبل از ٹیکس
16	33	منافع بعد از ٹیکس
0.27	0.55	آمدنی فی شیئر

2018 کی پہلی ششماہی سے موازنہ کیا جائے تو ہماری کمپنی نے 2019 کے اس عرصے میں مضبوط نمو کا مظاہرہ کیا۔ 30 جون 2019 کے اختتام پذیر ششماہی میں کمپنی کے ٹیکس کے بعد 76 فیصد اضافہ ہو کر 46 ملین روپے تک جا پہنچا جبکہ 2018 کے اسی عرصے کے دوران اس رقم 26 ملین روپے تھی۔ 2019 کی پہلی ششماہی میں ذمہ داری کے نتائج 40 فیصد اضافے کے بعد 48 ملین روپے تک جا پہنچے جبکہ 2018 کی پہلی ششماہی میں یہ رقم 34 ملین روپے تھی۔

کمپنی کی سرمایہ کاری کی آمدنی میں بھی 117 فیصد کی مضبوط نمو 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 ڈسکاؤنٹ ریٹ کے بڑھتے ہوئے رجحانات کے پیش نظر سرمایہ کاری آمدنی سال کے باقی مہینوں میں بڑھتے رہنے کا امکان ہے۔

کمپنی نے اپنے ونڈ ونگفل آپریشنرز کا آغاز اپریل 2018 سے کر دیا ہے۔

ونڈ ونگفل آپریشنرز کے نتائج کا خلاصہ درج ذیل ہے:-

روپے ملین میں		
اپریل 1، 2018 سے جون 2018، 30	جون 2019	
0.75	3.48	مجموعی کنٹری بیوٹن
(1.54)	(0.02)	خالص کنٹری بیوٹن
(1.54)	(1.41)	ذمہ داری کے نتائج
1.2	2.65	سرمایہ کاری کی آمدنی
(0.75)	(1.16)	آپریٹنگ ریونیو کا ڈنٹ
0.029	1.48	آپریٹنگ منافع



Deloitte.

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

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

www.deloitte.com

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, 2019 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.

Bases for Qualified Conclusion

Pursuant to a settlement agreement dated November 29, 2012 with First Capital Equities Limited (FCEL) and First Capital Securities Corporation Limited (FCSC) Group and Pace (Pakistan) Limited (previously, related parties of the Company) note 9.1, the Company acquired 4.7 million ordinary shares of FCEL at an agreed price of Rs. 40 per ordinary share which are carried in the statement of financial position at cost as 'available for sale investment' at Rs. 188 million. We noted that quoted market value (Rs.3.75 per share as at June 30, 2019) which indicates a significant and prolong decline in market value. However, management has not made provision for impairment amounting Rs. 170.375 million against this investment as required under IAS 39 - Financial Instruments recognition and measurement'. Had this provision been made, the provision for taxation would have been increased by Rs. 49.409 million and after tax profit and equity for the period would have been lower by Rs. 120.966 million.

Qualified Conclusion

Based on our review, except for the effects of matter described in the Basis for Qualified Conclusion paragraph, 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, 2019 and 2018 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, 2019.

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

Chartered Accountants

Place: Karachi
Date: August 29, 2019


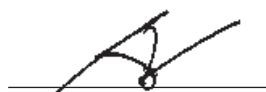

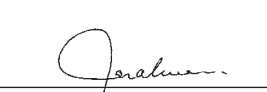
Member of
Deloitte Touche Tohmatsu Limited

Half Yearly Report
2019
09

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

		June 30, 2019	December 31, 2018
		Un-audited	Audited
	Note	-----Rupees-----	
Assets			
Property and equipment	6	81,911,101	11,064,668
Investment properties	7	30,105,092	30,953,804
Investments			
Equity securities	8.1	242,127,922	240,646,794
Debt securities	8.2	16,921,579	16,863,255
Term deposits	8.3	462,028,446	436,502,236
Loans and other receivables	9	16,122,284	14,978,957
Insurance / reinsurance receivables	10	324,918,031	271,546,266
Reinsurance recoveries against outstanding claims		4,451,193	5,563,442
Salvage recoveries accrued		3,207,500	962,500
Deferred commission expense / acquisition cost		26,716,392	29,502,011
Advances deposits and prepayments		16,848,407	20,361,281
Cash and bank balances	11	29,309,725	21,238,119
Total assets of takaful operations		53,335,061	52,081,890
Total Assets		1,308,002,733	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	29,606,371	31,367,066
Unappropriated profit		70,213,523	52,309,618
Total equity		699,819,894	683,676,684
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		121,212,359	116,033,468
Unearned premium reserves		177,684,751	147,009,635
Premium deficiency reserve		7,685	7,685
Unearned reinsurance commission		1,140,203	1,128,058
Lease liabilities		79,273,980	-
Insurance/ reinsurance payables		74,553,884	69,001,942
Other creditors and accruals	14	144,280,737	132,177,548
Unclaimed dividend		1,911,962	398,934
Taxation - provision less payments		6,038,194	522,510
Total liabilities of takaful operations - operator's fund		2,079,084	2,308,759
Total liabilities		608,182,839	468,588,539
Total Equity and Liabilities		1,308,002,733	1,152,265,223
Contingencies and commitments			
	15		

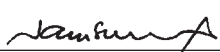
The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.


 Air Marshal Muhammad Jamshed Khan (Retd.) - Chairman	 Air Commodore Sikander Niaz (Retd.) - Director	 Sohail N. Kidwai Chief Executive Officer	 Nisar Ahmed Almani Chief Financial Officer
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR HALF YEAR ENDED JUNE 30, 2019

		Quarter ended		Half year ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Note		Rupees			
Net insurance premium	16	78,271,828	85,528,091	162,258,255	181,043,733
Net Insurance claims	17	(22,545,162)	(26,439,318)	(45,395,152)	(50,415,607)
Net commission and other acquisition cost	18	(14,514,794)	(29,093,361)	(33,200,776)	(60,198,551)
		(37,059,956)	(55,532,679)	(78,595,928)	(110,614,158)
Management expenses		(17,284,830)	(20,154,810)	(35,409,333)	(35,874,661)
Underwriting results		23,927,042	9,840,602	48,252,994	34,554,914
Investment income	19	16,438,948	6,360,120	28,556,575	13,158,908
Rental income		869,652	847,795	1,739,304	1,695,607
Other income		1,509,670	376,295	2,773,133	1,569,011
Other expenses		(17,353,284)	(9,595,088)	(32,174,941)	(25,472,190)
Finance charges on right-of-use assets		(4,909,555)	-	(4,909,555)	-
Profit before tax from window takaful operations - OPF		221,329	-	1,482,846	-
Profit before tax		20,703,802	7,829,724	45,720,356	25,506,250
Provision for taxation - current		(5,561,650)	(4,183,353)	(12,816,451)	(9,486,311)
Profit after tax		15,142,152	3,646,371	32,903,905	16,019,939
Other comprehensive income					
Unrealised (losses) / profit on available-for-sale Investment-net		(1,942,925)	1,293,677	(1,760,695)	1,293,677
Total comprehensive income for the period		13,199,227	4,940,048	31,143,210	17,313,616
Earning per share - basic and diluted	23	0.25	0.06	0.55	0.27

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.


Air Marshal Muhammad
Jamshed Khan (Retd.) - Chairman


Air Commodore
Sikander Niaz (Retd.) - Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR HALF YEAR ENDED JUNE 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 half year ended June 30, 2018					
Profit for half year ended June 30, 2019	-	-	-	16,019,939	16,019,939
Other comprehensive income	-	-	1,293,677	-	1,293,677
Total comprehensive income for the period	-	-	1,293,677	16,019,939	17,313,616
Balance as at June 30, 2018 (Un-audited)	600,000,000	20,000,000	12,336,022	16,296,864	648,632,886
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 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
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 June 30, 2019 (Un-audited)	600,000,000	20,000,000	9,606,371	70,213,523	699,819,894

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019 Un-audited	June 30, 2018 Un-audited
	----- Rupees -----	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	195,840,929	181,323,972
Reinsurance premiums paid	(16,102,229)	(25,108,897)
Claims paid	(63,782,267)	(53,881,571)
Reinsurance and other recoveries received	22,433,255	2,512,571
Commissions paid	(27,350,807)	(43,572,297)
Commissions received	608,932	910,817
Net cash flows from underwriting activities	111,647,813	62,184,595
b) Other operating activities		
Income tax paid	(5,456,255)	(1,752,494)
Finance cost paid	(3,853,536)	-
Management and administration expenses paid	(54,378,832)	(61,954,488)
Net cash used in other operating activities	(63,688,623)	(63,706,982)
Total cash used in all operating activities	47,959,190	(1,522,387)
INVESTING ACTIVITIES		
Profit / Return received	27,669,626	14,472,898
Rentals received	1,050,000	1,695,607
Payments for investments	(586,415,132)	(553,196)
Proceeds from investments	557,568,139	-
Fixed capital expenditure	(660,356)	(636,619)
Investment in window takaful operations	-	(50,000,000)
Proceeds from disposal of fixed assets	6,000	46,000
Total cash flow from all investing activities	(781,723)	(34,975,310)
FINANCING ACTIVITIES		
Financial charges paid	(147,837)	(37,835)
Dividend paid	(13,486,972)	-
Payments of finance lease liability	-	(208,375)
Total cash flows from / (used in) all financing activities	(13,634,809)	(246,210)
Net cash flow from / (used in) all activities	33,542,658	(36,743,907)
Exchange gain / (loss) on cash and cash equivalents	55,158	27,340
Cash and cash equivalents at the beginning of year	457,740,355	439,200,042
Cash and cash equivalents at end of the period	491,338,171	402,483,475

Reconciliation to profit and loss account

June 30, 2019 June 30, 2018
----- Rupees -----

Operating cash flows		
Exchange gain / (loss) on cash and cash equivalents	47,959,190	(1,522,387)
Finance charges on right-of-use assets	55,158	27,340
Depreciation on fixed assets	(4,909,555)	-
Depreciation on right-of-use asset	(2,449,257)	(2,276,213)
Depreciation on investment property	(5,582,627)	-
Loss / gain on disposal of fixed assets	(848,712)	(908,053)
Financial charges	6,000	46,000
Increase / (decrease) in assets other than cash	(147,837)	(37,835)
(Increase) / decrease in liabilities	50,250,291	36,156,144
Investment and other income	(60,320,320)	(30,192,976)
Profit from window takaful operations - OPF	7,408,728	14,727,919
	1,482,846	-
Profit after taxation	32,903,905	16,019,939

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:

June 30, 2019 June 30, 2018
----- Rupees -----

Cash and other equivalents

- Cash in hand	79,587	70,850
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Current and saving accounts

- Current accounts	3,229,716	22,096,679
- Savings accounts	26,000,422	4,743,662
	29,230,138	26,840,341

Deposits maturing within 12 months

Term Deposit- local currency	462,028,446	375,572,284
	491,338,171	402,483,475

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR HALF YEAR ENDED JUNE 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.
- 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 # 1-3-B, Fista Garden RTO Office, Nawa Sher Chowk, Multan, Punjab, Pakistan.
- Upper Basement, State Life Building 34 - The Mall, Peshawar Cantt., Khyber Pakhtunkhwa, Pakistan.
- Office # 210, Karim Plaza, Defence Road, Near Allama Iqbal Town, Sialkot, Punjab, Pakistan.
- Office # 12-B, 5th Floor, Bhutta Center, Gujranwala, Punjab, Pakistan
- Office # 63, 1st Floor, Advance Book Shop, Rehman Complex, Ibne Seena Hospital Market, Kanchi More, Sarghoda, Punjab, Pakistan.
- Office # 9, 1st Floor, Silk Plaza Supply Manshara Road, Abbottabad, Khyber Pantunkhwa, Pakistan.

2. 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.

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

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

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.

Effective from accounting period beginning on or after:

- 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
- 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, with the exception of the following new accounting policy adopted by the Company in accordance with the applicability of IFRS 16- Leases, with effect from January 1, 2019:

3.4 Accounting for leases under IFRS 16

Effective January 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing leases guidance, including IAS 17 "Leases".

The Company has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising therefrom are therefore recognized in the opening condensed interim statement of financial position on January 01, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average incremental borrowing rate of the Company applied to lease liabilities on January 01, 2019 was 13.34% per annum.

The remeasurements of the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Operating lease as at December 31, 2018

Impact of adoption of IFRS 16	78,217,961
Lease liability recognised as at January 1, 2019	78,217,961

The total lease liability recognised as at January 01, 2019, of which:

Current lease liabilities	3,622,470
Non-current lease liabilities	74,595,491
	78,217,961

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed interim statement of financial position as at December 31, 2018.

The recognised right-of-use assets are of the following type:

	Note	June 30, 2019	January 01, 2019
		----- Rupees -----	
Right-of-use assets - building on leasehold land	6	72,635,334	78,217,961

The effect of this change in accounting policy is as follows:

	June 30, 2019	January 01, 2019
Impact on Condensed Interim Statement of Financial Position		
Increase in fixed assets - right-of-use assets	72,635,334	78,217,961
Decrease in other assets - advances, deposits, advance rent and other prepayments	-	-
(Increase) / decrease in other liabilities:		
- Lease Liabilities	(79,273,980)	(78,217,961)
- Accrued expenses - rent payable	(3,202,986)	-
- Current taxation	1,060,349	-
- Workers welfare fund	74,620	-
Decrease in net assets	(8,706,663)	-
		half year ended June 30, 2019

Impact on Condensed Statement of Comprehensive Income

Increase in Profit / return expensed - lease liability against right-of-use assets	(4,909,555)
(Increase) / decrease in management expenses:	
- Depreciation on right-of-use assets	(5,582,627)
- Rent expense	6,761,186
Decrease in workers welfare fund	74,620
Decrease in profit before tax	(3,656,376)
Decrease in taxation expense	1,060,349
Decrease in profit after tax	(2,596,027)
Decrease in earnings per share - basic & diluted	(0.04)

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

	Half year ended June 30, 2019		Half year ended June 30, 2018	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----			
	-----Un-audited-----		-----Un-audited-----	
Cost:				
Right-of-use assets	78,217,961	-	-	-
Furniture, fixtures and office equipment	53,450	-	426,581	915,583
Computers	216,500	-	165,038	139,887
Motor vehicles	390,406	41,500	45,000	82,450
	78,878,317	41,500	636,619	1,137,920
			(Un-audited)	(Audited)
			June 30,	December 31,
			2019	2018
			----- Rupees -----	
7. INVESTMENT PROPERTIES				
Cost				
Beginning of the period / year			50,821,734	50,561,734
Additions			-	260,000
At end of the period / year			50,821,734	50,821,734
Less : Depreciation				
Beginning of the period / year			19,867,930	18,111,165
For the period / year			848,712	1,756,765
At end of the period / year			(20,716,642)	(19,867,930)
Balance at end of the period / year			30,105,092	30,953,804

8. INVESTMENTS

8.1 EQUITY SECURITIES

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	Cost	Fair value (loss)	Carrying value	Cost	Fair value gain / (loss)	Carrying value
	-----Rupees-----			-----Rupees-----		
Available for sale						
Listed shares						
- First Capital Equities Limited	188,000,000	-	188,000,000	188,000,000	-	188,000,000
Mutual funds	55,809,717	(1,760,695)	54,049,022	52,171,140	376,118	52,547,258
Investment at fair value through profit and loss - held for trading						
Listed shares	99,536	(20,636)	78,900	336,237	(236,701)	99,536
	243,909,253	(1,781,331)	242,127,922	240,507,377	139,417	240,646,794

8.2 DEBT SECURITIES

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	Cost	(Impairment) / provision	Carrying value	Cost	(Impairment) / provision	Carrying value
	-----Rupees-----			-----Rupees-----		
Held to maturity						
Treasury Bill	-	-	-	16,863,255	-	16,863,255
Pakistan Investment Bond	16,921,579	-	16,921,579	-	-	-
	16,921,579	-	16,921,579	16,863,255	-	16,863,255

8.3 TERM DEPOSITS

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Held to maturity			
Deposits maturing within 12 months	8.3.1	462,028,446	436,502,236

8.3.1 This include term deposits with various banks having maturities within 12 months (i.e. upto September 10, 2019) The rate of return on these term deposits ranging between 12.8% to 13% (December 31, 2018: 8% to 10.5%) per annum.

9. LOANS AND OTHER RECEIVABLES

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Loan to employees		3,000	3,000
Accrued investment income		4,179,703	3,313,390
Other receivables	9.1	11,939,581	11,662,567
		16,122,284	14,978,957

- 9.1 This include balance receivable of Rs. 5.6 million (December 31, 2018: Rs. 5.6 million) from Pace Pakistan Limited in respect of sale of property located at Pace Tower project, Lahore.

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

10. INSURANCE / REINSURANCE RECEIVABLES
unsecured, considered good

Due from insurance contract holders	283,589,503	228,339,196
less: provision for impairment	(39,925,260)	(39,924,761)
	243,664,243	188,414,435
Due from other insurers / reinsurers	81,253,788	83,131,831
	<u>324,918,031</u>	<u>271,546,266</u>

11. CASH AND BANK BALANCES

Cash and other equivalents

- Cash in hand	79,587	74,096
- Policy stamps and bond papers in hand	-	77,663
	<u>79,587</u>	<u>151,759</u>

Current and saving accounts

- Current accounts	3,229,716	1,377,343
- Saving accounts	26,000,422	19,709,017
	<u>29,230,138</u>	<u>21,086,360</u>
	<u>29,309,725</u>	<u>21,238,119</u>

- 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

June 30, 2019	December 31, 2018		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Number of shares			----- Rupees -----	
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	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
<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, 2019 44.066 million (December 31, 2018: 44.066 million) shares of the company are held by the associated companies / undertakings. Details of these holdings are as follows:

June 30, 2019 December 31, 2018

Number of shares

Shaheen Foundation, Pakistan Air Force	41,565,848	41,565,422
Central Non Public Fund, Pakistan Air Force	2,500,000	2,500,000
	44,065,848	44,065,422

Percentage of shareholding by associated companies / undertakings 73.44% 73.44%

(Un-audited) (Audited)
June 30, December 31,
2019 2018

-----Rupees-----

13. RESERVES

General reserves	20,000,000	20,000,000
Unrealised gain on available-for-sale investment - net	9,606,371	11,367,066
	29,606,371	31,367,066

14. OTHER CREDITORS AND ACCRUALS

Agent balances	45,541,951	41,880,814
Accrued expenses	10,200,029	12,345,719
Provincial services tax	62,087,684	52,143,161
Withholding tax payable	8,700,401	6,855,889
Workers welfare fund payable	5,153,559	5,749,722
Unearned rental income	-	689,304
Payable to provident fund	170,194	252,924
Others	12,426,919	12,260,015
	144,280,737	132,177,548

15. CONTINGENCIES AND COMMITMENTS

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, 2018.

Quarter ended

Half year ended

June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Un-audited	Un-audited	Un-audited	Un-audited

-----Rupees-----

16. NET INSURANCE PREMIUM

Written gross premium	141,266,463	101,855,043	220,415,621	213,340,316
Add: Unearned premium reserve opening	128,540,609	148,867,920	147,009,635	144,520,108
Less: Unearned premium reserve closing	(177,684,751)	(153,253,808)	(177,684,751)	(153,253,808)
Premium earned	92,122,321	97,469,155	189,740,505	204,606,616
Less:				
Reinsurance premium ceded	10,204,255	9,590,786	23,532,214	18,651,475
Add: Prepaid reinsurance premium opening	9,449,084	21,377,959	9,752,884	23,939,089
Less: Prepaid reinsurance premium closing	(5,802,846)	(19,027,681)	(5,802,848)	(19,027,681)
Reinsurance expense	(13,850,493)	(11,941,064)	(27,482,250)	(23,562,883)
Net Premium	78,271,828	85,528,091	162,258,255	181,043,733

17. NET INSURANCE CLAIMS

Claim paid	25,126,739	25,087,684	63,782,267	53,881,571
Add: Outstanding claims including IBNR closing	121,212,359	117,688,392	121,212,359	117,688,392
Less: Outstanding claims including IBNR opening	(113,384,317)	(110,093,532)	(116,033,468)	(114,519,530)
Claim expense	32,954,781	32,682,544	68,961,158	57,050,433
Less:				
Reinsurance and other recoveries received	10,147,120	1,082,571	22,433,255	2,512,571
Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening	(7,396,193)	(3,271,285)	(6,525,942)	(4,309,685)
Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing	7,658,692	8,431,940	7,658,693	8,431,940
Reinsurance and other recoveries revenue	(10,409,619)	(6,243,226)	(23,566,006)	(6,634,826)
Net claims	22,545,162	26,439,318	45,395,152	50,415,607

	Quarter ended		Half year ended	
	June 30, 2019 Un-audited	June 30, 2018 Un-audited	June 30, 2019 Un-audited	June 30, 2018 Un-audited
18. NET COMMISSION AND OTHER ACQUISITION COST	-----Rupees-----			
Commission paid or payable	18,600,454	29,543,253	31,011,944	60,643,436
Add: Deferred commission expense opening	22,912,209	30,397,098	29,502,011	30,857,514
Less: Deferred commission expense closing	(26,716,392)	(30,391,582)	(26,716,392)	(30,391,582)
Net Commission	14,796,271	29,548,769	33,797,563	61,109,368
Less:				
Commission received or recoverable	1,106,369	-	608,932	-
Add: Unearned reinsurance commission opening	315,310	673,312	1,128,058	1,128,721
Less: Unearned reinsurance commission closing	(1,140,202)	(217,904)	(1,140,203)	(217,904)
Commission from reinsurers	(281,477)	(455,408)	(596,787)	(910,817)
	14,514,794	29,093,361	33,200,776	60,198,551
19. INVESTMENT INCOME				
Dividend income on investment				
Dividend income securities held for trading	-	-	-	48,080
Dividend income on available for sale investments	3,803,833	-	3,834,694	-
Held-to-maturity				
Return on other fixed income securities	12,169,213	5,303,709	23,920,980	10,788,605
Return on Government Securities	476,827	1,131,670	821,537	2,397,482
Unrealized loss on revaluation of held-for-trading investments	(10,925)	(75,259)	(20,636)	(75,259)
Total investment income	16,438,948	6,360,120	28,556,575	13,158,908

20. SEGMENT INFORMATION

20.1 Segment profit or loss

	June 30, 2019 (Un-audited)	Rupees				
		Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous
						Total
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
Less: Federal excise duty		(3,866,085)	(973,202)	(19,928,626)	-	(15,798,525)
Less: Federal Insurance fee		(291,912)	(175,232)	(1,596,050)	(74,059)	(2,965,443)
Gross written Premium (inclusive of Administrative Surcharge)		26,363,081	7,303,831	133,440,504	7,369,035	45,939,170
Gross direct premium		26,073,682	7,103,894	130,571,430	7,356,678	42,818,444
Administrative surcharge		289,399	199,927	2,863,548	12,357	3,126,262
Insurance premium earned		25,266,606	6,735,306	106,515,174	6,509,055	44,714,365
Insurance premium ceded to reinsurers		10,114,536	2,552,556	4,445,376	-	10,369,783
Net Insurance premium		15,152,070	4,182,750	102,069,798	6,509,055	34,344,582
Commission income		319,523	-	-	-	277,264
Net underwriting income		15,471,593	4,182,750	102,069,798	6,509,055	34,621,846
Insurance claims		1,901,739	233,051	59,211,670	4,837,436	2,777,262
Insurance claims recovered from reinsurance		(119,026)	65,719	23,489,172	-	130,141
Net Claim		2,020,765	167,332	35,722,498	4,837,436	2,647,121
Commission expense		7,491,069	1,840,262	14,528,662	737,656	9,199,914
Management expense		4,715,249	1,256,941	19,877,839	1,214,719	8,344,585
Net Insurance claims and expenses		14,227,083	3,264,535	70,128,999	6,789,811	20,191,620
Underwriting result		1,244,510	918,215	31,940,799	(280,756)	14,430,226
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

June 30, 2018 (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)	31,452,270	8,928,533	129,490,429	9,483,117	66,060,182	245,414,531
Less: Federal excise duty	(4,108,909)	(1,041,979)	(16,993,100)	-	(7,796,463)	(29,940,451)
Less: Federal Insurance fee	(270,714)	(78,097)	(1,114,002)	(93,892)	(577,059)	(2,133,764)
Gross written premium (inclusive of administrative surcharge)	27,072,647	7,808,457	111,383,327	9,389,225	57,686,660	213,340,316
Gross direct premium	26,670,878	7,576,595	108,345,239	9,379,225	55,379,382	207,351,319
Administrative surcharge	401,769	231,862	3,038,088	10,000	2,307,278	5,988,997
Insurance premium earned	22,008,517	6,661,186	110,306,071	5,088,513	60,542,329	204,606,616
Insurance premium ceded to reinsurers	8,517,585	2,155,989	4,385,205	-	8,504,104	23,562,883
Net Insurance premium	13,490,932	4,505,197	105,920,866	5,088,513	52,038,225	181,043,733
Commission income	646,620	-	-	-	264,197	910,817
Net underwriting income	14,137,552	4,505,197	105,920,866	5,088,513	52,302,422	181,954,550
Insurance claims	2,150,023	806,539	50,191,390	3,530,466	372,015	57,050,433
Insurance claims recovered from reinsurance	-	(38,571)	(6,596,255)	-	-	(6,634,826)
Net Claim	2,150,023	767,968	43,595,135	3,530,466	372,015	50,415,607
Commission expense	6,179,994	1,803,782	20,219,623	33,692	32,872,277	61,109,368
Management expense	4,552,454	1,313,046	18,729,883	1,578,864	9,700,414	35,874,661
Net insurance claims and expenses	12,882,471	3,884,796	82,544,641	5,143,022	42,944,706	147,399,636
Underwriting result	1,255,081	620,401	23,376,225	(54,509)	9,357,716	34,554,914
Net investment income						13,158,908
Rental income						1,695,607
Other income						1,569,011
Other expenses						(25,472,190)
Profit before tax						25,506,250

20.2

June 30, 2019 (Un-audited)

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	43,667,402	12,097,955	221,028,801	12,205,956	76,095,848	365,095,962
						942,906,771
						1,308,002,733

SEGMENT ASSETS

Segment assets

Unallocated corporate assets

Total assets

SEGMENT LIABILITIES

Segment liabilities

Unallocated corporate liabilities

Total liabilities

Segment Assets & Liabilities

December 31, 2018 (Audited)

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	43,425,667	10,296,397	161,009,713	9,843,899	96,551,609	321,127,285
						831,137,938
						1,152,265,223

SEGMENT ASSETS

Segment assets

Unallocated corporate assets

Total assets

SEGMENT LIABILITIES

Segment liabilities

Unallocated corporate liabilities

Total liabilities

21. 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

	30 June 2019 (Un-Audited)					Fair Value				
	Carrying Value									
	Available for Sale	*	FVTPL	Financial Assets	Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees)				
Financial assets measured at fair value										
- Investments										
Government Securities	-	-	-	16,921,579	-	16,921,579	-	-	-	-
Listed equity securities	-	-	78,900	-	-	78,900	78,900	-	-	78,900
Units of mutual funds	54,049,022	-	-	-	-	54,049,022	54,049,022	-	-	54,049,022
Financial assets not measured at fair value										
- Listed equity securities	-	-	-	188,000,000	-	188,000,000	-	-	-	-
- Balances with banks	-	-	-	491,258,584	-	491,258,584	-	-	-	-
- Investment Properties	-	-	-	50,821,734	-	50,821,734	-	-	-	-
- Other financial assets	-	-	-	357,968,309	-	357,968,309	-	-	-	-
Financial liabilities not measured at fair value	54,049,022		78,900	1,104,970,206	-	1,159,098,128	54,127,922	-	-	54,127,922
- Financial liabilities	-		-	-	340,046,980	340,046,980				
	-		-	-	340,046,980	340,046,980				
	54,049,022		78,900	1,104,970,206	(340,046,980)	819,051,148				

* FVTPL: Fair value through profit or loss

On statement of financial position financial instruments

December 31, 2018 (Audited)									
Available for Sale	* FVTPL	Carrying Value		Financial Liabilities	Total	Fair Value			
		Financial Assets				Level 1	Level 2	Level 3	Total
(Rupees)									
Financial assets measured at fair value									
- Investments									
Government Securities	-	-	16,863,255	-	16,863,255	-	-	-	-
Listed equity securities	-	99,536	-	-	99,536	99,536	-	-	99,536
Units of mutual funds	52,547,258	-	-	-	52,547,258	52,547,258	-	-	52,547,258
Financial assets not measured at fair value									
- Listed equity security	-	-	188,000,000	-	188,000,000	-	-	-	-
- Balances with banks	-	-	457,588,596	-	457,588,596	-	-	-	-
- Investment Properties	-	-	30,953,804	-	30,953,804	-	-	-	-
- Other financial assets	-	-	306,960,600	-	306,960,600	-	-	-	-
	52,547,258	99,536	1,000,366,255	-	1,053,013,049	52,646,794	-	-	52,646,794
Financial liabilities not measured at fair value									
- Financial liabilities	-	-	-	317,212,958	317,212,958				
	-	-	-	317,212,958	317,212,958				
	52,547,258	99,536	1,000,366,255	(317,212,958)	735,800,091				

22. 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	79,973,529	67,329,890
Shaheen Foundation-PAF	Outstanding claim	1,273,669	889,609
Shaheen Foundation-PAF	Rent payable	2,695,583	303,186
Shaheen Foundation-PAF	Commission payable	14,031,814	14,031,814
Shaheen Foundation-PAF	Security deposit	2,517,537	2,517,537

Other transactions during the year with associated companies

	Note	2019	2018
		----- Rupees -----	
Rental expense	22.1	5,565,457	6,733,488
Remuneration of key management personnel	22.2	10,397,628	10,073,220
Contribution to provident fund	22.3	1,145,816	859,535

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

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

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

22.4 All other transactions are at agreed terms.

23. EARNING PER SHARE - BASIC AND DILUTED


	Quarter ended		Half year ended	
	June 30,	June 30,	June 30,	June 30,
	2019	2018	2019	2018
	----- Rupees -----		----- Rupees -----	
	-----Un-audited-----			
Profit for the period	15,142,152	3,646,371	32,903,905	16,019,939
	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	0.25	0.06	0.55	0.27

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


24. GENERAL

24.1 This condensed interim financial information was approved and authorized for issue in the board of directors meeting held on August 27, 2019.

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



Air Marshal Muhammad
Jamshed Khan (Retd.) - Chairman



Air Commodore
Sikander Niaz (Retd.) - 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
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

www.deloitte.com

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, 2019 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, 2019 and 2018 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, 2019.

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

Chartered Accountants

Place: Karachi


Date: August 29, 2019

Member of
Deloitte Touche Tohmatsu Limited

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

		----- Unaudited ----- June 30, 2019		Audited December 31, 2018
		Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate
	Note	----- Rupees -----		Aggregate 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	948,967	1,095,800	2,044,767
				2,522,871
Receivable from OPF / PTF		656,024	-	656,024
				1,127,323
Deferred wakala fee		-	1,111,722	1,111,722
				1,174,418
Deferred commission expense		498,680	-	498,680
				735,604
Prepayments	9	398,392	20,335	418,727
				195,865
Other receivables	10	3,060,830	20,618	3,081,448
				478,555
Cash and bank	11	628,410	2,902,747	3,531,157
				6,969,955
		53,335,061	5,151,222	58,486,283
				58,385,845
TOTAL ASSETS		53,335,061	5,151,222	58,486,283
				60,039,595
EQUITY AND LIABILITIES				
Operator's fund				
Statutory fund		50,000,000	-	50,000,000
				50,000,000
Accumulated profit / (loss)		1,255,977	-	1,255,977
				(226,869)
		51,255,977	-	51,255,977
				49,773,131
Waqf / Participants' takaful fund				
Ceded money		-	500,000	500,000
				500,000
Accumulated deficit		-	(7,333,305)	(7,333,305)
				(3,683,430)
		-	(6,833,305)	(6,833,305)
				(3,183,430)
Qard-e-hasana to Operator's Fund	4	-	-	-
				1,653,750
LIABILITIES				
Underwriting provisions				
Outstanding claims including IBNR		-	2,391,907	2,391,907
				1,149,688
Unearned contribution reserve		-	3,514,261	3,514,261
				3,314,877
Unearned wakala fees		1,111,722	-	1,111,722
				1,174,418
Takaful / Retakaful payables		-	4,961,232	4,961,232
				3,307,483
Payable to OPF / PTF		-	656,024	656,024
				1,127,323
Other creditors and accruals	12	967,362	461,103	1,428,465
				1,722,355
		2,079,084	11,984,527	14,063,611
				11,796,144
TOTAL FUND AND LIABILITIES		53,335,061	5,151,222	58,486,283
				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 Marshal Muhammad
Jamshed Khan (Retd.) - Chairman


Air Commodore
Sikander Niaz (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 JUNE 30, 2019

		Quarter ended		Half year ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Note	Rupees-----			
PTF revenue account					
Net Takaful contribution	14	203,043	(1,544,060)	(24,587)	(1,544,060)
Wakala expense	15	(461,932)	(39,743)	(1,391,397)	(39,743)
Underwriting result		(258,889)	(1,583,803)	(1,415,984)	(1,583,803)
Net claims	16	(2,073,442)	-	(2,367,531)	-
Deficit before investment income		(2,332,331)	(1,583,803)	(3,783,515)	(1,583,803)
Other income	17	75,206	-	133,640	-
Less: Modarib's share of investment income		-	-	-	-
Loss for the period		(2,257,125)	(1,583,803)	(3,649,875)	(1,583,803)
Operator's revenue account					
Wakala fee		461,932	39,743	1,391,397	39,743
Commission expenses	18	(551,393)	(21,141)	(825,255)	(21,141)
Management expenses	19	(559,816)	(769,802)	(1,731,626)	(769,802)
		(649,277)	(751,200)	(1,165,484)	(751,200)
Modarib's share of PTF investment income		-	-	-	-
Other expenses	20	(333,866)	(459,098)	(6,613)	(459,098)
Other Income	17	1,204,471	1,239,788	2,654,943	1,239,788
Profit for the period		221,328	29,490	1,482,846	29,490

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

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

		June 30, 2019		June 30, 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	----- Rupees -----			Rupees
OPERATING ACTIVITIES				
a) Takaful activities				
Contribution received	-	1,885,636	1,885,636	701,645
Re-takaful contributions paid	-	(475,452)	(475,452)	-
Claims paid	-	(1,125,312)	(1,125,312)	-
Commissions paid	(371,997)	-	(371,997)	(43,680)
Wakala fees received	1,862,696	-	1,862,696	-
Wakala fees paid	-	(1,862,696)	(1,862,696)	-
Net cash (used in) / generated from underwriting activities	1,490,699	(1,577,824)	(87,125)	657,965
b) Other operating activities				
Management, General and administration expenses paid	(1,694,130)	-	(1,694,130)	(1,228,900)
Deposits and other receivables	(2,685,003)	(20,335)	(2,705,338)	(48,459)
Other creditors and accruals	146,389	127,468	273,857	201,573
Qard-e-hasna contributions	-	-	-	-
Net cash used in other operating activities	(4,232,744)	107,133	(4,125,611)	(1,075,786)
Total cash (used in) / generated from operating activities	A	(2,742,045)	(4,212,736)	(417,821)
INVESTING ACTIVITIES				
Investment income received	2,635,878	138,060	2,773,938	1,239,788
Addition to fixed assets	-	-	-	(25,000)
Addition to intangibles	-	-	-	-
Total cash generated from investing activities	B	2,635,878	2,773,938	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	C	-	-	50,500,000
Net increase in cash and cash equivalents	A+B+C	(106,167)	(1,438,798)	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	47,628,410	2,902,747	50,531,157	51,296,967

	June 30, 2019		June 30, 2018
Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	Rupees		Rupees

Reconciliation to profit and loss account

Operating cash flows	(2,742,045)	(1,470,691)	(4,212,736)	(417,821)
Decrease / increase in assets other than cash	1,377,769	(1,469,431)	(91,662)	725,344
Increase in liabilities	229,675	(843,393)	(613,718)	(3,101,624)
Investment and other income	2,654,943	133,640	2,788,583	1,239,788
Depreciation / amortisation expense	(37,496)	-	(37,496)	-
Profit / (deficit) for the period	1,482,846	(3,649,875)	(2,167,029)	(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	628,410	2,902,747	3,531,157	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	47,628,410	2,902,747	50,531,157	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 Marshal Muhammad
Jamshed Khan (Retd.) - Chairman


Air Commodore
Sikander Niaz (Retd.) - Director

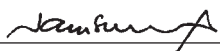

Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

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

	Quarter ended		Half year ended	Half year ended from
	June 30, 2019	June 30, 2018	June 30, 2019	April 1, 2018 June 30, 2018
	----- Rupees-----			
PARTICIPANTS' TAKAFUL FUND				
Loss for the period	(2,257,126)	(1,583,803)	(3,649,875)	(1,583,803)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(2,257,126)</u>	<u>(1,583,803)</u>	<u>(3,649,875)</u>	<u>(1,583,803)</u>
OPERATORS' FUND				
Profit for the period	221,329	29,490	1,482,846	29,490
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>221,329</u>	<u>29,490</u>	<u>1,482,846</u>	<u>29,490</u>

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


Air Marshal Muhammad
Jamshed Khan (Retd.) - Chairman


Air Commodore
Sikander Niaz (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 JUNE 30, 2019

	Operator's Fund		
	Accumulated Profit		Total
	Statutory fund	/ (loss)	
	-----Rupees-----		
Balance as at April 1, 2018	-	-	-
Capital Injected	50,000,000	-	50,000,000
Profit for half year ended June 30, 2019	-	29,490	29,490
Balance as at June 30, 2018	50,000,000	29,490	50,029,490
Balance as at January 1, 2019	50,000,000	(226,869)	49,773,131
Profit for the period ended June 30, 2019	-	1,482,846	1,482,846
Balance as at June 30, 2019	50,000,000	1,255,977	51,255,977
	Participants' Takaful Fund		
	Accumulated		Total
	Cede Money	Deficit	
	-----Rupees-----		
Balance as at April 1, 2018	-	-	-
Ceded during the period	500,000	-	500,000
Deficit for the period ended June 30 ,2018	-	(1,583,803)	(1,583,803)
Balance as at June 30, 2018	500,000	(1,583,803)	(1,083,803)
Balance as at January 1, 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	500,000	(7,333,305)	(6,833,305)

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


Air Marshal Muhammad
Jamshed Khan (Retd.) - Chairman


Air Commodore
Sikander Niaz (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 JUNE 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, statement of 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 Operation's functional and presentation currency.

The condensed interim financial information for the period ended June 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 Operator has no available for sale investments as at reporting date.

The statement of profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity for the period ended June 30, 2019 does not represent the full period operation therefore the comparatives are not entirely comparable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Operator for the year ended December 31, 2018.

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

	June 30, 2019		December 31, 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	Depreciation for the year As at June 30, 2019		
Computer hardware	25,000	-	25,000	4,166	9,027	33.33
			4,861	4,166	15,973	

Comparative

Particulars	Cost		Depreciation		Written down value as at 31 December	Depreciation Rate %
	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		
Computer hardware	-	25,000	25,000	4,861	20,139	33.33
			-	4,861	4,861	

6.

INTANGIBLE ASSETS

Particulars	Cost		Depreciation		Written down value as at 31 December	Amortisation Rate %
	As at December 31, 2018	Addition / (Disposals) As at June 30, 2018	As at December 31, 2018	Amortisation for the year As at June 30, 2018		
Computer software	200,000	-	200,000	38,885	72,215	33.33
			38,885	33,330	127,785	

Comparatives

Particulars	Cost		Depreciation		Written down value as at 31 December	Amortisation Rate %
	As at 1 April 2018	Addition / (Disposals) As at 31 December	As at 1 April 2018	Amortisation for the year As at 31 December		
Computer software	-	200,000	200,000	38,885	161,115	33.33
			-	38,885	38,885	

	June 30, 2019 Rupees	December 31, 2018 Rupees
7. INVESTMENT IN TDRS		
Held to maturity		
Deposits maturing within 12 months	47,000,000	45,000,000

- 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 12.9% per annum (December 31, 2018 : 10.5%).

	(Unaudited) June 30, 2019			(Audited) December 31, 2018
	Operator's Fund	Participant's takaful fund	Aggregate	Aggregate
	----- Rupees-----			
8. TAKAFUL / RETAKAFUL RECEIVABLES				
Due from takaful participant holders	948,967	-	948,967	248,772
Due from other takaful / retakaful	-	1,095,800	1,095,800	2,274,099
	948,967	1,095,800	2,044,767	2,522,871

9. PREPAYMENTS				
Advance tax	398,392	20,335	418,727	195,865

- 9.1** This includes tax deducted on profit on savings accounts.

10. OTHER RECEIVABLES				
Sindh sales tax receivable	206,048	-	206,048	117,800
Accrued profit on bank deposits	354,782	20,618	375,400	360,755
Advance commission	2,500,000	-	2,500,000	-
	3,060,830	20,618	3,081,448	478,555

11. CASH AND BANK				
Saving accounts	628,410	2,902,747	3,531,157	6,969,955

- 11.1** These carry mark-up at rates ranging between 4% to 7% (December 31, 2018: 5.5% to 8.5%) per annum.

	(Unaudited) June 30, 2019			(Audited) December 31, 2018
	Operator's Fund	Participant's takaful fund	Aggregate	Aggregate
	----- Rupees-----			
12. OTHER CREDITORS AND ACCRUALS				
Federal insurance fee	-	36,974	36,974	34,110
FED payable	-	384,609	384,609	531,544
Sales tax on services	133,440	39,520	172,960	22,360
Commission payable	506,551	-	506,551	527,141
Auditors fee	298,750	-	298,750	298,750
Others	28,621	-	28,621	308,450
	967,362	461,103	1,428,465	1,722,355

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on June 30, 2019, and June 30, 2018.

14. NET TAKAFUL CONTRIBUTION

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees			
Written gross contribution	2,946,774	754,565	3,482,297	754,565
Add: Unearned contribution reserve opening	2,424,280	-	3,314,877	-
Less: Unearned contribution reserve closing	(3,514,261)	(644,875)	(3,514,261)	(644,875)
Contribution earned	1,856,793	109,690	3,282,913	109,690
Less: Re-takaful Contribution ceded	(1,653,750)	(1,653,750)	(3,307,500)	(1,653,750)
Add: Prepaid re-takaful contribution opening	-	-	-	-
Less: Prepaid re-takaful contribution closing	-	-	-	-
Re-takaful expense	(1,653,750)	(1,653,750)	(3,307,500)	(1,653,750)
Net contribution revenue	203,043	(1,544,060)	(24,587)	(1,544,060)

15. WAKALA EXPENSE

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees			
Gross wakala fee	1,091,859	269,160	1,328,701	269,160
Add: Deferred wakala opening	481,795	-	1,174,418	-
Less: Deferred wakala closing	(1,111,722)	(229,419)	(1,111,722)	(229,419)
Wakala expense	461,932	39,741	1,391,397	39,741

16. NET CLAIMS

Claims paid	641,086	-	1,125,312	-
Less: Outstanding claims including IBNR opening	(959,551)	-	(1,149,688)	-
Add: Outstanding claims including IBNR closing	2,391,907	-	2,391,907	-
Claims expense	2,073,442	-	2,367,531	-

	(Unaudited)			(Audited)
	June 30, 2019			June 30, 2018
	Operator's Fund	Participant's takaful fund	Aggregate	Aggregate
	----- Rupees-----			
17. OTHER INCOME				
Return on bank deposits	2,654,270	114,058	2,768,328	1,238,828
Others	673	19,582	20,255	960
	<u>2,654,943</u>	<u>133,640</u>	<u>2,788,583</u>	<u>1,239,788</u>
				Half year ended from April 1, 2018
	Quarter ended June 30, 2019	June 30, 2018	Half year ended June 30, 2019	June 30, 2018
	----- Rupees-----			
18. COMMISSION EXPENSES				
Commission paid or payable	553,825	146,529	588,331	146,529
Add: Deferred commission opening	496,248	-	735,604	-
Less: Deferred commission closing	(498,680)	(125,388)	(498,680)	(125,388)
Commission expense	<u>551,393</u>	<u>21,141</u>	<u>825,255</u>	<u>21,141</u>
				Half year ended from April 1, 2018
				June 30, 2019
				June 30, 2018
	----- Rupees-----			
19. MANAGEMENT EXPENSES				
Salaries, wages and benefits			450,600	173,800
Depreciation / amortization			37,496	-
Shariah advisory fee			566,670	-
Software maintenance			660,000	200,000
Others			16,860	396,002
			<u>1,731,626</u>	<u>769,802</u>
20. OTHER EXPENSES				
Auditor's remuneration			-	-
Printing and stationery			-	457,048
Others			6,613	2,050
			<u>6,613</u>	<u>459,098</u>

21. SEGMENT REPORTING

For the period ended June 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)	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	-	-	(2,217,531)	-	(150,000)	(2,367,531)
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 June 30, 2019						
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 June 30, 2019						
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

For the period ended June 30, 2018						
	-----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)	291,282 -	-	590,750	-	-	882,032
Less : Federal excise duty	(39,834)	-	(80,089)	-	-	(119,923)
Less : Federal insurance fee	(2,489)	-	(5,055)	-	-	(7,544)
Gross written contribution (inclusive of Administrative Surcharges)	248,959	-	505,606	-	-	754,565
Gross contribution direct	244,959	-	489,175	-	-	734,134
Admin surcharge	4,000	-	16,431	-	-	20,431
Takaful contribution earned	31,120	-	78,570	-	-	109,690
Re-takaful expense	(724,500)	(414,000)	(360,000)	-	(155,250)	(1,653,750)
Net takaful contribution	(693,380)	(414,000)	(281,430)	-	(155,250)	(1,544,060)
Rebate earned	-	-	-	-	-	-
Operation income	(693,380)	(414,000)	(281,430)	-	(155,250)	(1,544,060)
Claim expense	-	-	-	-	-	-
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	-	-	-	-	-	-
Wakala expense	(9,186)	-	(30,557)	-	-	(39,743)
Direct expense	-	-	-	-	-	-
Net takaful claim & expense	(9,186)	-	(30,557)	-	-	(39,743)
Surplus/(deficit) before investment income	(702,566)	(414,000)	(311,987)	-	(155,250)	(1,583,803)
Net investment income						-
Deficit for the period						(1,583,803)
The following presents segments assets and liabilities as at December 31, 2018						
Segment assets	838,024	370,481	1,112,626	-	213,486	2,534,617
Unallocated assets						28,208,289
						30,742,906
Segment liabilities	3,074,456	922,883	3,383,651	-	828,206	8,209,196
Unallocated liabilities						2,641,965
						10,851,161
Operator's Fund						
Wakala fee income	9,186	-	30,557	-	-	39,743
Commission expense	(9,951)	-	(11,190)	-	-	(21,141)
Management expense	(218,399)	-	(551,403)	-	-	(769,802)
						(751,200)
Investment income						1,238,828
General and administration expenses						(459,098)
Other Income						960
Profit before taxation						29,490
The following presents segments assets and liabilities as at December 31, 2018						
Segment assets	798,602	353,054	1,060,283	-	203,444	2,415,383
Unallocated assets						26,881,306
						29,296,689
Segment liabilities	121,591	4,553	758,254	-	(169,493)	714,905
Unallocated liabilities						230,078
						944,983

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 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 .



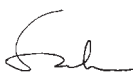

24. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorized for issue on August 27, 2019 by the Board of Directors of the company.

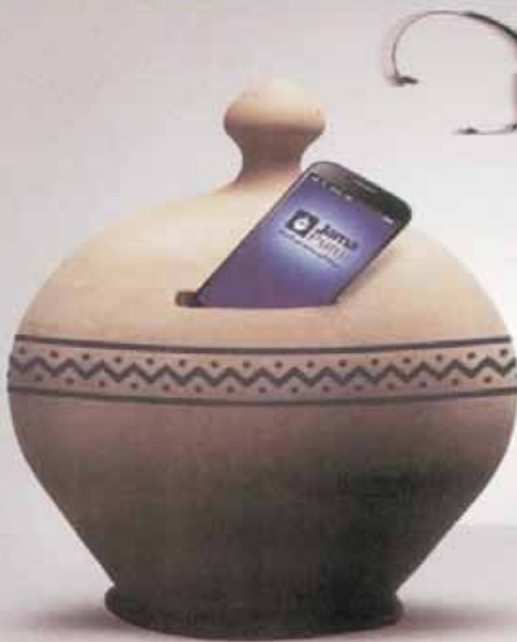
25. GENERAL

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 Marshal Muhammad Jamshed Khan (Retd.) - Chairman	 Air Commodore Sikander Niaz (Retd.) - Director	 Sohail N. Kidwai Chief Executive Officer	 Nisar Ahmed Almani Chief Financial Officer
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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