

Half Yearly Report 2021



SHAHEEN FOUNDATION
PAKISTAN AIR FORCE

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman
Air Vice Marshal Salman Ahsan Bokhari (Retd.) - Member
Air Commodore Mahmood Ahmad (Retd.) - Member
Air Commodore Wasim Ahmed Khan (Retd.) - Member
Mr. Khalid Saeed Mirza - Member
Ms. Farrah Azeem Khan - Member

AUDIT COMMITTEE

Air Commodore Mahmood Ahmad (Retd.) - Chairman
Air Commodore Wasim Ahmed Khan (Retd.) - Member
Mr. Khalid Saeed Mirza - Member

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

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

INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Perviaz (Retd.) - Chairman
Air Vice Marshal Salman Ahsan Bokhari (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

INTERNAL AUDITORS

Rizwan Ahmed & Company,
Chartered Accountants.

COUNTRY HEAD BUSINESS

Mr. Naveed Y. Butt

LEGAL ADVISOR

Iftikhar Hussain Law Associates

AUDITORS

Yousuf Adil
Chartered Accountants

SHARIAH ADVISOR

Mufti Bilal Ahmed Qazi

COMPLIANCE OFFICER

Mr. Aneel Tahir

SHARIAH COMPLIANCE OFFICER

Mr. Kashif Naeem

HEAD OF INTERNAL AUDIT (COORDINATOR)

Mr. Sayyam Maqsood

REGISTERED & 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

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

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

Sialkot

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

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

Abbottabad

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

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

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

Peshawar

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

Gujranwala

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

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

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

DIRECTORS' REVIEW

The Directors are pleased to present the unaudited Condensed Interim Financial Statements of the company for the half year ended June 30, 2021.

Company Performance

The results of Insurance are summarized below;

| | Rupees in million | |
|------------------------------|-------------------|-----------|
| | June 2021 | June 2020 |
| Gross Premium Written | 112 | 140 |
| Net Insurance Premium | 97 | 119 |
| Underwriting Results | 17 | 25 |
| Investment and rental income | 28 | 35 |
| Profit before tax | 17 | 31 |
| Profit after tax | 15 | 24 |
| Earnings Per Share | 0.24 | 0.41 |

Resurgence of Covid 19 cases in heavy numbers and resultant precautionary measures instituted by the federal and provincial governments during the period under review is casting a shadow on business confidence and growth prospects; which started to revive during last quarter of calendar year 2020. Due to these factors, business of the company during the half year ended June 30, 2021 decreased resulting in profit after tax of Rs 14.52 Million compared with Rs 24.47 Million during the corresponding period of 2020.

Investment income of company also registered a slight decrease mainly due to steep decline in interest rates by the State Bank of Pakistan to counter Covid related exigencies.

Company commenced its Window Takaful Operations in April, 2018.

The results of Window Takaful are summarized below;

| | Rupees in million | |
|-----------------------------------|-------------------|-----------|
| | June 2021 | June 2020 |
| Gross Contribution | 5.1 | 5.8 |
| Net Contribution Revenue | 1.2 | (0.19) |
| Underwriting Results | (0.17) | (0.67) |
| Investment Income | 1.1 | 2.39 |
| Operator's Fund - Revenue Account | (1.0) | (0.68) |
| Operator's Profit / (loss) | (0.41) | 1.69 |



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

The world is currently dealing with the fourth wave of Covid 19 pandemic. It has created considerable uncertainty and is expected to have a lasting effect on the economies in the current year also. On the other hand, there is a positive change in Auto Policy approved by the government due to which the automobile prices have reduced. Also the availability of Covid vaccine has helped in increased interaction with the bankers and clients. Both these factors will enable the company to increase its business.

Although the times are challenging due to Covid, but we are confident that our team will leave no stone unturned and will go all out to fight and give their best shot to turn this uncertain situation to an opportunity to grow.

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 Arif Pervaiz
(Retd.) - Chairman

August 26, 2021

کمپنی نے ونڈو تکافل آپریشنز کا آغاز اپریل 2018 سے کر دیا ہے۔

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

| روپے ملین میں | روپے ملین میں | |
|---------------|---------------|---------------------------|
| جون 2020 | جون 2021 | |
| 5.8 | 5.1 | مجموعی کٹری بیوٹن |
| (0.19) | 1.2 | خالص کٹری بیوٹن |
| (0.67) | (0.17) | ذمہ نویسی کے نتائج |
| 2.39 | 1.1 | سرمایہ کاری کی آمدنی |
| (0.68) | (1.0) | آپریٹنگ فنڈ ریونیو اکاؤنٹ |
| 1.69 | (0.41) | آپریٹنگ کا منافع |

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

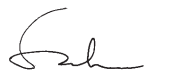
آؤٹ لک

دنیا اس وقت کوویڈ 19 وبائی بیماری کی چوتھی لہر سے نمٹ رہی ہے۔ اس نے کافی حد تک غیر یقینی صورتحال پیدا کر دی ہے اور توقع ہے کہ رواں سال میں بھی معیشتوں پر دیر پا اثر پڑے گا۔ دوسری جانب حکومت کی جانب سے منظور شدہ آٹو پالیسی میں مثبت تبدیلی ہے جس کی وجہ سے گاڑیوں کی قیمتوں میں کمی آئی ہے۔ نیز کوویڈ ویکسین کی دستیابی نے بینکاروں اور گاہکوں کے ساتھ بات چیت بڑھانے میں مدد کی ہے۔ یہ دونوں عوامل کمپنی کو اپنا کاروبار بڑھانے میں مدد کریں گے۔

اگرچہ وقت کوویڈ کی وجہ سے مشکل ہے، لیکن ہمیں یقین ہے کہ ہماری ٹیم کوئی کسر نہیں چھوڑے گی اور اس غیر یقینی صورتحال کو بڑھوتری کے موقع سے بدلنے کے لیے لڑنے اور اپنی بہترین کوشش کرے گی۔

ڈائریکٹرز فیلڈ فورس، افسران اور کمپنی کے عمل کو منفی معاشی صورتحال کے باوجود ان کی وابستگی اور شراکت کے لیے ان کی تعریف کو ریکارڈ کرنا چاہتے ہیں، اور 2021ء میں اور اس سے آگے بھی اس میں غیر مہذب طریقے سے ترقی کے بے حد چیلنج کا سامنا کرنے کے لئے ان کی تعریف کرتے ہیں۔

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



امیر مارشل محمد عارف پرویز (ریٹائرڈ)

چیئر مین

26 اگست، 2021

ڈائریکٹرز کا تبصرہ

ڈائریکٹرز مسرت کے ساتھ 30 جون 2021 کو اختتام پذیر ششماہی کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کر رہے ہیں۔

کمپنی کی کارکردگی

انشورنس کے نتائج کا خلاصہ درج ذیل ہے۔

| روپے ملین میں | | |
|---------------|----------|----------------------|
| جون 2020 | جون 2021 | |
| 140 | 112 | قلمزد مجموعی پرییم |
| 119 | 97 | پرییم کی صافی آمدنی |
| 25 | 17 | ذمہ نویسی کے نتائج |
| 35 | 28 | سرمایہ کاری کی آمدنی |
| 31 | 17 | ٹیکس سے قبل نفع |
| 24 | 15 | ٹیکس کے بعد نفع |
| 0.41 | 0.24 | آمدنی فی شیئر |

زیر غور مدت کے دوران کوویڈ 19 کیسز کی تعداد میں دوبارہ بھاری اضافہ اور اس کے نتیجے میں وفاقی اور صوبائی حکومتوں کی طرف سے شروع کردہ احتیاطی تدابیر کاروباری اعتماد اور ترقی کے امکانات پر سایہ ڈال رہی ہیں؛ جو کہ کیلینڈر سال 2020 کی آخری سہ ماہی کے دوران بحال ہونا شروع ہوا۔ ان عوامل کی وجہ سے، 30 جون 2021 کو ختم ہونے والی ششماہی کے دوران کمپنی کا کاروبار کم ہوا جس کے نتیجے میں 14.52 ملین روپے ٹیکس کے بعد منافع ہوا جبکہ 2020 کی اسی مدت کے دوران 24.47 ملین روپے تھا۔

کمپنی کی سرمایہ کاری کی آمدنی میں بھی معمولی کمی واقع ہوئی ہے جس کی بنیادی وجہ کوڈ سے متعلق ضروریات کا مقابلہ کرنے کے لئے اسٹیٹ بینک آف پاکستان کی جانب سے سود کی شرحوں میں زبردست کمی ہے۔



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 Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shaheen Insurance Company Limited as at June 30, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statement 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 condensed interim financial statements are 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, 2021 and 2020 in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and related notes have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2021.

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

Chartered Accountants

Place: Karachi

Date: August 30, 2021

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

Half Yearly Report
2021

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT JUNE 30, 2021


| | | June 30, 2021 Un-audited | December 31, 2020 Audited |
|---|------|-----------------------------|------------------------------|
| | Note | ----- (Rupees) ----- | |
| ASSETS | | | |
| Property and equipment | 6 | 40,546,814 | 22,016,984 |
| Investment properties | 7 | 135,385,104 | 135,385,104 |
| Investments | | | |
| Equity securities | 8.1 | 64,657,028 | 62,967,878 |
| Debt securities | 8.4 | 167,958,672 | 167,285,802 |
| Term deposits | 8.5 | 372,459,478 | 372,619,866 |
| Loans and other receivables | 9 | 19,262,462 | 35,473,037 |
| Insurance / reinsurance receivables | 10 | 197,227,499 | 178,150,469 |
| Reinsurance recoveries against outstanding claims | | 16,013,486 | 14,562,758 |
| Salvage recoveries accrued | | 1,212,200 | 2,185,000 |
| Deferred commission expense / acquisition cost | | 15,840,126 | 15,494,786 |
| Taxation - payment less provision | | 4,417,674 | 3,103,815 |
| Prepayments | | 10,484,783 | 13,642,832 |
| Cash and bank balances | 11 | 11,531,890 | 14,685,842 |
| Total assets of takaful operations - operator's fund | | 56,090,763 | 56,402,768 |
| Total Assets | | 1,113,087,979 | 1,093,976,941 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to Company`s equity holders | | | |
| Ordinary share capital | 12 | 600,000,000 | 600,000,000 |
| Reserves | 13 | 30,373,778 | 32,200,104 |
| Unappropriated profit | | 38,138,526 | 23,617,540 |
| Total equity | | 668,512,304 | 655,817,644 |
| Liabilities | | | |
| Underwriting provisions | | | |
| Outstanding claims including IBNR | 18 | 104,527,364 | 127,305,856 |
| Unearned premium reserves | 17 | 83,729,867 | 92,605,542 |
| Premium deficiency reserve | | 536,451 | 536,451 |
| Unearned reinsurance commission | 19 | 1,611,896 | 2,374,551 |
| Lease liabilities | 14 | 38,229,282 | 17,164,141 |
| Premium received in advance | | - | 1,671,626 |
| Insurance/ reinsurance payables | | 90,853,164 | 76,467,277 |
| Other creditors and accruals | 15 | 117,231,850 | 112,271,565 |
| Unclaimed dividend | | 1,840,186 | 1,840,186 |
| Total liabilities of takaful operations - operator's fund | | 6,015,615 | 5,922,102 |
| Total liabilities | | 444,575,675 | 438,159,297 |
| Total Equity and Liabilities | | 1,113,087,979 | 1,093,976,941 |
| Contingencies and commitments | | | |
| | 16 | | |

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

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2021

| | Note | Three months period ended | | Six months period ended | |
|--|------|---------------------------|---------------|-------------------------|---------------|
| | | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | | (Rupees) | | | |
| Net insurance premium | 17 | 48,955,539 | 49,583,107 | 97,182,452 | 119,300,786 |
| Net Insurance claims | 18 | (11,882,569) | (14,967,381) | (31,206,913) | (36,128,095) |
| Net commission and other acquisition costs | 19 | (10,080,373) | (13,275,566) | (19,823,175) | (28,009,622) |
| | | (21,962,942) | (28,242,947) | (51,030,088) | (64,137,717) |
| Management expenses | | (12,951,301) | (13,985,548) | (29,048,634) | (30,082,881) |
| Underwriting results | | 14,041,296 | 7,354,612 | 17,103,730 | 25,080,188 |
| Investment income | 20 | 14,354,290 | 17,121,680 | 25,794,752 | 33,448,261 |
| Rental income | | 1,092,756 | 385,149 | 2,002,905 | 1,295,298 |
| Other income | | (1,040,403) | 300,681 | 311,713 | 1,652,797 |
| Other expenses | | (11,452,387) | (15,435,314) | (26,390,368) | (30,373,294) |
| Results of operating activities | | 16,995,552 | 9,726,808 | 18,822,732 | 31,103,250 |
| Finance charges on right-of-use assets | | (762,134) | (726,510) | (1,708,406) | (1,744,030) |
| Profit before tax from window takaful operations - OPF | | (1,498,671) | 593,814 | (405,518) | 1,686,967 |
| Profit before tax | | 14,734,747 | 9,594,112 | 16,708,808 | 31,046,187 |
| Income tax expense-net | 21 | 3,264,530 | (1,124,378) | (2,187,822) | (6,576,730) |
| Profit after tax | | 17,999,277 | 8,469,734 | 14,520,986 | 24,469,457 |
| Earnings (after tax) per share | 25 | 0.30 | 0.14 | 0.24 | 0.41 |

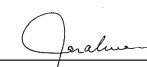
The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (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, 2021

| | Three months period ended | | Six months period ended | |
|---|---------------------------|------------------|-------------------------|-------------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | (Rupees) | | | |
| Profit after tax | 17,999,277 | 8,469,734 | 14,520,986 | 24,469,457 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit and loss: | | | | |
| Unrealised loss on available-for-sale Investment | (362,046) | (1,791,570) | (1,826,326) | (3,255,850) |
| Total comprehensive income for the period | 17,637,231 | 6,678,164 | 12,694,660 | 21,213,607 |


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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (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, 2021

| | Share Capital | General Reserves | Available for Sale Investment Revaluation Reserve | Unappropriated Profit | Total |
|---|---------------------|------------------|---|--------------------------|-------------|
| | ------(Rupees)----- | | | | |
| Balance as at January 01, 2020 | 600,000,000 | 20,000,000 | 13,102,778 | (11,991,078) | 621,111,700 |
| Total comprehensive income for six months period ended June 30, 2020 | | | | | |
| Profit for six months period 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 |
| Balance as at January 01, 2021 | 600,000,000 | 20,000,000 | 12,200,104 | 23,617,540 | 655,817,644 |
| Total comprehensive income for six months period ended June 30, 2021 | | | | | |
| Profit for six months period ended June 30, 2021 | - | - | - | 14,520,986 | 14,520,986 |
| Other comprehensive loss | - | - | (1,826,326) | - | (1,826,326) |
| Total comprehensive income for the period | - | - | (1,826,326) | 14,520,986 | 12,694,660 |
| Balance as at June 30, 2021 (Un-audited) | 600,000,000 | 20,000,000 | 10,373,778 | 38,138,526 | 668,512,304 |

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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (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, 2021

| | June 30, 2021 | June 30, 2020 |
|--|----------------------|---------------|
| | ----- (Rupees) ----- | |
| OPERATING ACTIVITIES | | |
| a) Underwriting activities | | |
| Premiums received | 95,017,079 | 92,961,777 |
| Reinsurance premiums paid | (8,195,292) | (7,124,745) |
| Claims paid | (69,586,028) | (40,608,960) |
| Reinsurance and other recoveries received | 15,122,695 | 19,784,747 |
| Commissions paid | (18,531,995) | (27,712,864) |
| Commissions received | 1,420,515 | 2,177,792 |
| Net cash generated from underwriting activities | 15,246,974 | 39,477,747 |
| b) Other operating activities | | |
| Income tax paid | (8,763,262) | (6,648,605) |
| Management and administration expenses paid | (22,959,252) | (57,681,353) |
| Net cash used in other operating activities | (31,722,514) | (64,329,957) |
| Total cash used in all operating activities | (16,475,540) | (24,852,211) |
| INVESTING ACTIVITIES | | |
| Profit / Return received | 21,111,969 | 34,559,609 |
| Rentals received | 1,155,000 | 524,998 |
| Payments for investments | (1,763,982) | (88,362,196) |
| Fixed capital expenditure | (1,064,089) | (441,410) |
| Proceeds from disposal of property and equipment | - | 1,764,200 |
| Total cash generated from / (used in) all investing activities | 19,438,898 | (51,954,799) |
| FINANCING ACTIVITIES | | |
| Financial charges paid | (31,402) | (35,846) |
| Lease rentals paid | (6,246,295) | (2,697,015) |
| Total cash used in all financing activities | (6,277,698) | (2,732,861) |
| Net cash used in all activities | (3,314,340) | (79,539,871) |
| Cash and cash equivalents at the beginning of the period | 387,305,708 | 450,889,297 |
| Cash and cash equivalents at the end of the period | 383,991,368 | 371,349,426 |

June 30, 2021 June 30, 2020
----- (Rupees) -----

Reconciliation to condensed interim statement of profit and loss

| | | |
|--|--------------|--------------|
| Operating cash flows | (16,475,540) | (24,852,210) |
| Finance charges on right-of-use assets | (1,708,406) | (1,744,030) |
| Depreciation on property and equipment | (2,016,436) | (2,177,906) |
| Depreciation on right-of-use asset | (6,120,853) | (5,561,045) |
| Gain on disposal of equipment | - | 807,000 |
| Financial charges | (31,402) | (35,846) |
| Increase in assets other than cash | 1,288,753 | 31,274,500 |
| Decrease in liabilities | 12,192,732 | 10,534,608 |
| Investment and other income | 27,797,657 | 14,537,418 |
| (Loss)/ profit before tax from Window Takaful Operations | (405,518) | 1,686,967 |
| Profit after taxation | 14,520,986 | 24,469,457 |


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 condensed interim statement of cash flows consists of:

| | Note | June 30, 2021 | June 30, 2020 |
|------------------------------------|------|------------------|---------------|
| Cash and other equivalents | | -----Rupees----- | |
| - Cash in hand | | 31,944 | 152,144 |
| - Policy stamps | | 144,415 | 195,400 |
| Current and savings accounts | | | |
| - Current accounts | | 9,875,979 | 3,409,085 |
| - Savings accounts | | 1,479,552 | 19,342,716 |
| | | 11,355,531 | 22,751,801 |
| Deposits maturing within 12 months | | | |
| Term Deposit- local currency | 8.5 | 372,459,478 | 348,250,081 |
| | | 383,991,368 | 371,349,427 |

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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

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% (Dec 2020: 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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017.

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

- 2.1** The condensed interim financial statements does not include all the information required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020. 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, 2020, whereas comparatives for condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes are extracted from condensed interim financial statements of the Company for the six months period ended June 30, 2020.

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

- 2.4 IFRS 9 "Financial Instruments" became applicable in 2019, 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, 2021 | | | | |
|------------------------|----------------------|--------------------------------|--------------------|--------------------------------|
| Fail the SPPI test | | | Pass the SPPI test | |
| | Fair value | Change in unrealised gain loss | Fair value | Change in unrealised gain loss |
| Note | ----- (Rupees) ----- | | | |
| Cash and bank balances | 11 | - | 11,531,890 | |
| Equity securities | 8.1 | 282,826 | 55,836 | - |
| Mutual funds | 8.3 | 64,374,202 | (1,826,326) | - |
| Debt securities | 8.4 | - | 167,958,672 | - |
| Term deposits | 8.5 | - | 372,459,478 | - |
| | | 64,657,028 | (1,770,490) | 551,950,040 |

| December 31, 2020 | | | | |
|------------------------|----------------------|--------------------------------|--------------------|--------------------------------|
| Fail the SPPI test | | | Pass the SPPI test | |
| | Fair value | Change in unrealised gain loss | Fair value | Change in unrealised gain loss |
| Note | ----- (Rupees) ----- | | | |
| Cash and bank balances | 11 | 10,019,196 | - | 4,666,646 |
| Equity securities | 8.1 | 226,990 | - | - |
| Mutual funds | 8.3 | 62,740,888 | (902,674) | - |
| Debt securities | 8.4 | - | 167,285,802 | - |
| Term deposits | 8.5 | - | 372,619,866 | - |
| | | 72,987,074 | (902,674) | 544,572,314 |

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim financial statements 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, 2020. Certain new IFRS and amendments to existing IFRS's and effective for period beginning on or after January 01, 2021 which do not have any impact on the company's financial reporting and therefore have not been detailed in these condensed interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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, 2020.

7.2 Investment properties consists of the following:

| Particulars | Location | Fair value as at December 31, 2020 | Un-realised Gain for December 31, 2020 | Fair value as at June 30, 2021 | Un-realised Gain for June 30, 2021 |
|-----------------|-----------|------------------------------------|--|--------------------------------|------------------------------------|
| | | (Audited) | | (Un-audited) | |
| | | ----- (Rupees) ----- | | | |
| Freehold Land | Islamabad | 15,000,000 | - | 15,000,000 | - |
| Shop Premises | Lahore | 78,923,000 | 1,500,000 | 78,923,000 | - |
| Office Premises | Karachi | 41,462,104 | 3,462,104 | 41,462,104 | - |
| | | 135,385,104 | 4,962,104 | 135,385,104 | - |

7.2 The fair value of the shop premises and office premises was determined by Anderson Consulting (Pvt.) Ltd, whereas land has been valued by Industrial Consultants & Machinery Linkers (ICML), both are external, independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

7.3 The fair value measurement for all of the investment properties has been categorised as a level 2 fair value based on the inputs to the valuation techniques used. The inputs used to the valuation techniques are average rental growth rate, yield on property, current market rates, occupancy rate and rent free period of the properties.

7.4 The Company earned rental income from the above mentioned properties amounting to Rs. 3.455 million (Dec 2020: Rs. 1.295 million).

7.5 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.

Valuation Technique

The valuer has arranged enquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilisation, 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.

7.6 The cost of Freehold land, Shop premises and office premises is amounting to Rs. 14.025 million (Dec 2020: 14.025 million), Rs. 33.948 million (Dec 2020: 33.948 million) and Rs. 2.848 million (Dec 2020: 2.848 million) respectively.

8. INVESTMENTS

8.1 EQUITY SECURITIES

| | | June 30, 2021 | | | December 31, 2020 | | |
|--|-----|---------------|------------|----------------|-------------------|------------|----------------|
| | | Cost | Impairment | Carrying value | Cost | Impairment | Carrying value |
| | | (Un-audited) | | | (Audited) | | |
| Note | | (Rupees) | | | | | |
| Available for sale | | | | | | | |
| Listed shares | | | | | | | |
| - First Capital Equities Limited | 8.2 | 188,000,000 | - | - | 188,000,000 | - | - |
| Mutual funds | 8.3 | 53,673,797 | - | 64,374,202 | 50,203,203 | - | 62,740,888 |
| Investment at fair value through profit and loss - held for trading | | | | | | | |
| Listed shares (Summit Bank) | | 99,536 | - | 282,826 | 140,807 | - | 226,990 |
| | | 241,773,333 | - | 64,657,028 | 238,344,010 | - | 62,967,878 |

8.2 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. However, being prudent an impairment provision equal to the carrying value is included in these condensed interim financial statements.

8.3 Mutual Funds

| Name of Funds | Units | | June 30, 2021 | | December 31, 2020 | |
|-------------------------------|---------------|-------------------|---------------|----------------|-------------------|----------------|
| | June 30, 2021 | December 31, 2020 | Cost | Carrying value | Cost | Carrying value |
| | (Number) | | (Rupees) | | | |
| Pakistan Cash Management Fund | 8,579 | 8,137 | 362,304 | 444,816 | 340,041 | 421,906 |
| Faysal Saving Growth Fund | 9,534 | 9,060 | 788,125 | 980,276 | 739,456 | 959,974 |
| ABL Income Fund | 162,067 | 155,915 | 1,291,385 | 1,635,529 | 1,218,380 | 1,598,890 |
| HBL Cash Fund | 26,766 | 25,916 | 2,284,655 | 2,709,127 | 2,198,625 | 2,633,611 |
| Lakson Money Market Fund | 6,444 | 6,261 | 556,989 | 651,683 | 538,534 | 631,149 |
| HBL Money Market Fund | 10,614 | 10,051 | 869,801 | 1,088,948 | 812,136 | 1,063,115 |
| Al Hamra Islamic Stock Fund | 168,213 | 168,213 | 835,524 | 1,899,119 | 835,524 | 1,821,742 |
| Pakistan Income Fund | 1,002,338 | 944,519 | 46,219,918 | 54,409,726 | 43,083,617 | 53,055,546 |
| Atlas Islamic Income Fund | 1,124 | 1,069 | 465,096 | 554,978 | 436,890 | 554,955 |
| | | | 53,673,797 | 64,374,202 | 50,203,203 | 62,740,888 |

8.4 Debt securities

| | | June 30, 2021 | | December 31, 2020 | | | |
|--------------------------|-------|---------------|--------------------------|-------------------|-------------|--------------------------|----------------|
| | | Cost | (Impairment) / provision | Carrying value | Cost | (Impairment) / provision | Carrying value |
| | | (Un-audited) | | | (Audited) | | |
| Held to maturity | | (Rupees) | | | | | |
| Government securities | | | | | | | |
| Pakistan Investment Bond | | | | | | | |
| - Pledged | 8.4.1 | 16,868,540 | | 18,576,434 | 61,624,443 | | 61,624,443 |
| | | 60,587,150 | | 62,074,683 | 18,228,708 | | 18,228,708 |
| - Non Pledged | | 87,865,302 | | 87,307,555 | 87,432,651 | | 87,432,651 |
| | | 165,320,992 | - | 167,958,672 | 167,285,802 | - | 167,285,802 |

Pakistan Investment Bond

| | | | June 30, 2021 | | December 31, 2020 | |
|-------------------|-------------------------|-----------------------|---------------|----------------|-------------------|----------------|
| Face value Rupees | Yield on profit | Maturity date | Cost | Carrying value | Cost | Carrying value |
| | | | (Rupees) | | | |
| 65,000,000 | 9.5% (Semi-annually) | September 19, 2024 | 16,868,540 | 18,576,434 | 61,624,443 | 61,624,443 |
| 20,000,000 | 8% (Semi-annually) | July 12, 2023 | 60,587,150 | 62,074,683 | 18,228,708 | 18,228,708 |
| 87,000,000 | 9% (Semi-annually) | September 19, 2022 | 87,865,302 | 87,307,555 | 87,432,651 | 87,432,651 |
| 172,000,000 | | | 165,320,992 | 167,958,672 | 167,285,802 | 167,285,802 |

8.4.1 The rate of return of PIBs is between 8% to 9.5% per annum. They are pledged with the State Bank of Pakistan under the provisions of Insurance Rules 2017.



| | | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
|--|--|----------------------------------|-----------------------------------|
| | Note | ------(Rupees)----- | |
| 8.5 Term deposits | | | |
| Held to maturity | | | |
| Deposits maturing within 12 months | 8.5.1 | <u>372,459,478</u> | <u>372,619,866</u> |
| 8.5.1 | This include term deposits with various banks having maturities within 12 months (i.e. upto July 26, 2021). The rate of return on these term deposits ranging between 5.00 % to 8.25% (2020: 6.92% to 13.25%) per annum. | | |
| 9. LOANS AND OTHER RECEIVABLES | | | |
| | Note | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
| | | ------(Rupees)----- | |
| Accrued investment income | | 5,023,827 | 4,467,046 |
| Other receivables | 9.1 & 9.2 | 3,675,538 | 5,237,800 |
| Security deposits | | 10,522,789 | 25,751,008 |
| Advances | | <u>40,308</u> | <u>17,183</u> |
| | | <u>19,262,462</u> | <u>35,473,037</u> |
| 9.1 | This includes balance receivable of Rs. 0.540 million (2020: Rs. 0.540 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. | | |
| 9.2 | This includes balance receivable from takaful business against common expenses amounting to Rs. 2.364 million. | | |
| 10. INSURANCE / REINSURANCE RECEIVABLES unsecured and considered good | | | |
| | Note | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
| | | ------(Rupees)----- | |
| Due from insurance contract holders | | 129,739,829 | 112,910,455 |
| less: provision for impairment | 10.1 | <u>(5,500,000)</u> | <u>(5,500,000)</u> |
| | | <u>124,239,829</u> | <u>107,410,455</u> |
| Due from other insurers / reinsurers | | 72,987,670 | 80,285,505 |
| Balance written off during the period | | <u>-</u> | <u>(9,545,491)</u> |
| | | <u>72,987,670</u> | <u>70,740,014</u> |
| | 10.2 | <u>197,227,499</u> | <u>178,150,469</u> |
| 10.1 | Reconciliation of provision against doubtful receivables | | |
| Balance as at beginning of the period | | 5,500,000 | 44,962,495 |
| Charge for the period / year | | - | 13,500,000 |
| Balance written off during the period / year | | <u>-</u> | <u>(52,962,495)</u> |
| Balance as at end of the period | | <u>5,500,000</u> | <u>5,500,000</u> |
| 10.2 | This includes premium due but unpaid from Shaheen Foundation (related party) of Rs. 2.248 million (2020: Rs.5.202 million). | | |
| 11. CASH AND BANK BALANCES | | | |
| | Note | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
| | | ------(Rupees)----- | |
| Cash and cash equivalents | | | |
| - Cash in hand | | 31,944 | 14,710 |
| - Policy stamps and bond papers in hand | | <u>144,415</u> | <u>179,192</u> |
| | | <u>176,359</u> | <u>193,902</u> |
| Cash at bank | | | |
| - Current accounts | | 9,875,979 | 9,825,294 |
| - Savings accounts | 11.1 | <u>1,479,552</u> | <u>4,666,646</u> |
| | | <u>11,355,531</u> | <u>14,491,940</u> |
| | | <u>11,531,890</u> | <u>14,685,842</u> |
| 11.1 | These carry mark-up at rates ranging between 3% to 5% (2020: 3% to 5%) per annum. | | |

12. ORDINARY SHARE CAPITAL

12.1 Authorized share capital

| June 30, 2021 | December 31, 2020 | | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
|--------------------------------|----------------------|--------------------------------|----------------------------------|-----------------------------------|
| ----- (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

| June 30, 2021 | December 31, 2020 | | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
|--------------------------------|----------------------|---|----------------------------------|-----------------------------------|
| ----- (Number of shares) ----- | | | ----- (Rupees) ----- | |
| 8,000,000 | 8,000,000 | Ordinary shares of Rs. 10 each, fully paid in cash | 80,000,000 | 80,000,000 |
| 12,000,000 | 12,000,000 | Ordinary shares of Rs. 10 each, issued as bonus shares | 120,000,000 | 120,000,000 |
| 25,000,000 | 25,000,000 | Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash | 250,000,000 | 250,000,000 |
| 15,000,000 | 15,000,000 | Ordinary shares of Rs. 10 each, issued otherwise than right issue | 150,000,000 | 150,000,000 |
| 60,000,000 | 60,000,000 | | 600,000,000 | 600,000,000 |

12.3 As at June 30, 2021 44.066 million (2020: 44.066 million) number of shares of the company are held by the associated companies / undertakings. Details of these holdings are as follows:

| | | | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
|---|--------------------|-------|----------------------------------|-----------------------------------|
| | | | ----- (Number of shares) ----- | |
| Related Party Name | | | | |
| Percentage | | | | |
| Shaheen foundation | Parent undertaking | 69.3% | 41,565,973 | 41,565,973 |
| Central non public fund | Associate | 4.2% | 2,500,000 | 2,500,000 |
| | | | 44,065,973 | 44,065,973 |
| | | | ----- (%) ----- | |
| Percentage of shareholding by related parties | | | 73.44% | 73.44% |

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.

13. RESERVES

| | June 30, 2020 (Un-audited) | December 31, 2019 (Audited) |
|--|----------------------------------|-----------------------------------|
| Note | ----- (Rupees) ----- | |
| General reserves | 20,000,000 | 20,000,000 |
| Capital reserve / Unrealised loss on available for sale investment - net | 10,373,778 | 12,200,104 |
| | 30,373,778 | 32,200,104 |



| | | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
|--|---|----------------------------------|-----------------------------------|
| | Note | ------(Rupees)----- | |
| 14. LEASE LIABILITIES | | | |
| Lease Liability - Buildings | 14.1 | <u>38,229,282</u> | <u>17,164,141</u> |
| 14.1 | Opening balance | 17,164,141 | 77,959,648 |
| | Increase/ (decrease) in lease liability | 25,603,031 | (50,068,450) |
| | Repayments | (6,246,295) | (13,867,665) |
| | Unwinding of profit | 1,708,406 | 3,140,608 |
| | Closing balance | <u>38,229,282</u> | <u>17,164,141</u> |
| 14.2 | Tenure analysis | | |
| | Current period | 15,468,179 | 17,164,141 |
| | Non-current period | <u>22,761,103</u> | - |
| | | <u>38,229,282</u> | <u>17,164,141</u> |
| 14.3 | The company has reassessed its lease term during the period due to expiry of the lease term. Previously the lease liability of the Company had been reported on three years. After reassessment, the lease liability has been reported on further three years tenure, resulting in reassessment of lease liability accordingly. | | |
| | | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
| | | ------(Rupees)----- | |
| 15. OTHER CREDITORS AND ACCRUALS | | | |
| | Agent balances | 30,095,324 | 26,275,634 |
| | Accrued expenses | 8,123,032 | 11,260,214 |
| | Provincial services tax | 57,519,080 | 48,104,593 |
| | Withholding tax payable | 5,272,281 | 10,533,861 |
| | Workers welfare fund payable | 6,135,125 | 6,135,125 |
| | Unearned rental income | - | 847,905 |
| | Payable to provident fund | 344,836 | 33,600 |
| | Security deposit against bond issuance | 8,759,709 | 8,106,750 |
| | Others | <u>982,463</u> | <u>973,883</u> |
| | | <u>117,231,850</u> | <u>112,271,565</u> |
| 16. CONTINGENCIES AND COMMITMENTS | | | |
| 16.1 | Contingencies | | |
| | There is no change in contingencies as reported in the annual audited financial statements of the Company for the year ended December 31, 2020. | | |
| 16.2 | Commitments | | |
| | There are no commitments as at June 30, 2021. | | |

| | Three months period ended | | Six months period ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | June 30, 2021 Un-audited | June 30, 2020 Un-audited | June 30, 2021 Un-audited | June 30, 2020 Un-audited |
| | (Rupees) | | | |
| 17. NET INSURANCE PREMIUM | | | | |
| Written gross premium | 57,015,983 | 72,998,215 | 111,798,349 | 139,627,168 |
| Add: Unearned premium reserve opening | 87,620,845 | 118,415,277 | 92,605,542 | 133,134,440 |
| Less: Unearned premium reserve closing | 83,729,867 | 122,546,589 | 83,729,867 | 122,546,589 |
| Premium earned | 60,906,961 | 68,866,903 | 120,674,024 | 150,215,019 |
| Less: | | | | |
| Reinsurance premium ceded | 12,721,542 | 19,349,126 | 20,333,523 | 30,192,110 |
| Add: Prepaid reinsurance premium opening | 9,714,663 | 4,194,217 | 13,642,832 | 4,981,670 |
| Less: Prepaid reinsurance premium closing | 10,484,783 | 4,259,547 | 10,484,783 | 4,259,547 |
| Reinsurance expense | 11,951,422 | 19,283,796 | 23,491,572 | 30,914,233 |
| Net insurance premium | 48,955,539 | 49,583,107 | 97,182,452 | 119,300,786 |
| 18. NET INSURANCE CLAIMS | | | | |
| Claim paid | 22,515,253 | 12,098,388 | 69,586,028 | 40,609,460 |
| Add: Outstanding claims including IBNR closing | 104,527,364 | 134,219,539 | 104,527,364 | 134,219,539 |
| Less: Outstanding claims including IBNR opening | 108,144,913 | 124,155,526 | 127,305,856 | 128,202,751 |
| Claim expense | 18,897,704 | 22,162,401 | 46,807,536 | 46,625,748 |
| Less: | | | | |
| Reinsurance and other recoveries received | 2,001,596 | 11,880,065 | 15,122,695 | 15,141,200 |
| Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening | 12,212,147 | 17,206,899 | 16,747,758 | 17,165,401 |
| Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing | 17,225,686 | 12,521,854 | 17,225,686 | 12,521,854 |
| Reinsurance and other recoveries revenue | 7,015,135 | 7,195,020 | 15,600,623 | 10,497,653 |
| Net insurance claims | 11,882,569 | 14,967,381 | 31,206,913 | 36,128,095 |
| 19. NET COMMISSION AND OTHER ACQUISITION COSTS | | | | |
| Commission paid or payable | 12,319,240 | 15,275,172 | 22,351,685 | 29,450,649 |
| Add: Deferred commission expense opening | 14,662,757 | 25,264,135 | 15,494,786 | 26,394,193 |
| Less: Deferred commission expense closing | 15,840,126 | 26,571,953 | 15,840,126 | 26,571,953 |
| Net Commission | 11,141,871 | 13,967,354 | 22,006,345 | 29,272,889 |
| Less: | | | | |
| Commission received or recoverable | 876,816 | 2,255,953 | 1,420,515 | 2,177,792 |
| Add: Unearned reinsurance commission opening | 1,796,578 | 402,585 | 2,374,551 | 1,052,225 |
| Less: Unearned reinsurance commission closing | 1,611,896 | 1,966,750 | 1,611,896 | 1,966,750 |
| Commission from reinsurers | 1,061,498 | 691,788 | 2,183,170 | 1,263,267 |
| | 10,080,373 | 13,275,566 | 19,823,175 | 28,009,622 |

| | | Three months period ended | | Six months period ended | |
|------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | June 30, 2021 Un-audited | June 30, 2020 Un-audited | June 30, 2021 Un-audited | June 30, 2020 Un-audited |
| Note | | (Rupees) | | | |
| 20. | INVESTMENT INCOME | | | | |
| | Dividend income on investment | | | | |
| | Dividend income on available for sale investments | 4,000,082 | 6,740,142 | 4,070,166 | 6,829,506 |
| | Held-to-maturity | | | | |
| | Return on other fixed income securities | 6,162,152 | 7,573,655 | 13,217,964 | 21,858,938 |
| | Return on Government Securities | 4,103,445 | 2,880,715 | 8,450,786 | 4,744,962 |
| | Unrealised gain / (loss) on revaluation of held -for-trading investments | 88,610 | (72,832) | 55,836 | 14,855 |
| | Total investment income | 14,354,289 | 17,121,680 | 25,794,752 | 33,448,261 |
| 21. | TAXATION | | | | |
| | Current - taxation | 494,561 | (1,124,378) | (4,957,791) | (6,576,730) |
| | Prior year | 2,769,969 | - | 2,769,969 | - |
| | Deferred | | | | |
| | | 3,264,530 | (1,124,378) | (2,187,822) | (6,576,730) |

21.1 Deferred

Deferred tax asset on deductible temporary differences amounting to Rs. 69.622 million (2020: Rs. 65.070 million) has not been recognized in view of the uncertainty about its realization.

22. SEGMENT INFORMATION
22.1 Segment profit or loss June 30, 2021 (Un-audited)

| | Fire and property damage | Marine, aviation and transport | Motor | Accident and health | Credit and Suretyship | Miscellaneous | Total |
|--|--------------------------|--------------------------------|-------------|---------------------|-----------------------|---------------|--------------|
| | (Rupees) | | | | | | |
| Premium receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge) | 21,153,551 | 7,704,743 | 63,352,131 | 7,951,464 | 34,804,950 | 9,949,888 | 144,916,727 |
| Less: Federal excise duty | (2,810,220) | (794,045) | (8,222,211) | - | (15,898,134) | (1,324,956) | (29,049,566) |
| Less: Federal insurance fee | (187,424) | (206,937) | (606,470) | (78,797) | (2,899,040) | (90,144) | (4,068,812) |
| Gross written Premium (inclusive of Administrative Surcharge) | 18,155,907 | 6,703,761 | 54,523,450 | 7,872,667 | 16,007,776 | 8,534,788 | 111,798,349 |
| Gross direct premium | 17,947,237 | 6,475,245 | 52,607,003 | 7,857,667 | 15,226,640 | 8,423,261 | 108,537,053 |
| Administrative surcharge | 208,770 | 228,416 | 1,916,447 | 15,000 | 781,136 | 128,718 | 3,278,487 |
| Insurance premium earned | 18,036,925 | 6,341,654 | 66,011,505 | 5,096,466 | 16,231,356 | 8,956,118 | 120,674,024 |
| Insurance premium ceded to reinsurers | 9,431,740 | 1,289,055 | 8,018,653 | - | - | 4,752,124 | 23,491,572 |
| Net Insurance premium | 8,605,185 | 5,052,598 | 57,992,853 | 5,096,466 | 16,231,356 | 4,203,994 | 97,182,452 |
| Commission income | 605,478 | - | 1,368,453 | - | - | 209,239 | 2,183,170 |
| Net underwriting income | 9,210,662 | 5,052,598 | 59,361,306 | 5,096,466 | 16,231,356 | 4,413,233 | 99,365,622 |
| Insurance claims | (40,077) | 2,259,121 | 36,124,611 | 6,979,507 | 262,843 | 1,221,531 | 46,807,536 |
| Insurance claims recovered from reinsurance | 3,897,698 | 332,342 | 11,460,867 | - | - | (90,284) | 15,600,623 |
| Net Claim | (3,937,775) | 1,926,779 | 24,663,744 | 6,979,507 | 262,843 | 1,311,815 | 31,206,913 |
| Commission expense | 5,023,099 | 1,798,547 | 9,432,334 | 525,710 | 3,609,023 | 1,617,631 | 22,006,345 |
| Management expense | 4,341,846 | 1,526,562 | 15,890,280 | 1,226,821 | 3,907,210 | 2,155,915 | 29,048,634 |
| Net insurance claims and expenses | 5,427,170 | 5,251,888 | 49,986,358 | 8,732,037 | 7,779,076 | 5,085,362 | 82,261,893 |
| Underwriting result | 3,783,492 | (199,290) | 9,374,948 | (3,635,571) | 8,452,280 | (672,129) | 17,103,730 |
| Net investment income | | | | | | | 25,794,752 |
| Rental income | | | | | | | 2,002,905 |
| Other income | | | | | | | 311,713 |
| Other expenses | | | | | | | (26,390,368) |
| Finance charges on right-of-use assets | | | | | | | (1,708,406) |
| Profit before tax from window takaful operations - OPF | | | | | | | (405,518) |
| Profit before tax | | | | | | | 16,708,808 |



Segment profit or loss June 30, 2020 (Un-audited)

Premium receivable (inclusive of Federal excise duty,
Federal insurance fee and Administrative surcharge)

Less: Federal excise duty
Less: Federal insurance fee

Gross written premium (inclusive of
administrative surcharge)

Gross direct premium
Administrative surcharge

Insurance premium earned
Insurance premium ceded to reinsurers

Net Insurance premium

Commission income

Net underwriting income

Insurance claims
Insurance claims recovered from reinsurance

Net Claim

Commission expense

Management expense

Net insurance claims and expenses

Underwriting result

Net investment income

Rental income

Other income

Other expenses

Finance charges on right-of-use assets

Profit before tax from window takaful operations - OPF

Profit before tax

| | Fire and property damage | Marine, aviation and transport | Motor | Accident and health | Miscellaneous | Total |
|--|-----------------------------|-----------------------------------|--------------|------------------------|---------------|--------------|
| | | | | | | |
| | 24,291,680 | 9,891,542 | 98,070,220 | 6,077,337 | 33,913,676 | 172,244,455 |
| | (3,110,919) | (1,054,291) | (12,818,964) | - | (12,179,299) | (29,163,473) |
| | (230,934) | (266,562) | (990,091) | (60,244) | (1,905,983) | (3,453,814) |
| | 20,949,827 | 8,570,689 | 84,261,165 | 6,017,093 | 19,828,394 | 139,627,168 |
| | 20,601,769 | 8,335,848 | 81,972,236 | 6,007,091 | 19,074,566 | 135,991,510 |
| | 348,058 | 234,868 | 2,288,929 | 10,002 | 753,801 | 3,635,658 |
| | 24,810,057 | 8,367,582 | 92,537,196 | 2,935,234 | 21,564,951 | 150,215,019 |
| | 9,359,648 | 2,748,654 | 12,178,584 | - | 6,627,348 | 30,914,233 |
| | 15,450,410 | 5,618,928 | 80,358,612 | 2,935,234 | 14,937,603 | 119,300,786 |
| | 674,139 | 68 | 425,457 | - | 163,603 | 1,263,268 |
| | 16,124,549 | 5,618,996 | 80,784,069 | 2,935,234 | 15,101,207 | 120,564,054 |
| | 293,486 | 815,379 | 41,606,916 | 3,482,296 | 427,671 | 46,625,748 |
| | 6,049 | (179,550) | 10,671,154 | - | - | 10,497,653 |
| | 287,437 | 994,929 | 30,935,762 | 3,482,296 | 427,671 | 36,128,095 |
| | 8,439,145 | 2,555,456 | 13,939,613 | 115,044 | 4,223,632 | 29,272,889 |
| | 5,037,736 | 1,699,056 | 18,789,878 | 596,006 | 3,960,206 | 30,082,881 |
| | 13,764,317 | 5,249,441 | 63,665,253 | 4,193,345 | 8,611,509 | 95,483,866 |
| | 2,360,231 | 369,556 | 17,118,816 | (1,258,112) | 6,489,698 | 25,080,188 |
| | | | | | | 33,448,261 |
| | | | | | | 1,295,298 |
| | | | | | | 1,652,797 |
| | | | | | | (30,373,294) |
| | | | | | | (1,744,030) |
| | | | | | | 1,686,967 |
| | | | | | | 31,046,187 |



22.2 Segment Assets & Liabilities

June 30, 2021 (Un-audited)

| | Fire and property damage | Marine, aviation and transport | Motor | Accident and health | Miscellaneous | Total |
|-----------------------------------|--------------------------|--------------------------------|-------------|---------------------|---------------|---------------|
| (Rupees) | | | | | | |
| SEGMENT ASSETS | | | | | | |
| Segment assets | 39,102,050 | 14,437,769 | 117,426,174 | 16,955,222 | 52,856,879 | 240,778,093 |
| Unallocated corporate assets | | | | | | 872,309,886 |
| Total assets | | | | | | 1,113,087,979 |
| SEGMENT LIABILITIES | | | | | | |
| Segment liabilities | 45,588,936 | 16,832,942 | 136,906,743 | 19,768,030 | 61,625,640 | 280,722,291 |
| Unallocated corporate liabilities | | | | | | 163,853,384 |
| Total liabilities | | | | | | 444,575,675 |

Segment Assets & Liabilities

December 31, 2020 (Audited)

| | Fire and property damage | Marine, aviation and transport | Motor | Accident and health | Miscellaneous | Total |
|-----------------------------------|--------------------------|--------------------------------|-------------|---------------------|---------------|---------------|
| (Rupees) | | | | | | |
| SEGMENT ASSETS | | | | | | |
| Segment assets | 35,895,260 | 14,861,118 | 134,540,001 | 8,543,833 | 39,741,124 | 233,581,336 |
| Unallocated corporate assets | | | | | | 860,395,605 |
| Total assets | | | | | | 1,093,976,941 |
| SEGMENT LIABILITIES | | | | | | |
| Segment liabilities | 45,910,454 | 19,007,542 | 172,078,214 | 10,927,661 | 50,829,355 | 298,753,226 |
| Unallocated corporate liabilities | | | | | | 139,406,071 |
| Total liabilities | | | | | | 438,159,297 |



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).

The following table shows the carrying amount and fair values of financial assets and financial liabilities.

| | June 30, 2021 (Un-Audited) | | | | | |
|---|----------------------------|---------|------------------------|-----------------------|-------------|------------|
| | Carrying Value | | | Fair Value | | |
| | Available for Sale | *FVTPL | Financial Assets --HTM | Financial liabilities | Total | (Rupees) |
| Financial assets measured at fair value | | | | | | |
| - Investments | | | | | | |
| Government Securities | - | - | 167,958,672 | - | 167,958,672 | - |
| Listed equity securities | - | 282,826 | - | - | 282,826 | 282,826 |
| Units of mutual funds | 64,374,202 | - | - | - | 64,374,202 | 64,374,202 |
| Financial assets not measured at fair value | | | | | | |
| - Balances with banks | - | - | 11,355,531 | - | 11,355,531 | - |
| - Other financial assets | - | - | 590,193,583 | - | 590,193,583 | - |
| | 64,374,202 | 282,826 | 769,507,786 | - | 834,164,814 | 64,657,028 |
| Financial liabilities not measured at fair value | | | | | | |
| - Financial liabilities | - | - | - | 289,890,485 | 289,890,485 | - |
| | 64,374,202 | 282,826 | 769,507,786 | (289,890,485) | 544,274,329 | - |

*FVTPL: Fair value through profit or loss

The following table shows the carrying amount and fair values of financial assets and financial liabilities.

| December 31, 2020 (Audited) | | | | | | |
|---|--------------------|----------------|------------------------|-----------------------|-------------|------------|
| | Available for Sale | Carrying Value | | Fair Value | | |
| | | FVTPL | Financial Assets --HTM | Financial liabilities | Total | (Rupees) |
| Financial assets measured at fair value | | | | | | |
| - Investments | | | | | | |
| Listed equity securities | - | 226,990 | - | - | 226,990 | 226,990 |
| Units of mutual funds | 62,740,888 | - | - | - | 62,740,888 | 62,740,888 |
| Financial assets not measured at fair value | | | | | | |
| - Balances with banks | - | - | 14,491,940 | - | 14,491,940 | - |
| - Other financial assets | - | - | 588,443,082 | - | 588,443,082 | - |
| | 62,740,888 | 226,990 | 602,935,022 | - | 665,902,900 | 62,967,878 |
| Financial liabilities not measured at fair value | | | | | | |
| - Financial liabilities | - | - | - | 333,208,839 | 333,208,839 | - |
| | - | - | - | 333,208,839 | 333,208,839 | - |
| | 62,740,888 | 226,990 | 602,935,022 | (333,208,839) | 332,694,061 | - |

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 summarised as follows:



| Name | Relationship | Nature of transaction | June 30, 2021 Un-Audited | December 31, 2020 Audited |
|-----------------------------|--------------------|-------------------------------------|--------------------------------|---------------------------------|
| ----- Rupees ----- | | | | |
| Shaheen Foundation | Parent Undertaking | Due from insurance contract holders | 2,248,857 | 5,202,858 |
| Shaheen Foundation | Parent Undertaking | Premium receivable written off | - | 11,403,510 |
| Shaheen Foundation | Parent Undertaking | Outstanding claims | 2,721,995 | 1,493,453 |
| Shaheen Foundation | Parent Undertaking | Commission no more payable | - | 14,031,814 |
| Shaheen Foundation | Parent Undertaking | Security deposits | 3,317,246 | 3,317,246 |
| Air Eagle (Private) Limited | Associated Company | Due from insurance contract holders | 4,891 | (4,095) |

| | June 30, 2021 Un-Audited | June 30, 2020 Un-Audited |
|--|--------------------------------|--------------------------------|
| ----- Rupees ----- | | |
| Other transactions during the period with associated undertakings | | |

| | | |
|--|------------|------------|
| Claim expense | 2,721,995 | 1,897,386 |
| Lease rentals | 5,565,457 | 4,070,000 |
| Remuneration of key management personnel | 10,021,274 | 10,630,434 |
| Contribution to provident fund | 981,107 | 901,638 |
| Advertisement expense | 84,555 | 249,400 |

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

24.2 Other transactions are executed at agreed terms.

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

25. EARNINGS (AFTER TAX) PER SHARE


| | -----Un-audited----- | | | |
|---|---------------------------|------------------|-------------------------|------------------|
| | Three months period ended | | Six months period ended | |
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| ----- Rupees ----- | | | | |
| Profit for the period | 17,999,277 | 8,469,734 | 14,520,986 | 24,469,457 |
| ----- 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 ----- | | | | |
| Earnings per share - Basic | 0.30 | 0.14 | 0.24 | 0.41 |

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

26. GENERAL

26.1 These condensed interim financial statements have been approved and authorised for issue in the board of directors meeting held on August 26, 2021.

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


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer



Window Takaful Operations Financial Statements



 **YOUSUF ADIL**

Yousuf Adil
Chartered Accountants
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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 Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Shaheen Insurance Company Limited - Window Takaful Operations** as at June 30, 2021 and the related condensed interim statements of comprehensive income, condensed interim statement of changes in fund, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements 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 statement 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 statement 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 condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the quarters ended June 30, 2021 and 2020 in the condensed interim statement of comprehensive income and related notes have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2021.

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

Chartered Accountants

Place: Karachi
Date: August 30, 2021

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited


Half Yearly Report
2021

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT JUNE 30, 2021

| | | Operator's Fund (OPF) | | Participants' Takaful Fund (PTF) | |
|--|------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | | June 30, 2021 (Un-Audited) | December 31, 2020 (Audited) | June 30, 2021 (Un-Audited) | December 31, 2020 (Audited) |
| | Note | ----- Rupees ----- | | | |
| ASSETS | | | | | |
| Qard-e-Hasna to Participants' Takaful Fund | 4 | 22,827,311 | 21,000,000 | - | - |
| Equipment | 5 | - | 3,474 | - | - |
| Intangible asset | 6 | - | 27,795 | - | - |
| Investment in Term deposits | 7 | 27,000,000 | 27,000,000 | 20,000,000 | 20,000,000 |
| Other receivables | 8 | 314,007 | 78,514 | 171,563 | 66,836 |
| Takaful / retakaful receivable | 9 | - | - | 2,334,106 | 1,636,441 |
| Receivable from PTF | 10 | 653,511 | 2,285,032 | - | - |
| Taxation - provision less payments | | 1,403,295 | 1,289,086 | 261,648 | 156,565 |
| Deferred wakala fee | | - | - | 1,629,233 | 1,493,084 |
| Deferred commission | | 790,019 | 744,434 | - | - |
| Prepayments | 11 | - | - | 409,014 | 453,449 |
| Bank balances | 12 | 3,102,620 | 3,919,797 | 2,543,646 | 713,560 |
| | | 33,263,452 | 35,348,132 | 27,349,210 | 24,519,935 |
| TOTAL ASSETS | | 56,090,763 | 56,348,132 | 27,349,210 | 24,519,935 |
| FUNDS AND LIABILITIES | | | | | |
| Operator's fund | | | | | |
| Statutory fund | | 50,000,000 | 50,000,000 | - | - |
| Accumulated profit | | 75,148 | 480,666 | - | - |
| Total Operator's fund | | 50,075,148 | 50,480,666 | - | - |
| Waqf / Participants' takaful fund | | | | | |
| Ceded money | | - | - | 500,000 | 500,000 |
| Accumulated deficit | | - | - | (11,739,285) | (12,081,273) |
| Balance of PTF | | - | - | (11,239,285) | (11,581,273) |
| Qard-e-hasna from Operator's fund | 4 | - | - | 22,827,311 | 21,000,000 |
| LIABILITIES | | | | | |
| Underwriting provisions | | | | | |
| Outstanding claims including IBNR | | - | - | 2,600,509 | 2,174,370 |
| Unearned contribution reserve | | - | - | 4,397,330 | 4,088,524 |
| Unearned commission | | 11,828 | 32,104 | - | - |
| Unearned wakala fees | | 1,629,233 | 1,493,084 | - | - |
| Contribution received in advance | | - | - | 29,289 | 117,630 |
| Takaful / retakaful payables | 13 | - | - | 7,289,014 | 5,728,702 |
| Payable to OPF | 14 | - | - | 653,511 | 2,285,032 |
| Other creditors and accruals | 15 | 4,374,554 | 4,342,278 | 791,531 | 706,950 |
| | | 6,015,615 | 5,867,466 | 15,761,184 | 15,101,208 |
| TOTAL FUND AND LIABILITIES | | 56,090,763 | 56,348,132 | 27,349,210 | 24,519,935 |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (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, 2021

| | | Quarter ended | | Half year ended | |
|--|------|------------------|---------------|-----------------|---------------|
| | | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | Note | -----Rupees----- | | | |
| PTF revenue account | | | | | |
| Net contribution | 17 | 1,425,601 | 1,443,613 | 3,070,563 | 3,040,928 |
| Contribution ceded to retakaful | 17 | (129,632) | (1,573,875) | (1,846,702) | (3,227,625) |
| Net takaful contribution | | 1,295,969 | (130,262) | 1,223,861 | (186,697) |
| Net claims - reported / settled - IBNR | 19 | (335,493) | (139,665) | (1,394,025) | (482,878) |
| Surplus / (Deficit) before investment income | | 960,476 | (269,927) | (170,164) | (669,575) |
| Other income | 23 | 47,291 | 158,035 | 75,150 | 283,204 |
| Investment Income | 24 | 383,370 | - | 728,337 | - |
| Less: Modarib's share of investment income | 25 | - | - | (291,335) | - |
| Surplus / (Deficit) transferred to accumulated deficit | | 1,391,137 | (111,893) | 341,988 | (386,371) |
| Other comprehensive income: | | | | | |
| Other comprehensive income for the period | | - | - | - | - |
| Total comprehensive surplus/ (deficit) for the period | | 1,391,137 | (111,893) | 341,988 | (386,371) |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (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, 2021

| | | Quarter ended | | Half year ended | |
|--|----|------------------|---------------|-----------------|---------------|
| | | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| Note | | -----Rupees----- | | | |
| Operator Fund | | | | | |
| Wakala fee | 18 | 877,776 | 829,740 | 1,699,040 | 1,707,439 |
| Commission expense | 20 | (423,269) | (421,795) | (885,068) | (911,133) |
| Management expenses | 21 | (1,088,416) | (640,431) | (1,895,145) | (1,476,836) |
| | | (633,909) | (232,486) | (1,081,173) | (680,530) |
| Other expenses | 22 | (674,680) | (91) | (675,517) | (27,239) |
| Other income | 23 | 64,339 | 826,391 | 75,457 | 2,394,736 |
| Investment Income | 24 | 546,203 | - | 1,011,908 | - |
| Modarib's share of investment income | 25 | - | - | 291,335 | - |
| (Loss) / profit before taxation | | (698,047) | 593,814 | (377,990) | 1,686,967 |
| Taxation | | (10,245) | - | (27,528) | - |
| Loss after taxation | | (708,292) | 593,814 | (405,518) | 1,686,967 |
| Other comprehensive income: | | | | | |
| Other comprehensive loss for the period | | - | - | - | - |
| Total comprehensive loss for the period | | (708,292) | 593,814 | (405,518) | 1,686,967 |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

| | | Operator's fund (OPF) | | Participants' Takaful fund (PTF) | |
|--|-------|-----------------------|------------------|----------------------------------|------------------|
| | | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | | ----- Rupees ----- | | | |
| OPERATING ACTIVITIES | | | | | |
| a) Takaful activities | | | | | |
| Contribution received | | - | - | 4,292,403 | 4,027,694 |
| Re-takaful contributions paid | | - | - | (286,390) | (3,120,357) |
| Claims paid | | - | - | (967,886) | (712,207) |
| Commissions paid | | (757,651) | (679,611) | - | - |
| Wakala fees received | | 3,758,045 | 2,017,941 | - | - |
| Mudarib fee received | | - | - | - | - |
| Wakala fees paid | | - | - | (3,758,045) | (2,017,941) |
| Net cash generated from / (used in) takaful activities | | 3,000,394 | 1,338,330 | (719,918) | (1,822,811) |
| b) Other operating activities | | | | | |
| Management and other expenses paid | | (2,703,374) | (1,468,818) | - | - |
| Taxes paid | | (235,286) | - | (105,083) | - |
| Prepayments | | - | (424,207) | 44,435 | (60,118) |
| Other receivables | | - | 404,908 | (104,727) | (8,339) |
| Other creditors and accruals | | - | (3,224) | 84,581 | 188,016 |
| Net cash (used in) / generated from other operating activities | | (2,938,660) | (1,491,341) | (80,794) | 119,559 |
| Total cash (used in) / generated from operating activities | A | 61,734 | (153,011) | (800,712) | (1,703,252) |
| INVESTMENT ACTIVITIES | | | | | |
| Profit /return received | | 948,400 | 2,077,349 | 803,487 | 600,592 |
| Total cash generated from investing activities | B | 948,400 | 2,077,349 | 803,487 | 600,592 |
| FINANCING ACTIVITIES | | | | | |
| Qard-e-hasna received / (paid) | | (1,827,311) | (20,000,000) | 1,827,311 | 20,000,000 |
| Total cash (used in) / generated from financing activities | C | (1,827,311) | (20,000,000) | 1,827,311 | 20,000,000 |
| Net cashflow from all activities | A+B+C | (817,177) | (18,075,662) | 1,830,086 | 18,897,340 |
| Cash and cash equivalents at beginning of the period | | 30,919,797 | 51,910,392 | 20,713,560 | 3,878,964 |
| Cash and cash equivalents at end of the period | | 30,102,620 | 33,834,730 | 22,543,646 | 22,776,304 |

| | Operator's fund (OPF) | | Participants' Takaful fund (PTF) | |
|--|-----------------------|------------------|----------------------------------|------------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | ----- Rupees ----- | | | |
| Reconciliation to condensed interim statement of Comprehensive income | | | | |
| Operating cash flows | 61,734 | (153,011) | (800,712) | (1,703,252) |
| Depreciation / amortisation expense | (31,269) | (37,496) | - | - |
| Increase / (decrease) in assets other than cash | (1,375,199) | (110,396) | 999,189 | 160,632 |
| (Increase) / decrease in liabilities | (148,149) | (406,866) | (659,976) | 873,045 |
| Investment and other income - net | 1,378,700 | 2,394,736 | 512,152 | 283,204 |
| Modarib's share of investment income | (291,335) | - | 291,335 | - |
| (Deficit) / surplus for the period | (405,518) | 1,686,967 | 341,988 | (386,371) |

Definition of cash:

Cash comprise of cash at bank and short term placements with banks which are readily convertible to cash.

Cash for the purpose of the condensed interim statement of cash flows consist of :

| | Operator's fund (OPF) | | Participants' Takaful fund (PTF) | |
|----------------------------|-----------------------|-------------------|----------------------------------|-------------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | ----- Rupees ----- | | | |
| Cash and other equivalents | 27,000,000 | 27,000,000 | 20,000,000 | 20,000,000 |
| Saving accounts | 3,102,620 | 6,834,730 | 2,543,646 | 2,776,304 |
| | 30,102,620 | 33,834,730 | 22,543,646 | 22,776,304 |


The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN FUND (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

| | Operator's Fund | | |
|---|------------------|--------------------|------------|
| | Statutory fund | Accumulated Profit | Total |
| | -----Rupees----- | | |
| Balance as at January 01, 2020 | 50,000,000 | 2,994,764 | 52,994,764 |
| Profit for the period | - | 1,686,967 | 1,686,967 |
| Other comprehensive income for the period | - | - | - |
| Balance as at June 30, 2020 | 50,000,000 | 4,681,731 | 54,681,731 |
| Balance as at January 01, 2021 | 50,000,000 | 480,666 | 50,480,666 |
| Loss for the period | - | (405,518) | (405,518) |
| Other comprehensive income for the period | - | - | - |
| Balance as at June 30, 2021 | 50,000,000 | 75,148 | 50,075,148 |

| | Participants' Takaful Fund | | |
|---|----------------------------|---------------------|--------------|
| | Cede Money | Accumulated Deficit | Total |
| | -----Rupees----- | | |
| Balance as at January 01, 2020 | 500,000 | (9,530,365) | (9,030,365) |
| Deficit for the period | - | (386,371) | (386,371) |
| Other comprehensive income for the period | - | - | - |
| Balance as at June 30, 2020 | 500,000 | (9,916,736) | (9,416,736) |
| Balance as at January 01, 2021 | 500,000 | (12,081,273) | (11,581,273) |
| Surplus for the period | - | 341,988 | 341,988 |
| Other comprehensive income for the period | - | - | - |
| Balance as at June 30, 2021 | 500,000 | (11,739,285) | (11,239,285) |

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.


Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman


Air Voice Marshal Salman Ahsan
Bukhari (Retd.) Director


Khalid Saeed Mirza
Director


Sohail N. Kidwai
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

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. The Operator is listed on Pakistan Stock Exchange Limited. Its registered office is located at 10th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi, 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 statements of WTO have 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, General takaful accounting regulation, 2019 and Takaful Rules 2012 shall prevail.

The condensed interim statement of financial position, 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 and should be read in conjunction with the annual audited financial statements of the WTO for the year ended 31 December 2020.

The condensed interim financial statements 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.

2.1 Basis of Measurement

The condensed interim financial statements for the period ended June 30, 2021 have been prepared under historic cost basis.

2.2 Functional and presentation currency

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

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 these condensed interim financial statements are same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2020.

3.2 In preparing these condensed interim financial statements, 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 fund'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, 2020.

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, 2020.

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

| | June 30, 2021 | | December 31, 2020 | |
|--|-------------------|----------|-------------------|----------|
| | OPF | PTF | OPF | PTF |
| | -----Rupees----- | | -----Rupees----- | |
| Opening balance of Qard-e-Hasna | 21,000,000 | - | - | - |
| Qard-e-Hasna transferred from OPF / returned by PTF during the period | 1,827,311 | - | 21,000,000 | - |
| Closing balance of Qard-e-Hasna | <u>22,827,311</u> | <u>-</u> | <u>21,000,000</u> | <u>-</u> |

5. EQUIPMENT

| Particulars | Cost | | Depreciation | | Written down value as at June 30, 2021 | Depreciation Rate |
|-------------------|------------------------|------------------------|---------------------|------------------------|--|-------------------|
| | As at January 01, 2021 | Addition / (Disposals) | As at June 30, 2021 | As at January 01, 2021 | As at June 30, 2021 | |
| Computer hardware | 25,000 | - | 25,000 | 21,526 | 3,474 | 33.33 |
| Comparative | | | | | | |

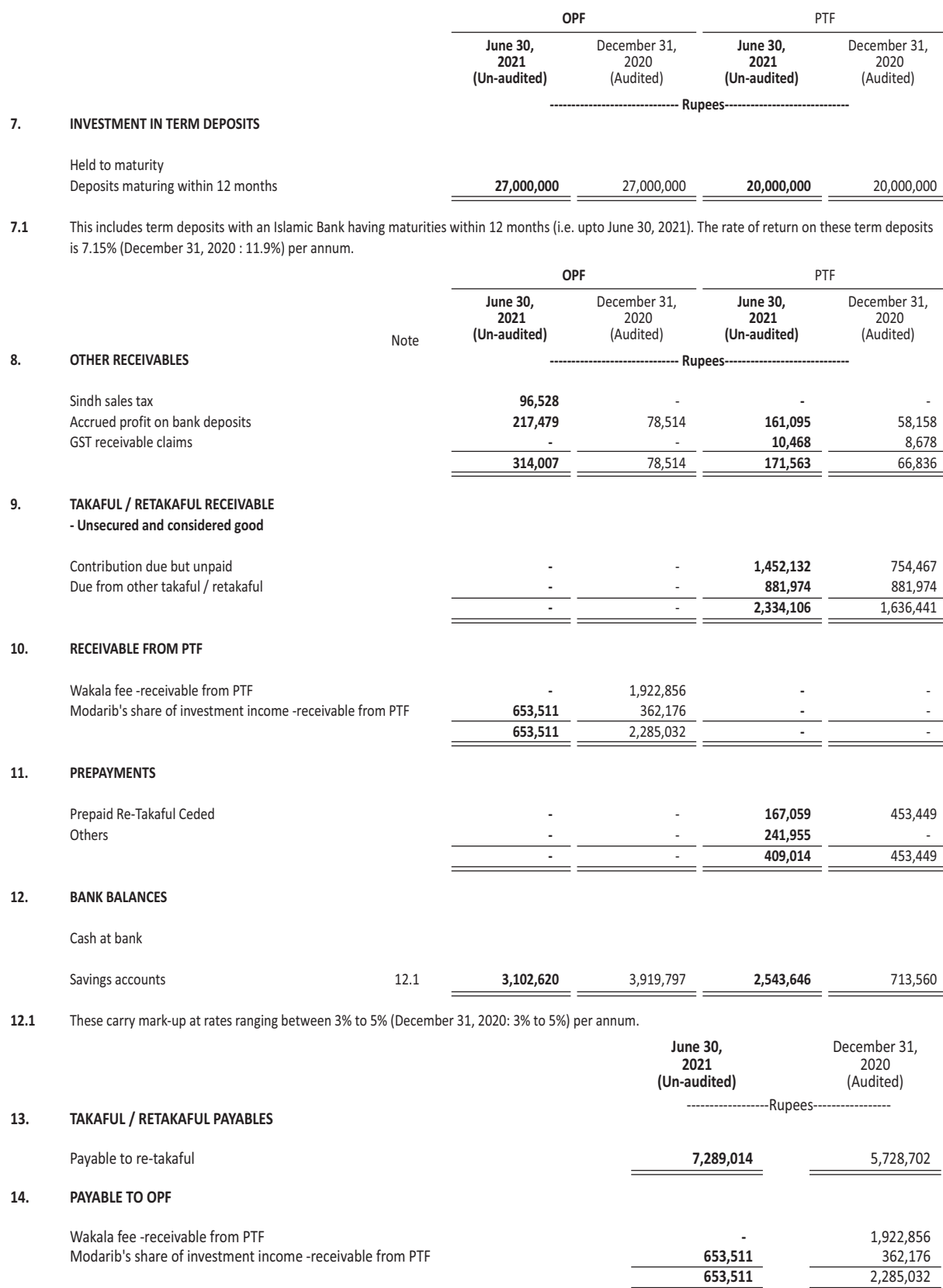
6. INTANGIBLE ASSETS

| Particulars | Cost | | Depreciation | | Written down value as at December 31, 2020 | Depreciation Rate |
|-------------------|------------------------|------------------------|-------------------------|------------------------|--|-------------------|
| | As at January 01, 2020 | Addition / (Disposals) | As at December 31, 2020 | As at January 01, 2020 | As at December 31, 2020 | |
| Computer hardware | 25,000 | - | 25,000 | 13,193 | 8,333 | 33.33 |

6. INTANGIBLE ASSETS

| Particulars | Cost | | Depreciation | | Written down value as at December 31, 2021 | Depreciation Rate |
|-------------------|------------------------|------------------------|---------------------|------------------------|--|-------------------|
| | As at January 01, 2021 | Addition / (Disposals) | As at June 30, 2021 | As at January 01, 2021 | As at June 30, 2021 | |
| Computer software | 200,000 | - | 200,000 | 172,205 | 27,795 | 33.33 |
| Comparatives | | | | | | |

| Particulars | Cost | | Depreciation | | Written down value as at December 31, 2020 | Depreciation Rate |
|-------------------|------------------------|------------------------|-------------------------|------------------------|--|-------------------|
| | As at January 01, 2020 | Addition / (Disposals) | As at December 31, 2020 | As at January 01, 2020 | As at December 31, 2020 | |
| Computer software | 200,000 | - | 200,000 | 105,545 | 66,660 | 33.33 |





| | OPF | | PTF | |
|--|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) | June 30, 2021 (Un-audited) | December 31, 2020 (Audited) |
| | -----Rupees----- | | | |
| 15. OTHER CREDITORS AND ACCRUALS | | | | |
| Federal insurance fee | - | - | 23,942 | 23,788 |
| FED payable | - | - | 369,975 | 307,443 |
| Sales tax on services | 2,979 | - | - | 3,009 |
| Tax payable | - | - | - | - |
| Commission payable | 932,974 | 739,696 | - | - |
| Auditors' fee | 302,335 | 403,650 | - | - |
| Others | 772,113 | 527,988 | 397,614 | 372,710 |
| Payable against common expenses - Conventional | 2,364,153 | 2,670,944 | - | - |
| | 4,374,554 | 4,342,278 | 791,531 | 706,950 |

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on June 30, 2021 and as at December 31, 2020.

| | ------(Unaudited)----- | | | |
|---|---------------------------|------------------|-------------------------|------------------|
| | Three months period ended | | Six months period ended | |
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | -----Rupees----- | | | |
| 17. NET CONTRIBUTION | | | | |
| Written gross contribution -PTF | 1,982,714 | 2,628,749 | 5,078,409 | 5,789,178 |
| Less: Wakala fee | (820,567) | (829,740) | (1,699,040) | (1,707,439) |
| Contribution net of wakala fee | 1,162,147 | 1,799,009 | 3,379,369 | 4,081,739 |
| Add: Unearned contribution reserve opening | 4,660,784 | 4,577,649 | 4,088,524 | 3,892,234 |
| Less: Unearned contribution reserve closing | 4,397,330 | 4,933,045 | 4,397,330 | 4,933,045 |
| Contribution earned | 1,425,601 | 1,443,613 | 3,070,563 | 3,040,928 |
| Less: | | | | |
| Re-takaful Contribution ceded | (13,563) | 1,573,875 | 1,560,262 | 3,227,625 |
| Add: Prepaid re-takaful contribution opening | 310,254 | - | 453,499 | - |
| Less: Prepaid re-takaful contribution closing | 167,059 | - | 167,059 | - |
| Re-takaful expense | 129,632 | 1,573,875 | 1,846,702 | 3,227,625 |
| Net contribution | 1,295,969 | (130,262) | 1,223,861 | (186,697) |

18. WAKALA EXPENSE

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

| | ------(Unaudited)----- | | | |
|-----------------------------------|---------------------------|----------------|-------------------------|------------------|
| | Three months period ended | | Six months period ended | |
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | -----Rupees----- | | | |
| Gross wakala fee | 682,979 | 947,948 | 1,835,189 | 2,120,111 |
| Add: Unearned wakala fee opening | 1,766,821 | - | 1,493,084 | 1,392,456 |
| Less: Unearned wakala fee closing | 1,629,233 | 118,208 | 1,629,233 | 1,805,128 |
| Wakala expense | 820,567 | 829,740 | 1,699,040 | 1,707,439 |

| ------(Unaudited)----- | | | | |
|---|---------------|-------------------------|---------------|-----------|
| Three months period ended | | Six months period ended | | |
| June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 | |
| -----Rupees----- | | | | |
| 19. NET CLAIMS - REPORTED / SETTLED - IBNR | | | | |
| Claims paid | 566,198 | 216,136 | 967,886 | 712,207 |
| Less: Outstanding claims including IBNR opening | 2,831,214 | 2,360,809 | 2,174,370 | 2,513,667 |
| Add: Outstanding claims including IBNR closing | 2,600,509 | 2,284,338 | 2,600,509 | 2,284,338 |
| Claims expense | 335,493 | 139,665 | 1,394,025 | 482,878 |
| 20. COMMISSION EXPENSE | | | | |
| Commission paid or payable | 433,259 | 486,755 | 950,929 | 1,025,857 |
| Add: Deferred commission opening | 790,167 | 820,575 | 744,434 | 770,811 |
| Less: Deferred commission closing | 790,019 | 885,535 | 790,019 | 885,535 |
| | 433,407 | 421,795 | 905,344 | 911,133 |
| Less: | | | | |
| Commission received or recoverable | - | - | - | - |
| Add: Unearned reinsurance commission opening | 21,966 | - | 32,104 | - |
| Less: Unearned reinsurance commission closing | 11,828 | - | 11,828 | - |
| | 10,138 | - | 20,276 | - |
| | 423,269 | 421,795 | 885,068 | 911,133 |
| 21. MANAGEMENT EXPENSES | | | | |
| Salaries, wages and benefits | 256,797 | 230,600 | 513,597 | 460,400 |
| Depreciation / amortisation | 12,520 | 18,748 | 31,269 | 37,496 |
| Shariah advisory fee | 283,335 | 377,780 | 566,670 | 566,670 |
| Software maintenance | 375,000 | - | 375,000 | 330,000 |
| Others -Management expenses | 9,240 | 9,240 | 15,400 | 82,270 |
| Common expenses - Conventional | 151,524 | 4,063 | 393,209 | - |
| | 1,088,416 | 640,431 | 1,895,145 | 1,476,836 |
| 22. OTHER EXPENSES | | | | |
| Auditor's remuneration | 674,100 | - | 674,100 | - |
| Printing and stationery | - | - | - | 19,150 |
| Others - other expenses | 580 | 91 | 1,417 | 8,089 |
| | 674,680 | 91 | 675,517 | 27,239 |
| 23. OTHER INCOME | | | | |
| PARTICIPANT'S TAKAFUL FUND | | | | |
| Return on saving accounts - PTF | 47,291 | 155,293 | 75,150 | 278,290 |
| Others | - | 2,742 | - | 4,914 |
| | 47,291 | 158,035 | 75,150 | 283,204 |
| OPERATOR'S FUND | | | | |
| Return on saving accounts - OPF | 64,339 | 825,745 | 71,963 | 2,392,865 |
| Others | - | 646 | 3,494 | 1,871 |
| | 64,339 | 826,391 | 75,457 | 2,394,736 |
| 24. INVESTMENT INCOME | | | | |
| PARTICIPANT'S TAKAFUL FUND | | | | |
| Income from TDRs - Held to maturity | | | | |
| Return on term deposit receipts - PTF | 383,370 | - | 728,337 | - |
| OPERATOR'S FUND | | | | |
| Income from TDRs - Held to maturity | | | | |
| Return on term deposit receipts - OPF | 546,203 | - | 1,011,908 | - |
| 25. MODARIB'S SHARE OF INVESTMENT INCOME | | | | |

The shareholders of the Operator manage the participants' investments as a Mudarib and charge 40% Mudarib's share of PTF investment income.

26. SEGMENT REPORTING

For the six months period ended June 30, 2021

| | | Unaudited | | | | |
|--|--|---------------------------|------------------------------|-------------|---------------|-------------|
| | | Fire and property damages | Marine, aviation & transport | Motor | Miscellaneous | Aggregate |
| | | Rupees | | | | |
| 26.1 | Participants' Takaful Fund (PTF) | | | | | |
| | Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge) | 1,007,302 | 580,373 | 4,328,460 | - | 5,916,135 |
| | Less : Federal excise duty | (137,730) | (76,129) | (567,480) | - | (781,339) |
| | Less : Federal insurance fee | (8,608) | (4,954) | (37,206) | - | (50,768) |
| | Less : Stamp duty | (150) | (3,999) | (1,470) | - | (5,619) |
| | Gross written contribution (inclusive of Administrative Surcharges) | 860,814 | 495,291 | 3,722,304 | - | 5,078,409 |
| | Gross contribution direct | 847,099 | 471,903 | 3,598,680 | - | 4,917,682 |
| | Admin surcharge | 13,715 | 23,388 | 123,624 | - | 160,727 |
| | Takaful contribution earned | 611,353 | 707,350 | 3,407,899 | 43,001 | 4,769,603 |
| | Wakala expense | (178,550) | (202,140) | (1,303,926) | (14,424) | (1,699,040) |
| | Re-takaful expense | (487,911) | (535,059) | (576,390) | (247,342) | (1,846,702) |
| | Net takaful contribution | (55,108) | (29,849) | 1,527,583 | (218,764) | 1,223,861 |
| | Rebate earned | - | - | - | - | - |
| | Operation income | (55,108) | (29,849) | 1,527,583 | (218,764) | 1,223,861 |
| | Claim expense | (415,000) | - | (979,025) | - | (1,394,025) |
| | Re-takaful & other recoveries revenue | - | - | - | - | - |
| | Net claims | (415,000) | - | (979,025) | - | (1,394,025) |
| | Direct expense | - | - | - | - | - |
| | Net takaful claim & expense | (415,000) | - | (979,025) | - | (1,394,025) |
| | Surplus/(deficit) before investment income | (470,108) | (29,849) | 548,558 | (218,764) | (170,164) |
| | Net investment income | | | | | 728,337 |
| | Other income | | | | | 75,150 |
| | Mudarib Fee | | | | | 291,335 |
| | Surplus for the period | | | | | 924,658 |
| 26.2 | Operator's Fund | | | | | |
| | Wakala fee income | 178,550 | 202,140 | 1,303,926 | 14,424 | 1,699,040 |
| | Commission expense | (217,867) | (201,216) | (457,745) | (8,240) | (885,068) |
| | Management expense | (242,914) | (281,057) | (1,354,088) | (17,086) | (1,895,145) |
| | | | | | | (1,081,173) |
| | Investment income | | | | | 1,011,908 |
| | General and administration expenses | | | | | (675,517) |
| | Other Income | | | | | 75,457 |
| | Mudarib fee | | | | | 291,335 |
| | Profit before taxation | | | | | (377,990) |
| The following presents segments assets and liabilities as at June 30, 2021 | | | | | | |
| | Segment assets | 916,490 | 527,325 | 3,963,055 | - | 5,406,870 |
| | Unallocated assets | | | | | 55,205,793 |
| | | | | | | 60,612,663 |
| | Segment liabilities | 2,813,589 | 1,618,869 | 12,178,256 | - | 16,610,714 |
| | Unallocated liabilities | | | | | 5,166,085 |
| | | | | | | 21,776,799 |



SEGMENT REPORTING

For the six months period ended June 30, 2020

| | Unaudited | | | | |
|--|---------------------------|------------------------------|-------------|---------------|-------------|
| | Fire and property damages | Marine, aviation & transport | Motor | Miscellaneous | Aggregate |
| | Rupees | | | | |
| 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 |
| Wakala expense | 450,740 | (88,438) | (733,479) | (1,336,261) | (1,707,438) |
| Re-takaful expense | (1,414,350) | (808,200) | (702,000) | (303,075) | (3,227,625) |
| Net takaful contribution | (224,556) | (514,760) | 2,159,839 | (1,607,219) | (186,697) |
| Rebate earned | - | - | - | - | - |
| Operation income | (224,556) | (514,760) | 2,159,839 | (1,607,219) | (186,697) |
| Claim expense | - | - | (482,878) | - | (482,878) |
| Re-takaful & other recoveries revenue | - | - | - | - | - |
| Net claims | - | - | (482,878) | - | (482,878) |
| Direct expense | - | - | - | - | - |
| Net takaful claim & expense | - | - | (482,878) | - | (482,878) |
| 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) |
| 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 December 31, 2020 | | | | | |
| Segment assets | 766,923 | 817,371 | 4,428,386 | 146,313 | 6,158,993 |
| Unallocated assets | | | | | 53,763,710 |
| | | | | | 59,922,703 |
| Segment liabilities | 1,692,903 | 1,804,262 | 9,775,208 | 322,971 | 13,595,344 |
| Unallocated liabilities | | | | | 7,427,966 |
| | | | | | 21,023,310 |

27. TRANSACTIONS WITH RELATED PARTIES

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

The Operator has not incurred any transactions with related parties during the period and in the prior period.

28. 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 3.1 to these condensed interim 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).


As at June 30, 2021 there were no financial assets or liabilities which can be classified under the above levels. The carrying value of financial instruments approximate their fair values.

29. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statement were authorised for issue on August 26, 2021 by the Board of Directors of the Operator.

30. GENERAL

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



Air Marshal Muhammad Arif
Pervaiz (Retd.) Chairman



Air Voice Marshal Salman Ahsan
Bukhari (Retd.) Director



Khalid Saeed Mirza
Director



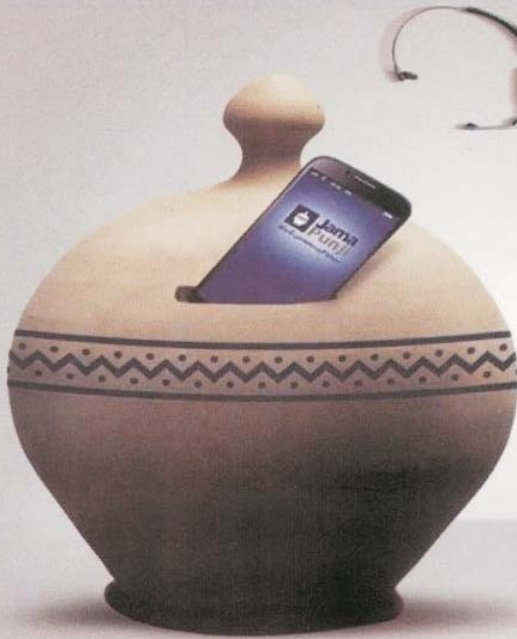
Sohail N. Kidwai
Chief Executive Officer



Nisar Ahmed Almani
Chief Financial Officer

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4. HEALTH
5. HOME & SHOP
6. AVIATION
7. ENGINEERING
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10. TRAVEL
11. PROFESSIONAL IDEMNITY
12. CASH TRANSIT/CASH IN CASH



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