

QUARTERLY REPORT

Quarter Ended March 31, 2022

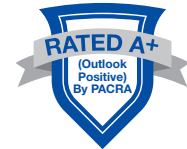


SHAHEEN INSURANCE COMPANY LIMITED
S I G N O F P R O T E C T I O N



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COMPANY INFORMATION



BOARD OF DIRECTORS

CHAIRMAN

Air Marshal Muhammad Arif Pervaiz (Retd.)

DIRECTORS

Air Vice Marshal Salman Ahsan Bokhari (Retd.)

Air Commodore Tausif Sadiq (Retd.)

Air Commodore Wasim Ahmed Khan (Retd.)

Mr. Adeel Ali

Mr. Khalid Saeed Mirza

Ms. Farrah Azeem Khan

CHIEF EXECUTIVE OFFICER

Mr. Rizwan Akhtar

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Nisar Ahmed Almani

AUDIT COMMITTEE

Ms. Farrah Azeem Khan

Air Commodore Wasim Ahmed Khan (Retd.)

Mr. Adeel Ali

Mr. Sayyam Maqsood

Chairperson

Member

Member

Secretary

INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Perviaz (Retd.)

Air Vice Marshal Salman Ahsan Bokhari (Retd.)

Mr. Adeel Ali

Mr. Khalid Saeed Mirza

Mr. Rizwan Akhtar

Mr. Nisar Ahmed Almani

Mr. Nasir Jamal

Chairman

Member

Member

Member

Chief Executive Officer

Chief Financial Officer

Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Farrah Azeem Khan

Mr. Adeel Ali

Mr. Khalid Saeed Mirza

Mr. Rizwan Akhtar

Mr. Nisar Ahmed Almani

Chairperson

Member

Member

Member

Secretary

LEGAL ADVISOR

Iftikhar Hussain Law Associates

AUDITORS

Yousuf Adil

Chartered Accountants

SHARIAH ADVISOR

Mufti Bilal Ahmed Qazi

COMPLIANCE OFFICER

Mr. Waseem Ahmed

SHARIAH COMPLIANCE OFFICER

Mr. Zafar Husnain

HEAD OF INTERNAL AUDIT (COORDINATOR)

Mr. Sayyam Maqsood

INTERNAL AUDITOR

Rizwan Ahmed & Company

Chartered Accountants

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

M/s. Corplink (Pvt.) Ltd.

Wings Arcade, 1-K, Commercial, Model Town, Lahore.

BANKS CONVENTIONAL

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Bank of Punjab

Faysal Bank Limited

JS Bank Limited

MCB Bank Limited

Soneri Bank Limited

Summit Bank Limited

BANKS TAKAFUL

Bank Islami Limited

Meezan Bank Limited



COMPANY PROFILE

Shaheen Insurance Company Ltd. (SICL) is a group company of **Shaheen Foundation, PAF** which owns major shareholding of the Company. **Shaheen Insurance** was incorporated as a Public Limited Company in 1995. The company is listed with Pakistan Stock Exchange (PSX) and also registered with the Central Depository Company of Pakistan (CDC).

Shaheen Insurance is one of the most reputable and brightest names in the insurance sector. Its sustained growth over the years has secured a prominent place among the reputed insurers of Pakistan. **SICL** is catering the insurance needs of business fraternity through its branch network spread across all major cities of Pakistan.

Shaheen Insurance is also providing Shariah Compliant Islamic covers through its **Window Takaful Operations (WTO)** under the license and guidelines of Securities and Exchange Commission of Pakistan. In order to give more strength to its WTO, Company has formed Shariah Board comprising of qualified scholars, having vast experience and knowledge about Islamic Banking & Takaful. A wide range of Shariah compliant Takaful Products are offered through WTO, serving customers from all walks of life, on a much larger scale.

The Company's financial results are consistently improving; authorized capital of the Company is Rs.1 billion, while Paid-up Capital is Rs.600 million. Shareholder's Equity as at March 31, 2022 rose to Rs.695.49 million.

Since its formation, Company has progressed smoothly and steadily. Its gross premiums stood at to Rs.69.29 million (including Takaful) for the 1Q22 and the technical reserves stood at Rs.194.53 million. The Company is on a sound footings and intends to continue enhancing its capital base in the coming years. The operations of the Company are run by a team of professionals.

In view of strong backing of sponsors, capital base, prudent underwriting, efficient claims management and consistently sound financial position of the Company, PACRA has harmonized IFS Rating of the Company to **"A+"** with **'Positive'** Outlook which denotes "Strong capacity to meet policy holders and contractual obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small."

SICL has excellent reinsurance & retakaful treaty arrangements with financially sound foreign reinsurers of outstanding repute. Besides treaty arrangements, the Company also has back to back arrangements with foreign and domestic "A" rated insurers, reinsurers and world renowned brokers for placements of large and specialized risks abroad and locally on facultative basis.

SICL underwrites all classes of general insurance & general takaful. Company is fully equipped with technical and managerial skills supported by strong reinsurance treaty arrangements for smooth operations for both traditional and specialized insurance & takaful covers.

SICL is fully geared up to take on challenges with a vision to play its role in the development of insurance industry, country's economic development and to be recognized as one of the most professional and respected insurance company of Pakistan.



OUR SERVICES

Shaheen Insurance underwrites all classes of General Insurance and enjoys excellent reputation. Apart from Conventional Insurance Shaheen Insurance has also commenced its Takaful operations in 2018.



General Insurance (Conventional)

Shaheen Insurance commenced its general insurance business in 1995 and it underwrites in all classes of traditional and non-traditional lines.

Shaheen Insurance offering a wide range of covers such as Fire & Property, Marine Cargo, Motor Vehicles (Commercial & Private), Personal Accident, Money Insurance, Burglary & Liability (Public & Product) and Workmen Compensation while non-traditional covers such as Engineering Risks (MBD, CAR, EAR), Aviation Insurance, Terrorism and Bonds are also being offered.



General Takaful (Islamic)

Takaful is an Islamic substitute of Insurance and is growing steadily. Shaheen Insurance commenced its Window Takaful Operations in April 2018 under the guidance of renowned, qualified and certified Sharia Board.

Shaheen Takaful is offering a wide range of Sharia Compliant Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private / Commercial Vehicles), Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful.



DIRECTORS' REVIEW

The Shareholders
Shaheen Insurance Company Limited,

Your Directors are pleased to present the 1st Quarter's Accounts (Un-audited) for the period ended March 31, 2022. These Accounts have been prepared according to the Insurance Rules and Accounting Regulations 2017 as prescribed by SECP.

During the period under review, your Company underwrote a Gross Premium of Rs.69.29 million (inclusive of Takaful Contribution of Rs. 4.70 million) as compared to Rs.57.90 million (inclusive of Takaful Contribution for Rs.3.10 million) of the corresponding period of last year - an increase of 19.69%.

During the period of first three months of the year 2022 the net claims reduced to Rs.11.93 million compared from Rs.19.74 million of corresponding period of last year, while investment income increased to Rs.13.08 million from Rs.11.44 million during the same period of last year. Profit from Window Takaful Operations (WTO) contributed Rs.0.57 million during the period under review

During the 1st quarter ended March 31, 2022 profit before tax rose to Rs.9.17 million against Rs.4.07 million during corresponding period of last year. The net profit after tax also grew to Rs.6.87 million during the 1st quarter of 2022 from Rs.5.80 million showing an increase of 18.85% compared with the same preceding period. Earnings Per Share (EPS) stood at Rs. 0.11 compared to Re.0.10 during the corresponding period of last year.

Conditions in the insurance industry continue to be challenging due to lower than expected GDP growth, weak law & order situation, political instability leading to formation of new interim government and continued high inflation. Besides stiff competition among insurance companies, fixing of so called 'Bank Limits' and Delisting & Non-Listings by some Banks and Financial Institutions / DFIs is not providing level playing field to all the players. This inequitable policy of the Banks & financial institutions favoring only to a few insurers while the rest of the players left deprived although they are fully operative professional insurance companies operating under the license & guidelines of SECP; have excellent treaty capacities and have strong financial position. This discriminatory scenario needs to be addressed by the relevant quarters for the larger and best interest of the insurance industry of Pakistan.

Despite all the challenges your company is taking various measures in respect of its business expansion. Your management will continue to work-hard to improve upon performance of the Company with the hope that the new Government would formulate long term & consistent policies to gain the confidence of business community and to boost economic activities. We are however optimistic that going forward, political and economic scenario would improve. We look forward with confidence in meeting the challenges and opportunities in coming period.

We thank our valued customers for their patronage & unflinching support and are also thankful to the SECP, SBP, PACRA, Reinsurers for their continued cooperation, guidance & assistance.

We also appreciate **"Team Shaheen"** for their personalized services, hard-work, dedication & commitment for the best of your Company.

For and on behalf of Board

Rizwan Akhtar
Chief Executive Officer

27th April, 2022

Air Marshal Muhammad Arif Pervaiz (Retd.)
Chairman

تمام چیلنجوں کے باوجود آپ کی کمپنی اپنے کاروبار کی توسیع کے سلسلے میں مختلف اقدامات کر رہی ہے۔ آپ کی انتظامیہ اس امید کے ساتھ کمپنی کی کارکردگی کو بہتر بنانے کے لیے سخت محنت جاری رکھے گی کہ نئی حکومت کاروباری برادری کا اعتماد حاصل کرنے اور معاشی سرگرمیوں کو فروغ دینے کے لیے طویل مدتی اور مستقل پالیسیاں بنائے گی۔ تاہم ہم پر امید ہیں کہ آگے بڑھتے ہوئے سیاسی اور معاشی حالات میں بہتری آئے گی۔ ہم آنے والے دور میں چیلنجوں اور مواقع کا مقابلہ کرنے کے لیے اعتماد کے ساتھ منتظر ہیں۔

ہم اپنے قابل قدر صارفین کی سرپرستی اور غیر متزلزل حمایت کے لیے ان کا شکریہ ادا کرتے ہیں اور مسلسل تعاون، رہنمائی اور مدد کے لیے SBP، SECP، PACRA، ری انشوررز کے بھی شکر گزار ہیں۔

ہم ’’ٹیم شاہین‘‘ کو ان کی ذاتی خدمات، محنت، لگن اور آپ کی کمپنی کے لیے بہترین عزم کے لیے بھی سراہتے ہیں۔

بورڈ کے لیے اور اس کی جانب سے



رضوان اختر
چیف ایگزیکٹو آفیسر



ایمر مارشل محمد عارف پرویز (ریٹائرڈ)
چیئرمین

27 اپریل 2022

ڈائریکٹرز کا تبصرہ

شیر ہولڈرز

شاہین انشورنس کمپنی لمیٹڈ،

ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2022 کو اختتام پذیر تین ماہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔ یہ اکاؤنٹس SECP کے تجویز کردہ انشورنس رولز اور اکاؤنٹنگ ریگولیشنز 2017 کے مطابق تیار کیے گئے ہیں۔

زیر جائزہ مدت کے دوران، آپ کی کمپنی نے اسی مدت کے 57.90 ملین روپے (3.10 ملین روپے میں تکافل شراکت سمیت) کے مقابلے میں 69.29 ملین روپے (بشمول 4.70 ملین روپے تکافل شراکت) کا مجموعی پریم لکھا۔ پچھلے سال 19.69 فیصد کا اضافہ۔

سال 2022 کے پہلے تین مہینوں کے دوران خالص دعوے گزشتہ سال کی اسی مدت کے 19.74 ملین روپے کے مقابلے میں کم ہو کر 11.93 ملین روپے ہو گئے جبکہ اسی دوران سرمایہ کاری کی آمدنی 11.44 ملین روپے سے بڑھ کر 13.08 ملین روپے ہو گئی۔ گزشتہ سال کی مدت، زیر جائزہ مدت کے دوران ونڈ و تکافل آپریشنز (WTO) سے منافع میں 57.0 ملین روپے کا تعاون ہوا۔

31 مارچ 2022 کو ختم ہونے والی پہلی سہ ماہی کے دوران ٹیکس سے پہلے کا منافع بڑھ کر 19.74 ملین روپے ہو گیا جو گزشتہ سال کی اسی مدت کے دوران 4.07 ملین روپے تھا۔ ٹیکس کے بعد کا خالص منافع بھی 2022 کی پہلی سہ ماہی کے دوران 5.80 ملین روپے سے بڑھ کر 6.87 ملین روپے تک پہنچ گیا جو اسی سابقہ مدت کے مقابلے میں 18.85 فیصد کا اضافہ ظاہر کرتا ہے۔ فی حصص آمدنی (EPS) روپے رہی 0.11، پچھلے سال کی اسی مدت کے دوران 0.10 روپے کے مقابلے میں۔

توقع سے کم جی ڈی پی نمو، امن و امان کی کمزور صورتحال، سیاسی عدم استحکام، نئی عبوری حکومت کی تشکیل اور مسلسل بلند افراط زر کی وجہ سے انشورنس انڈسٹری میں حالات بدستور چیلنجنگ ہیں۔ انشورنس کمپنیوں کے درمیان سخت مقابلے کے علاوہ، کچھ بینکوں اور مالیاتی اداروں/DFIs کی طرف سے نام نہاد بینک کی حدیں طے کرنا اور ڈی لسٹنگ اور نان لسٹنگ تمام کھلاڑیوں کو برابری کا میدان فراہم نہیں کر رہی ہے۔ بینکوں اور مالیاتی اداروں کی یہ غیر منصفانہ پالیسی صرف چند بیمہ کنندگان کے حق میں ہے جبکہ باقی کھلاڑی محروم رہ گئے حالانکہ وہ مکمل طور پر آپریٹو پروفیشنل انشورنس کمپنیاں ہیں جو ای سی پی کے لائسنس اور ہدایات کے تحت کام کر رہی ہیں۔ معاہدے کی بہترین صلاحیتوں اور مضبوط مالیاتی پوزیشن کے حامل ہیں۔ پاکستان کی انشورنس انڈسٹری کے وسیع تر اور بہترین مفاد کے لیے متعلقہ حلقوں کو اس امتیازی منظر نامے پر توجہ دینے کی ضرورت ہے۔



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT MARCH 31, 2022

| | Note | March 31, 2022 | December 31, 2021 |
|--|------|----------------------|----------------------|
| | | (Rupees) | |
| ASSETS | | | |
| Property and equipment | | 41,299,134 | 39,929,171 |
| Investment properties | | 154,950,569 | 154,950,569 |
| Investments | | | |
| Equity securities | | 68,564,115 | 67,083,272 |
| Debt securities | | 168,977,273 | 168,642,696 |
| Term deposits | | 2,779,290 | 324,039,478 |
| Loans and other receivables | 5 | 13,937,169 | 14,676,314 |
| Insurance / reinsurance receivables | 6 | 148,555,253 | 142,195,994 |
| Reinsurance recoveries against outstanding claims | | 14,947,213 | 13,936,448 |
| Salvage recoveries accrued | | 1,600,000 | 1,600,000 |
| Deferred commission expense / acquisition cost | | 18,992,465 | 15,505,767 |
| Taxation-payment less provision | | 15,350,868 | 15,383,662 |
| Prepayments | | 5,179,455 | 6,316,945 |
| Cash and bank | 7 | 404,971,045 | 72,588,456 |
| Total assets of Window Takaful Operations - Operator's Fund | | 57,450,398 | 56,895,930 |
| Total Assets | | 1,117,554,247 | 1,093,744,702 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Share capital | | 600,000,000 | 600,000,000 |
| Reserves | 8 | 33,980,400 | 32,604,759 |
| Unappropriated profit / (loss) | | 61,497,260 | 54,622,464 |
| Total Equity | | 695,477,660 | 687,227,223 |
| Liabilities | | | |
| Underwriting provisions | | | |
| Outstanding claims including IBNR | | 86,060,561 | 85,850,667 |
| Unearned premium reserve | | 106,896,661 | 98,158,900 |
| Premium deficiency reserve | | 337,245 | 337,245 |
| Unearned reinsurance commission | | 1,231,075 | 1,365,356 |
| Lease liabilities | | 23,551,923 | 26,459,898 |
| Premium received in advance | | - | - |
| Insurance/ reinsurance payables | | 69,403,863 | 64,974,861 |
| Other creditors and accruals | 9 | 127,616,599 | 122,391,892 |
| Unclaimed dividend | | 1,840,186 | 1,840,186 |
| Taxation - provision less payments | | - | - |
| Total liabilities of Window Takaful Operations - Operator's Fund | | 5,138,474 | 5,138,474 |
| Total Liabilities | | 422,076,587 | 406,517,479 |
| Total Equity and Liabilities | | 1,117,554,247 | 1,093,744,702 |

Contingencies and commitments

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF PROFIT & LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | Note | March 31, 2022 (Rupees) | March 31, 2021 |
|--|------|-------------------------------|--------------------|
| Net insurance premium | 10 | 43,885,856 | 48,226,912 |
| Net insurance claims expense | 11 | (11,933,679) | (19,741,985) |
| Net commission and other acquisition cost | 12 | (8,396,362) | (9,742,803) |
| Insurance claims and acquisition expenses | | (20,330,041) | (29,484,788) |
| Management expenses | | (31,276,445) | (26,759,090) |
| Underwriting results | | (7,720,630) | (8,016,966) |
| Investment income | 13 | 13,084,793 | 11,440,464 |
| Rental income | | 855,168 | 1,001,451 |
| Other income | | 2,938,232 | 208,169 |
| Profit before tax from window takaful operations - OPF | | 554,468 | 223,919 |
| Other expenses | | - | - |
| Results of operating activities | | 9,712,031 | 4,857,037 |
| Finance charges against lease liabilities | | (540,652) | (785,152) |
| Profit before tax | | 9,171,379 | 4,071,885 |
| Provision for taxation | | | |
| - current year | | (2,296,583) | (1,045,821) |
| - prior year | | - | 2,769,969 |
| Profit after tax | | 6,874,796 | 5,796,033 |
| Earnings per share - basic and diluted | 15 | 0.11 | 0.10 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | March 31, 2022 | March 31, 2021 |
|--|----------------------|-------------------|
| | ----- (Rupees) ----- | |
| Profit after tax for the period | 6,874,796 | 5,796,033 |
| Other comprehensive income: | | |
| Items that may be subsequently classified to profit or loss | | |
| Unrealised gain on available for sale investments | 1,375,641 | 2,030,264 |
| Total comprehensive income for the year | 8,250,437 | 7,826,297 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | March 31, 2022 | March 31, 2021 |
|---|----------------------|---------------------|
| | ----- (Rupees) ----- | |
| OPERATING ACTIVITIES | | |
| a) Underwriting activities | | |
| Premiums received | 83,355,371 | 56,754,872 |
| Reinsurance premiums paid | (29,423,467) | (3,499,631) |
| Claims paid | (20,540,179) | (47,070,180) |
| Reinsurance and other recoveries received | 7,805,629 | 13,121,099 |
| Commissions paid | (5,610,493) | (11,369,961) |
| Commissions received | 866,558 | 1,699,646 |
| Net cash generated from underwriting activities | 36,453,420 | 9,635,917 |
| b) Other operating activities | | |
| Income tax paid | (4,083,443) | (3,678,087) |
| Management and administration expenses paid | (34,433,143) | (24,110,997) |
| Net cash used in other operating activities | (38,516,585) | 27,789,084 |
| Total cash used in all operating activities | (2,063,165) | (18,153,167) |
| INVESTING ACTIVITIES | | |
| Profit / Return received | 16,543,632 | 14,563,267 |
| Rentals received | 385,000 | 1,001,451 |
| Payment for investments | (334,577) | - |
| Proceeds from investments | - | 932,000 |
| Fixed capital expenditure | (2,882,037) | (377,427) |
| Proceeds from disposal of fixed assets | 2,875,465 | - |
| Total cash generated from all investing activities | 16,587,483 | 16,119,291 |
| FINANCING ACTIVITIES | | |
| Financial charges paid | (51,150) | (5,921) |
| Lease rental paid | (3,350,766) | (3,350,766) |
| Total cash used in all financing activities | (3,401,916) | 3,356,687 |
| Net cash used in all activities | 11,122,401 | (5,390,563) |
| Cash and cash equivalents at the beginning of year | 396,627,934 | 387,305,708 |
| Cash and cash equivalents at end of the period | 407,750,335 | 381,915,145 |



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | March 31, 2022 | March 31, 2021 |
|---|----------------------|-------------------|
| | ----- (Rupees) ----- | |
| Reconciliation to condensed interim profit or loss account | | |
| Operating cash flows | (2,063,165) | (18,153,167) |
| Finance charges on right-of-use assets | (540,652) | (785,152) |
| Depreciation on fixed assets | (922,977) | (937,140) |
| Depreciation on right-of-use asset | (3,339,160) | (2,780,522) |
| Loss / gain on disposal of fixed assets | 2,875,465 | - |
| Taxes paid | 4,083,443 | 3,678,087 |
| Provision for doubtful premium due but unpaid | - | - |
| Financial charges | (51,150) | (5,921) |
| Increase / (decrease) in assets other than cash | 2,133,935 | (17,845,292) |
| (Increase) / decrease in liabilities | (6,706,388) | 29,028,440 |
| Investment and other income | 13,147,560 | 11,648,633 |
| Profit from window takaful operations - OPF | 554,468 | 223,919 |
| Provision for taxation current year | (2,296,583) | (1,045,821) |
| Provision for taxation prior year | - | (2,769,969) |
| Profit after taxation | 6,874,796 | 5,796,033 |

Definition of cash

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

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

| | March 31, 2022 | March 31, 2021 |
|---|----------------------|--------------------|
| | ----- (Rupees) ----- | |
| Cash and other equivalents | | |
| - Cash in hand | 72,073 | 27,487 |
| - Policy stamps in hand | 656,952 | 120,002 |
| | 729,025 | 147,489 |
| Current and saving accounts | | |
| - Current accounts | 330,839,070 | 4,120,464 |
| - Savings accounts | 73,402,950 | 5,959,325 |
| | 404,242,020 | 10,079,789 |
| Deposits maturing within 12 months | | |
| Term Deposit- local currency | 2,779,290 | 371,687,866 |
| | 407,750,335 | 381,915,144 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer




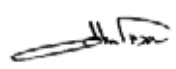
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | Attributable to equity holders of the Company | | | | |
|--|---|-------------------|---|-----------------------------------|--------------------|
| | Share capital | Revenue reserves | Unrealised (loss) / gain on available-for-sale investments | Unappropriated (loss) / profit | Total Equity |
| | (Rupees) | | | | |
| Balance as at January 1, 2021 | 600,000,000 | 20,000,000 | 12,200,104 | 23,617,540 | 655,817,644 |
| Profit for the period ended March 31, 2021 | - | - | - | 5,796,033 | 5,796,033 |
| Other comprehensive income | - | - | 2,030,264 | - | 2,030,264 |
| Total comprehensive income for the period | - | - | 2,030,264 | 5,796,033 | 7,826,297 |
| Balance as at March 31, 2021 | 600,000,000 | 20,000,000 | 14,230,368 | 29,413,573 | 663,643,941 |
| Balance as at January 1, 2022 | 600,000,000 | 20,000,000 | 12,604,759 | 54,622,464 | 687,227,223 |
| Profit for the period ended March 31, 2022 | - | - | - | 6,874,796 | 6,874,796 |
| Other comprehensive income | - | - | 1,375,641 | - | 1,375,641 |
| Total comprehensive income for the period | 600,000,000 | 20,000,000 | 13,980,400 | 61,497,260 | 695,477,660 |
| Balance as at March 31, 2022 | 600,000,000 | 20,000,000 | 13,980,400 | 61,497,260 | 695,477,659 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements


Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman


Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director


Adeel Ali
Director


Rizwan Akhtar
Chief Executive Officer


Nisar Ahmed Almani
Chief Financial Officer



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

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 listed on the Pakistan Stock Exchange and obtained 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. Its registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi. The company operates only in Pakistan through its 13 Branches. Shaheen Foundation (the parent undertaking) holds approximately 69.28% (2020: 69.28%) shares in the Company.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with the format prescribed under Insurance Rules, 2017 and these should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND COMPUTATION METHODS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2021

4. INSURANCE RISK MANAGEMENT

The insurance risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2021

March 31, 2022 December 31, 2021
—————(Rupees)—————

5. LOANS AND OTHER RECEIVABLES

Accrued investment income
Other receivables
Security deposits
Advances

| | |
|-------------------|-------------------|
| 1,440,764 | 4,899,603 |
| 217,081 | 1,029,387 |
| 12,044,141 | 8,512,141 |
| 235,183 | 235,183 |
| <u>13,937,169</u> | <u>14,676,314</u> |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | March 31, 2022 | December 31, 2021 |
|--|--------------------|----------------------|
| | (Rupees) | |
| 6. INSURANCE / REINSURANCE RECEIVABLES | | |
| unsecured, considered good | | |
| Due from insurance contract holders | 64,905,782 | 89,182,637 |
| Less: provision for impairment of receivable of insurance contract holders | (5,500,000) | (5,500,000) |
| | 59,405,782 | 83,682,637 |
| Due from other insurers / reinsurers | 93,149,471 | 62,513,357 |
| Less: provision / written off during the period from other insurers / reinsurers | (4,000,000) | (4,000,000) |
| | 89,149,471 | 58,513,357 |
| | <u>148,555,253</u> | <u>142,195,994</u> |
| 7. CASH AND BANK DEPOSITS | | |
| Cash and other equivalents | | |
| - Cash in hand | 72,073 | 31,670 |
| - Policy stamps and bond papers in hand | 656,952 | 93,768 |
| | 729,025 | 125,438 |
| Current and saving accounts | | |
| - Current accounts | 330,839,070 | 15,676,307 |
| - Saving accounts | 73,402,950 | 56,786,711 |
| | 404,242,020 | 72,463,018 |
| | <u>404,971,045</u> | <u>72,588,456</u> |
| 8. RESERVES | | |
| General reserves | 20,000,000 | 20,000,000 |
| Unrealised gain on available-for-sale investment | 13,980,399 | 12,604,759 |
| | <u>33,980,399</u> | <u>32,604,759</u> |
| 9. OTHER CREDITORS AND ACCRUALS | | |
| Agent balances | 31,202,372 | 27,684,225 |
| Accrued expenses | 11,918,811 | 13,645,788 |
| Provincial services tax | 49,338,362 | 46,606,749 |
| Withholding tax payable | 4,762,647 | 4,363,242 |
| Workers' welfare fund payable | 6,653,646 | 6,653,646 |
| Unearned rental income | 470,167 | 940,335 |
| Payable to provident fund | 468,845 | 401,553 |
| Sucurity deposit against bond issuance | 16,428,786 | 15,807,111 |
| Others | 6,372,964 | 6,829,243 |
| | <u>127,616,599</u> | <u>122,391,892</u> |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | March 31, 2022 | March 31, 2021 |
|--|-------------------|-------------------|
| | (Rupees) | |
| 10. NET INSURANCE PREMIUM | | |
| Written gross premium | 64,597,288 | 54,782,366 |
| Add: Unearned premium reserve opening | 98,158,900 | 92,605,542 |
| Less: Unearned premium reserve closing | 106,896,661 | 87,620,845 |
| Premium earned | 55,859,527 | 59,767,062 |
| Less: | | |
| Reinsurance premium ceded | 10,836,181 | 7,611,981 |
| Add: Prepaid reinsurance premium opening | 6,316,945 | 13,642,832 |
| Less: Prepaid reinsurance premium closing | 5,179,455 | 9,714,663 |
| Reinsurance expense | 11,973,671 | 11,540,150 |
| | 43,885,857 | 48,226,912 |
| 11. NET INSURANCE CLAIMS | | |
| Claim paid | 20,540,662 | 47,070,775 |
| Add: Outstanding claims including IBNR closing | 86,060,561 | 108,144,913 |
| Less: Outstanding claims including IBNR opening | 85,851,150 | 127,305,857 |
| Claim expense | 20,750,073 | 27,909,831 |
| Less: | | |
| Reinsurance and other recoveries received | 7,805,629 | 13,121,099 |
| Less: Reinsurance and other recoveries received in respect of outstanding claims opening | 15,536,448 | 17,165,400 |
| Add: Reinsurance and other recoveries received in respect of outstanding claims closing | 16,547,213 | 12,212,147 |
| Reinsurance and other recoveries revenue | 8,816,394 | 8,167,846 |
| | 11,933,679 | 19,741,985 |
| 12. NET COMMISSION EXPENSE / ACQUISITION COST | | |
| Commission paid or payable | 12,615,335 | 10,032,445 |
| Add: Deferred commission expense opening | 15,505,769 | 15,494,786 |
| Less: Deferred commission expense closing | 18,992,465 | 14,662,757 |
| Net Commission | 9,128,639 | 10,864,474 |
| Less: | | |
| Commission received or recoverable | 191,976 | 543,699 |
| Add: Unearned reinsurance commission opening | 547,994 | 2,374,550 |
| Less: Unearned reinsurance commission closing | 7,692 | 1,796,578 |
| Commission from reinsurers | 732,277 | 1,121,672 |
| | 8,396,363 | 9,742,803 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | March 31, 2022 | March 31, 2021 |
|---|-------------------|-------------------|
| | (Rupees) | |
| 13. INVESTMENT INCOME | | |
| Dividend income on investment | 147,233 | 70,084 |
| Dividend income on available for sale investments | | |
| Held-to-maturity | 8,225,296 | 7,055,812 |
| Return on other fixed income securities | 4,681,918 | 4,347,341 |
| Return on Government Securities | | |
| Unrealized gain / (loss) on revaluation of held-for-trading | 30,346 | (32,774) |
| | 13,084,793 | 11,440,464 |

14. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its employees' provident fund, key management personnel, entities with major shareholding in the Company and companies with common directors.

Transactions with related parties during the period and balances with them as at the period end are as follows:

| | March 31, 2022 | March 31, 2021 |
|---|-------------------|-------------------|
| | (Rupees) | |
| Transactions and balances with related party | | |
| Insurance premium | | |
| Balance at beginning of the period | 6,859,740 | 5,198,763 |
| Gross insurance premium written (including administrative surcharge, government levies and policies stamps) | | 5,889,899 |
| Received / Adjusted during the period | - | - |
| Balance at end of the period | 6,859,740 | 11,088,662 |
| Insurance claim expense | | |
| Outstanding claims at beginning of the period | 1,543,685 | 1,493,453 |
| Gross claim expense for the period | 1,184,598 | 2,685,334 |
| Claim paid during the period | - | (2,470,463) |
| Outstanding claims at end of the period | 2,728,283 | 1,708,324 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | March 31, 2022 | March 31, 2021 |
|--|-------------------|-------------------|
| | (Rupees) | |
| Other transactions | | |
| Rental expense | 2,657,514 | 4,291,035 |
| Advertisement expenses | - | - |
| Remuneration of key management personnel | 5,242,224 | 4,983,792 |
| Contribution to the provident fund | 179,805 | 334,697 |

| | March 31, 2022 | December 31, 2021 |
|---------------------------|-------------------|----------------------|
| | (Rupees) | |
| Other balances | | |
| Security deposits | 3,317,246 | 3,317,246 |
| Payable to Provident Fund | 468,845 | 401,553 |

- 14.1** Remuneration to the key management personnel are in accordance with the terms of their employment.
- 14.2** Contribution to the provident fund is in accordance with the Company's staff service rules.
- 14.3** Other transactions with the related parties are in accordance with the agreed terms.

| | March 31, 2022 | March 31, 2021 |
|--|-------------------|-------------------|
| | (Rupees) | |
| 15. EARNINGS / (LOSS) PER SHARE - basic and diluted | | |
| Profit after tax for the period | 6,874,796 | 5,796,033 |
| | Number of Shares | |
| Weighted average number of ordinary shares | 60,000,000 | 60,000,000 |
| Earnings per share | 0.11 | 0.10 |

16. GENERAL

- 16.1** These financial statements were authorized for issue in the Board of Directors meeting held on April 27, 2022.
- 16.2** The figures have been rounded off to the nearest rupee.

Air Marshal Muhammad Arif
Pervaz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd.) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



Window Takaful Operations Financial Statements



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

| | | Operator's Fund (OPF) | | Participants' Takaful Fund (PTF) | |
|---|----------|-----------------------|----------------------|----------------------------------|----------------------|
| | | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| | | Un-Audited | Audited | Un-Audited | Audited |
| Note | | (Rupees) | | | |
| ASSETS | | | | | |
| Qard-e-Hasna to Participants' Takaful Fund | 4 | 22,827,311 | 22,827,311 | - | - |
| Property and equipment | 5 | - | - | - | - |
| Intangible assets | 6 | - | - | - | - |
| Investments in TDRs | 7 | 27,000,000 | 27,000,000 | 20,000,000 | 20,000,000 |
| Takaful / retakaful receivables | 8 | - | - | 5,602,974 | 2,124,217 |
| Retakaful recoveries against outstanding benefits | | | | 8,094 | 8,094 |
| Receivable from OPF / PTF | 9 | 2,589,568 | 1,587,478 | - | - |
| Deferred wakala fee | | - | - | 2,979,100 | 2,291,398 |
| Deferred commission expense | | 1,301,010 | 1,031,083 | - | - |
| Advance tax | | 1,747,234 | 1,631,930 | 458,280 | 370,947 |
| Prepayments | 10 | - | - | 201,730 | 181,283 |
| Other receivable | 11 | 457,627 | 457,627 | 232,480 | 240,316 |
| Cash and bank | 12 | 2,699,667 | 2,360,501 | 1,580,701 | 1,135,234 |
| | | 35,795,106 | 34,068,619 | 31,063,359 | 26,351,489 |
| TOTAL ASSETS | | 58,622,417 | 56,895,930 | 31,063,359 | 26,351,489 |
| EQUITY AND LIABILITIES | | | | | |
| Operator's fund | | | | | |
| Statutory fund | | 50,000,000 | 50,000,000 | - | - |
| Accumulated profit / deficit | | 2,311,924 | 1,757,456 | - | - |
| | | 52,311,924 | 51,757,456 | - | - |
| Waqf / Participants' takaful fund | | | | | |
| Ceded money | | - | | 500,000 | 500,000 |
| Accumulated profit / deficit | | - | | (11,456,006) | (13,866,978) |
| | | - | | (10,956,006) | (13,366,978) |
| Qard-e-Hasna from Operator's Fund | 4 | - | - | 22,827,311 | 22,827,311 |
| LIABILITIES | | | | | |
| Underwriting provisions | | | | | |
| Outstanding claims including IBNR | | - | | 2,750,039 | 2,736,126 |
| Unearned contribution reserve | | - | | 7,563,286 | 6,133,249 |
| Unearned commission | | - | - | 19,822 | 19,712 |
| Unearned wakala fees | | 2,979,100 | 2,291,398 | - | - |
| Contribution received in advance | | - | - | 27,424 | 33,019 |
| Takaful / Retakaful payables | 13 | - | - | 5,280,949 | 5,600,678 |
| Payable to OPF / PTF | 14 | - | - | 2,589,568 | 1,587,478 |
| Other creditors and accruals | 15 | 3,211,865 | 2,727,548 | 960,967 | 780,894 |
| Provision for taxation | | 119,528 | 119,528 | | |
| | | 6,310,493 | 5,138,474 | 19,192,055 | 16,891,156 |
| TOTAL FUND AND LIABILITIES | | 58,622,417 | 56,895,930 | 31,063,359 | 26,351,489 |

Contingencies and commitments

The annexed notes from 1 to 31 form an integral part of these condensed interim financial information.

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | Note | For the period ended | |
|--|------|----------------------|-------------------|
| | | March 31, 2022 | March 31, 2021 |
| | | (Rupees) | |
| PTF revenue account | | | |
| Net Takaful contribution | 17 | 1,711,576 | 806,365 |
| Wakala expense | 18 | (1,211,641) | (878,473) |
| Net contributions revenue | | 499,935 | (72,108) |
| Retakaful rebate earned | 19 | 6,998 | - |
| Net underwriting income | | 506,933 | (72,108) |
| Net claims reported / settled - IBNR | 20 | 1,390,568 | (1,058,512) |
| Other direct expenses | 21 | (15,988) | - |
| Deficit before investment income | | 1,881,513 | (1,130,620) |
| Investment Income | 22 | 527,467 | 344,967 |
| Other income | 23 | 54,739 | 27,859 |
| Less: Modarib's share of investment income | | (52,747) | (137,987) |
| Profit for the period | | 2,410,972 | (895,781) |
| Operator's revenue account | | | |
| Wakala fee | | 1,211,641 | 878,473 |
| Commission expenses | 24 | (567,734) | (461,799) |
| Management expenses | 25 | (819,375) | (806,729) |
| | | (175,468) | (390,055) |
| Modarib's share of PTF investment income | | 52,747 | 137,987 |
| Other expenses | 26 | (91,502) | (837) |
| Investment Income | 22 | 712,080 | 465,705 |
| Other Income | 23 | 56,611 | 11,118 |
| Profit for the period | | 554,468 | 223,919 |
| Taxation | | - | - |
| (Loss) / profit after taxation | 28 | 554,468 | 223,919 |

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

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN FUND

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | Operator's Fund | | |
|---|-------------------|-----------------------------|-------------------|
| | Statutory fund | Accumulated profit / (loss) | Total |
| | (Rupees) | | |
| Balance as at January 01, 2021 | 50,000,000 | 480,666 | 50,480,666 |
| Profit / (Loss) for the period ended March 31, 2021 | - | 223,919 | 223,919 |
| Balance as at March 31, 2021 | 50,000,000 | 704,585 | 50,704,585 |
| Balance as at January 01, 2022 | 50,000,000 | 1,757,456 | 50,704,585 |
| Profit / (Loss) for the period ended March 31, 2022 | - | 554,468 | 554,468 |
| Balance as at March 31, 2022 | 50,000,000 | 2,311,924 | 51,259,053 |

| | Participants' Takaful Fund | | |
|---|----------------------------|---------------------|---------------------|
| | Statutory fund | Accumulated Deficit | Total |
| | (Rupees) | | |
| Balance as at January 01, 2021 | 500,000 | (12,081,273) | (11,581,273) |
| Profit / (Loss) for the period ended March 31, 2021 | - | (895,782) | (895,782) |
| Balance as at March 31, 2021 | 500,000 | (12,977,055) | (12,477,055) |
| Balance as at January 01, 2022 | 500,000 | (13,866,978) | (13,366,978) |
| Profit / (Loss) for the period ended March 31, 2022 | - | 2,410,972 | 2,410,972 |
| Balance as at March 31, 2022 | 500,000 | (11,456,006) | (10,956,006) |

The annexed notes from 1 to 31 form an integral part of these condensed interim financial information.

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | Operator's Fund (OPF) | | Participants' Takaful Fund (PTF) | |
|---|-----------------------|--------------------|----------------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | (Rupees) | | | |
| OPERATING ACTIVITIES | | | | |
| a) Takaful activities | | | | |
| Contribution received | - | - | 1,211,686 | 2,075,853 |
| Re-takaful contributions paid | - | - | (957,423) | (143,195) |
| Claims paid / benefits paid | - | - | (714,061) | (401,668) |
| Commissions paid | - | - | - | - |
| Re-takaful rebate / commissions received | (407,973) | (364,979) | - | - |
| Re-takaful and other recoveries received | - | - | 7,108 | - |
| Wakala fees received | - | - | 2,110,448 | - |
| Wakala fees paid | 1,637,702 | 1,500,000 | - | - |
| Modarib share received | - | - | (1,637,702) | (1,500,000) |
| Modarib share paid | - | - | - | - |
| Net cash generated from underwriting activities | 1,229,729 | 1,135,021 | 20,056 | 30,990 |
| b) Other operating activities | | | | |
| Management and other expenses paid | (1,413,214) | (1,256,776) | (36,102) | - |
| Taxes Paid | (246,040) | (70,999) | (120,690) | (53,808) |
| Net cash used in other operating activities | (1,659,254) | (1,327,775) | (156,793) | (53,808) |
| Total cash (used in) / generated from operating activities | (429,525) | (192,754) | (136,737) | (22,818) |
| INVESTING ACTIVITIES | | | | |
| Profit / return received | 768,691 | 476,824 | 582,206 | 372,825 |
| Total cash generated from investing activities | 768,691 | 476,824 | 582,206 | 372,825 |
| FINANCING ACTIVITIES | | | | |
| Grad-e-hasna received / (repaid) | - | (1,827,311) | - | 1,827,311 |
| Total cash generated from financing activities | - | (1,827,311) | - | 1,827,311 |
| Net increase in cash and cash equivalents | 339,166 | (1,543,241) | 445,469 | 2,177,318 |
| Cash and cash equivalents at the beginning of period | 29,360,501 | 30,919,797 | 21,135,234 | 20,713,560 |
| Cash and cash equivalents at end of the period | 29,699,667 | 29,376,556 | 21,580,703 | 22,890,878 |
| Reconciliation to profit and loss account | | | | |
| Operating cash flows | (429,525) | (192,754) | (136,737) | (22,818) |
| Increase in assets other than cash | 1,387,321 | 1,792,635 | 4,266,402 | 1,125,306 |
| Increase in liabilities | (1,172,019) | (1,696,050) | (2,300,899) | (2,509,082) |
| Depreciation / amortisation expense | - | (18,749) | - | - |
| Investment and other income - net | 821,438 | 476,824 | 529,459 | 372,825 |
| Mudarib fee | (52,747) | (137,987) | 52,747 | 137,987 |
| (Deficit) / profit for the period | 554,467 | 223,919 | 2,410,972 | (895,781) |

The annexed notes from 1 to 31 form an integral part of these condensed interim financial information.

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd.) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Operator Limited (the Operator) has been authorised to undertake Window Takaful Operations (WTO) on March 14, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on March 20, 2018 under the Waqf Deed with a Cede money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of PTF remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of PTF and the Operator are shown separately.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019.

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, the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

- 2.1 These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

| | March 31, 2022 | December 31, 2021 |
|---|-------------------|----------------------|
| | (Rupees) | |
| Opening balance of Qard-e-Hasna | 21,000,000 | 21,000,000 |
| Qard-e-Hasna transferred from OPF during the year | 1,827,311 | 1,827,311 |
| Qard-e-Hasna returned by PTF during the year | - | - |
| Closing balance of Qard-e-Hasna | 22,827,311 | 22,827,311 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

5. PROPERTY AND EQUIPMENT

| 2022 | | ----- Cost ----- | | | | ----- Depreciation ----- | | |
|----------------------|------------------------|------------------------|-------------------------|------------------------|---------------------------|--------------------------|--|-------------------|
| Particulars | As at January 01, 2022 | Addition / (Disposals) | As at March 31, 2022 | As at January 01, 2022 | Depreciation for the year | As at March 31, 2022 | Written down value As at March 31, 2022 | Depreciation rate |
| ----- (Rupees) ----- | | | | | | | | |
| Computer hardware | 25,000 | - | 25,000 | 25,000 | - | 25,000 | - | 33.33 |
| ----- % ----- | | | | | | | | |
| Comparative 2021 | | | | | | | | |
| Particulars | As at January 01, 2021 | Addition / (Disposals) | As at December 31, 2021 | As at January 01, 2021 | Depreciation for the year | As at December 31, 2021 | Written down value As at December 31, 2021 | Depreciation rate |
| ----- (Rupees) ----- | | | | | | | | |
| Computer hardware | 25,000 | - | 25,000 | 25,000 | - | 25,000 | - | 33.33 |
| ----- % ----- | | | | | | | | |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

6. INTANGIBLE ASSETS

| 2022 | | Depreciation | | | | |
|-------------------|------------------------|--|------------------------|---------------------------|--|-------------------|
| Particulars | Cost | | Depreciation | | Written down value As at March 31, 2022 | Depreciation rate |
| | As at January 01, 2022 | Addition / (Disposals) As at March 31, 2022 | As at January 01, 2022 | Depreciation for the year | | |
| Computer hardware | 200,000 | - | 200,000 | - | 200,000 | 33.33 |
| Comparative 2021 | | | | | | |
| Particulars | Cost | | Depreciation | | Written down value As at December 31, 2021 | Depreciation rate |
| | As at January 01, 2021 | Addition / (Disposals) As at December 31, 2021 | As at January 01, 2021 | Depreciation for the year | | |
| Computer hardware | 200,000 | - | 200,000 | - | 200,000 | 33.33 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | OPF | | PTF | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| | (Rupees) | | | |
| 7. INVESTMENT IN TDRS | | | | |
| Held to maturity | | | | |
| Deposits maturing within 12 months | <u>27,000,000</u> | <u>27,000,000</u> | <u>20,000,000</u> | <u>20,000,000</u> |

- 7.1 This includes term deposits with an Islamic Bank having maturities within 12 months (i.e. upto March 31, 2022). The rate of return on these term deposits is 7.15% (December 31, 2021 : 11.9%) per annum.

| | OPF | | PTF | |
|---|----------------|-------------------|------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| | (Rupees) | | | |
| 8. TAKAFUL / RETAKAFUL RECEIVABLES | | | | |
| Due from takaful participant holders | - | - | 1,368,218 | 789,237 |
| Due from other takaful / retakaful | - | - | 4,234,756 | 1,334,980 |
| | <u>-</u> | <u>-</u> | <u>5,602,974</u> | <u>2,124,217</u> |

9. RECEIVABLE FROM PTF

| | | | | |
|-------------|------------------|------------------|----------|----------|
| Wakala Fee | 2,098,320 | 1,148,977 | - | - |
| Modarib Fee | 491,248 | 438,501 | - | - |
| | <u>2,589,568</u> | <u>1,587,478</u> | <u>-</u> | <u>-</u> |

10. PREPAYMENTS

| | | | | |
|---------------------------|----------|----------|----------------|----------------|
| Prepaid Re-Takaful Ceeded | - | - | 201,730 | 181,283 |
| | <u>-</u> | <u>-</u> | <u>201,730</u> | <u>181,283</u> |

- 10.1 This includes tax deducted on profit on savings accounts.

| | OPF | | PTF | |
|---------------------------------|----------------|-------------------|----------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| | (Rupees) | | | |
| 11. OTHER RECEIVABLES | | | | |
| Sindh sales tax receivable | 210,928 | 210,928 | - | - |
| Accrued profit on bank deposits | 246,699 | 246,699 | 182,739 | 182,739 |
| GTS receivable claims | - | - | 9,188 | 17,024 |
| Others | - | - | 40,553 | 40,553 |
| | <u>457,627</u> | <u>457,627</u> | <u>232,480</u> | <u>240,316</u> |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | OPF | | PTF | |
|--|-------------------|----------------------|-------------------|----------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| | (Rupees) | | | |

12. CASH AND BANK

| | | | | |
|------------------|------------------|------------------|------------------|------------------|
| Savings accounts | <u>2,699,667</u> | <u>2,360,501</u> | <u>1,580,701</u> | <u>1,135,234</u> |
|------------------|------------------|------------------|------------------|------------------|

12.1 These carry mark-up at rates ranging between 3% to 5% (December 31, 2021: 3% to 5%) per annum.

| | March 31, 2022 | December 31, 2021 |
|--|-------------------|----------------------|
| | (Rupees) | |

13. TAKAFUL / RE-TAKAFUL PAYABLES

| | | |
|-----------------------------|------------------|------------------|
| Due to re-takaful operators | <u>5,280,949</u> | <u>5,600,678</u> |
|-----------------------------|------------------|------------------|

14. PAYABLE TO OPF

| | | |
|-------------|------------------|------------------|
| Wakala fee | <u>2,098,320</u> | <u>1,148,977</u> |
| Mudarib fee | <u>491,248</u> | <u>438,501</u> |
| | <u>2,589,568</u> | <u>1,587,478</u> |

| | OPF | | PTF | |
|--|-------------------|----------------------|-------------------|----------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| | (Rupees) | | | |

15. OTHER CREDITORS AND ACCRUALS

| | | | | |
|---------------------------------|------------------|------------------|----------------|----------------|
| Federal Takaful fee | - | - | <u>44,975</u> | <u>31,850</u> |
| FED payable | - | - | <u>612,839</u> | <u>425,777</u> |
| Sales tax on services | <u>80,192</u> | <u>59,791</u> | - | - |
| Commission payable | <u>1,440,657</u> | <u>1,010,969</u> | - | - |
| Auditors fee | <u>724,033</u> | <u>741,368</u> | - | - |
| Others creditors | <u>239,196</u> | <u>187,633</u> | <u>303,153</u> | <u>323,267</u> |
| Payable against common expenses | | | | |
| - Conventional | <u>727,787</u> | <u>727,787</u> | - | - |
| | <u>3,211,865</u> | <u>2,727,548</u> | <u>960,967</u> | <u>780,894</u> |

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on March 31, 2022 and 2021.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | For the Period Ended | |
|---|----------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees) | |
| 17. CONTRIBUTION EARNED | | |
| Written gross contribution | 4,696,038 | 3,095,695 |
| Add: Unearned contribution reserve opening | 6,133,249 | 4,088,524 |
| Less: Unearned contribution reserve closing | (7,563,286) | (4,660,784) |
| Contribution earned | 3,266,001 | 2,523,435 |
| Less: Re-takaful Contribution ceded | 1,574,871 | 1,573,875 |
| Add: Prepaid re-takaful contribution opening | 181,284 | 453,449 |
| Less: Prepaid re-takaful contribution closing | (201,730) | (310,254) |
| Re-takaful expense | 1,554,425 | 1,717,070 |
| Net contribution revenue | 1,711,576 | 806,365 |
| 18. WAKALA EXPENSE | | |
| Gross wakala fee | 1,899,343 | 1,152,210 |
| Add: Deferred wakala opening | 2,291,398 | 1,493,084 |
| Less: Deferred wakala closing | (2,979,100) | (1,766,821) |
| Wakala expense | 1,211,641 | 878,473 |
| 19. REBATE ON RE-TAKAFUL - PTF | | |
| Commission received or recoverable | 7,108 | - |
| Add: Unearned reinsurance commission opening | 19,712 | 32,104 |
| Less: Unearned reinsurance commission closing | (19,822) | (21,966) |
| Commission from reinsurance | 6,998 | 10,138 |
| 20. NET CLAIMS REPORTED / SETTLED - IBNR | | |
| Claims paid | 714,061 | 401,668 |
| Less: Outstanding claims including IBNR opening | (2,736,126) | (2,174,370) |
| Add: Outstanding claims including IBNR closing | 2,750,039 | 2,831,214 |
| Claims expense | 727,974 | 1,058,512 |
| Less: | | |
| Re-Takaful and Other Recoveries received | - | - |
| Less: Re-Takaful and other recoveries receivable in respect of outstanding claims closing | - | - |
| Add: Re-Takaful and other recoveries receivable in respect of outstanding claims closing | 2,118,542 | - |
| Re-Takaful and other recoveries revenue | 2,118,542 | - |
| Net Claims Expense | (1,390,568) | 1,058,512 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | For the Period Ended | |
|---------------------------|----------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees) | |
| 21. OTHER EXPENSES | | |
| Coinsurance surcharge | 8,696 | - |
| Others | 7,292 | - |
| | <u>15,988</u> | <u>-</u> |

21.1 This is the service charges deducted by reinsurers at 2.5% of gross premium revenue on policies in which the Operator is a reinsurer.

| | Operator's Fund | | Participant's Takaful Fund | |
|--|-------------------|-------------------|----------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | (Rupees) | | | |

| | | | | |
|------------------------------|----------------|----------------|----------------|----------------|
| 22. INVESTMENT INCOME | | | | |
| PROFIT ON TDR | 712,080 | 465,705 | 527,467 | 344,967 |
| | <u>712,080</u> | <u>465,705</u> | <u>527,467</u> | <u>344,967</u> |

| | | | | |
|-------------------------|---------------|---------------|---------------|---------------|
| 23. OTHER INCOME | | | | |
| Return on bank deposits | 56,611 | 7,624 | 54,739 | 27,859 |
| Others | - | 3,494 | - | - |
| | <u>56,611</u> | <u>11,118</u> | <u>54,739</u> | <u>27,859</u> |

| | For the Period Ended | |
|-----------------------------------|----------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees) | |
| 24. COMMISSION EXPENSES | | |
| Commission paid or payable | 837,661 | 517,670 |
| Add: Deferred commission opening | 1,031,083 | 744,434 |
| Less: Deferred commission closing | (1,301,010) | (790,167) |
| Commission expense | <u>567,734</u> | <u>471,937</u> |

| | | |
|--------------------------------|----------------|----------------|
| 25. MANAGEMENT EXPENSES | | |
| Salaries, wages and benefits | 526,800 | 256,800 |
| Depreciation / amortization | - | 18,749 |
| Shariah advisory fee | 283,335 | 283,335 |
| Software maintenance | - | - |
| Others | 9,240 | 6,160 |
| Common expenses - Conventional | - | 241,685 |
| | <u>819,375</u> | <u>806,729</u> |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

| | For the Period Ended | |
|--------------------------------|----------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees) | |
| 26. OTHER EXPENSES | | |
| Auditor's remuneration | 78,002 | - |
| Sharia Audit Fee | - | - |
| Printing and stationery | 13,500 | - |
| Others | - | 837 |
| Common expenses - Conventional | - | - |
| | <u>91,502</u> | <u>837</u> |

27. MODARIB'S FEE

The shareholders of the company manage the participants' investment as a Modarib and charge 10% Modarib's share of PTF investment income.

| | OPF | |
|-----------------------------------|-------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees) | |
| 28. PROVISION FOR TAXATION | | |
| Current tax for the year | - | - |

28.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the provision for taxation has been recorded under section 113 of the Income Tax Ordinance, 2001.

29. 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.

30. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorized for issue on April 27, 2022 by the Board of Directors of the company.

31. GENERAL

All amount have been rounded off to the nearest rupees.

Air Marshal Muhammad Arif
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman
Ahsan Bokhari (Retd) - Director

Adeel Ali
Director

Rizwan Akhtar
Chief Executive Officer

Nisar Ahmed Almani
Chief Financial Officer



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