

HALF YEARLY REPORT 2018



A Sign of Protection



SHAHEEN FOUNDATION
PAKISTAN AIR FORCE



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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Marshal Muhammad Jamshed Khan (Retd.)
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)
Air Commodore Zafar Yasin (Retd.)
Mr. Aamir Shahzad Mughal
Air Commodore Jamshed Iqbal (Retd.)
Air Commodore Sikandar Niaz (Retd.)
Group Captain Javed Akhtar Khan (Retd.)

AUDIT COMMITTEE

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) - Chairman
Mr. Aamir Shahzad Mughal – Member
Air Commodore Jamshed Iqbal (Retd.)- Member

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) –Chairman
Air Commodore Jamshed Iqbal (Retd.) - Member
Mr. Sohel N. Kidwai (CEO) – Member

INVESTMENT COMMITTEE

Air Marshal Muhammad Jamshed Khan (Retd.) - Chairman
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) - Member
Mr. Aamir Shahzad Mughal - Member
Air Commodore Jamshed Iqbal (Retd.) - Member
Mr. Sohel N. Kidwai (CEO) - In attendance
Mr. Nisar Ahmed Almani

CHIEF EXECUTIVE OFFICER

Mr. Sohel N. Kidwai

CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Nisar Ahmed Almani



**HEAD OF OPERATIONS UNDERWRITING,
CLAIMS AND REINSURANCE**

Mr. Zia Mehdi

COUNTRY HEAD BUSINESS

Mr. Naveed Y. Butt

LEGAL ADVISOR

Shaukat Law Associates

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants

**COORDINATOR INTERNAL CONTROLS
AND HEAD OF INTERNAL AUDIT**

Mr. Mahmood Ahmed Mirza

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

M/s. Corplink (PVT) Ltd.
Wings Arcade, 1-K, Commercial Model Town, Lahore



OFFICES

Head Office

10th Floor, Shaheen Complex
M. R. Kayani Raod, Karachi-74200
Tel # 32630370-75, 322139850-51 Fax # 32626674
E-mail: info@shaheeninsurance.com
URL: www.shaheeninsurance.com
UAN: (021) 111-765-111

Karachi

Branch Manager - Mr. M. Iftikhar Alam
10th Floor, Shaheen Complex
M.R Kayani Road, Karachi -74200
Tel # 32630370-75,32213950-51, Fax # 32626674
E-mail :iftikhar.alam@shaheeninsurance.com
Direct # 32272595

Lahore Zonal Office

Country Head Business Mr.Naveed Y. Butt
Office # 4, 6th Floor, Shaheen Complex
Opp. PTV Station 38, Abbott Road,
Lahore.
Tel # 042-36376270,36376274,36376278,36376279
Fax # 042-36376276
E-mail: lhr_zone@shaheeninsurance.com

Islamabad

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

Multan

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

Sialkot

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

Sarghoda

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

Hyderabad

Branch Manager - Gulshan Ali Ansari
Upper 2nd Floor
House # 75, Soldier Bazar, Hyderabad
Tel # (022) 2720487
Fax # (022) 2720489
E-mail: hyd@shaheeninsurance.com
UAN: (021-111-765-111)

Lahore Corporate

Branch Manager / GM Mr. Sohaib Ansar Khan
Office # 6, 6th Floor , Shaheen Complex,
Opp. PTV Station 38, Abbott Road,
Lahore.
Tel # 042-36370384, 36370741, 36370742
Fax # 042-36370385
E-mail: lhr_corporate@shaheeninsurance.com

Faisalabad

Branch Manager/ AGM Mr. Mohsin Khan
Office No2, 4th Floor, Ahmed Plaza,
Bilal Road, Civil Lines, Faisalabad
Tel. # (041) 2614112, 2621370, 2634658
Fax # (041) 2613514
Email: fsd@shaheeninsurance.com

Peshawar

Branch Manager – Mr. Amir Shahzad
Upper Basement, State Life Building
34 – The Mall, Peshawar Cantt.
Tel # (091) 5273122 Fax # (091)
E-mail: psw@shaheeninsurance.com

Gujranwala

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

Abbottabad

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

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the unaudited accounts of the company for the half year ended June 30, 2018.

The results of Insurance are summarized below;

	Rupees in Million	
	June	June
	2018	2017
Gross Premium Written	213	175
Net Insurance Premium	181	143
Underwriting Results	35	30
Investment Income	13	15
Profit before tax	26	24
Profit after tax	16	23
Earnings Per Share	0.27	0.38

Our company continued to perform strongly during the first half of 2018 compared with the same period of 2017. Gross premium written during the first half of 2018 increased by **22%** to **Rs213 Million** from Rs 175 Million during the first half of 2017. Profit before tax of the company increased by **8.33%** to **Rs 26 Million** during the period under review against Rs24 Million during the corresponding period of 2017. Profit after tax of the company registered a decrease of 30% due to higher level of taxation as the current period profits attracted normal taxation compared with turnover tax during the first half of 2017.

Investment income of company depicted a decline of Rs 2 Million mainly due to change in tax regime affecting the investment income of the company. Company is however confident that the same will recover in coming quarter besides investment of the company is expected to show upward trend during remaining months of the year as discount rate is anticipated to follow upward trajectory.

During the period under review, our Company crossed **yet another milestone as SECP has granted the license for Window Takaful Operations in March 2018**. This was due to matchless efforts by the company's staff and guidance by the Board, and the Board is abundantly convinced that this will translate into another era of growth and prosperity.

The results of Window Takaful are summarized below;

	For the period from April 1, 2018 to June 30, 2018
	Rs in Million
Gross Contribution	0.75
Net Contribution Revenue	(1.54)
Underwriting Results	(1.54)
Investment Income	1.2
Operator's Fund – Revenue Account	(0.75)
Operator's Profit	0.029



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

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

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

Sohel N. Kidwai
Chief Executive Officer

Air Marshal Muhammad Jamshed Khan
(Retd.) - Chairman

August 29, 2018

شاہین انٹرنس

ڈائریکٹرز رپورٹ برائے ممبران!

ڈائریکٹرز مسرت کے ساتھ 30 جون 2018 کو اختتام پذیر ہونے والی ششماہی کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

انٹرنس کے نتائج کا خلاصہ درج ذیل ہے:-

روپے ملین میں		
جون 2017	جون 2018	
175	213	تحریر کردہ مجموعی پریسٹیم
143	181	پریسٹیم کی صافی آمدنی
30	34	ذمہ نوبیسی کے نتائج
15	13	سرمایہ کاری کی آمدنی
24	26	منافع قبل از ٹیکس
23	16	منافع بعد از ٹیکس
0.38	0.27	آمدنی فی شیئر

2017 کی پہلی ششماہی سے موازنہ کیا جائے تو ہماری کمپنی نے 2018 کے اس عرصے میں مضبوط نمو کا مظاہرہ کیا۔ 2018 کی ششماہی میں تحریر کردہ مجموعی پریسٹیم 22 فیصد اضافے کے بعد 213 ملین روپے تک جا پہنچا جبکہ 2017 کی ششماہی میں یہ رقم 175 ملین روپے تھی۔ 30 جون 2018 کی اختتام پذیر ششماہی میں کمپنی کے ٹیکس سے قبل نفع میں 8.33 فیصد اضافہ ہو کر 26 ملین روپے تک جا پہنچا جبکہ 2017 کے اس عرصے کے دوران یہ رقم 24 ملین روپے تھی۔ کمپنی کے بعد از ٹیکس میں 30 فیصد کی گئی کیونکہ موجودہ مدت کے منافع پے نارٹل ٹیکس لگا جبکہ سال 2017 کی ششماہی میں ٹران اوور ٹیکس کے اطلاق ہوا تھا۔

کمپنی کی سرمایہ کاری کی آمدنی میں 2 ملین روپے کی کمی ٹیکس کے قواعد میں تبدیلی کی وجہ سے ہوئی۔ کمپنی کو یقین ہے کہ آنے والی سرمایہ میں یہ ریکور کرے گا جبکہ سال کے بقیہ مہینوں کے دوران اس میں اضافہ کی امید کی جاتی ہے کیونکہ ڈسکاؤنٹ کاربٹ اوپر جانے کی طرف مائل ہے گا۔

رواں مالی سال کے دوران کمپنی نے ونڈ وٹکا فل آپریشنز کا لائسنس حاصل کر کے کامیابی کا ایک اور سنگ میل عبور کیا جو کہ ممکن ہو سکا اسٹاف کی انتھک محنت اور بورڈ کی بہترین رہنمائی کی بدولت۔

ونڈ وٹکا فل آپریشنز کے نتائج کا خلاصہ درج ذیل ہے:-

روپے ملین میں		
اپریل 1، 2018 سے جون 30، 2018		
0.75		مجموعی کنٹری بیوشن
(1.54)		خالص کنٹری بیوشن
(1.54)		ذمہ نوبیسی کے نتائج
1.2		سرمایہ کاری کی آمدنی
(0.75)		آپریٹنگ ریونیو کا ڈنٹ
0.029		آپریٹنگ منافع

کمپنی کے اکثر شعبہ کاروں کی اشارے امید افزا ہیں اور امید ہے کہ کارکردگی / منافع کے یہ رجحانات معاشی سال کے باقی مہینوں میں بھی جاری رہیں گے۔

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

اسی طرح آپ کے ڈائریکٹرز سیکورٹیز اینڈ ایجوکیٹنگ کمیشن آف پاکستان، سارے گاؤں، بینکوں اور تمام اہم انٹوررز کے شکر گزار ہیں جو مسلسل کمپنی کی رہنمائی و معاونت میں مصروف عمل ہیں۔

ایبز مارشل محمد حیدر خان (ریٹائرڈ)

چیئر مین

سہیل ان کدوانی

چیف ایگزیکٹو آفیسر

29 اگست 2018ء

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, 2018 and the related condensed interim profit or loss account and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the 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 financial statements based on our review.

The figures of the condensed interim profit and loss account and other comprehensive income for the quarters ended June 30, 2017 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2018.

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.

Bases for Qualified Conclusion

Pursuant to a settlement agreement dated November 29, 2012 with First Capital Equities Limited (FCEL) and First Capital Securities Corporation Limited (FCSC) Group and Pace (Pakistan) Limited (previously, related parties of the Company), the Company acquired 4.7 million ordinary shares of FCEL at an agreed price of Rupees 40 per ordinary share. The Company has classified these shares as investments available for sale and these are carried at cost which is a non-compliance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' according to which available for sale investments should be carried on balance sheet at fair value.

We also noted that the quoted market value of these shares has declined to Rupees 8.40 per share as at June 30, 2018 which is significant (79%) decline in value for a prolonged period (for more than one year) which is an indication of impairment in available for investments in accordance with IAS 39 but the Company has not recorded objective impairment of Rupees 148.52 million on such shares in its books of account.

We further noted that the quoted market price of Rupees 8.40 per ordinary share of FCEL as at the balance sheet date is not derived by an active trading pattern (almost no transaction during the year), as its free float is not significant and equity of FCEL is Rupees 441.73 million after continuous losses. These factors indicate that the investment may be further impaired, however we were unable to determine the amount of such impairment as management has not performed any assessment of recoverability against this investment.

Qualified Conclusion

Based on our review, except for the effects of matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial 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 matter

The financial statements of the Company for the half year ended June 30, 2017 and for the year ended December 31, 2017 were reviewed and audited respectively by another firm of Chartered Accountants who expressed a qualified conclusion and a qualified opinion respectively on these financial statements.

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

**Deloitte Yousuf Adil
Chartered Accountants**

Place: Karachi

Date: August 30, 2018



SHAHEEN INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2018

		<u>June 30, 2018</u>	<u>December 31, 2017</u>
		<u>Un-audited</u>	<u>Audited</u>
			(Restated)
	Note	-----Rupees-----	
ASSETS			
Property and equipment	7	10,569,418	12,215,747
Investment property	8	31,542,516	32,450,569
Investments			
Equity securities	9.1	239,594,460	238,376,042
Debt securities	9.2	49,561,864	50,227,086
Term deposits	9.3	375,572,284	353,119,482
Loans and other receivables	10	10,699,283	11,980,633
Insurance/ reinsurance receivables	11	217,765,958	181,121,490
Reinsurance recoveries against outstanding claims		8,294,440	3,667,185
Salvage recoveries accrued		137,500	642,500
Deferred commission expense / acquisition cost		30,391,582	30,857,514
Taxation-payment less provision		8,113,921	15,847,738
Advances deposits and prepayments		32,151,406	35,698,815
Cash and bank balances	12	26,911,191	86,080,560
Total assets of takaful operations		50,000,000	-
Total Assets		1,091,305,823	1,052,285,361
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Share capital	13	600,000,000	600,000,000
Reserves	14	32,336,022	31,042,345
Unappropriated profit		16,296,864	276,925
Total Equity		648,632,886	631,319,270
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		117,688,392	114,519,530
Unearned premium reserves		153,253,808	144,520,108
Premium deficiency reserve		43,041	43,041
Unearned reinsurance commission		217,904	1,128,721
Liabilities against assets subject to finance lease		-	208,375
Premium received in advance		3,395,058	2,028,245
Insurance/ reinsurance payables		41,846,548	45,042,659
Other creditors and accruals	15	125,829,252	113,076,478
Unclaimed dividend		398,934	398,934
Total Liabilities		442,672,937	420,966,091
Total Equity and Liabilities		1,091,305,823	1,052,285,361
Contingencies and commitments	16		

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

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



SHAHEEN INSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR HALF YEAR ENDED JUNE 30, 2018

	Note	Quarter ended		Half year ended	
		June 30, 2018	June 30, 2017 (Restated)	June 30, 2018	June 30, 2017 (Restated)
-----Rupees-----					
Net insurance premium	17	85,528,091	71,964,149	181,043,733	142,679,207
Net Insurance claims	18	(26,439,318)	(22,794,614)	(50,415,607)	(50,534,834)
Net commission and other acquisition cost	19	(29,093,361)	(13,911,176)	(60,198,551)	(27,680,839)
		(55,532,679)	(36,705,790)	(110,614,158)	(78,215,673)
Management expenses		(20,154,810)	(19,168,999)	(35,874,661)	(34,431,603)
Underwriting results		9,840,602	16,089,360	34,554,914	30,031,931
Investment income	20	6,360,120	10,340,453	13,158,908	14,705,051
Rental income		847,795	801,549	1,695,607	1,603,089
Other income		376,295	5,411,540	1,569,011	5,798,885
Other expenses		(9,595,088)	(15,349,152)	(25,472,190)	(28,134,707)
Profit before tax		7,829,724	17,293,750	25,506,250	24,004,249
Provision for taxation - current		(4,183,353)	(719,641)	(9,486,311)	(1,426,792)
Profit after tax		3,646,371	16,574,109	16,019,939	22,577,457
Other comprehensive income					
Unrealised gain / (loss) on available-for-sale Investment-net		1,293,677	(1,106,063)	1,293,677	(1,106,063)
Total comprehensive income for the period		4,940,048	15,468,046	17,313,616	21,471,394
Earning per share basic and diluted		0.06	0.28	0.27	0.38

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

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



SHAHEEN INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR HALF YEAR ENDED JUNE 30, 2018

	Share Capital	General Reserves	Unrealised gain / (loss) on available-for-sale investment	Unappropriated Profit /(loss)	Total
	------(Rupees)-----				
Balance as at January 1, 2017 (as previously reported)	450,000,000	20,000,000	-	(63,596,058)	406,403,942
Effect of changes in accounting policy	-	-	11,416,072	-	11,416,072
Balance as at January 1, 2017 (restated)	450,000,000	20,000,000	11,416,072	(63,596,058)	417,820,014
Issue of shares otherwise than right issue	150,000,000	-	-	-	150,000,000
Total comprehensive income for half year ended June 30, 2017					
Profit for half year ended June 30, 2017	-	-	-	22,577,457	22,577,457
Other comprehensive income	-	-	(1,106,063)	-	(1,106,063)
Total comprehensive income for the period (restated)	-	-	(1,106,063)	22,577,457	21,471,394
Balance as at June 30, 2017 (un-audited) (restated)	600,000,000	20,000,000	10,310,009	(41,018,601)	589,291,408
Total comprehensive income for half year ended December 31, 2017					
Profit for half year ended December 31, 2017	-	-	-	41,295,526	41,295,526
Other comprehensive income	-	-	732,336	-	732,336
Total comprehensive income for the period (restated)	-	-	732,336	41,295,526	42,027,862
Balance as at December 31, 2017 (audited) (restated)	600,000,000	20,000,000	11,042,345	276,925	631,319,270
Balance as at January 1, 2018	600,000,000	20,000,000	11,042,345	276,925	631,319,270
Total comprehensive income for half year ended June 30, 2018					
Profit for half year ended June 30, 2018	-	-	-	16,019,939	16,019,939
Other comprehensive income	-	-	1,293,677	-	1,293,677
Total comprehensive income for the period	-	-	1,293,677	16,019,939	17,313,616
Balance as at June 30, 2018	600,000,000	20,000,000	12,336,022	16,296,864	648,632,886

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

Air Marshal Muhammad Jamshed Khan (Retd.) Chairman

Aamir Shahzad Mughal - Director

Nisar Ahmed Almani Chief Financial Officer

Sohel N Kidwai Chief Executive



SHAHEEN INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
	Unaudited	Unaudited
	----- Rupees -----	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	181,323,972	116,258,112
Reinsurance premiums paid	(25,108,897)	(21,245,349)
Claims paid	(53,881,571)	(54,438,773)
Reinsurance and other recoveries received	2,512,571	12,219,696
Commissions paid	(43,572,297)	(22,605,535)
Commissions received	910,817	-
Net cash flows from underwriting activities	62,184,595	30,188,151
b) Other operating activities		
Income tax paid	(1,752,494)	(2,950,696)
Management and administration expenses paid	(61,954,488)	(45,963,872)
Net cash used in other operating activities	(63,706,982)	(48,914,568)
Total cash used in operating activities	A (1,522,387)	(18,726,417)
INVESTING ACTIVITIES		
Profit / return received	14,472,898	20,524,937
Rentals received	1,695,607	1,603,089
Payments for investments	(553,196)	(16,430,600)
Fixed capital expenditure	(636,619)	(120,205)
Investment in window takaful operations	(50,000,000)	-
Proceeds from disposal of fixed assets	46,000	34,345,530
Total cash (used in) / generated from investing activities	B (34,975,310)	39,922,751
FINANCING ACTIVITIES		
Financial charges paid	(37,835)	(182,126)
Issue right shares	-	150,000,000
Payments of finance lease liability	(208,375)	(452,980)
Total cash (used in) / generated from financing activities	C (246,210)	149,364,894
Net (decrease) / increase in cash and cash equivalents	A+B+C (36,743,907)	170,561,228
Exchange gain / (loss) on cash and cash equivalents	27,340	(1,525)
Cash and cash equivalents at the beginning of year	439,200,042	218,256,073
Cash and cash equivalents at end of the period	402,483,475	388,815,776



30 June 2018 30 June 2017

----- Rupees -----

Reconciliation to profit and loss account

Operating cash flows	(1,522,387)	(18,726,417)
Exchange gain / (loss) on cash and cash equivalents	27,340	(1,525)
Depreciation on fixed assets	(2,276,213)	(2,713,382)
Depreciation on investment property	(908,053)	(919,918)
Loss / gain on disposal of fixed assets	46,000	5,217,992
Taxes paid	1,752,494	2,950,696
Financial charges	(37,835)	(182,126)
Increase / (decrease) in assets other than cash	36,156,144	64,495,732
(Increase) / decrease in liabilities	(21,706,846)	(40,926,648)
Investment and other income	14,727,919	15,285,944
Provision for Workers' Welfare Fund	(752,313)	(476,099)
Provision for tax	(9,486,311)	(1,426,792)
Profit after taxation	16,019,939	22,577,457

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 statement of cash flows consists of:

Cash and other equivalents

- Cash in hand	70,850	125,051
- Policy stamps in hand	-	-
	70,850	125,051

Current and saving accounts

- Current accounts	22,096,679	1,239,342
- Savings accounts	4,743,662	18,420,641
	26,840,341	19,659,983

Deposits maturing within 12 months

Term Deposit- local currency	375,572,284	369,030,742
	402,483,475	388,815,776

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

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



SHAHEEN INSURANCE COMPANY LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR HALF YEAR ENDED JUNE 30, 2018

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated in March 1995 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), as a Public Limited Company and obtained the certificate for commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising fire, marine, motor, aviation, engineering, transportation, health, etc. On March 14, 2018 the Company has been awarded license to commence Window Takaful Operations. The Company is listed on Pakistan Stock Exchange Limited. Its registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi. The company operates only in Pakistan through 13 Branches.

2. BASIS OF PRESENTATION

The SECP wide its S.R.O 89(1)/2017 dated February 9, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These condensed interim financial information have been prepared in accordance with the format prescribed by the SECP.

This condensed interim financial information has been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortized cost, investment 'at fair value through profit or loss- held for trading investments' are stated at fair value and certain investments classified as available-for-sale are stated at fair value.

This condensed interim financial information has been prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

Separate set of financial Information of the General Takaful operations has been annexed to these condensed interim financial information as per the requirements of the SECP Takaful Rules, 2012.

3. STATEMENT OF COMPLIANCE

The condensed interim financial information for the period ended June 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - ' Interim Financial Reporting as applicable in Pakistan, provisions and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful rules 2012. In case where requirements differ the provisions of or directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012 shall prevail.

This condensed interim financial information is unaudited but subject to limited review by the statutory auditors and is being submitted to the shareholders in accordance with the sections of the Companies Act, 2017. This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should therefore be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017.

4. SIGNIFICANT ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended December 31, 2017, except stated below:



4.1 CHANGE IN ACCOUNTING POLICY

4.1.1 Available for sale investments

During the period, the Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1) / 2017 dated February 9, 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments are taken to Other Comprehensive Income and transferred to revaluation reserves, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit or Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies.

Accordingly, retrospective adjustments have been made in these condensed interim financial statements and comparatives have been restated as follows:

	December 31, 2017 (Audited)		
	Balance previously reported	Adjustment	Balance restated
	----- Rupees-----		
Investment			
Mutual Fund	38,997,460	11,042,345	50,039,805
Reserves	20,000,000	11,042,345	31,042,345
	December 31, 2016 (Audited)		
	Balance previously reported	Adjustment	Balance restated
	----- Rupees-----		
Investment			
Mutual Fund	36,583,697	11,416,072	47,999,769
Reserves	20,000,000	11,416,072	31,416,072

4.1.2 Premium

The Insurance Accounting Regulations, 2017 remodel the recognition criteria for the premium written under a Insurance Policy. The said regulations require the Company to recognize premium receivable under a Insurance policy/cover note as written from the date of attachment of risk to the policy/cover note. Accordingly, the Company is required to account for cover notes which are effective as at balance sheet date. As per repealed SEC(Insurance) Rules, 2002, the premium was written under an insurance policy at the time of its issuance. The change is considered to be a change in accounting policy in accordance with IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of the same is not considered to be material to the condensed interim financial information and accordingly not included in the comparative restated financial information.

4.1.3 Changes in the presentation of financial statements

Following major changes have been made as prescribed by the new Insurance Rules and Regulations 2017:

- Changes in sequence of assets / liabilities in the statement of financial position;
- Discontinuation of separate statements of Premiums, Claims, Expense and Investment Income, which are now presented separately into the notes to the interim condensed financial information on aggregate basis,
- Underwriting results in relation to various classes of business which were previously presented on the face of the profit and loss account are now presented separately, (note 21); and
- Prior years figures have been reclassified/ rearranged for the purpose of comparison where necessary.



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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended December 31, 2017.

6. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial risk management and insurance risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2017.

7. ADDITIONS AND DELETIONS IN FIXED ASSETS

7.1 Details of the cost of operating assets that have been acquired and disposed of during the half year ended are as follows:

	Half year ended June 30, 2018		Half year ended June 30, 2017	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----			
	-----Un-audited-----			
Furniture, fixtures and office equipment	426,581	915,583	120,205	446,155
Computers	165,038	139,887	-	-
Motor vehicles	45,000	82,450	-	-
Capital work in progress	-	-	-	34,750,008
	636,619	1,137,920	120,205	35,196,163

8. INVESTMENT PROPERTY

Cost

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
Total cost at beginning of the period / year	50,561,734	36,796,734
Additions	-	13,765,000
Total cost at end of the period / year	50,561,734	50,561,734

Depreciation

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
Accumulated depreciation at beginning of the period / year	18,111,165	16,271,329
For the period / year	908,053	1,839,836
Accumulated depreciation at end of the period / year	19,019,218	18,111,165
Balance at end of the period / year	31,542,516	32,450,569



9. INVESTMENTS

9.1 INVESTMENTS IN EQUITY SECURITIES

	June 30, 2018			December 31, 2017		
	COST	IMPAIRMENT / PROVISION	CARRYING VALUE	COST	IMPAIRMENT / PROVISION	CARRYING VALUE
	----- Rupees -----			----- Rupees -----		
Available for sale						
Listed shares	188,000,000	-	188,000,000	188,000,000	-	188,000,000
Mutual funds	50,039,805	1,293,677	51,333,482	47,999,769	2,040,036	50,039,805
Investment at fair value through profit and loss - held for trading						
Listed shares	336,237	(75,259)	260,978	740,964	(404,727)	336,237
	238,376,042	1,218,418	239,594,460	236,740,733	1,635,309	238,376,042

9.2 INVESTMENTS IN DEBT SECURITIES

Held to maturity

Government securities	49,561,864	-	49,561,864	50,227,086	-	50,227,086
	49,561,864	-	49,561,864	50,227,086	-	50,227,086

9.3 This include term deposits with various banks having maturities within 12 months (i.e. upto August 28, 2018) The rate of return on these term deposits ranging between 4.5% to 7.0% (December 31, 2017: 5.5% to 6.45%) per annum.



	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	-----Rupees-----	
10. LOANS AND OTHER RECEIVABLES		
Loan to employees	3,000	3,000
Accrued investment income	2,581,337	3,895,327
Other receivables	8,114,946	8,082,306
	10,699,283	11,980,633

10.1 This include balance receivable of Rs. 5.6 million (December 31, 2017: 5.6 million) from Pace Pakistan Limited in respect of sale of property located at Pace Tower project, Lahore.

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	-----Rupees-----	
11. INSURANCE / REINSURANCE RECEIVABLES unsecured, considered good		
Due from insurance contract holders	241,119,664	207,736,507
less: provision for impairment	(60,479,528)	(60,479,528)
	180,640,136	147,256,979
Due from other insurers / reinsurers	37,125,822	33,864,511
	217,765,958	181,121,490

12. CASH AND BANK BALANCES

Cash and other equivalents

- Cash in hand	70,850	33,049
- Policy stamps and bond papers in hand	-	156,515
	70,850	189,564

Current and saving accounts

- Current accounts	22,096,679	10,516,989
- Saving accounts	4,743,662	75,374,007
	26,840,341	85,890,996
	26,911,191	86,080,560

12.1. These carry mark-up at rates ranging between 3% to 5.5% (2017: 3% to 5.6%) per annum.

13. SHARE CAPITAL

13.1 Authorized share capital

June 30, 2018	December 31, 2017		June 30, 2018	December 31, 2017
Number of shares			----- Rupees -----	
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000



13.2 Issued, subscribed and paid - up share capital

June 30, 2018	December 31, 2017		June 30, 2018	December 31, 2017
<i>Number of shares</i>			----- Rupees -----	
			Un-audited	Audited
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	80,000,000	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each, issued as bonus shares	120,000,000	120,000,000
10,000,000	10,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	100,000,000	100,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	150,000,000	150,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued otherwise than right issue	150,000,000	150,000,000
60,000,000	60,000,000		600,000,000	600,000,000

13.3 As at June 30, 2018, 44.066 million (December 31, 2017: 44.065 million) shares of the company are held by the associated companies / undertakings. Details of these holdings are as follows:

	June 30, 2018	December 31, 2017
	<i>Number of shares</i>	
Shaheen Foundation, Pakistan Air Force	41,565,848	41,565,422
Central Non Public Fund, Pakistan Air Force	2,500,000	2,500,000
	44,065,848	44,065,422
Percentage of shareholding by associated companies / undertakings	73.44%	73.44%

14. RESERVES

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	-----Rupees----- (restated)	
General reserves	20,000,000	20,000,000
Unrealised gain / (loss) on available-for-sale investment	12,336,022	11,042,345
	32,336,022	31,042,345

15. OTHER CREDITORS AND ACCRUALS

Agent balances	51,911,330	34,840,191
Accrued expenses	10,752,584	18,806,754
Provincial services tax	44,451,407	41,866,047
Withholding tax payable	5,834,560	4,560,337
Workers welfare fund payable	3,941,125	3,555,307
Unearned rental income	-	645,607
Payable to provident fund	240,367	102,356
Others	8,697,879	8,699,879
	125,829,252	113,076,478

16. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments as reported in the annual financial statements of the Company for the year ended December 31, 2017



	Quarter ended		Half year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	Rupees		Rupees	
17. NET INSURANCE PREMIUM				
Written gross premium	101,855,043	95,084,636	213,340,316	175,112,079
Add: Unearned premium reserve opening	148,867,920	146,259,221	144,520,108	149,407,509
Less: Unearned premium reserve closing	153,253,808	157,107,050	153,253,808	157,107,050
Premium earned	97,469,155	84,236,807	204,606,616	167,412,538
Less:				
Reinsurance premium ceded	9,590,786	9,035,500	18,651,475	18,070,999
Add: Prepaid reinsurance premium opening	21,377,959	21,595,679	23,939,089	25,020,853
Less: Prepaid reinsurance premium closing	19,027,681	18,358,521	19,027,681	18,358,521
Reinsurance expense	11,941,064	12,272,658	23,562,883	24,733,331
Net Premium	85,528,091	71,964,149	181,043,733	142,679,207
18. NET INSURANCE CLAIMS EXPENSE				
Claims paid	25,087,684	25,121,885	53,881,571	54,438,773
Add: Outstanding claims including IBNR closing	117,688,392	115,889,786	117,688,392	115,889,786
Less: Outstanding claims including IBNR opening	110,093,532	112,177,326	114,519,530	109,983,753
Claims expense	32,682,544	28,834,345	57,050,433	60,344,806
Less:				
Reinsurance and other recoveries received	1,082,571	5,571,919	2,512,571	12,219,696
Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening	3,271,285	2,871,743	4,309,685	5,749,279
Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing	8,431,940	3,339,555	8,431,940	3,339,555
Reinsurance and other recoveries revenue	6,243,226	6,039,731	6,634,826	9,809,972
Net claim	26,439,318	22,794,614	50,415,607	50,534,834
19. NET COMMISSION EXPENSE				
Commission paid or payable	29,543,253	14,562,702	60,643,436	28,251,831
Add: Deferred commission expense opening	30,397,098	24,959,730	30,857,514	25,571,859
Less: Deferred commission expense closing	30,391,582	25,110,699	30,391,582	25,110,699
Net Commission	29,548,769	14,411,733	61,109,368	28,712,991
Less:				
Commission received or recoverable	-	-	-	-
Add: Unearned reinsurance commission opening	673,312	808,928	1,128,721	1,340,523
Less: Unearned reinsurance commission closing	217,904	308,371	217,904	308,371
Commission from reinsurers	455,408	500,557	910,817	1,032,152
	29,093,361	13,911,176	60,198,551	27,680,839
20. INVESTMENT INCOME				
Dividend income on investment				
Dividend income securities held for trading	-	-	48,080	-
Dividend income on available for sale investments	-	3,157,034	-	3,157,034
Held-to-maturity				
Return on other fixed income securities	5,303,709	5,272,575	10,788,605	8,379,488
Return on Government Securities	1,131,670	1,752,896	2,397,482	2,397,811
Unrealized gain / (loss) on revaluation of held-for-trading	(75,259)	157,948	(75,259)	770,718
Total investment income	6,360,120	10,340,453	13,158,908	14,705,051



21. SEGMENT INFORMATION

21.1 Segment profit and loss

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



Prior period	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
----- Rupees -----						
Premium receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	41,444,973	9,686,925	107,283,664	11,573,768	32,554,810	202,544,140
Less: Federal excise duty	(5,273,083)	(1,025,519)	(14,250,109)	(1,155,120)	(3,977,012)	(25,680,843)
Less: Federal insurance fee	(358,139)	(85,769)	(921,123)	(103,136)	(283,051)	(1,751,218)
Gross written premium (inclusive of administrative surcharge)	35,813,751	8,575,637	92,112,432	10,315,512	28,294,747	175,112,079
Gross direct premium	35,436,000	8,326,753	89,909,118	10,305,512	27,668,555	171,645,938
Administrative surcharge	377,751	248,884	2,203,314	10,000	626,192	3,466,141
Insurance premium earned	27,308,816	7,692,275	107,957,670	5,671,958	18,781,819	167,412,538
Insurance premium ceded to reinsurers	9,306,791	2,409,531	5,078,385	-	7,938,624	24,733,331
Net Insurance premium	18,002,025	5,282,744	102,879,285	5,671,958	10,843,195	142,679,207
Commission income	667,173	-	49,869	-	315,110	1,032,152
Net underwriting income	18,669,198	5,282,744	102,929,154	5,671,958	11,158,305	143,711,359
Insurance claims	7,913,436	1,058,127	46,330,680	2,356,220	2,686,343	60,344,806
Insurance claims recovered from reinsurers	(6,620)	(99,787)	(9,697,555)	-	(6,010)	(9,809,972)
Net Claim	7,906,816	958,340	36,633,125	2,356,220	2,680,333	50,534,834
Commission expense	7,820,885	1,727,835	13,373,404	24,007	5,766,860	28,712,991
Management expense	7,041,918	1,686,194	18,111,707	2,028,299	5,563,485	34,431,603
Net insurance claims and expenses	22,769,619	4,372,369	68,118,236	4,408,526	14,010,678	113,679,428
Underwriting result	(4,100,421)	910,375	34,810,918	1,263,432	(2,852,373)	30,031,931
Net investment income						14,705,051
Rental income						1,603,089
Other income						5,798,885
Other expenses						(28,134,707)
Profit before tax						24,004,249



21.2 Segment Assets & Liabilities

June 30, 2018

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
----- Rupees -----						
SEGMENT ASSETS						
Segment assets	42,930,408	9,341,240	141,403,455	9,590,252	73,492,711	276,758,066
Unallocated corporate assets						814,547,757
Total assets						1,091,305,823
SEGMENT LIABILITIES						
Segment liabilities	50,440,224	6,606,917	201,447,304	24,383,874	37,649,073	320,527,392
Unallocated corporate liabilities						122,145,545
Total liabilities						442,672,937

Segment Assets & Liabilities

December 31, 2017

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
----- Rupees -----						
SEGMENT ASSETS						
Segment assets	83,280,889	20,846,851	480,930,458	24,557,726	113,513,434	723,129,358
Unallocated corporate assets						318,093,658
Total assets						1,041,223,016
SEGMENT LIABILITIES						
Segment liabilities	52,280,310	6,816,752	226,205,181	24,126,832	51,708,549	361,137,624
Unallocated corporate liabilities						59,828,467
Total liabilities						420,966,091



22. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise major shareholders, key management personnel, employees' provident funds and Companies with common directors. The transactions and balances with related parties, other than those disclosed elsewhere, are summarized as follows:

	June 30, 2018	December 31, 2017
	----- Rupees -----	
<i>Transactions and balances with associated companies</i>		
<i>Insurance premium</i>		
Balance at beginning of the year	49,386,641	3,402,499
Gross insurance premium written (including government levies, administrative surcharge and policy stamps)	8,239,918	75,931,760
Received / Adjusted during the year	(16,793,051)	(29,947,618)
Balance at end of the year	40,833,508	49,386,641
<i>Insurance claim expense</i>		
Outstanding claims at beginning of the year	908,673	2,958,116
Gross claim expense for the year	2,173,479	4,538,129
Claims paid during the year	(1,900,882)	(6,587,572)
Outstanding claims at end of the year	1,181,270	908,673
<i>Other balances with associated companies</i>		
Rent payable	3,961,740	6,933,051
Commission payable	14,031,814	14,031,814
Security deposits	2,517,537	2,517,537
<i>Other transactions during the year with associated companies</i>		
Rental expense	6,733,488	5,949,362
Remuneration of key management personnel	10,073,220	6,759,547
Contribution to provident fund	859,535	1,276,837
<i>Balances with other related parties (key management personnel)</i>		

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

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

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

22.4 Other transactions are at agreed terms.



23. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended		Half year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees -----		----- Rupees -----	
	-----Un-audited-----			
Profit for the period	3,646,371	16,574,109	16,019,939	22,577,457
	Number of Shares		Number of Shares	
Weighted average number of ordinary shares of Rs. 10 each	60,000,000	60,000,000	60,000,000	60,000,000
	----- Rupees -----		----- Rupees -----	
Earnings per share	0.06	0.28	0.27	0.38

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

24. GENERAL

24.1 This condensed interim financial information was approved and authorized for issue in the board of directors meeting held on August 29, 2018.

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

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



SHAHEEN INSURANCE COMPANY LIMITED WINDOW TAKAFUL OPERATIONS

**Financial Statements
For the period ended June 30, 2018**

**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, 2018 and the related condensed interim profit or loss account and other comprehensive income, condensed interim statement of funds in equity, condensed interim statement of cash flows, and notes to the 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 financial statements 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 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.

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

**Deloitte Yousuf Adil
Chartered Accountants**

Place: Karachi
Date: August 30, 2018



**SHAHEEN INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2018**

	Note	----- Unaudited -----		
		Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate
		-----Rupees-----		
ASSETS				
Computer equipment		25,000	-	25,000
Takaful / retakaful receivables		-	52,920	52,920
Wakala and mudarib fee receivable		269,160	-	269,160
Deferred wakala fee		-	229,417	229,417
Deferred commission expense		125,388	-	125,388
Deposits and other receivables		48,459	-	48,459
Cash and bank		49,997,724	1,299,243	51,296,967
TOTAL ASSETS		50,465,731	1,581,580	52,047,311
EQUITY AND LIABILITIES				
Operator's fund				
Statutory fund		50,000,000	-	50,000,000
Accumulated profit		29,490	-	29,490
		50,029,490	-	50,029,490
Waqf / participants' takaful fund				
Ceded money		-	500,000	500,000
Accumulated deficit		-	(1,583,803)	(1,583,803)
		-	(1,083,803)	(1,083,803)
LIABILITIES				
Underwriting provisions				
Unearned contribution reserve		-	644,875	644,875
Unearned wakala fees		229,417	-	229,417
Takaful / Retakaful payables		-	1,653,750	1,653,750
Other creditors and accruals	4	206,824	366,758	573,582
		436,241	2,665,383	3,101,624
TOTAL FUND AND LIABILITIES		50,465,731	1,581,580	52,047,311
Contingencies and commitments	5			

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



**SHAHEEN INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD FROM APRIL 1, 2018 TO JUNE 30, 2018**

	Note	Rupees
PTF revenue account		
Net contribution revenue	6	(1,544,060)
Wakala expense	7	(39,743)
Underwriting result		<u>(1,583,803)</u>
Loss for the period		<u><u>(1,583,803)</u></u>
Operator's revenue account		
Wakala fee		39,743
Commission expenses	8	(21,141)
Management expenses		<u>(769,802)</u>
		(751,200)
Investment income		1,238,828
General and administration expenses		(459,098)
Other Income		<u>960</u>
Profit for the period		<u><u>29,490</u></u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



**SHAHEEN INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM APRIL 1, 2018 TO JUNE 30, 2018**

Rupees

PARTICIPANTS' TAKAFUL FUND

Loss for the period	(1,583,803)
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>(1,583,803)</u>

OPERATORS' FUND

Profit for the period	29,490
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>29,490</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



**SHAHEEN INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD FROM APRIL 1, 2018 TO JUNE 30, 2018**

	Operator's Fund	Participants' Takaful Fund	Aggregate
	----- Rupees -----		
OPERATING ACTIVITIES			
a) Takaful activities			
Contribution received	-	701,645	701,645
Commissions paid	(43,680)	-	(43,680)
Net cash (used in) / generated from underwriting activities	(43,680)	701,645	657,965
b) Other operating activities			
Management, General and administration expenses paid	(1,228,900)	-	(1,228,900)
Deposits and other receivables	(48,459)	-	(48,459)
Other creditors and accruals	103,975	97,598	201,573
Net cash used in other operating activities	(1,173,384)	97,598	(1,075,786)
Total cash (used in) / generated from operating activities	A (1,217,064)	799,243	(417,821)
INVESTING ACTIVITIES			
Investment income received	1,239,788	-	1,239,788
Addition to fixed assets	(25,000)	-	(25,000)
Total cash generated from investing activities	B 1,214,788	-	1,214,788
FINANCING ACTIVITIES			
Capital injected during the period	50,000,000	-	50,000,000
Ceded money to waqf fund	-	500,000	500,000
Total cash generated from financing activities	C 50,000,000	500,000	50,500,000
Net increase in cash and cash equivalents	A+B+C 49,997,724	1,299,243	51,296,967
Cash and cash equivalents at the beginning of period	-	-	-
Cash and cash equivalents at end of the period	49,997,724	1,299,243	51,296,967
Reconciliation to profit and loss account			
Operating cash flows	(1,217,064)	799,243	(417,821)
Increase in assets other than cash	443,007	282,337	725,344
Increase in liabilities	(436,241)	(2,665,383)	(3,101,624)
Investment and other income	1,239,788	-	1,239,788
(Deficit) / profit for the period	29,490	(1,583,803)	(1,554,313)

Definition of cash

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

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

Current and other accounts

- Current accounts	49,997,724	1,299,243	51,296,967
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The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



**SHAHEEN INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF CHANGES IN FUND (UNAUDITED)
FOR THE PERIOD FROM APRIL 1, 2018 TO JUNE 30, 2018**

	Participants' Takaful Fund		
	Cede Money	Accumulated deficit	Total
	-----Rupees-----		
Balance as at April 1, 2018	-	-	-
Ceded during the year	500,000	-	500,000
Deficit for the period ended June 30, 2018	-	(1,583,803)	(1,583,803)
Balance as at June 30, 2018	500,000	(1,583,803)	(1,083,803)

	Operator's Fund		
	Statutory fund	Accumulated Profit	Total
	-----Rupees-----		
Balance as at April 1, 2018	-	-	-
Capital Injected	50,000,000	-	50,000,000
Profit for the period ended June 30, 2018	-	29,490	29,490
Balance as at June 30, 2018	50,000,000	29,490	50,029,490

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

**Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman**

**Aamir Shahzad
Mughal - Director**

**Nisar Ahmed Almani
Chief Financial Officer**

**Sohel N Kidwai
Chief Executive**



SHAHEEN INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended June 30, 2018

1. STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements. These are the first set of financial statements of Window Takaful Operations, therefore, no comparative figures have been presented.

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

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

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

The condensed interim financial information for the period ended June 30, 2018 has been prepared under historic cost basis except for the available for sale investments, that have been measured at market value. However, WTO has no available for sale investments as at reporting date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



3.1 Takaful contracts

Takaful model is based on the principles of Wakala and Waqf. Takaful contracts are centered around the concepts of Ta'awun (mutual cooperation) and Tabarru (donation) with the overall objective of compensating losses on mutual cooperation basis. For achieving the above objectives, a separate Waqf is formed which owns Participants Takaful Fund (PTF) whereby Participants' contributions, net of government taxes (if any) received from its members (participants/policyholders) are credited. The Operator donates the cede money for the formation of Waqf in its separate capacity and acts as a Wakeel (Agent) against wakala fees for the services rendered. By virtue of being PTF members, the policyholders are provided membership benefits if a specified uncertain future event related to the covered benefits occurs which adversely affect the policyholders.

The Operator underwrites non-life Takaful membership benefits that can be categorized into Fire and Property Damage, Marine, Aviation and Transport, Motor, Accident and health and Miscellaneous contracts as per Waqf Deed and Rules. PTF membership tenure may be agreed for a fixed term of one year, for less than one year. However, most of the membership tenures are for twelve months duration. Takaful contracts entered into by the Operator under which the policyholder (member) is another Takaful Operator (inwards re- Takaful) of a facultative nature are included within the individual category of Takaful membership benefits, other than those which fall under Treaty. The risk involved in these contracts is similar to the contracts undertaken by the Operator as Takaful operator.

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

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

Fire and property takaful provides coverage against damages to property caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care and major medical care including maternity care and outpatient care.

Miscellaneous takaful provides cover against health, Personal accident, burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

These membership contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the member.

3.2 Membership contribution

Members contribute in the form of donation to PTF. Once donated to PTF, members cannot claim the amount contributed. In order to determine the performance of PTF for a given time period, contribution is recognized on accrual basis.

Membership contribution net of Wakala fee under a policy is recognized over the period of Takaful coverage from the date of inception of the membership policy to which it relates to its expiry as follows:

- i) For direct contribution, evenly over the period of the policy.



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

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

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

3.3 Unexpired membership contribution related to takaful benefits

PTF membership contribution relating to the unexpired period of takaful coverage is recognized as unearned contribution. This liability of the PTF is calculated by applying the 1/24 method as specified in the Insurance Rules, 2017.

Wakala fee on the portion of membership contribution relating to the unexpired period of takaful coverage is recognized as unearned Wakala fee by the Operator. This liability of the Operator is calculated by applying the aforesaid 1/24 method.

The related deferred portion of re-takaful contribution is recognized as a prepayment calculated by using the aforesaid 1/24 method.

3.4 Receivables and payables related to takaful coverage

Receivables and payables relating to takaful coverage are recognized when due. These include contribution due but unpaid and claims payable to PTF members/policyholders. If there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that membership contribution receivable in PTF statement and reduces equivalent Wakala fee from the profit and loss account.

3.5 Re-takaful contracts held

The Operator, on behalf of PTF, enters into re-takaful arrangements in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward re-takaful contribution is accounted for in the same period as the related contribution for the direct or accepted re-takaful business being ceded to re-takaful operator.

Re-takaful coverage is recognized as per respective re-takaful arrangement in the period of coverage. The unexpired portion of re-takaful contribution is shown as prepayment in PTF accounts which is calculated in the same manner as of unearned contribution.

Re-takaful liabilities represent balances due to re-takaful companies. Amounts payable are calculated in a manner consistent with the related re-takaful arrangement. Re-takaful assets represent balances due from re-takaful companies in PTF accounts. Amounts recoverable from re-takaful operators are calculated in a manner consistent with the provision for outstanding claims or settled claims associated with the re-takaful policies and are in accordance with the related re-takaful arrangements.

Amount due from other takaful/re-takaful are carried at cost less provision for impairment, if any. If there is objective evidence that the amount due from re-takaful is impaired, the Operator reduces the carrying amount of the re-takaful receivable to its recoverable amount and recognizes that impairment loss in the PTF statement.



3.6 Claims

General takaful claims include all claims occurring during the year, whether reported or not, including both internal and external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Operator recognizes liability in respect of all claims incurred but not paid up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a PTF membership policy. The liability for claims includes amounts relating to unpaid reported claims; claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date in accordance with the advice of appointed actuary.

3.7 Re-takaful recoveries against outstanding claims

Claims recoveries receivable from re-takaful operators are recognized as an asset in PTF accounts at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

3.8 Commissions

Commission expense, deducted from Wakala fee of the Operator, and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from re-takaful operators is recognized on a quarterly basis as per terms and conditions agreed with the re-takaful operators. These are deferred and brought to account as income in accordance with the pattern of recognition of the contribution to which they relate.

3.9 Wakala & Mudarib fees

The Operator manages the PTF operations for the participants and charges a percentage of gross membership contribution including administrative surcharge as Wakala fee against the services. Wakala fee is recognized on the same basis on which the related contribution is recognized. Unexpired portion of Wakala fee is recognized as a liability of the Operator and an asset of PTF.

3.10 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.



3.11 Takaful surplus

PTF surplus, if any, is attributable to the participants, after settlement of all claims and liabilities, is calculated after charging all direct cost and setting aside various reserves.

3.12 Qard-e-hasna

Qard-e-Hasna is provided by Operator to the PTF in case of deficit to keep it solvent. Operator would recover this Qard amount without any additional profit from the PTF once PTF recovers and is in surplus.

3.13 Investment income

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

3.14 Cash and cash equivalents

Cash and cash equivalents consist of cash, cheques and stamp in hand, balances with bank, short term deposits maturing within twelve months of the year end and liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

3.15 Financial instruments

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

All the financial assets and liabilities are recognized at the time when the Operator or PTF becomes a party to the contractual provisions of the instrument and de-recognized when the Operator or PTF loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

3.16 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit and loss in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investment. Subsequently, these are recognized and classified as follows:

3.16.1 At fair value through profit or loss - held for trading

- These are classified as 'at fair value through profit or loss' if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).

- Upon initial recognition these are designated by the Operator as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. At subsequent reporting dates, these investments are measured at fair value and any gains, and losses arising from the changes in fair value are included in the profit and loss account for the period in which they arise.



3.16.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Operator has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortized cost using the effective interest method.

Gain or loss is also recognized in profit and loss account when held to maturity investments are derecognized or impaired, and through the amortization process.

3.16.3 Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit or loss.

Quoted investments are initially recognized at cost inclusive of transaction costs. Unquoted investments are recorded at cost less impairment, if any.

Changes in the fair value of financial instruments classified as available-for-sale are recognised in Other Comprehensive Income until derecognised or impaired, when the accumulated adjustments recognised in Other Comprehensive Income are included in the Income Statement. The financial instruments classified as loans and receivables are subsequently measured at amortised cost less provision for impairment, if any.

Unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

3.16.4 Impairment

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

3.16.5 De-recognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

3.17 Investment properties

Investment properties are accounted for under the cost model in accordance with IAS 40 Investment Property and S.R.O. 938 issued by the SECP on December 12, 2002.

- Land is stated at cost.

Subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as for tangible fixed assets.



3.18 Fixed assets

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

Rates of depreciation:

• Furniture and fixtures	10%
• Computer equipment	33.3%
• Office and electrical equipment	15 - 20%
• Motor vehicles	20%

Normal repairs and maintenance are charged to profit and loss account as and when incurred; major renewals and replacements are capitalized.

Gain or loss on disposal of fixed assets is taken to profit and loss account.

3.18.2 Impairment

The carrying amounts of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists,

the related assets are written down to the estimated recoverable amount and the impairment loss is

3.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

3.20 Operating segments

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000. Takaful Rules 2012 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has five primary business segments for reporting purposes namely, fire and property damage, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 5.1.



Assets, liabilities and capital expenditure that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.21 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the profit and loss account.

For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health and Personal accident takaful is calculated in accordance with the advice of actuary.

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the balance sheet date.

4. OTHER CREDITORS AND ACCRUALS

	June 30, 2018		
	OPF	PTF	Aggregate
	-----Rupees-----		
Federal insurance fee	-	7,544	7,544
FED payable	-	84,854	84,854
Sales tax on services	-	5,200	5,200
Commission payable	102,849	-	102,849
Wakala and mudarib fee payable	-	269,160	269,160
Auditors fee	-	-	-
Others	103,975	-	103,975
	<u>206,824</u>	<u>366,758</u>	<u>573,582</u>

5. CONTINGENCIES AND COMMITMENTS

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

6. NET TAKAFUL CONTRIBUTION

	For the period ended June 30, 2018 Unaudited Rupees
Written gross contribution	754,565
Add: Unearned contribution reserve opening	-
Less: Unearned contribution reserve closing	<u>(644,875)</u>
Contribution earned	109,690
Less: Re-takaful Contribution ceded	1,653,750
Add: Prepaid re-takaful contribution opening	-
Less: Prepaid re-takaful contribution closing	-
Re-takaful expense	<u>1,653,750</u>
Net contribution revenue	<u><u>(1,544,060)</u></u>



For the period
ended June 30,
2018
Unaudited
Rupees

7. **WAKALA EXPENSE**

Gross wakala fee	269,160
Add: Deferred wakala opening	-
Less: Deferred wakala closing	(229,417)
Wakala expense	<u>39,743</u>

8. **COMMISSION EXPENSE**

Commission paid or payable	146,529
Add: Deferred commission opening	-
Less: Deferred commission closing	(125,388)
Commission expense	<u>21,141</u>

9. **SEGMENT REPORTING**

For the period ended June 30, 2018

	Unaudited					Aggregate
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	
	Rupees					
Participants' Takaful Fund						
Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge)	291,282	-	590,750	-	-	882,032
Less : Federal excise duty	(39,834)	-	(80,089)	-	-	(119,923)
Less : Federal insurance fee	(2,489)	-	(5,055)	-	-	(7,544)
Gross written contribution (inclusive of Administrative Surcharges)	248,959	-	505,606	-	-	754,565
Gross contribution direct	244,959	-	489,175	-	-	734,134
Admin surcharge	4,000	-	16,431	-	-	20,431
Takaful contribution earned	31,120	-	78,570	-	-	109,690
Re-takaful expense	(724,500)	(414,000)	(360,000)	-	(155,250)	(1,653,750)
Net takaful contribution	(693,380)	(414,000)	(281,430)	-	(155,250)	(1,544,060)
Rebate earned	-	-	-	-	-	-
Operation income	(693,380)	(414,000)	(281,430)	-	(155,250)	(1,544,060)
Claim expense	-	-	-	-	-	-
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	-	-	-	-	-	-
Wakala expense	(9,186)	-	(30,557)	-	-	(39,743)
Direct expense	-	-	-	-	-	-
Net takaful claim & expense	(9,186)	-	(30,557)	-	-	(39,743)
Surplus/(deficit) before investment income	(702,566)	(414,000)	(311,987)	-	(155,250)	(1,583,803)
Net investment income						-
Deficit for the period						<u>(1,583,803)</u>
Operator's Fund						
Wakala fee income	9,186	-	30,557	-	-	39,743
Commission expense	(9,951)	-	(11,190)	-	-	(21,141)
Management expense	(218,399)	-	(551,403)	-	-	(769,802)
						<u>(751,200)</u>
Investment income						1,238,828
General and administration expenses						(459,098)
Other Income						960
Profit before taxation						<u>29,490</u>
The following presents segments assets and liabilities as at June 30, 2018						
Segment assets	207,451	-	469,434	-	-	676,885
Unallocated assets						<u>51,370,426</u>
						<u>52,047,311</u>
Segment liabilities	1,080,129	414,000	1,147,823	-	155,250	2,797,202
Unallocated liabilities						<u>304,422</u>
						<u>3,101,624</u>



10. TRANSACTIONS WITH RELATED PARTIES

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

The Company has not incurred any transactions with related parties during the period.

11. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorized for issue on August 29, 2018 by the Board of Directors of the company.

12. GENERAL

All amount have been rounded off to the nearest rupees.

Air Marshal Muhammad Jamshed
Khan (Retd.) Chairman

Aamir Shahzad
Mughal - Director

Nisar Ahmed Almani
Chief Financial Officer

Sohel N Kidwai
Chief Executive



**SHAHEEN FOUNDATION
PAKISTAN AIR FORCE**