

# THIRD QUARTERLY 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

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

Mr. Mahmood Ahmed Mirza

**HEAD OF ADMIN & HR**

Air Commodore Hussain Bux Uner (Retd.)

**COUNTRY HEAD BUSINESS**

Mr. Naveed Y. Butt

**LEGAL ADVISOR**

Shaukat Law Associates

**AUDITORS**

Deloitte Yousuf Adil  
Chartered Accountants

**REGISTERED OFFICE**

10<sup>th</sup> Floor, Shaheen Complex, M.R Kayani Road, Karachi.

**HEAD OFFICE**

10<sup>th</sup> 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

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

### Karachi

Branch Manager - Mr. M. Iftikhar Alam  
10<sup>th</sup> Floor, Shaheen Complex  
M.R Kayani Road, Karachi -74200  
Tel # 32630370-75,32213950-51, Fax # 32626674  
E-mail :[Iftikhar.alam@shaheeninsurance.com](mailto:Iftikhar.alam@shaheeninsurance.com)  
Direct # 32272595

### Lahore Zonal Office

Country Head Business Mr.Naveed Y. Butt  
Office # 4, 6<sup>th</sup> 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](mailto:lhr_zone@shaheeninsurance.com)

### Islamabad

Branch Manager – Mujahid Raza Syed  
Office # 4, 1<sup>st</sup> Floor Zaki Centre,  
I-8 Markaz Islamabad  
Tel: 051-4938283  
Fax: 051-4938284  
Email: [isb@shaheeninsurance.com](mailto: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](mailto:naeem.baig@shaheeninsurance.com)

### Hyderabad

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

### Lahore Corporate

Branch Manager / GM Mr. Sohaib Ansar Khan  
Office # 6, 6<sup>th</sup> Floor , Shaheen Complex,  
Opp. PTV Station 38, Abbott Road,  
Lahore.  
Tel # 042-36370384, 36370741, 36370742  
Fax # 042-36370385  
E-mail: [lhr\\_corporate@shaheeninsurance.com](mailto:lhr_corporate@shaheeninsurance.com)

### Faisalabad

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

**Sarghoda**

Branch Manager – Mr. Nadeem Awan  
Office # 63 1<sup>st</sup> Floor Advance Book shop  
Rehman Complex Ibne Seena Hospital Market  
Kanchi More Sarghoda Mobile# 0300-86802723  
Email: [nadeemawan1975@gmail.com](mailto:nadeemawan1975@gmail.com)

**Sahiwal**

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

**Rahim Yar Khan**

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

**Gujranwala**

Zonal Manager – Mr. Faisal Jamil  
Office # 12-B 5<sup>th</sup> Floor Bhutta Center  
Gujranwala.  
Tel # 055-4294269 - 4274269  
Email: [faisal.jamil@shaheeninsurance.com](mailto:faisal.jamil@shaheeninsurance.com)

**Abbottabad**

Branch Manager – Mr. Ejaz Raffique  
Office # 9 1<sup>st</sup> Floor Silk Plaza Supply Manshara  
Road Abbottabad. Mobile # 0301-8177155  
Email: [abt@shaheeninsurance.com](mailto:abt@shaheeninsurance.com)

**Quetta**

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



## DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the unaudited accounts of the company for the nine months ended September 30, 2018.

The results of Insurance are summarized below;

	Rupees in Million	
	September	September
	2018	2017
Gross Premium Written	386	276
Net Insurance Premium	290	215
Underwriting Results	63	51
Investment Income	22	21
Profit before tax	48	37
Profit after tax	34	35
Earnings Per Share	0.56	0.64

Our company continued to perform strongly during the nine months ended September 30, 2018 compared with the same period of 2017. Gross premium written during the period under review increased by **40% to Rs 386 Million** from Rs 276 Million during the comparable period of 2017. Profit before tax of the company increased by **30% to Rs 48 Million** during the nine months period against Rs 37 Million during the corresponding period of 2017. Profit after tax of the company registered a decrease of 3% due to higher level of taxation as the current period profits attracted normal taxation compared with turnover tax during 2017.

Investment income of company depicted an increase of 5% during the nine months ended September 30, 2018 compared with the same period of 2017 mainly due to better rates of return on liquid investments. Company is confident that investment income of the company is expected to show upward trend during remaining months of the year as discount rate is anticipated to follow upward trajectory.

To achieve growth targets and to increase customer base, Company has added three branches to its network during the period under review. In addition, the Company has also collaborated with a service provider for offering online Motor Insurance to cater to the growing demand in this segment. Above all, the Company continues to make robust and credible progress on account of enlistment and enhancing existing limits with different financial institutions to increase its business underwriting capacity. Needless to mention, company's main strength lies in timely settlement of claims.

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 September 30, 2018
	Rs in Million
Gross Contribution	5.68
Net Contribution Revenue	0.29
Underwriting Results	(0.80)
Investment Income	1.74
Operator's Fund – Revenue Account	(0.50)
Operator's Profit /Loss	(0.72)

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 Vice Marshal Syed Raziul Hassan Nawab (Retd.)**  
Director

October 26, 2018



## شاہین انشورنس

ڈائریکٹر رپورٹ برائے ممبران!

ڈائریکٹر زمرست کے ساتھ 30 ستمبر 2018 کو اختتام پذیر نو ماہ کے فیئر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

انشورنس کے نتائج کا خلاصہ درج ذیل ہے:-

روپے ملین میں		
ستمبر 2018	ستمبر 2017	
386	276	تحریر کردہ مجموعی پرمیئم
290	215	پرمیئم کی صافی آمدنی
63	51	ذمہ نویسی کے نتائج
22	21	سرمایہ کاری کی آمدنی
48	37	منافع قبل از ٹیکس
34	35	منافع بعد از ٹیکس
0.56	0.64	آمدنی فی شیئر

2017 کی آخری نو ماہ سے موازنہ کیا جائے تو ہماری کمپنی نے 2018 کے اس عرصے میں مضبوط نمو کا مظاہرہ کیا 30 ستمبر 2018 کے اختتام پذیر نو ماہ میں تحریر کردہ مجموعی پرمیئم 40 فیصد اضافے کے بعد 386 ملین روپے تک جا پہنچا جبکہ 2017 کے اس عرصے میں یہ رقم 276 ملین روپے تھی۔ اسی نو ماہ کے دوران کمپنی کے ٹیکس سے قبل نفع 30 فیصد اضافے کے ساتھ 48 ملین روپے تک جا پہنچا جبکہ 2017 کے اس عرصے کے دوران یہ رقم 37 ملین روپے تھی۔ کمپنی کے بعد از ٹیکس میں 3 فیصد کمی کی ریکارڈ کی گئی کیونکہ موجودہ مدت کے منافع پہ نارل ٹیکس لگا جبکہ 2017 کے اس عرصے میں ٹرن اوور ٹیکس کا اطلاق ہوا تھا۔

2017 کے پہلے نو ماہ سے موازنہ کیا جائے تو 30 ستمبر 2018 کو ختم ہونے والے نو ماہ میں ہماری کمپنی کی سرمایہ کاری کی آمدنی میں 5 فیصد کمی تھیں۔ بہتر شرح منافع کی وجہ سے ہوئی۔ کمپنی کو یقین ہے کہ سال کے بقیہ مہینوں کے دوران اس میں اضافے کی امید کی جاتی ہے کیونکہ ڈسکاؤنٹ کاربنٹ اوپر جانے کی طرف مائل رہے گا۔

نمو کے اہداف کے حصول اور کسٹمرز میں اضافے کے لیے کمپنی نے اس عرصے میں اپنے نیٹ ورک میں تین برانچز کا اضافہ کیا ہے۔ علاوہ از بین کمپنی نے ایک خدمات مہیا کرنے والے ادارے کے تعاون سے آن لائن موٹر انشورنس سروس کا آغاز، اس شعبے کی بڑھتی ہوئی طلب کے تحت کر دیا ہے۔ سب سے بڑھ کر یہ کہ کمپنی نے مختلف مالیاتی اداروں سے اندراج اور انشورنس حدود کو بڑھانے کے لیے مضبوط اور معتبر پیش رفت کی ہے۔ یہ ذکر کرنے کی ضرورت نہیں کہ کمپنی کی مرکزی قوت و دعوں کا بروقت تصفیہ ہے۔

رواں عرصے کے دوران کمپنی نے ونڈ وکفال آپریشنز کا لائسنس مارچ 2018 میں حاصل کر کے کامیابی کا ایک اور سنگ میل عبور کیا جو کہ اسٹاف کی انتھک محنت اور بورڈ کی بہترین رہنمائی کی بدولت ممکن ہو سکا اور بورڈ بلکل پر امید ہے کہ یہ سنگ میل کمپنی کی خوشحالی اور بڑھوتری میں اہم کردار ادا کرے گا۔

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

روپے ملین میں	
اپریل 1، 2018 سے ستمبر 30، 2018	
5.68	مجموعی کنٹری بیوٹن
0.29	خالص کنٹری بیوٹن
(0.80)	ذمہ نویسی کے نتائج
1.74	سرمایہ کاری کی آمدنی
(0.50)	آپریٹنگ ریونیو کاؤنٹ
(0.72)	آپریٹنگ منافع

کمپنی کے اکثریتی عملکاری اشارے امید افزاء 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، افسران 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 انویسٹمنٹ کمیشن آف پاکستان، سارے گاہکوں، بینکوں اور تمام ری انشوررز کے شکرگزار ہیں جو مسلسل کمپنی کی رہنمائی و معاونت میں مصروف عمل ہیں۔

ایزوائس مارشل سعید رضی الحسن نواب (ریٹائرڈ)  
ڈائریکٹر

سہیل ان کدوائی  
چیف ایگزیکٹو آفیسر  
26 اکتوبر 2018ء



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

		September 30, 2018	December 31, 2017
		Un-audited	Audited
			(Restated)
	Note	-----Rupees-----	
ASSETS			
Property and equipment		11,840,344	12,215,747
Investment property	8	31,259,612	32,450,569
Investments			
Equity securities	9.1	240,132,958	238,376,042
Debt securities	9.2	16,523,203	50,227,086
Term deposits	9.3	419,972,284	353,119,482
Loans and other receivables	10	6,995,336	11,980,633
Insurance/ reinsurance receivables	11	309,669,069	181,121,490
Reinsurance recoveries against outstanding claims		6,453,440	3,667,185
Salvage recoveries accrued		139,500	642,500
Deferred commission expense / acquisition cost		31,066,433	30,857,514
Taxation-payment less provision		4,586,632	15,847,738
Advances deposits and prepayments		32,460,464	35,698,815
Cash and bank balances	12	32,522,410	86,080,560
Total assets of takaful operations		50,000,000	-
Total Assets		1,193,621,685	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	33,008,044	31,042,345
Unappropriated profit		34,036,462	276,925
Total Equity		667,044,506	631,319,270
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		122,440,533	114,519,530
Unearned premium reserves		206,011,896	144,520,108
Premium deficiency reserve		43,041	43,041
Unearned reinsurance commission		134,382	1,128,721
Liabilities against assets subject to finance lease		-	208,375
Premium received in advance		1,187,103	2,028,245
Insurance/ reinsurance payables		36,271,193	45,042,659
Other creditors and accruals	15	160,090,097	113,076,478
Unclaimed dividend		398,934	398,934
Total Liabilities		526,577,179	420,966,091
Total Equity and Liabilities		1,193,621,685	1,052,285,361

**Contingencies and commitments**

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

Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director

Air Commodore Zafar  
Yasin (Retd.) Director

Sohel N. Kidwai  
Chief Executive

Nisar Ahmed Almani  
Chief Financial Officer



**SHAHEEN INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2018**

		Quarter ended		Nine months ended	
	Note	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
			Restated		Restated
		-----Rupees-----			
Net insurance premium	17	108,701,266	72,199,235	289,744,999	214,878,441
Net Insurance claims	18	(21,303,331)	(22,160,214)	(71,718,938)	(72,695,048)
Net commission and other acquisition cost	19	(42,190,218)	(12,384,471)	(102,388,768)	(40,065,310)
		(63,493,549)	(34,544,685)	(174,107,706)	(112,760,358)
Management expenses		(16,524,518)	(16,193,440)	(52,399,179)	(50,625,043)
Underwriting results		28,683,200	21,461,110	63,238,114	51,493,040
Investment income	20	8,986,998	6,710,044	22,145,906	21,415,095
Rental income		519,652	672,804	2,215,259	2,275,893
Other income		763,991	1,007,804	2,333,002	6,806,689
Other expenses		(15,479,868)	(17,541,497)	(41,704,371)	(45,200,106)
Profit before tax		23,473,972	12,310,265	48,227,910	36,790,611
Provision for taxation - current		(4,982,062)	(245,895)	(14,468,373)	(2,148,784)
Profit after tax		18,491,910	12,064,370	33,759,537	34,641,827
Other comprehensive income					
Unrealised gain / (loss) on available-for-sale Investment-net		672,022	(973,844)	1,965,699	(973,844)
Total comprehensive income for the period		19,163,932	11,090,526	35,725,236	33,667,983
Earning per share basic and diluted		0.30	0.20	0.56	0.58

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

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director

Air Commodore Zafar Yasin (Retd.) Director

Sohel N. Kidwai Chief Executive

Nisar Ahmed Almani Chief Financial Officer



**SHAHEEN INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Share Capital	General Reserves	Unrealised gain / (loss) on available-for-sale investment (Rupees)	Unappropriated Profit /(loss)	Total
<b>Balance as at January 1, 2017</b> (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
<b>Balance as at January 1, 2017 (restated)</b>	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
<b>Total comprehensive income for nine month period ended September 30, 2017</b>					
Profit for period ended September 30, 2017	-	-	-	34,641,827	34,641,827
Other comprehensive income	-	-	(973,844)	-	(973,844)
<b>Total comprehensive income for the period (restated)</b>	-	-	(973,844)	34,641,827	33,667,983
<b>Balance as at September 30, 2017 (un-audited)</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>10,442,228</b>	<b>(28,954,231)</b>	<b>601,487,997</b>
<b>Total comprehensive income for year ended December 31, 2017</b>					
Profit for year ended December 31, 2017	-	-	-	29,231,156	29,231,156
Other comprehensive income	-	-	600,117	-	600,117
<b>Total comprehensive income for the period</b>	-	-	600,117	29,231,156	29,831,273
<b>Balance as at December 31, 2017 (audited) (restated)</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>11,042,345</b>	<b>276,925</b>	<b>631,319,270</b>
Balance as at January 1, 2018	600,000,000	20,000,000	11,042,345	276,925	631,319,270
<b>Total comprehensive income for nine months period ended September 30, 2018</b>					
Profit for nine months ended September 30, 2018	-	-	-	33,759,537	33,759,537
Other comprehensive income / Loss	-	-	1,965,699	-	1,965,699
<b>Total comprehensive income for the period</b>	-	-	1,965,699	33,759,537	35,725,236
<b>Balance as at September 30, 2018</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>13,008,044</b>	<b>34,036,462</b>	<b>667,044,506</b>

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

Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director

Air Commodore Zafar  
Yasin (Retd.) Director

Sohel N. Kidwai  
Chief Executive

Nisar Ahmed Almani  
Chief Financial Officer



**SHAHEEN INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2018**

	30 September 2018	30 September 2017
	----- Rupees -----	
<b>OPERATING ACTIVITIES</b>		
<b>a) Underwriting activities</b>		
Premiums received	311,510,276	172,715,144
Reinsurance premiums paid	(47,772,942)	(36,397,130)
Claims paid	(77,108,761)	(76,276,990)
Reinsurance and other recoveries received	11,027,572	13,698,049
Commissions paid	(64,931,395)	(37,031,887)
Commissions received	1,098,779	1,263,532
Net cash flows from underwriting activities	133,823,529	37,970,718
<b>b) Other operating activities</b>		
Income tax paid	(3,207,267)	(4,225,094)
Management and administration expenses paid	(89,513,497)	(47,938,728)
Net cash used in other operating activities	(92,720,764)	(52,163,822)
<b>Total cash used in all operating activities</b>	<b>A 41,102,765</b>	<b>(14,193,104)</b>
<b>INVESTING ACTIVITIES</b>		
Profit / Return received	24,478,907	29,210,339
Rentals received	2,215,259	2,275,893
Payments for investments	(1,513,437)	(16,430,600)
Fixed capital expenditure	(2,999,542)	(120,205)
Investment in window takaful operations	(50,000,000)	-
Proceeds from disposal of fixed assets	91,000	34,345,530
<b>Total cash flow from all investing activities</b>	<b>B (27,727,813)</b>	<b>49,280,957</b>
<b>FINANCING ACTIVITIES</b>		
Financial charges paid	(80,300)	(289,636)
Issue right shares	-	150,000,000
Payments of finance lease liability	-	(688,551)
<b>Total cash flows from / (used in) all financing activities</b>	<b>C (80,300)</b>	<b>149,021,813</b>
<b>Net cash flow from / (used in) all activities</b>	<b>A+B+C 13,294,652</b>	<b>184,109,666</b>
Exchange loss on cash and cash equivalents	189,564	(1,525)
Cash and cash equivalents at the beginning of year	439,010,478	218,256,073
<b>Cash and cash equivalents at end of the period</b>	<b>452,494,694</b>	<b>402,364,214</b>



30 September 2018      30 September 2017  
----- Rupees -----

#### Reconciliation to profit and loss account

Operating cash flows	41,102,765	(14,193,104)
Exchange loss on cash and cash equivalents	189,564	(1,525)
Depreciation on fixed assets	(3,399,096)	(3,545,803)
Depreciation on investment property	(1,190,957)	(1,379,877)
Loss / gain on disposal of fixed assets	76,000	5,228,492
Taxes paid	3,207,267	4,225,094
Financial charges	(80,300)	(289,636)
Increase / (decrease) in assets other than cash	128,041,672	64,495,732
(Increase) / decrease in liabilities	(143,445,600)	(40,926,648)
Investment and other income	24,478,907	23,908,696
Provision for Workers' Welfare Fund	(752,313)	(730,810)
Provision for tax	(14,468,373)	(2,148,784)
<b>Profit after taxation</b>	<b>33,759,537</b>	<b>34,641,827</b>

#### 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	106,731	64,920
- Policy stamps in hand	-	-
	<u>106,731</u>	<u>64,920</u>

#### Current and saving accounts

- Current accounts	951,135	10,245,102
- Savings accounts	31,464,544	13,209,724
	<u>32,415,679</u>	<u>23,454,826</u>

#### Deposits maturing within 12 months

Term Deposit- local currency	419,972,284	378,844,468
	<u>452,494,694</u>	<u>402,364,214</u>

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

Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director

Air Commodore Zafar  
Yasin (Retd.) Director

Sohel N. Kidwai  
Chief Executive

Nisar Ahmed Almani  
Chief Financial Officer



**SHAHEEN INSURANCE COMPANY LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 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 September 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 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-----		
<b>Investment</b>			
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-----		
<b>Investment</b>			
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:

	Un-audited September 30, 2018		Un-audited September 30, 2017	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----			
	-----Un-audited-----			
Furniture, fixtures and office equipment	961,116	822,233	120,205	446,155
Computers	293,426	661,275	-	-
Motor vehicles	1,745,000	85,450	-	-
Capital work in progress	-	-	-	34,750,008
	<b>2,999,542</b>	<b>1,568,958</b>	<b>120,205</b>	<b>35,196,163</b>

## 8. INVESTMENT PROPERTY

### Cost

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	<b>50,561,734</b>	<b>50,561,734</b>

### Depreciation

Accumulated depreciation at beginning of the period / year	18,111,165	16,271,329
For the period / year	1,190,957	1,839,836
Accumulated depreciation at end of the period / year	<b>19,302,122</b>	<b>18,111,165</b>
Balance at end of the period / year	<b>31,259,612</b>	<b>32,450,569</b>



## 9. INVESTMENTS

### 9.1 INVESTMENTS IN EQUITY SECURITIES

	September 30, 2018			December 31, 2017		
	COST	IMPAIRMENT / PROVISION	CARRYING VALUE	COST	IMPAIRMENT/ PROVISION	CARRYING VALUE
	(Restated)			(Restated)		
	Rupees			Rupees		
<b>Available for sale</b>						
Listed shares	188,000,000		188,000,000	188,000,000	-	188,000,000
Mutual funds	50,039,805	1,965,699	52,005,504	47,999,769	2,040,036	50,039,805
<b>Investment at fair value through profit and loss - held for trading</b>						
Listed shares	336,237	(208,783)	127,454	740,964	(404,727)	336,237
	<b>238,376,042</b>	<b>1,756,916</b>	<b>240,132,958</b>	<b>236,740,733</b>	<b>1,635,309</b>	<b>238,376,042</b>

### 9.2 INVESTMENTS IN DEBT SECURITIES

#### Held to maturity

Government securities	16,523,203	-	16,523,203	50,227,086	-	50,227,086
	<b>16,523,203</b>	<b>-</b>	<b>16,523,203</b>	<b>50,227,086</b>	<b>-</b>	<b>50,227,086</b>

9.3 This include term deposits with various banks having maturities within 12 months. The rate of return on these term deposits ranging between 5.5% to 8% (December 31, 2017: 5.5% to 6.45% ) per annum.

# 10. LOANS AND OTHER RECEIVABLES

Loan to employees  
Accrued investment income  
Other receivables

Note

(Unaudited) September 30, 2018	(Audited) December 31, 2017
-----Rupees-----	
3,000	3,000
114,110	3,895,327
6,878,226	8,082,306
6,995,336	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.

# 11. INSURANCE / REINSURANCE RECEIVABLES unsecured, considered good

Due from insurance contract holders  
less: provision for impairment

Due from other insurers / reinsurers

Note

(Unaudited) September 30, 2018	(Audited) December 31, 2017
-----Rupees-----	
326,687,055	207,736,507
(60,479,528)	(60,479,528)
266,207,527	147,256,979
43,461,542	33,864,511
309,669,069	181,121,490

# 12. CASH AND BANK BALANCES

## Cash and other equivalents

- Cash in hand  
- Policy stamps and bond papers in hand

Current and saving accounts

- Current accounts  
- Saving accounts

12.1

106,731	33,049
-	156,515
106,731	189,564
951,135	10,516,989
31,464,544	75,374,007
32,415,679	85,890,996
32,522,410	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

September 30, 2018	December 31, 2017
Number of shares	

100,000,000 100,000,000 Ordinary shares of Rs. 10 each

(Unaudited) September 30, 2018	(Audited) December 31, 2017
----- Rupees -----	
1,000,000,000	1,000,000,000

### 13.2 Issued, subscribed and paid - up share capital

September 30, 2018	December 31, 2017		(Unaudited) September 30, 2018	(Audited) December 31, 2017
<i>Number of shares</i>			<i>Rupees</i>	
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
<b>60,000,000</b>	<b>60,000,000</b>		<b>600,000,000</b>	<b>600,000,000</b>

### 13.3 As at September 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:

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
<i>Number of shares</i>		
Shaheen Foundation, PAF	41,565,848	41,565,422
Central Non Public Fund, PAF	2,500,000	2,500,000
	<b>44,065,848</b>	<b>44,065,422</b>
Percentage of shareholding by associated companies / undertakings	<b>73.44%</b>	<b>73.44%</b>

### 14. RESERVES

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
<i>Rupees</i>		
General reserves	20,000,000	20,000,000
Unrealised gain / (loss) on available-for-sale investment	13,008,044	12,450,569
	<b>33,008,044</b>	<b>32,450,569</b>

### 15. OTHER CREDITORS AND ACCRUALS

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
<i>Rupees</i>		
Agent balances	73,605,263	34,840,191
Accrued expenses	12,307,181	18,806,754
Provincial services tax	54,233,131	41,866,047
Withholding tax payable	5,641,646	4,560,337
Workers welfare fund payable	3,941,125	3,555,307
Unearned rental income	1,033,958	645,607
Payable to provident fund	246,104	102,356
Others	9,081,689	8,699,879
	<b>160,090,097</b>	<b>113,076,478</b>

### 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 Un-audited		Nine month ended Un-audited	
	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017
	-----Rupees-----		-----Rupees-----	
<b>17. NET INSURANCE PREMIUM</b>				
Written gross premium	172,263,237	100,655,986	385,603,554	275,768,065
Add: Unearned premium reserve opening	153,253,808	157,107,051	144,520,108	149,407,509
Less: Unearned premium reserve closing	206,011,897	173,900,003	206,011,897	173,900,003
<b>Premium earned</b>	<b>119,505,148</b>	<b>83,863,034</b>	<b>324,111,765</b>	<b>251,275,571</b>
Less:				
Reinsurance premium ceded	10,752,970	13,799,698	29,404,445	31,870,697
Add: Prepaid reinsurance premium opening	19,027,680	18,358,521	23,939,088	25,020,853
Less: Prepaid reinsurance premium closing	18,976,764	20,494,420	18,976,767	20,494,420
<b>Reinsurance expense</b>	<b>10,803,886</b>	<b>11,663,799</b>	<b>34,366,766</b>	<b>36,397,130</b>
<b>Net Premium</b>	<b>108,701,262</b>	<b>72,199,235</b>	<b>289,744,999</b>	<b>214,878,441</b>
<b>18. NET INSURANCE CLAIMS EXPENSE</b>				
Claims paid	23,227,190	21,838,217	77,108,761	76,276,990
Add: Outstanding claims including IBNR closing	122,440,533	119,467,141	122,440,533	119,467,141
Less: Outstanding claims including IBNR opening	117,688,392	115,889,786	114,519,530	109,983,753
<b>Claims expense</b>	<b>27,979,331</b>	<b>25,415,572</b>	<b>85,029,764</b>	<b>85,760,378</b>
Less:				
Reinsurance and other recoveries received	8,515,000	3,222,358	11,027,572	15,442,054
Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening	8,431,940	3,339,555	4,309,685	5,749,279
Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing	6,592,939	3,372,555	6,592,939	3,372,555
<b>Reinsurance and other recoveries revenue</b>	<b>6,675,999</b>	<b>3,255,358</b>	<b>13,310,826</b>	<b>13,065,330</b>
<b>Net claim</b>	<b>21,303,332</b>	<b>22,160,214</b>	<b>71,718,938</b>	<b>72,695,048</b>
<b>19. NET COMMISSION EXPENSE</b>				
Commission paid or payable	43,053,031	37,031,887	103,696,467	8,780,056
Add: Deferred commission expense opening	30,391,582	25,571,859	30,857,513	25,110,699
Less: Deferred commission expense closing	31,066,432	20,975,529	31,066,432	20,975,529
<b>Net Commission</b>	<b>42,378,181</b>	<b>41,628,217</b>	<b>103,487,548</b>	<b>12,915,226</b>
Less:				
Commission received or recoverable	-	-	-	-
Add: Unearned reinsurance commission opening	1,316,683	3,596,986	2,227,500	2,564,834
Less: Unearned reinsurance commission closing	1,128,721	2,034,079	1,128,721	2,034,079
<b>Commission from reinsurers</b>	<b>187,962</b>	<b>1,562,907</b>	<b>1,098,779</b>	<b>530,755</b>
	<b>42,190,219</b>	<b>40,065,310</b>	<b>102,388,769</b>	<b>12,384,471</b>
<b>20. INVESTMENT INCOME</b>				
<b>Dividend income on investment</b>				
Dividend income securities held for trading	-	-	48,080	654,189
Dividend income on available for sale investments	-	-	-	3,157,034
Held-to-maturity				
Return on other fixed income securities	6,786,828	5,837,390	17,575,433	14,216,878
Return on Government Securities	273,772	989,183	2,671,254	3,386,994
Unrealized gain / (loss) on revaluation of held-for-trading	1,926,397	(116,529)	1,851,138	-
<b>Total investment income</b>	<b>8,986,998</b>	<b>6,710,044</b>	<b>22,145,906</b>	<b>21,415,095</b>



## 21. SEGMENT INFORMATION

### 21.1 Segment profit and loss

For nine month ended September 30, 2018

Current period	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
----- Rupees -----						
<b>Premium receivable ( inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)</b>	<b>56,907,392</b>	<b>13,703,241</b>	<b>233,965,504</b>	<b>12,542,302</b>	<b>126,031,660</b>	<b>443,150,099</b>
Less: Federal excise duty	(7,238,613)	(1,616,422)	(30,028,944)	-	(14,806,564)	(53,690,543)
Less: Federal insurance fee	(491,802)	(119,683)	(2,018,880)	(124,182)	(1,101,455)	(3,856,002)
<b>Gross written Premium ( inclusive of Administrative Surcharge)</b>	<b>49,176,977</b>	<b>11,967,136</b>	<b>201,917,680</b>	<b>12,418,120</b>	<b>110,123,641</b>	<b>385,603,554</b>
Gross direct premium	48,562,598	11,588,781	197,550,672	12,403,120	106,010,377	376,115,548
Administrative surcharge	614,379	378,355	4,367,008	15,000	4,113,264	9,488,006
Insurance premium earned	33,919,943	10,523,673	169,389,844	8,053,491	102,224,815	324,111,765
Insurance premium ceded to reinsurers	12,037,977	3,207,864	6,614,226	-	12,506,698	34,366,766
<b>Net Insurance premium</b>	<b>21,881,965</b>	<b>7,315,808</b>	<b>162,775,618</b>	<b>8,053,491</b>	<b>89,718,116</b>	<b>289,744,999</b>
Commission income	768,216	-	-	-	330,563	1,098,779
<b>Net underwriting income</b>	<b>22,650,181</b>	<b>7,315,808</b>	<b>162,775,618</b>	<b>8,053,491</b>	<b>90,048,679</b>	<b>290,843,778</b>
Insurance claims	2,954,182	986,954	71,254,093	4,701,848	5,132,687	85,029,764
Insurance claims recovered from reinsurance	-	38,571	12,507,000	-	765,255	13,310,826
<b>Net Claim</b>	<b>2,954,182</b>	<b>948,383</b>	<b>58,747,093</b>	<b>4,701,848</b>	<b>4,367,432</b>	<b>71,718,938</b>
Commission expense	9,758,008	2,903,537	28,208,047	151,479	62,466,477	103,487,547
Management expense	5,483,840	1,701,363	27,385,272	1,302,009	16,526,695	52,399,179
<b>Net insurance claims and expenses</b>	<b>18,196,030</b>	<b>5,553,283</b>	<b>114,340,411</b>	<b>6,155,335</b>	<b>83,360,605</b>	<b>227,605,664</b>
<b>Underwriting result</b>	<b>4,454,151</b>	<b>1,762,525</b>	<b>48,435,207</b>	<b>1,898,156</b>	<b>6,688,075</b>	<b>63,238,114</b>
Net investment income						22,145,906
Rental income						2,215,259
Other income						2,333,002
Other expenses						(41,704,371)
<b>Profit before tax</b>						<b>48,227,910</b>



# SEGMENT INFORMATION

## Segment profit and loss

For nine month ended September 30, 2018

Prior period	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
----- Rupees -----						
<b>Premium receivable ( inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)</b>	<b>45,670,785</b>	<b>12,713,716</b>	<b>193,102,218</b>	11,641,595	55,145,483	<b>318,273,797</b>
Less: Federal excise duty	(5,753,850)	(1,356,323)	(24,744,427)	(1,163,377)	(6,729,852)	(39,747,829)
Less: Federal insurance fee	(395,212)	(112,467)	(1,666,899)	(103,726)	(479,599)	(2,757,903)
<b>Gross written premium ( inclusive of administrative surcharge)</b>	<b>39,521,723</b>	<b>11,244,929</b>	<b>166,690,892</b>	<b>10,374,492</b>	<b>47,936,032</b>	<b>275,768,065</b>
Gross direct premium	39,019,698	10,906,614	163,499,444	10,364,492	46,951,725	270,741,973
Administrative surcharge	502,025	338,312	3,191,448	10,000	984,307	5,026,092
Insurance premium earned	41,090,097	10,907,889	158,744,421	5,746,242	34,786,921	251,275,570
Insurance premium ceded to reinsurers	13,895,106	3,565,884	7,429,529	-	11,506,611	36,397,129
<b>Net Insurance premium</b>	<b>27,194,991</b>	<b>7,342,005</b>	<b>151,314,892</b>	<b>5,746,242</b>	<b>23,280,310</b>	<b>214,878,441</b>
Commission income	1,069,734	-	65,423	160,646	267,104	1,562,907
<b>Net underwriting income</b>	<b>28,264,725</b>	<b>7,342,005</b>	<b>151,380,315</b>	<b>5,906,888</b>	<b>23,547,414</b>	<b>216,441,348</b>
Insurance claims	10,261,462	1,540,126	67,339,111	3,320,308	3,299,371	85,760,378
Insurance claims recovered from reinsurance	306,620	19,795	11,412,905	-	1,326,010	13,065,330
<b>Net Claim</b>	<b>9,954,842</b>	<b>1,520,331</b>	<b>55,926,206</b>	<b>3,320,308</b>	<b>1,973,361</b>	<b>72,695,048</b>
Commission expense	11,525,876	2,538,945	19,138,495	52,589	8,372,312	41,628,217
Management expense	8,278,512	2,197,363	31,982,588	1,157,708	7,008,872	50,625,043
<b>Net insurance claims and expenses</b>	<b>29,759,230</b>	<b>6,256,639</b>	<b>107,047,289</b>	<b>4,530,605</b>	<b>17,354,545</b>	<b>164,948,308</b>
<b>Underwriting result</b>	<b>(1,494,505)</b>	<b>1,085,366</b>	<b>44,333,026</b>	<b>1,376,283</b>	<b>6,192,869</b>	<b>51,493,040</b>
<b>Net investment income</b>						<b>21,415,095</b>
<b>Rental income</b>						<b>2,275,893</b>
<b>Other income</b>						<b>6,806,689</b>
<b>Other expenses</b>						<b>(45,200,106)</b>
<b>Profit before tax</b>						<b>36,790,611</b>





## 21.2 Segment Assets & Liabilities

Un-audited  
September 30, 2018

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
----- Rupees -----						
<b>SEGMENT ASSETS</b>						
Segment assets	56,811,645	24,480,515	237,973,873	113,873,571	45,434,096	478,573,700
Unallocated corporate assets						715,047,985
Total assets						1,193,621,685
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	43,171,023	18,602,681	184,009,270	86,532,234	34,525,253	366,840,461
Unallocated corporate liabilities						159,736,718
Total liabilities						526,577,179

## Segment Assets & Liabilities

Audited  
December 31, 2017

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
----- Rupees -----						
<b>SEGMENT ASSETS</b>						
Segment assets	83,280,889	20,846,851	480,930,458	24,557,726	113,513,434	723,129,358
Unallocated corporate assets						329,156,003
Total assets						1,052,285,361
<b>SEGMENT LIABILITIES</b>						
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:

	(Unaudited) September 30, 2018	(Audited) 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)	74,655,867	75,931,760
Received / Adjusted during the year	(27,796,272)	(29,947,618)
Balance at end of the year	96,246,236	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	2,602,915	4,538,129
Claims paid during the year	(2,634,544)	(6,587,572)
Outstanding claims at end of the year	877,044	908,673
<i>Other balances with associated companies</i>		
Rent payable	5,546,436	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	9,552,465	5,949,362
Remuneration of key management personnel	15,168,953	6,759,547
Contribution to provident fund	1,348,597	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		Nine months ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
	----- Rupees -----		----- Rupees -----	
	-----Un-audited-----			
Profit for the period	<u>23,473,972</u>	<u>12,064,370</u>	<u>33,759,537</u>	<u>34,641,827</u>
	Number of Shares		Number of Shares	
Weighted average number of ordinary shares of Rs. 10 each	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>
	----- Rupees -----		----- Rupees -----	
Earnings per share	<u>0.39</u>	<u>0.20</u>	<u>0.56</u>	<u>0.58</u>

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 October 26, 2018 .

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

Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director

Air Commodore Zafar  
Yasin (Retd.) Director

Sohel N. Kidwai  
Chief Executive

Nisar Ahmed Almani  
Chief Financial



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

	----- Unaudited -----		
	Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate
Note	-----Rupees-----		
<b>ASSETS</b>			
Computer equipment	25,000	-	25,000
Takaful / retakaful receivables	-	3,902,183	3,902,183
Wakala and mudarib fee receivable	1,102,914	-	1,102,914
Deferred wakala fee	-	658,266	658,266
Deferred commission expense	825,651	-	825,651
Deposits and other receivables	185,187	-	185,187
Prepayments	-	550,000	550,000
Cash and bank	48,986,566	2,758,590	51,745,156
<b>TOTAL ASSETS</b>	<b>51,125,318</b>	<b>7,869,039</b>	<b>58,994,357</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Operator's fund</b>			
Statutory fund	50,000,000	-	50,000,000
Accumulated profit	(719,057)	-	(719,057)
	49,280,943	-	49,280,943
<b>Waqf / participants' takaful fund</b>			
Ceded money	-	500,000	500,000
Accumulated deficit	-	(800,227)	(800,227)
	-	(300,227)	(300,227)
<b>LIABILITIES</b>			
<b>Underwriting provisions</b>			
Provision for claim-direct	-	877,100	877,100
Unearned contribution reserve	-	4,151,130	4,151,130
Unearned wakala fees	658,266	-	658,266
Takaful / Retakaful payables	-	2,749,455	2,749,455
Other creditors and accruals	4 1,186,109	391,581	1,577,690
	1,844,375	8,169,266	10,013,641
<b>TOTAL FUND AND LIABILITIES</b>	<b>51,125,318</b>	<b>7,869,039</b>	<b>58,994,357</b>
<b>Contingencies and commitments</b>	5		

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

Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director

Air Commodore Zafar  
Yasin (Retd.) Director

Sohel N. Kidwai  
Chief Executive

Nisar Ahmed Almani  
Chief Financial Officer



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

	Note	Rupees
<b>PTF revenue account</b>		
Net contribution revenue	6	292,104
Wakala expense	7	(215,231)
Net insurance claims	9	(877,100)
<b>Underwriting result</b>		<b>(800,227)</b>
Profit / Loss for the period		<b>(800,227)</b>
<b>Operator's revenue account</b>		
Wakala fee	7	215,231
Commission expenses	8	(332,038)
Management expenses		(973,802)
		<b>(1,090,609)</b>
Investment income		1,748,135
General and administration expenses		(1,377,658)
Other Income		1,075
Profit / Loss for the period		<b>(719,057)</b>

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

Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director

Air Commodore Zafar  
Yasin (Retd.) Director

Sohel N. Kidwai  
Chief Executive

Nisar Ahmed Almani  
Chief Financial Officer



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

	Rupees
<b>PARTICIPANTS' TAKAFUL FUND</b>	
Loss for the period	(800,227)
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>(800,227)</u>
<b>OPERATORS' FUND</b>	
Profit for the period	(733,241)
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>(733,241)</u>

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

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**Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director**

\_\_\_\_\_  
**Air Commodore Zafar  
Yasin (Retd.) Director**

\_\_\_\_\_  
**Sohel N. Kidwai  
Chief Executive**

\_\_\_\_\_  
**Nisar Ahmed Almani  
Chief Financial Officer**



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

	Operator's Fund	Participants' Takaful Fund	Aggregate
	----- Rupees -----		
<b>OPERATING ACTIVITIES</b>			
<b>a) Takaful activities</b>			
Contribution received	-	1,781,926	1,781,926
Commissions paid	25,380	-	25,380
Net cash (used in) / generated from underwriting activities	25,380	1,781,926	1,807,306
<b>b) Other operating activities</b>			
Management, General and administration expenses paid	(1,867,560)	-	(1,867,560)
Deposits and other receivables	(185,187)	-	(185,187)
Other creditors and accruals	3,040	261,431	264,471
Net cash used in other operating activities	(2,049,707)	261,431	(1,788,276)
<b>Total cash (used in) / generated from operating activities</b>	<b>A (2,024,327)</b>	<b>2,043,357</b>	<b>19,030</b>
<b>INVESTING ACTIVITIES</b>			
Investment income received	1,251,126	-	1,251,126
Addition to fixed assets	(25,000)	-	(25,000)
<b>Total cash generated from investing activities</b>	<b>B 1,226,126</b>	<b>-</b>	<b>1,226,126</b>
<b>FINANCING ACTIVITIES</b>			
Capital injected during the period	50,000,000	-	50,000,000
Ceded money to waqf fund	-	500,000	500,000
<b>Total cash generated from financing activities</b>	<b>C 50,000,000</b>	<b>500,000</b>	<b>50,500,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>A+B+C 49,201,799</b>	<b>2,543,357</b>	<b>51,745,156</b>
Cash and cash equivalents at the beginning of period	-	-	-
<b>Cash and cash equivalents at end of the period</b>	<b>49,201,799</b>	<b>2,543,357</b>	<b>51,745,156</b>
<b>Reconciliation to profit and loss account</b>			
Operating cash flows	(2,024,327)	2,043,357	19,030
Increase in assets other than cash	2,113,752	5,110,449	7,224,201
Increase in liabilities	(1,844,375)	(8,169,266)	(10,013,641)
Investment and other income	1,251,126	-	1,251,126
<b>(Deficit) / profit for the period</b>	<b>(503,824)</b>	<b>(1,015,460)</b>	<b>(1,519,284)</b>

**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	48,986,566	2,758,590	51,745,156
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The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

**Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director**

**Air Commodore Zafar Yasin (Retd.) Director**

**Sohel N. Kidwai Chief Executive**

**Nisar Ahmed Almani Chief Financial Officer**



**SHAHEEN INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Share Capital	General Reserves	Unrealised gain / (loss) on available-for-sale investment (Rupees)	Unappropriated Profit /(loss)	Total
<b>Balance as at January 1, 2017</b> (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
<b>Balance as at January 1, 2017 (restated)</b>	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
<b>Total comprehensive income for nine month period ended September 30, 2017</b>					
Profit for period ended September 30, 2017	-	-	-	34,641,827	34,641,827
Other comprehensive income	-	-	(973,844)	-	(973,844)
<b>Total comprehensive income for the period (restated)</b>	-	-	(973,844)	34,641,827	33,667,983
<b>Balance as at September 30, 2017 (un-audited)</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>10,442,228</b>	<b>(28,954,231)</b>	<b>601,487,997</b>
<b>Total comprehensive income for year ended December 31, 2017</b>					
Profit for year ended December 31, 2017	-	-	-	29,231,156	29,231,156
Other comprehensive income	-	-	600,117	-	600,117
<b>Total comprehensive income for the period</b>	-	-	600,117	29,231,156	29,831,273
<b>Balance as at December 31, 2017 (audited) (restated)</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>11,042,345</b>	<b>276,925</b>	<b>631,319,270</b>
Balance as at January 1, 2018	600,000,000	20,000,000	11,042,345	276,925	631,319,270
<b>Total comprehensive income for nine months period ended September 30, 2018</b>					
Profit for nine months ended September 30, 2018	-	-	-	33,759,537	33,759,537
Other comprehensive income / Loss	-	-	1,965,699	-	1,965,699
<b>Total comprehensive income for the period</b>	-	-	1,965,699	33,759,537	35,725,236
<b>Balance as at September 30, 2018</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>13,008,044</b>	<b>34,036,462</b>	<b>667,044,506</b>

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

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director

Air Commodore Zafar Yasin (Retd.) Director

Sohel N. Kidwai Chief Executive

Nisar Ahmed Almani Chief Financial Officer





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

	<b>Participants' Takaful Fund</b>		
	<b>Cede Money</b>	<b>Accumulated deficit</b>	<b>Total</b>
		<b>-----Rupees-----</b>	
Balance as at April 1, 2018	-	-	-
Ceded during the year	500,000	-	500,000
Deficit for the period ended Sep 30, 2018	-	(800,227)	(800,227)
<b>Balance as at September 30, 2018</b>	<b>500,000</b>	<b>(800,227)</b>	<b>(300,227)</b>

  

	<b>Operator's Fund</b>		
	<b>Statutory fund</b>	<b>Accumulated Profit</b>	<b>Total</b>
		<b>-----Rupees-----</b>	
Balance as at April 1, 2018	-	-	-
Capital Injected	50,000,000	-	50,000,000
Profit for the period ended Sep 30, 2018	-	(719,057)	(719,057)
<b>Balance as at September 30, 2018</b>	<b>50,000,000</b>	<b>(719,057)</b>	<b>49,280,943</b>

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

**Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) Director**

**Air Commodore Zafar Yasin (Retd.) Director**

**Sohel N. Kidwai Chief Executive**

**Nisar Ahmed Almani Chief Financial Officer**



## **SHAHEEN INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**

### **Notes to the Condensed Interim Financial Information (Unaudited)**

**For the half year ended September 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 Sep 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 advise 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 past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. 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 charged to profit and loss account

### 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

	September 30, 2018		
	OPF	PTF	Aggregate
	-----Rupees-----		
Federal insurance fee	-	43,058	43,058
FED payable	-	210,971	210,971
Sales tax on services	-	137,552	137,552
Commission payable	1,183,069	-	1,183,069
Auditors fee	-	-	-
Others	3,040	-	3,040
	<u>1,186,109</u>	<u>391,581</u>	<u>1,577,690</u>

## 5. CONTINGENCIES AND COMMITMENTS

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

## 6. NET TAKAFUL CONTRIBUTION

	For the period ended Sep 30, 2018 Unaudited Rupees
Written gross contribution	5,684,109
Add: Unearned contribution reserve opening	-
Less: Unearned contribution reserve closing	(4,151,130)
Contribution earned	<u>1,532,979</u>
Less: Re-takaful Contribution ceded	3,307,500
Add: Prepaid re-takaful contribution opening	-
Less: Prepaid re-takaful contribution closing	(2,066,625)
Re-takaful expense	<u>1,240,875</u>
Net contribution revenue	<u>292,104</u>



For the period  
ended Sep 30,  
2018  
Unaudited  
Rupees

**7. WAKALA EXPENSE**

Gross wakala fee	873,497
Add: Deferred wakala opening	-
Less: Deferred wakala closing	(658,266)
Wakala expense	215,231

**8. COMMISSION EXPENSE**

Commission paid or payable	1,157,689
Add: Deferred commission opening	-
Less: Deferred commission closing	(825,651)
Commission expense	332,038

**9. CLAIM EXPENSE**

Claims paid	-
Add: Outstanding claims including IBNR closing	-
Less: Outstanding claims including IBNR opening	877,100
Claims expense	877,100

**10. SEGMENT REPORTING**

For the period ended Sep 30, 2018						
-----Unaudited-----						
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
	-----Rupees-----					
<b>Participants' Takaful Fund</b>						
Contribution written (inclusive of federal Excise duty, federal insurance fee, and administrative surcharge)	1,671,841	1,219,757	2,541,113	-	1,188,536	6,621,247
Less : Federal excise duty	(228,557)	(147,003)	(80,089)	-	(162,534)	(618,183)
Less : Federal insurance fee	(14,294)	(10,620)	(5,055)	-	(10,169)	(40,138)
Gross written contribution (inclusive of Administrative Surcharges)	1,428,990	1,062,134	2,455,969	-	1,015,833	5,962,926
Gross contribution direct	1,387,090	1,038,518	2,113,561	-	993,267	5,532,436
Admin surcharge	41,960	23,616	63,531	-	22,566	151,673
Takaful contribution earned	336,551	577,730	363,539	-	255,159	1,532,979
Re-takaful expense	(362,250)	(621,000)	(180,000)	-	(77,625)	(1,240,875)
Net takaful contribution	(25,699)	(43,270)	183,539	-	177,534	292,104
Rebate earned	-	-	-	-	-	-
Operation income	(25,699)	(43,270)	183,539	-	177,534	292,104
Claim expense	-	-	(62,000)	-	(815,100)	(877,100)
Re-takaful & other recoveries revenue	-	-	-	-	-	-
Net claims	-	-	(62,000)	-	(815,100)	(877,100)
Wakala expense	(27,671)	(124,679)	(129,794)	-	66,913	(215,231)
Direct expense	(213,789)	(366,994)	(230,933)	-	(162,086)	(973,802)
Net takaful claim & expense	(241,460)	(491,673)	(422,727)	-	(910,273)	(2,066,133)
Surplus/(deficit) before investment income	(267,159)	(534,943)	(239,188)	-	(732,739)	(1,774,029)
Net investment income						1,748,135
Deficit for the period						(25,894)
<b>Operator's Fund</b>						
Wakala fee income	27,671	124,679	129,794	-	(66,913)	215,231
Commission expense	(95,227)	(136,573)	(48,840)	-	(50,398)	(332,038)
Management expense	(213,789)	(366,994)	(230,933)	-	(162,086)	(973,802)
						(1,090,609)
Investment income						1,748,135
General and administration expenses						(1,377,658)
Other Income						1,075
Profit before taxation						(719,057)
The following presents segments assets and liabilities as at Sep 30, 2018						
<b>Segment assets</b>	423,191	488,897	5,591,175	-	(243,666)	6,259,597
<b>Unallocated assets</b>						52,734,760
						58,994,357
<b>Segment liabilities</b>	2,666,214	1,674,675	3,970,251	-	679,253	8,990,393
<b>Unallocated liabilities</b>						1,023,248
						10,013,641



#### 11 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.

#### 12 DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorized for issue on October 26, 2018 by the Board of Directors of the company.

#### 13 GENERAL

All amount have been rounded off to the nearest rupees.

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Air Vice Marshal Syed Razi Ul  
Hassan Nawab (Retd.) Director

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Air Commodore Zafar  
Yasin (Retd.) Director

---

Sohel N. Kidwai  
Chief Executive

---

Nisar Ahmed Almani  
Chief Financial Officer



**SHAHEEN FOUNDATION  
PAKISTAN AIR FORCE**