

GROWING HAVEN

HALF YEARLY REPORT
30TH JUNE 2019 (UNAUDITED)



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COMPANY INFORMATION

Directors

Salim Habib Godil (Chairman)
Syed Rizwan Hussain
Shahzad Salim Godil
Syed Salman Hussain
Ahmad Shuja Kidwai
Ashraf Ali Velji

Managing Director & CEO

Syed Rizwan Hussain

Chief Financial Officer

Muhammad Irfan

Company Secretary

Naheed Shiraz Merchant

Shariah Advisor

Mufti Sajjad Ashraf Usmani

Shariah Supervisor & Consultant

Usmani & Co.

Statutory Auditor

KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditor

E.Y Ford Rhodes
Chartered Accountants

Business Process Consultant

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisor

Mohsin Tayebaly & Co.

Corporate Advisor

RS Corporate Advisory

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BOARD COMMITTEES

Audit Committee

1. **Chairman** – Ashraf Ali Velji (Non-Executive Director)
2. **Member** – Salim Habib Godil (Non-Executive Director)
3. **Member** – Shahzad Salim Godil (Non-Executive Director)
4. **Member** – Syed Salman Hussain (Non-Executive Director)
5. **Member** – Ahmed Shuja Kidwai (Non-Executive Director)

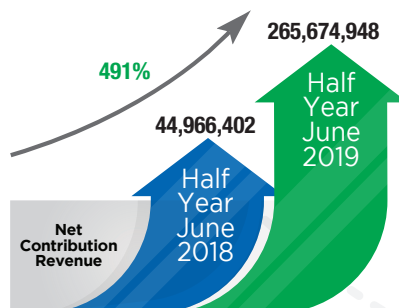
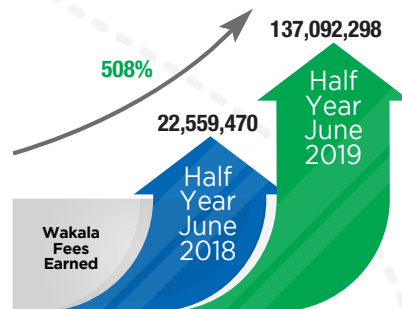
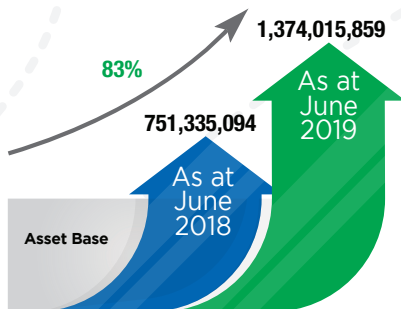
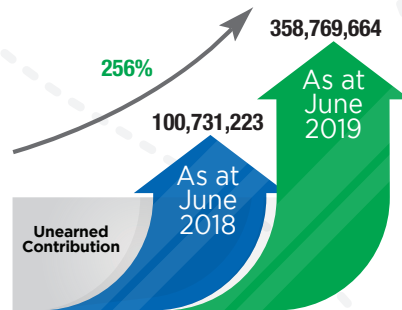
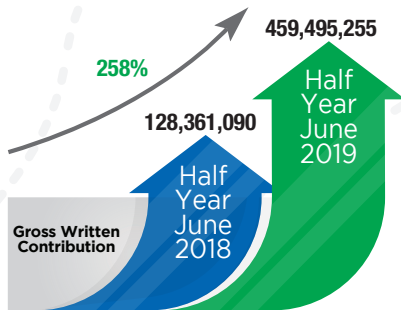
Investment Committee

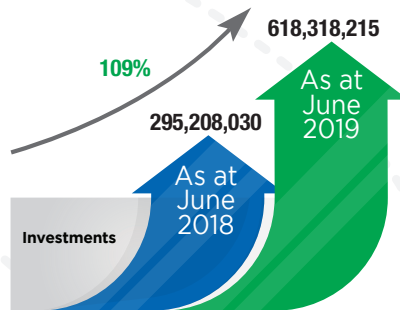
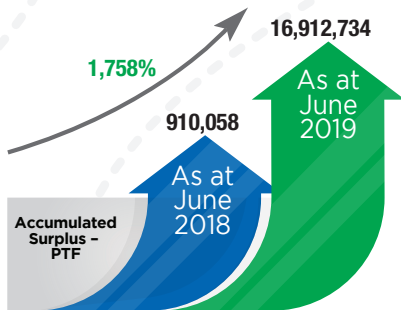
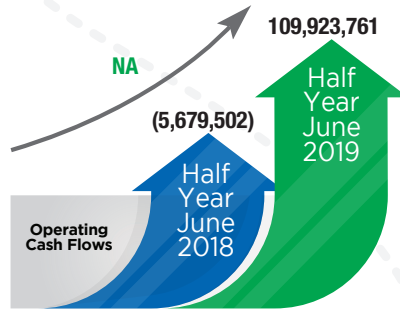
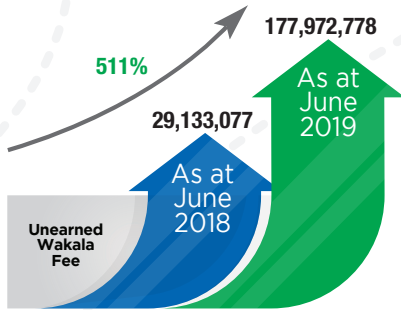
1. **Chairman** – Syed Salman Hussain (Non-Executive Director)
2. **Member** – Salim Habib Godil (Non-Executive Director)
3. **Member** – Syed Rizwan Hussain (Managing Director & CEO)
4. **Member** – Shahzad Salim Godil (Non-Executive Director)
5. **Member** – Ashraf Ali Velji (Non-Executive Director)
6. **Member** – Muhammad Irfan (Chief Financial Officer)

Ethics, Human Resource & Remuneration Committee

1. **Chairman** – Salim Habib Godil (Non-Executive Director)
2. **Member** – Syed Rizwan Hussain (Managing Director & CEO)
3. **Member** – Shahzad Salim Godil (Non-Executive Director)
4. **Member** – Syed Salman Hussain (Non-Executive Director)

KEY FINANCIAL FIGURES





THE DIRECTORS' REVIEW REPORT TO THE MEMBERS ON CONDENSED INTERIM FINANCIAL INFORMATION

The Directors of your Company are pleased to present before you the unaudited financial statements of the company for the half year ended 30th June 2019.

Financial Highlights

	Half Year ended 30 June 2019	Half Year ended 30 June 2018
	(Rupees)	
PARTICIPANTS' TAKAFUL FUND (PTF):		
Gross Written Contribution	459,495,255	128,361,090
Net takaful contribution	265,674,948	44,966,402
Underwriting Results	15,399,598	(1,346,880)
Investment Income before impairment	13,058,132	2,899,007
Surplus before tax	21,002,901	743,380
Surplus after tax	18,109,005	743,380
SHAREHOLDERS' FUND (SHF):		
Wakala fees	137,092,298	22,559,470
Investment Income before impairment	12,834,353	3,071,770
Loss before tax	(12,825,964)	(32,597,731)
Loss after tax	(14,304,475)	(34,202,245)

Performance Review

During the half year ended 30th June 2019, Takaful Pakistan Limited (hereinafter referred to as "the Company") has aggressively focused on building its business volume, the efforts of which are clearly visible by the significant growth of 258% in the Gross Written Contribution and an impressive increase of 491% in the Net takaful contribution.

Total investment income net of impairment recorded at Rs. 14.4 million (1HY 2018: Rs. 5.9 million) depicts an increase of 141% over the same period last year. This increase is mainly attributable to return on Bank balances and Deposits that rose by 338% as compared to the corresponding period of last year. This reflects the Management's efficient strategy to allocate majority of funds into risk-free investments considering rising discount rate trend and volatile equity market.

During the first six months of 2019, the Company managed to earn wakala fees of Rs. 137.1 million (1HY 2018: 22.6 million), a healthy increase of 508% over same period last year. Although the first half of 2019 registered a net loss after tax of Rs. 14.3 million (1HY 2018: 34.2 million) it may be noted that wakala fees of Rs.177.9 million stands unearned as at 30th June 2019 and same will subsequently be earned in the ensuing periods thereby improving the Shareholders' Fund profitability.

Outlook:

The global takaful market is projected to exceed US\$ 55 billion from its current US\$ 20 billion by 2023. According to Munich Re report, the global insurance sector is set to grow in 2019 and most of the growth is to happen in emerging Asia.

Considering Pakistan market, as reported in the State Bank of Pakistan's Financial Stability Review 2016, CPEC will provide growth in almost all sectors of the insurance industry with significant growth expected in the Takaful segment.

Through efficient underwriting, robust Retakaful arrangements, digitalization and competent workforce, our Company intends to take advantage from available opportunities and progress rapidly.

Acknowledgment

The Directors would like to express their deep appreciation to our shareholders who have shown continued confidence in the Company.

We would also like to pay our gratitude to the Securities and Exchange Commission of Pakistan, Re-Takaful operators and all our participants for their continued guidance and support.

Lastly, we would like to place on record our sincere appreciation for the commitment, dedication and innovative thinking put in by each member of our Takaful family and are confident that they will continue to do so in the future.

On behalf of the Board of Directors



Syed Rizwan Hussain
Managing Director & CEO

مستقبل کی پیش بینی

اس بات کی توقع کی جا رہی ہے کہ عالمی تکافل مارکیٹ کا حجم 2023 تک اپنے موجودہ حجم 20 بلین ڈالر سے بڑھ 55 بلین ڈالر ہو جائے گا۔ میونخ کی رپورٹ کے مطابق، عالمی انشورنس سیکٹر 2019 میں ترقی کرے گا اور زیادہ تر ترقی ابھرتے ہوئے ایشیائی علاقے میں ہوگی۔

پاکستانی مارکیٹ کو دیکھا جائے تو جیسا کہ اسٹیٹ بینک کی مالیاتی استحکام کی جائزہ رپورٹ 2016 میں مذکور ہے، سی پیک انشورنس انڈسٹری کے تمام سیکٹرز کی ترقی میں اہم کردار ادا کرے گا خاص طور پر تکافل سیکٹر کی ترقی و نمو نمایاں طور پر متوقع ہے۔

مؤثر انڈر رائٹنگ، ری تکافل کے بہتر انتظامات، ڈیجیٹلائزیشن اور باصلاحیت افرادی قوت کے ذریعے سے ہماری کمپنی دستیاب مواقع سے فائدہ اٹھا کر تیزی سے ترقی کرنے کا ارادہ رکھتی ہے۔

اعتراف

ڈائریکٹر شیئر ہولڈر کی جانب سے مستقل طور پر اعتماد کئے جانے پر ان کے شکر گزار ہیں۔

کمپنی کے ڈائریکٹر سیکورٹی اینڈ ایکسیج کمیشن آف پاکستان اور اپنے تمام اسٹیک ہولڈرز بشمول ری تکافل آپریٹرز کے ان کی متواتر اہمائی اور تعاون کیلئے بھی شکر گزار ہیں۔

آخر میں ہم تکافل فیملی ممبر کے عزم، لگن اور سوچ کی جدت جس کا اظہار گاہے بگاہے ہوتا رہا ہے کو سراہتے ہیں اور امید کرتے ہیں کہ وہ اسی طرز پر مستقبل میں بھی کام کرتے رہیں گے۔

بورڈ آف ڈائریکٹرز کی نیابت میں



سید رضوان حسین
مینجنگ ڈائریکٹر سی ای او

ڈائریکٹرز کا جائزہ

کمپنی ڈائریکٹرز غیر آڈٹ شدہ رپورٹ بابت نصف سال 2019 کے اجراء پر مسرت کا اظہار کرتے ہیں۔

مالیاتی جھلکیاں

Half Year ended 30 June 2019	Half Year ended 30 June 2018
(Rupees)	

PARTICIPANTS' TAKAFUL FUND (PTF):

Gross Written Contribution	459,495,255	128,361,090
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Loss after tax	(14,304,475)	(34,202,245)

کارکردگی کا جائزہ

دوران نصف سال 30 جون 2019 تک تکافل پاکستان لمیٹڈ (آگے صرف کمپنی لکھا جائے گا) نے کاروباری حجم بڑھانے کیلئے کچھ اہم وکارانہ اقدامات کئے ہیں۔ یہ تمام کوششیں مجموعی رٹن کنٹریبیوشن میں 258 فیصد اور خالص تکافل کنٹریبیوشن میں 491 فیصد تک متاثر کن اضافہ کی صورت میں واضح طور پر دیکھی جاسکتی ہیں۔

مجموعی سرمایہ کاری کا نفع نقصانات منہا کرنے کے بعد 14.4 ملین روپے برکارڈ کیا گیا (2018 کے پہلے نصف میں 5.9 ملین روپے تھا) جو کہ مجموعی نفع میں سال گزشتہ کے پہلے نصف کے مقابلے میں 141 فیصد اضافے کو ظاہر کرتا ہے۔ اس اضافے کا تعلق بینک بیلنس وڈ پیازٹ پر حاصل ہونے والا نفع ہے جو کہ گزشتہ سال کی اسی مدت میں حاصل ہونے والے نفع سے 338 فیصد زائد ہے۔ یہ اعداد و شمار اس بات کے غماز بھی ہیں کہ کمپنی نفع کی شرح میں اضافے کے رجحان اور ایکویٹی مارکیٹ کے عدم استحکام کی بناء پر اپنی انوسٹمنٹ پالیسی کے تحت رسک فرمی انوسٹمنٹ میں ہی اپنے فنڈز کو استعمال کر رہی ہے۔

2019 کے ابتدائی نصف سال میں کمپنی نے 137.1 ملین روپے وکالہ فیس کی مد میں کمائے (2018 کے اول نصف میں یہ 22.6 ملین روپے تھا) جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 508 فیصد صحت مند اضافے کو ظاہر کرتے ہیں۔ باوجود اس کے 2019 کے ابتدائی نصف کے دوران، شیئر ہولڈر فنڈ میں بعد از ٹیکس 14.3 ملین روپے کے نقصان کا اندراج ہوا ہے (2018 کے اول نصف میں یہ 34.2 ملین روپے تھا)۔ یہ بات قابل لحاظ ہے کہ 30 جون 2019 کو قابل وصول وکالہ فیس 177.9 ملین روپے ہے جو کہ آمدہ سہ ماہیوں میں وصول ہوگی اور نتیجتاً شیئر ہولڈر فنڈ کے نفع میں غیر معمولی اضافے کا باعث بنے گی۔



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INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF TAKAFUL PAKISTAN LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Takaful Pakistan Limited ("the Company") as at 30 June 2019 and the related condensed interim statement of profit and loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the 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 condensed 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



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Emphasis of matter

We draw attention to Note 24 to the condensed interim financial information which gives the details of the pending litigations against the Company.

Our conclusion is not modified in respect of the above matter.

Other Matter

The figures for the three months period ended 30 June 2019 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Ameen Pirani.

Karachi

Date: 30 August 2019

KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		30 June 2019			31 December 2018
	Note	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate Audited
			(Unaudited)		
ASSETS					
Property and equipment	10	41,531,883	-	41,531,883	13,703,879
Intangible assets	11	86,742	-	86,742	145,344
Investments					
Equity securities and mutual funds	12	74,413,247	173,614,941	248,028,188	177,953,472
Debt securities	13	81,000,000	-	81,000,000	126,078,419
Term deposits	14	121,315,103	167,974,924	289,290,027	195,500,000
Qard-e-hasna - receivable	15	109,479,565	-	109,479,565	109,479,565
Long term deposits	16	7,494,617	-	7,494,617	3,236,144
Loans and other receivables	17	11,365,808	8,812,834	20,178,642	18,476,078
Takaful / co-takaful receivables	18	-	102,624,017	102,624,017	42,473,794
Re-takaful recoveries against outstanding claims		-	45,634,550	45,634,550	19,501,263
Salvage recoveries accrued		-	9,393,768	9,393,768	2,250,000
Wakala fees receivable		53,950,308	-	53,950,308	-
Mudarib fees receivable		7,140,202	-	7,140,202	6,247,671
Deferred wakala fees		-	177,972,778	177,972,778	87,081,507
Deferred comission expense		42,341,366	-	42,341,366	34,652,031
Taxation-payment less provisions	30	3,637,974	-	3,637,974	5,206,957
Prepayments	19	1,487,932	64,398,103	65,886,035	22,462,879
Cash and Bank	20	5,165,218	63,179,980	68,345,198	88,305,476
TOTAL ASSETS	Rupees	560,409,964	813,605,895	1,374,015,859	952,754,479

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



Salim Habib Godil
Chairman



Syed Rizwan Hussain
Managing Director & CEO



Ashraf Ali Velji
Director



Ahmed Shuja Kidwai
Director

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		30 June 2019			31 December 2018
	Note	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate Audited
(Unaudited)					
SHARE CAPITAL AND RESERVES					
Authorised share capital 70,000,000 (31 December 2017: 70,000,000 ordinary shares of Rs. 10 each		700,000,000	-	700,000,000	700,000,000
Issued, subscribed and paid-up share capital	21	612,989,050	-	612,989,050	612,989,050
Discount on issuance of shares	1.3	(112,989,050)	-	(112,989,050)	(112,989,050)
Fair value reserve		(11,582,207)	-	(11,582,207)	(6,638,666)
Accumulated losses		(175,355,606)	-	(175,355,606)	(161,051,131)
		313,062,187	-	313,062,187	332,310,203
WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)					
Ceded money		-	500,000	500,000	500,000
Fair value reserve		-	(31,332,565)	(31,332,565)	(20,788,553)
Accumulated surplus/(deficit)		-	16,912,734	16,912,734	(1,196,271)
		-	(13,919,831)	(13,919,831)	(21,484,824)
Qard-e-hasna - payable	15	-	109,479,565	109,479,565	109,479,565
Underwriting provisions					
Outstanding claims including IBNR		-	135,116,291	135,116,291	79,393,141
Unearned contribution reserves		-	358,769,664	358,769,664	216,589,851
Unearned re-takaful rebate		-	4,766,939	4,766,939	4,237,040
Contribution deficiency reserve		-	937,986	937,986	937,986
Contributions received in advance		-	9,955,198	9,955,198	2,445,918
Takaful / Re-takaful payables	22	-	102,470,560	102,470,560	64,795,959
Unearned wakala fees		177,972,778	-	177,972,778	87,081,507
Wakala fees payable		-	53,950,308	53,950,308	-
Mudarib fees payable		-	7,140,202	7,140,202	6,247,671
Other creditors and accruals	23	69,374,999	44,939,016	114,314,015	70,720,462
Total Liabilities		247,347,777	718,046,164	965,393,942	532,449,536
TOTAL EQUITY AND LIABILITIES	Rupees	560,409,964	813,605,895	1,374,015,859	952,754,479

CONTINGENCIES AND COMMITMENTS 24

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



Salim Habib Godil
Chairman



Syed Rizwan Hussain
Managing Director & CEO



Ashraf Ali Velji
Director



Ahmed Shuja Kidwai
Director

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

		Six months period ended 30 June		Three months period ended 30 June	
	Note	2019	2018	2019	2018
PARTICIPANTS' TAKAFUL FUND (PTF) - REVENUE ACCOUNT					
Net takaful contribution	25	265,674,948	44,966,402	159,343,665	28,598,047
Net takaful claims expense	26	(110,140,000)	(27,821,189)	(57,993,707)	(21,026,178)
Wakala fee	28	(137,092,298)	(22,559,470)	(89,683,378)	(11,742,299)
Retakaful rebate earned		6,601,510	5,293,195	3,068,683	3,229,604
Direct expenses		(9,644,562)	(1,225,818)	(5,878,858)	(1,127,181)
		(250,275,350)	(46,313,282)	(150,487,260)	(30,666,055)
Underwriting results		15,399,598	(1,346,880)	8,856,405	(2,068,008)
Investment income	29	8,691,778	2,479,986	6,022,529	1,604,289
Impairment Loss on Available for Sale Securities		(9,488,010)	-	(5,687,631)	-
Profit on bank balances		4,366,355	419,021	2,444,747	248,671
Mudarib's share		(892,530)	(724,752)	(694,910)	(463,240)
Net investment income		2,677,591	2,174,255	2,084,734	1,389,720
Other income		2,999,360	23,115	2,364,086	23,115
Bank charges		(73,649)	(107,110)	(20,670)	(86,875)
Surplus before taxation		21,002,901	743,380	13,284,555	(742,048)
Provision for taxation - current	30	(2,893,896)	-	(544,996)	-
Surplus / (deficit) after taxation		18,109,005	743,380	12,739,559	(742,048)
SHAREHOLDERS' FUND (SHF) - REVENUE ACCOUNT					
Wakala fee income	28	137,092,298	22,559,470	89,683,378	11,742,299
Commission expense / acquisition cost	27	(43,839,311)	(6,274,857)	(30,659,929)	(4,721,132)
Management expenses		(118,129,536)	(53,597,298)	(68,932,521)	(36,838,633)
		(161,968,847)	(59,872,155)	(99,592,450)	(41,559,765)
		(24,876,549)	(37,312,685)	(9,909,072)	(29,817,467)
Mudarib's share of PTF investment income		892,530	724,752	694,910	463,240
Investment income	29	12,488,279	2,499,502	6,290,997	56,269
Impairment Loss on Available for Sale Securities		(1,995,255)	-	(1,045,386)	-
Profit on bank balances		346,074	572,268	115,074	439,819
Other income		318,957	918,433	38,957	628,758
Loss before taxation		(12,825,964)	(32,597,731)	(3,814,520)	(28,229,381)
Provision for taxation - current	30	(1,478,511)	(1,604,514)	(178,806)	(1,266,477)
Loss after taxation		(14,304,475)	(34,202,245)	(3,993,327)	(29,495,857)
Loss (after tax) per share		(0.233)	(1.11)	(0.393)	(0.96)

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



Salim Habib Godil
Chairman



Syed Rizwan Hussain
Managing Director & CEO



Ashraf Ali Velji
Director



Ahmed Shuja Kidwai
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

	Six months period ended 30 June		Three months period ended 30 June	
	2019	2018	2019	2018
Shareholders' Fund (SHF)				
loss after taxation for the period	(14,304,475)	(34,202,245)	(3,993,327)	(29,495,857)
Other comprehensive income / (loss)				
- Reclassification adjustment for net gain on sale of available for sale investments included in profit and loss account	-	(1,663,278)	4,469,169	69,429
Item to be reclassified to profit and loss account in subsequent period				
- Net unrealised loss arising during the period on revaluation of available-for-sale investments	(11,582,207)	(351,577)	(932,946)	(391,877)
Total comprehensive deficit for the period	Rupees (25,886,682)	(36,217,100)	(457,104)	(29,818,305)
Participant Takaful Fund (PTF)				
Surplus for the period	18,109,005	743,380	12,739,559	(742,048)
Other comprehensive (deficit) / surplus				
- Reclassification adjustment for net gain on available for sale investments included in profit and loss account	-	7,781,148	9,565,832	5,841,582
Item to be reclassified to profit and loss account in subsequent period				
- Net unrealised loss arising during the period on revaluation of available-for-sale investments - net of tax	(31,332,565)	(1,953,215)	(15,555,027)	(1,466,347)
Total comprehensive (deficit) / profit for the period	Rupees (23,767,572)	8,154,626	6,750,364	3,633,187

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



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Managing Director & CEO



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Director



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Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY / FUND (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

SHAREHOLDERS' FUND

	Issued, subscribed and paid up share capital	Discount on issue of shares	Accumulated loss	Fair value reserve	Total
Balance as at 1 January 2018	300,000,000	-	(83,329,984)	(4,496,169)	212,173,847
Comprehensive income for the six month period ended 30 June 2018					
Loss for the period	-	-	(34,202,245)	-	(34,202,245)
Other comprehensive income	-	-	-	-	-
Fair value unrealized gain on available for sale investments during the six months period ended 30 June 2018	-	-	-	1,583,313	1,583,313
	-	-	(34,202,245)	1,583,313	(32,618,932)
Balance as at 30 June 2018	300,000,000	-	(117,532,229)	(2,912,856)	179,554,915
Total comprehensive income for the six months ended 31 December 2018					
Loss after tax for the six months period 31 December 2018	-	-	(42,996,958)	-	(42,996,958)
Other comprehensive income	-	-	-	-	-
Fair value unrealized loss on available for sale investments during the six months period ended 31 December 2018	-	-	-	(3,725,810)	(3,725,810)
Actuarial loss on defined benefit plan for the period	-	-	(521,944)	-	(521,944)
Total comprehensive income for the six month period ended 31 December 2018	-	-	(43,518,902)	(3,725,810)	(47,244,712)
Transaction with owners					
Further issue of shares at discount 1.3	312,989,050	(112,989,050)	-	-	200,000,000
Balance as at 31 December 2018	612,989,050	(112,989,050)	(161,051,131)	(6,638,666)	332,310,203
Total comprehensive income for the six months ended 30 June 2019					
Loss after tax for the six months period ended 30 June 2019	-	-	(14,304,475)	-	(14,304,475)
Other comprehensive income	-	-	-	-	-
Fair value/net unrealized loss on available for sale investments during the six months period ended 30 June 2019	-	-	-	(4,943,541)	(4,943,541)
Total comprehensive income for the six month period ended 30 June 2019	-	-	(14,304,475)	(4,943,541)	(19,248,016)
Balance as at 30 June 2019 Rupees	612,989,050	(112,989,050)	(175,355,606)	(11,582,207)	313,062,187



Salim Habib Godil
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Managing Director & CEO



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Director



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Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY / FUND (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

WAQF/PARTICIPANTS' TAKAFUL FUND

	Cede money	Discount on issue of shares	Accumulated Surplus/ (deficit)	Fair value reserve	Total
Balance as at 1 January 2018	500,000	-	(3,165,509)	(3,874,718)	(6,540,227)
Comprehensive income for the six months period ended 30 June 2018					
Surplus for the six months period ended 30 June 2018	-	-	743,380	-	743,380
Other comprehensive income					
Fair value loss on available for sale investments during the six months period ended 30 June 2018	-	-	-	(2,425,972)	(2,425,972)
	-	-	743,380	(2,425,972)	(1,682,592)
Balance as at 30 June 2018	500,000	-	(2,422,129)	(6,300,690)	(8,222,819)
Comprehensive income for the six months period ended 31 December 2018					
Surplus for the six months period ended 31 December 2018	-	-	1,225,858	-	1,225,858
Other comprehensive income					
Fair value loss on available for sale investments during the six months period ended 31 December 2018	-	-	-	(14,487,863)	(14,487,863)
	-	-	1,225,858	(14,487,863)	(13,262,005)
Balance as at 31 December 2018	500,000	-	(1,196,271)	(20,788,553)	(21,484,824)
Comprehensive income for the six months period ended 30 June 2019					
Surplus for the six months period ended 30 June 2019	-	-	18,109,005	-	18,109,005
Other comprehensive income					
Fair value unrealized loss on available for sale investments during the six months period ended 30 June 2019	-	-	-	(10,544,012)	(10,544,012)
	-	-	18,109,005	(10,544,012)	7,564,993
Balance as at 30 June 2019	Rupees 500,000	-	16,912,734	(31,332,565)	(13,919,831)

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



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Director



Ahmed Shuja Kidwai
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

	30 June 2019			30 June 2018
	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate
OPERATING ACTIVITIES	(Unaudited)			
a) Takaful activities				
Contributions received	-	407,570,216	407,570,216	95,668,881
Re-takaful payments	-	(45,714,366)	(45,714,366)	(19,273,998)
Claims paid	-	(115,605,721)	(115,605,721)	(32,591,796)
Retakaful & other Recoveries received	-	27,911,816	27,911,816	10,741,450
Commissions paid	(61,372,923)	-	(61,372,923)	(16,414,917)
Retakaful rebate received	-	7,131,409	7,131,409	4,566,302
Wakala fee paid	(168,428,397)	-	(168,428,397)	-
Wakala fee received	168,428,397	-	168,428,397	-
Other takaful receipts/(payments)	-	2,504,018	2,504,018	7,450,010
Net cash flows from takaful activities	107,055,474	115,368,975	222,424,449	50,145,931
b) Other operating activities				
Income tax paid	861,814	(3,665,238)	(2,803,424)	(1,049,297)
Security deposits return/(paid)	(4,258,473)	-	(4,258,473)	(765,696)
General administrative and management expenses paid	(95,326,474)	-	(95,326,474)	(55,274,754)
Other operating receipt/(payments)	(2,614,994)	(3,377,746)	(5,992,740)	23,037
Ijarah rentals paid	(3,065,221)	-	(3,065,221)	(186,197)
Advances to employees	(1,054,355)	-	(1,054,355)	229,902
Net cash used in other operating activities	(105,457,703)	(7,042,984)	(112,500,687)	(57,023,004)
Total cash (used in) / flows from all operating activities	1,597,770	108,325,991	109,923,761	(6,877,073)
INVESTING ACTIVITIES				
Profit / return received	10,714,367	12,200,564	22,914,932	9,109,309
Investments made	(43,592,515)	(53,452,999)	(97,045,514)	(358,267,234)
Proceeds from disposal of investments	40,078,419	5,000,000	45,078,419	268,730,285
Investment in term deposits	(278,048,089)	(432,762,147)	(710,810,236)	(30,000,000)
Proceeds from encashment of term deposits	276,232,986	340,787,223	617,020,209	121,500,000
Fixed capital expenditure	(7,076,049)	-	(7,076,049)	(265,900)
Proceeds from disposal of property and equipment	34,200	-	34,200	-
Total cash used in all investing activities	(1,656,681)	(128,227,359)	(129,884,039)	10,806,460
FINANCING ACTIVITIES				
Security deposits return/(paid)	-	-	-	(95,220)
Proceed from issuance of shares	-	-	-	200,000,000
Total cash used in all financing activities	-	-	-	199,904,780
Balance as at 30 June 2019				
Net cash (used in) / flows from all activities	(58,910)	(19,901,368)	(19,960,278)	203,834,167
Cash and cash equivalents at the beginning of the period	5,224,128	83,081,348	88,305,476	26,891,146
Cash and cash equivalents at end of the period	5,165,218	63,179,980	68,345,198	230,725,313

Rupees



Salim Habib Godil
Chairman



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Managing Director & CEO



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Director



Ahmed Shuja Kidwai
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

	30 June 2019			30 June 2018
	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate
	(Unaudited)			
Reconciliation to profit and loss account				
Operating cash flows	1,597,770	108,325,991	109,923,761	(5,679,502)
Depreciation and amortization	(1,711,011)	-	(1,711,011)	(1,132,474)
Gain/(loss) on disposal of fixed assets	(10,467)	-	(10,467)	-
Provision for taxation	(1,478,511)	(2,893,896)	(4,372,407)	(1,604,514)
Provision for staff retirement benefits	(1,886,486)	-	(1,886,486)	(688,955)
Increase/(decrease) in assets other than cash	77,028,451	285,491,522	362,519,973	58,339,535
(Increase)/decrease in liabilities other than borrowings	(87,844,220)	(372,814,613)	(460,658,833)	(82,692,955)
Profit / (loss) / surplus after taxation for the period	Rupees (14,304,475)	18,109,004	3,804,529	(33,458,865)

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	104,848	286,545	391,393	254,352
Current and other accounts	5,060,370	62,893,435	67,953,805	230,470,961
Rupees	5,165,218	63,179,980	68,345,198	230,725,313

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



Salim Habib Godil
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Syed Rizwan Hussain
Managing Director & CEO



Ashraf Ali Velji
Director



Ahmed Shuja Kidwai
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Takaful Pakistan Limited ("the Company / Takaful operator") is an unlisted public limited company incorporated in Pakistan on 02 June 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is established with the objective to carry out General Takaful Business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012 (repealed) and Takaful Rules, 2017. The Company commenced commercial operations from March 12, 2007. The registered office of the Company is at 6th Floor, Business Centre, 19-1-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, in the province of Sindh. The Company operates with 4 (31 December 2017: 4) branches in Pakistan.

1.2 For the purpose of carrying on the takaful business, the Company has formed a Waqf for Participants' equity. The Waqf, namely Takaful Pakistan Waqf (hereinafter referred to as the Participants' Takaful Fund or PTF) was formed on 22 January 2007 under the Trust deed executed by the Company with a ceded money of Rs. 500,000. The cede money is required to be invested in Shariah compliant investments and profit thereon is utilized to pay benefits to participants or defray PTF expenses. These condensed interim financial statements have been prepared such that the financial position and results of operations of the Waqf and the Company are shown separately. Waqf deed also governs the relationship of shareholders and participants for the management of takaful operations, investment of participants' funds (PTF) and investment of shareholders' funds (SHF) approved by the Shariah Board established by the Company.

1.3 As per the SRO notification no 825 (1) 2015 dated 18 August 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital (net of discount on the issue of shares) of a non-life Insurance / Takaful Company shall be Rs. 500 million by 31 December 2017. At 31 December 2017, the Company's issued, subscribed and paid up capital was Rs. 300 million, i.e. it was short of the required amount by Rs. 200 million. The Company issued 31,298,905 shares of the face value of Rs. 10 each at a price of Rs. 6.39 per share i.e. at a discount of Rs. 3.61 per share without the issue of right shares under section 82 and 83 of the Companies Act, 2017 (the "Act"). SECP on the basis of a special resolution passed by the members of the Company in their general meeting held on 02 March 2018 allowed the Company under section 82 and 83 of the Act to issue 31,298,905 shares at Rs. 6.39 per share i.e. at a discount of Rs. 3.61 per share, without the issue of right share. The approval, however, was subject to the following conditions:

- i) 31.299 million shares shall be issued within sixty days of the letter.
- ii) The issuance of the shares shall be in cash and a copy of bank account statement maintained for the receipt of the subscription money, evidencing the receipt of all subscription money, shall be submitted to the Commission within thirty days of the receipt of subscription money.
- iii) On the receipt of subscription money, the Company will first meet the statutory deposit requirement maintaining minimum statutory deposits with the State Bank of Pakistan and submit the documentary evidence to the commission within thirty days of receipt of subscription money (the additional deposit requirement was Six months period ended 30 June 2018 met subsequent to the period end).

The Company has complied with all aforesaid conditions and return of allotment for the issue of additional shares was filed with SECP in June 2018 and a certified true copy of SECP has also been received. Accordingly the Company's capital as of 31 December 2018 and 30 June 2019 was as follows:

Issued, subscribed and paid up capital	612,989,050
Discount on issue of shares	(112,989,050)
Minimum paid up capital (as required)	<u><u>500,000,000</u></u>

Rupees

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012;
- Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and Takaful Rules 2012, have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018.

2.3 These financial statements reflect the financial position and results of operations of both the Shareholders' Fund and Participants' Takaful Fund in a manner that the assets, liabilities, income and expenses of the Shareholders' Fund and PTF remain separately identifiable.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for the available for sale investments which are stated at their fair values.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December, 2018, except as stated below.

5.1 Change In Accounting Policy

On 1 January 2019, the Company adopted IFRS 16 Leases. A number of other new standards/amendments, interpretations are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The weighted average discount rate applied to lease liabilities on the transition date 1 January 2019 was 13.34 percent.

The impact of IFRS 16 on the Company is primarily where the Company is a lessee in property lease contracts. The Company has elected to adopt simplified approach on transition and has not restated comparative information. On 1 January 2019, the Company recognized a lease liability, being the remaining lease payments, including extension options where the renewal is reasonably certain, discounted using the Company's incremental borrowing rate at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid or accrued lease payments related to those leases. The balance sheet increase, as a result of the recognition of lease liability and right-to-use assets as of 1 January 2019, was Rs. 27.61 million, with no adjustment to retained earnings. The asset is presented in 'Fixed Assets' and the liability is presented in 'Other liabilities'. Also in relation to those leases under IFRS 16, the company has recognized depreciation and interest costs, instead of operating lease expenses. During the six months period to 30 June 2019, the Company recognized depreciation expense of Rs. 4.6 million and interest expense of Rs. 2.26 million on these leases.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

Up to 31 December 2018, assets held under property leases, not equivalent to ownership rights, were classified as operating leases and were not recognized as asset in the statement of financial position. Payments under operating leases were recognized in profit and loss on a straight line basis over term of the lease.

In view of the application of above IFRS, the Company's accounting policy for the Right of use asset and related lease liability is as follows:

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

6. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statement requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2018 except for the change in estimate for lease hold improvements mentioned in 10.2 note to these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

7. TAKAFUL AND FINANCIAL RISK MANAGEMENT

The insurance and financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 31 December 2018.

8. CONTRIBUTION DEFICIENCY RESERVE

No provision has been made as the unearned contribution reserve for each class of business at period end is adequate to meet the expected future liability after re-takaful from claims and other expenses expected to be increased after the reporting date in respect of policies in force at the reporting date.

9. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

9.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or do not have any significant effect on the Company (except as mentioned in notes 5 and 9.2) and therefore not stated in these financial statements.

9.2 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year

IFRS 9 'Financial Instruments' is effective for reporting period / year ending on or after 30 June 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduces two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets.

30-June-2019 (Un-audited)					
Financial assets	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or loss during the period	Carrying value	Cost less Impairment	Change in unrealized gain or loss during the period
Investments					
- Equity securities -Available for sale	141,617,830	(23,588,125)	-	-	-
- Mutual funds-Available for sale	106,410,358	(19,326,647)	-	-	-
- Debt Securities-held to maturity	-	-	370,290,027	-	-
Takaful / co-takaful receivables *	102,624,017	-	-	-	-
Loans and other receivables *	20,178,642	-	-	-	-
Long term deposits *	7,494,617	-	-	-	-
Re-takaful recoveries against outstanding claims *	45,634,550	-	-	-	-
Cash and bank	68,345,198	-	-	-	-
Total	Rupees 492,305,212	(42,914,772)	370,290,027	-	-

		30-June-2019 (Un-audited)						
		Gross carrying amounts of debt instruments that pass the SPPI test						
		AA+	A+	AA	AA-	AAA	A	Total
Investments in debt securities		-	-	-	21,000,000	-	60,000,000	81,000,000
Held to Maturity								
Investments in debt securities -								
Term Deposits		-	177,790,027	111,500,000	-	-	-	289,290,027
Total gross carrying amounts of financial assets that pass the SPPI test	Rupees	-	177,790,027	111,500,000	21,000,000	-	60,000,000	370,290,027

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

10. PROPERTY AND EQUIPMENT - Shareholders Fund

	Note	2019	2018
Tangible assets	10.1	18,523,708	5,270,762
Capital work-in-progress		-	8,433,117
Right of use asset	5.1	23,008,175	-
	Rupees	41,531,883	13,703,879

10.1 TANGIBLE ASSETS

	30 June 2019 (Unaudited)					
	Cost		Accumulated depreciation		Book value	
	As at 1 January 2019	Additions / (disposal) during the period	As at 30 June 2019	As at 1 January 2019	Charge for the period/(disposal)	As at 30 June 2019
						Depreciation Rate %
Leasehold improvements	4,582,141	4,068,661	8,650,802	3,894,944	784,717	33.33
Furniture and fixtures	12,713,001	2,644,130 (719,360)	14,637,771	12,361,943	170,093 (682,297)	10
Office equipment	6,794,416	2,116,491 (237,764)	8,673,143	5,261,289	215,063 (230,160)	10
Computers	20,615,939	6,432,984	27,048,923	18,198,167	1,002,099	33.33
Vehicles	647,737	246,900	894,637	366,129	39,582	20
	45,353,234	15,509,166 (957,124)	59,905,276	40,082,472	2,211,554 (912,457)	
	Rupees					18,523,707

FOR THE HALF YEAR ENDED 30 JUNE 2019

10.2 During the six months period ended 30 June 2019, the company re-estimated the useful life of its lease hold improvements with effect from 1 January 2019 from 10 % to 33.33 % . The financial impact of the re-estimation for the current six month period is Rs 0.559 million, which has been recognised in the profit and loss account.

INTANGIBLE ASSETS									
Computer software	Rupees	30 June 2019 - (Unaudited)							
		Cost		Accumulated amortization		Book value			
		As at 1 January 2019	Additions / (disposal) during the period	As at 30 June 2019	As at 1 January 2019	Charge for the period	As at 30 June 2019	Amortization Rate %	
		14,263,182	-	14,263,182	14,117,856	58,584	14,176,440	86,742	33.33
Computer software	Rupees	30 June 2018 - (Unaudited)							
		Cost		Accumulated amortization		Book value			
		As at 1 January 2018	Additions / (disposal) during the period	As at 30 June 2018	As at 1 January 2018	Charge for the period	As at 30 June 2018	Amortization Rate %	
		14,263,181	-	14,263,181	13,977,160	69,761	14,046,921	216,261	33.33

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

12. INVESTMENTS IN EQUITY SECURITIES AND MUTUAL FUNDS - available for sale

	Note	30 June 2019			31 December 2018 Aggregate (Audited)
		Shareholders Fund	Participants Takaful Fund	Aggregate	
Investment in Listed shares	12.1	56,202,420	85,415,410	141,617,830	89,919,034
Investment in Mutual funds	12.2	18,210,827	88,199,531	106,410,358	88,034,438
	Rupees	74,413,247	173,614,941	248,028,188	177,953,472

12.1 Investment in listed shares

Investment in listed shares		30 June 2019			31 December 2018 (Audited)		
		Cost	Impairment (provision)	Carrying value	Cost	Impairment (provision)	Carrying value
Shareholders' Fund							
Investment in Quoted equity securities - cost	12.1.1	70,309,957	-	70,309,957	36,717,421	-	36,717,421
Fair value loss on available for sale investments - net (recognized in other comprehensive income)		-	-	(9,351,966)	-	-	(4,945,485)
Fair value loss on available for sale investments - net (charged to profit and loss account)		-	(4,755,571)	(4,755,571)	-	(2,760,316)	(2,760,316)
	Rupees	70,309,957	(4,755,571)	56,202,420	36,717,421	(2,760,316)	29,011,620
Participants' Takaful Fund							
Investment in Quoted equity securities - cost	12.1.1	114,156,978	-	114,156,978	77,903,981	-	77,903,981
Fair value loss on available for sale investments - net (recognized in other comprehensive income)		-	-	(14,236,159)	-	-	(10,516,548)
Fair value loss on available for sale investments - net (Charged to profit and loss account)			(14,505,409)	(14,505,409)	-	(6,480,019)	(6,480,019)
	Rupees	114,156,978	(14,505,409)	85,415,410	77,903,981	(6,480,019)	60,907,414

12.1.1 This represents investment in the listed ordinary shares of par value of Rs. 10 each of different listed Companies.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

12.2	Investment in mutual funds - available for sale	30 June 2019			31 December 2018 (Audited)		
		Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
	Shareholders' Fund						
	Investment in Units of Shariah Compliant Mutual Fund	20,441,068	-	20,441,068	10,441,068	-	10,441,068
	Fair value loss on available for sale investments - net (recognized in other comprehensive income)	-	-	(2,230,241)	-	-	(1,693,181)
	Rupees	20,441,068	-	18,210,827	10,441,068	-	8,747,887
	Participants' Takaful Fund						
	Investment in Units of Shariah Compliant Mutual Fund	106,758,556	-	106,758,556	89,558,556	-	89,558,556
	Fair value loss on available for sale investments - net (charged to other comprehensive income)	-	-	(17,096,406)	-	-	(10,272,005)
	Fair value loss on available for sale investments - net (Charged to profit and loss account)	-	(1,462,619)	(1,462,619)	-	-	-
	Rupees	106,758,556	(1,462,619)	88,199,531	89,558,556	-	79,286,551

13. INVESTMENT IN DEBT SECURITIES - held to maturity

13.1 Sukuk Certificates - Shareholders' Fund

Note

Performing Assets

[illegible]

13.2 Sukuk Certificates-Participants' Takaful Fund

Pak Elektron Limited

Six months period ended 30 June 2018

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

13.1.1 Market value of the security is not yet quoted on MUFAP, however profit is being received.

13.1.2 This represents investments aggregating to Rs. 15 million (31 December 2018: Rs. 15 million) in sukuks issued by Agritech Limited (the investee company) against which the investee company had not made payments on the contractual dates. In 2011, a restructuring agreement was signed between the investee company and the Investment Agent of the sukuk certificates, whereby, certain terms included in the original trust deed dated 22 July 2008 were amended, including the repayment period which was extended from 06 August 2015 to 06 August 2019. Further, in lieu of accrued overdue profit, zero coupon Term Finance Certificates (TFCs) were issued by Agritech Limited on 17 October 2011 which were to be repaid by the investee company within three and a half years from the date of issuance of such TFCs. However, the investee company defaulted on the instalment due based on the restructuring agreement as well as in making payments in respect of zero coupon term finance certificates. Therefore, the management has neither recorded TFCs issued in lieu of profit in the books of accounts nor accrued any profit on the outstanding balance of the principal amount and has fully provided the outstanding principal.

13.1.3 An agreement for the restructuring of these sukuks was executed between the Investment Agent of these sukuks and Quetta Textile Mills Limited on 24 June 2013. According to the restructuring terms, repayment of principal of Rs. 8 million will be made to the Company over a period of 7 years till 26 March 2020 in twenty nine quarterly instalments whereas the profit shall be received by the Company at the rate of 6 monthly KIBOR and a spread of 1.75% with effect from 26 March 2013.

However, the investee company defaulted on the instalment on due dates under restructuring agreement. Therefore, the management has not accrued any profit on outstanding principal amount and has fully provided for the outstanding principal.

14. INVESTMENT IN TERM DEPOSITS	30 June 2019			31 December 2018
	Shareholders Fund	Participants Takaful Fund (Unaudited)	Aggregate	Aggregate (Audited)
	note 14.1 & 14.2	note 14.3		
Held to Maturity				
Deposits maturing within 12 months	Rupees			
	121,315,103	167,974,924	289,290,027	195,500,000

14.1 This represents term deposits of Rs. 59.8 million, Rs. 31.5 million, Rs. 20 million and 10 million maturing on 26 July 2019, 04 July 2019 and 05 December 2019 and 11 March 2020 respectively and carries profit rate at 10.8%, 10.25 %, 9.5 % and 10.75 % per annum respectively. The deposit is held with Dubai Islamic Pakistan Limited and Bank Islami Pakistan limited.

14.2 These include term deposits of Rs. 61.5 million (31 December 2018: Rs 61.5 million) deposited with State Bank of Pakistan as statutory reserve in accordance with the requirement laid down in section 29 of the insurance ordinance, 2000.

14.3 This represents term deposits of Rs. 50.67 million, Rs. 37.3 million, Rs. 50 million and 30 million maturing on 08 August 2019, 26 July 2019, 24 August 2019 and 20 September 2019 respectively and carries profit rate at 12 %, 10.8 % and 12.25 % per annum respectively. The deposit is held with Dubai Islamic Pakistan Limited, Bank Islami Pakistan limited and Albaraka Bank Pakistan limited.

15. QARD-E-HASNA	Note	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Opening balance	15.1	109,479,565	40,479,565
Qard-e-hasna contributed to the Waqf (PTF)		-	69,000,000
Closing balance	Rupees	109,479,565	109,479,565

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

- 15.1** Subsequent to the period end Rs.40 million was received by the shareholders' fund. The company expects the recovery of the remaining amount by the end of the current financial year.

Under the Takaful Rules, 2012 in the event of surplus in Participants' Takaful Fund, Qard-e-Hasna shall be paid to the Shareholders' Fund prior to distributing surplus to the Participants. Management expects to generate sufficient profit in the future.

		30 June 2019 (Unaudited)	31 December 2018 (Audited)
16.	LONG TERM DEPOSITS - Shareholders Fund		
	Ijarah security deposit	3,630,330	1,870,290
	Rental security deposit	1,801,881	268,590
	Hospitals security deposit	1,793,000	875,000
	Others	269,406	222,264
	Rupees	7,494,617	3,236,144

- 17. LOANS AND OTHER RECEIVABLES - considered good**

		30 June 2019			31 December 2018 Aggregate (Audited)
	Note	Shareholders Fund	Participants Takaful Fund (Unaudited)	Aggregate	
Advances to employees - (unsecured and interest free)	17.1	2,301,954	-	2,301,954	1,247,599
Accrued investment income		6,250,863	2,856,025	9,106,888	6,080,336
Receivable from Participants' Takaful Fund	17.2	2,440,706	-	2,440,706	4,276,068
Receivable from the Shareholder's Fund		-	-	-	6,872,075
Federal exercise duty receivable		-	5,956,809	5,956,809	-
Others		372,286	-	372,286	-
Rupees		11,365,808	8,812,834	20,178,643	18,476,078

- 17.1** The eligible employees are entitled to two months salaries repayable within one year.

- 17.2** This represents the balance arising on the income tax accrual on PTF's surplus net of the transfer of income tax deducted on PTF's bank balances to the Shareholders' Fund.

		30 June 2019 (Unaudited)	31 December 2018 (Audited)
18.	TAKAFUL / CO-TAKAFUL RECEIVABLES- Unsecured		
	Due from policy holders	82,885,334	40,197,470
	Less: Provision for impairment against the balance due from the policy holders	(3,876,947)	(2,689,398)
	Balance considered good	79,008,387	37,508,072
	Due from other takaful companies	25,632,180	6,982,272
	Less: Provision for impairment against the balance due from other takaful companies	(2,016,550)	(2,016,550)
	Balance considered good	23,615,630	4,965,722
	Rupees	102,624,017	42,473,794

* Subsequently up to 7 August 2019, Rs. 47 million had been recovered by the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

18.1 This includes Rs. 20.593 million (2018: Rs. 13.181 million) receivable from related parties. The amount is not considered to be impaired as at 30 June 2019.

18.2	Movement in provision for impairment - due from policy holders	30 June 2019 (Unaudited)	31 December 2018 (Audited)
	Balance as on 1 January 2019 & 1 January 2018	2,689,398	1,353,734
	Add: Provision made during the period / year	1,187,549	1,335,664
	Balance as on 30 June 2019 / 31 December 2018	3,876,947	2,689,398
	Rupees		
18.3	Movement in provision for impairment - due from other takaful companies		
	Balance as on 1 January 2019 & 1 January 2018	2,016,550	950,775
	Add: Provision made during the period / year	-	1,065,775
	Balance as on 30 June 2019 / 31 December 2018	2,016,550	2,016,550
	Rupees		

19. PREPAYMENTS

		30 June 2019			31 December 2018 Aggregate (Audited)
Note		Shareholders Fund	Participants Takaful Fund	Aggregate	
		(Unaudited)			
	Prepaid rent	-	-	-	1,011,750
	Prepaid re-takaful ceded	-	46,194,192	46,194,192	14,445,719
19.1	Prepaid tracker related expenses		18,203,911	18,203,911	6,218,279
19.2	Others	1,487,932	-	1,487,932	787,131
	Rupees	1,487,932	64,398,103	65,886,035	22,462,879

19.1 This includes Rs. 1.5 million (2018: Rs 0.65) paid to a related party. Total amount paid is of Rs. 1.5 million (2018: Rs 0.65 million).

19.2 This represents contribution payments by the company for the takaful health plan of the employees.

20. CASH AND BANK

		30 June 2019			31 December 2018 Aggregate (Audited)
Note		Shareholders Fund	Participants Takaful Fund	Aggregate	
		(Unaudited)			
	Cash and cash equivalents				
	- Cash in hand	104,848	-	104,848	49,098
	- Policy and revenue stamps, bond papers	-	286,545	286,545	389,475
		104,848	286,545	391,393	438,573
	Cash and bank				
	- Current account	20,920	836,290	857,210	1,765,321
20.1	- Savings accounts	5,039,450	62,057,145	67,096,594	86,101,582
	Rupees	5,165,218	63,179,980	68,345,197	88,305,476

20.1 These represent balances maintained with Islamic commercial banks under profit and loss sharing basis carrying expected profit rates ranging from 3.5% to 8.5% (2018: 1.25% to 9.50%) per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

21. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

30 June 2019	31 December 2018		30 June 2019	31 December 2018
(Number of shares)				
61,298,905	61,298,905			
		Rupees	612,989,050	612,989,050
Shares in the Company are held by the following:				
		Number of shares	Percentage	
House Building Finance Company Limited		8,699,500	14.19%	
Al Baraka Bank (Pakistan) Limited		5,099,000	8.32%	
Sitara Chemical Industries Limited		2,999,500	4.89%	
Mal Al Khaleej Investment LLC		2,550,000	4.16%	
Mr. Salim Habib Godil		10,485,602	17.11%	
Syed Rizwan Hussain		10,485,601	17.11%	
Mr. Shahzad Salim Godil		10,485,601	17.11%	
Syed Salman Hussain		10,485,601	17.11%	
Others		8,500	0.01%	
		Rupees	61,298,905	100.00%

22. TAKAFUL / RE-TAKAFUL PAYABLES

Due to other takaful companies	955,529	2,440,125
Due to re-takaful entities	101,515,031	62,355,834
	Rupees	
	102,470,560	64,795,959

23. OTHER CREDITORS AND ACCRUALS

		30 June 2019			31 December 2018
	Note	Shareholders Fund	Participants' Takaful Fund	Aggregate	Aggregate (Audited)
		(Unaudited)			
Commission payable to agents		13,390,015	-	13,390,015	25,479,618
Federal excise duty		-	-	-	6,414,501
Federal Takaful fee		-	663,275	663,275	640,270
Tax deducted at source		-	1,700,023	1,700,023	886,436
Payable to staff gratuity fund					
- defined benefit plan		3,216,008	-	3,216,008	2,529,521
Provision for staff compensated absences		337,010	-	337,010	337,013
Deposit		1,097,780	-	1,097,780	1,292,294
Tracker installation fee payable	23.1	-	7,313,990	7,313,990	5,071,397
Accrued expenses		2,679,717	-	2,679,717	10,559,605
Payable to Shareholder's Fund	17.2	-	2,440,706	2,440,706	4,276,068
Payable to Participant's Takaful Fund		-	-	-	6,872,075
Payable against purchase of investments		28,354,746	28,590,553	56,945,299	1,426,830
Lease liability		19,581,117	-	19,581,117	-
Other payables	23.2	718,606	4,230,470	4,949,076	4,934,834
	Rupees	69,374,999	44,939,016	114,314,015	70,720,462

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

23.1 This includes Rs : Nil (31 December 2018 Rs : 0.649 million) payable to the a related party.

23.2 This includes Participants' Takaful Fund's liability of Rs. 3.637 million (31 December 2018: 3.774 million) representing stale cheques in respect of the claim liability of the Company.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Travel Agents Association of Pakistan (TAAP) had filed a case against the Company on 10 October 2012 in the Takaful Tribunal of Sindh for the recovery of Rs. 546.534 million (31 December 2018 Rs : 546.534 million) inclusive of compensation / damages for premature termination and mark up accrued thereon in respect of Amaan Travel and Health Takaful Package. A commissioner has been appointed for recording evidences of the parties which is yet to issue its report to Tribunal along-with evidence based on which the case shall be disposed off by the Tribunal. The matter is at the stage of evidence of the parties before the Commissioner appointed by the Court. The management, based on the advice of its legal counsel, is confident that the Company has reasonable defence in the case and as such no loss is likely to arise from this litigation and accordingly, no provision has been made in these condensed interim financial information. The legal advisor has opined that the company has a reasonable defence in this matter and there is less likelihood of any ontential loss being suffered by the Company, however, final outcome would depend on the conclusion of the evidence led by the respective parties in support of their case.

24.1.2 A case has been filed by a Participant against the Company before Takaful Tribunals at Lahore in respect of loss claimed for an amount aggregating Rs. 14.986 million (31 December Rs :14.986 million). This claim has not been acknowledged by the Company on the basis of surveyor's report. The case is in final stage and is fixed for final arguments of the parties, Company based on the legal advisor's opinion is of the view that it has a good arguable ground and the case is likely to be decided in the company's favor. As such provision against the above case has not been made by the company.

24.1.3 The Company was issued a show-cause notice on 25 April 2016 by the Sindh Revenue Board (SRB) alledging that the Company had received re-insurance services liable to Sindh Sales Tax at 16% during the period from July 2011 to June 2014 and required the Company to show cause notice as to why tax of Rs. 31.561 million should not be levied and recovered from the Company (apart from the default surcharge and penalty).

Furthermore, based on the judgement of Supreme Court where C.P. petition shall be valid based on the payment of 50% of the disputed amount, management of the Company has withdrawn the suit (earlier filed). The Company through the Insurance Association of Pakistan (IAP), as representatives decided to take the matter to the Chairman SRB and requested to keep the proceedings in abeyance till the matter is decided for the industry.

Furthermore on 19 April 2019, SRB had issued a notice under Section 66(1)C of Sales tax on Services Act 2011 for the attachment and recovery of Sindh Sales tax from the company's bank account for Rs. 65.7 million which comprises of principal, penalty and default surcharge of Rs. 31.5 million, 9.8 million and 24.28 million respectively. The company filed a constitutional petition under Article 199 of the Constitution of Pakistan. In the aforesaid subject matter, Sindh High Court has granted stay order on the attachment of the aforementioned bank account of company till a final decision.

Furthermore on 22 April 2019 the Company had filed an appeal before commissioner (appeals) under section 57 of Sindh Sales Tax on Services Act 2011 for the suspension of order in respect of sales tax on Re Takaful Services.

The Company's management is view that an insurance company on issuing policy and receiving contribution, charges sales tax on the ultimate user. The same risk is transferred / shared by an insurance company with a reinsurance entity and SRB is charging sales tax on service which was already taxed and paid by the end consumer. Furthermore, sales tax is always levied as value added tax. However, in reinsurance services there is no element of value addition.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

The same matter has been raised for certain other insurance companies also. Therefore, there is a likely chance for the settlement of issue on a prospective basis. Nonetheless, the management is also of the view that the said input tax shall be admissible (against the output tax being collected by the Company on insurance policies), although the department may dispute such input tax mainly on the restriction placed by Rule 22 of the Sindh Sales Tax Rules, 2011 which bars claim of input tax over six month's time. However, the management also consider that normally the courts have considered such matters as procedural issues as right to claim cannot be denied. With respect to the default surcharge and penalty under the Sindh Sales Tax Act, 2011, management is of the view that since no willful intension to contravene the statutory provisions of the law has been made, chances of the recovery of the same appears to be remote.

Accordingly, for the reasons explained above, provision for the above balance has not been made in these financial statements.

24.1.4 Securities and Exchange Commission of Pakistan on 13 October 2017 passed an order for alleged contravention of Section 11(1) and Section 28 of the Insurance Ordinance 2000, in respect of minimum paid up capital requirement and imposed a fine of Rs. 1,200,000, earning Rs. 500,000 imposed on the Company and Rs. 100,000 on each of the directors of Company. The Company had filed an appeal before the Appellate Bench of SECP for setting aside the order and the matter is at the stage of hearing. Company's legal advisor has opined that the Company has a good arguable case and there is no likelihood of an unfavorable outcome, however, if the appeal fails the Company would have an opportunity to file before the High Court. Nonetheless the Company's management is hoping that since now the Company has met the minimum paid up capital requirement, the Commission may take a lenient view.

24.1.5 With effective from 01 November 2018, the Punjab province has implemented sale tax on the health insurance policies. Total amount involved is Rs. 0.41 million and 2.367 million for the period from 1 November to 31 December 2018 and from 1 January 2019 to 30 June 2019 respectively. The amount has not been collected by the company. Nonetheless, the management based on a legal opinion is confident that ultimately the matter shall be decided in its favor, whenever the case is contested in the a court of law. For the reason given above and since the cumulative amount of Rs 2.77 million is not material, provision has not been made against the amount involved.

24.2 Commitments

Commitments under Ijarah arrangements (for motor vehicles) and the period in which these payments will become due are:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Not later than one year	3,005,044	3,005,044
Later than one year but not later than five years	8,380,013	8,380,013
Rupees	11,385,057	11,385,057

Above arrangements have been accounted for under Islamic Financial Accounting Standard 2 (Isaiah) issued by the Institute of Chartered Accountants of Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

25. NET TAKAFUL CONTRIBUTION

	Note	Six months period ended 30 June		Three months period ended 30 June	
		2019	2018	2019	2018
		(Unaudited)			
Written Gross Contribution	25.1	459,495,255	128,361,090	167,606,826	92,065,744
Add: Unearned Contribution reserve opening		216,589,851	39,052,938	380,783,505	48,305,356
Less: Unearned Contribution reserve closing		(358,769,664)	(100,731,223)	(358,769,664)	(100,731,223)
Contribution earned		317,315,442	66,682,805	189,620,667	39,639,877
Retakaful Contribution ceded		83,388,967	21,645,373	16,394,215	11,631,620
Add: Prepaid Retakaful Contribution opening		14,445,719	8,431,090	60,076,979	7,770,270
Less: Prepaid Retakaful Contribution closing		(46,194,192)	(8,360,060)	(46,194,192)	(8,360,060)
Retakaful expense		51,640,494	21,716,403	30,277,002	11,041,830
Net Takaful Contribution	Rupees	265,674,948	44,966,402	159,343,665	28,598,047

25.1 This includes Rs. 76.3 million (30 June 2018 Rs. 18.3 million) from related parties.

26. NET TAKAFUL CLAIMS EXPENSE

		Six months period ended 30 June		Three months period ended 30 June	
	Note	2019	2018	2019	2018
----- (Unaudited) -----					
Claims Paid	26.1	115,605,721	32,591,796	78,628,566	13,613,793
Less: Outstanding claims including IBNR - opening		(79,393,141)	(62,479,712)	(124,777,667)	(54,557,595)
Add: Outstanding claims including IBNR - closing	26.2	135,116,291	68,979,672	135,116,291	68,979,672
Claims expense		171,328,871	39,091,756	88,967,190	28,035,870
Retakaful and other recoveries received		27,911,816	10,741,450	7,347,749	2,645,640
Less: Retakaful and other recoveries in respect of outstanding claims - opening		(21,751,263)	(25,245,182)	(31,402,584)	(21,410,247)
Add: Retakaful and other recoveries in respect of outstanding claims - closing		55,028,318	25,774,299	55,028,318	25,774,299
Retakaful and other recoveries revenue		61,188,871	11,270,567	30,973,483	7,009,692
Net Takaful Claims Expense	Rupees	110,140,000	27,821,189	57,993,707	21,026,178

26.1 This includes Rs. 24.8 million (30 June 2018: Rs. 7.1 million) relating to related parties.

26.2 This includes Rs. 15.69 million (31 December 2018: Rs. 21.46 million) relating to related parties.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

27. NET COMMISSION EXPENSE / ACQUISITION COST

	Six months period ended 30 June		Three months period ended 30 June	
	2019	2018	2019	2018
	(Unaudited)			
Commission paid or payable	51,528,646	21,166,303	28,940,958	18,481,300
Add: Deferred commission expense - opening	34,652,031	2,252,361	(44,060,337)	3,383,639
Less: Deferred commission expense - closing	(42,341,366)	(17,143,807)	42,341,366	(17,143,807)
Net Commission	43,839,311	6,274,857	27,221,987	4,721,132
Commission received or recoverable	7,131,409	4,566,302	2,957,104	2,700,957
Add: Unearned Retakaful Commission - opening	4,237,040	2,655,575	(4,878,518)	2,457,329
Less: Unearned Retakaful Commission - closing	(4,766,939)	(1,928,682)	4,766,939	(1,928,682)
Commission from Retakaful	6,601,510	5,293,195	2,845,525	3,229,604
Net Commission Revenue	37,237,801	981,662	24,376,462	1,491,528
Rupees				

28. WAKALA FEES

The wakala fees was charged at the gross contribution from the Participants ' Takaful Fund. The rate of wakala fees as approved by Shariah Advisor were as follows:

	31 March (Un-audited)		30 June (Un-audited)	
	1 January 2019 to 31 March 2019	01 January 2018 to 31 March 2018	01 April 2019 to 30 June 2019	1 April 2018 to 30 June 2018
Fire and property damage	40%	40%	40%	25%
Marine, aviation and transport	40%	40%	40%	25%
Motor	60%	40%	60%	25%
Health	25%	40%	25%	25%
Miscellaneous	38%	40%	38%	25%

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

29. INVESTMENT INCOME

29.1 Participants' Takaful Fund (PTF)

Income from equity securities-Available for sale

Dividend Income

2,167,882

405,900

Net Realized Gains / (losses) on Investments-Available for sale

Realized Gain on equity securities

-

156,205

Realized Loss on equity securities

-

(82,403)

-

73,802

Income from debt securities-Held to maturity

Return on Sukuk

(2,088)

537,858

Income from Deposits

Return on term deposit-held to maturity

6,551,383

1,546,216

Total Investment Income

8,717,177

2,563,776

Less: Investment related expenses

-

(8,797)

Less: Charity on dividend purification

(25,400)

(74,993)

Net investment income (PTF)

Rupees

8,691,777

2,479,986

29.2 Shareholders' Fund (SHF)

Income from equity securities-Available for sale

Dividend Income

684,681

89,940

Net Realized Gains / (losses) on Investments-Available for sale

Realized Gain on equity securities

-

1,174,934

Realized loss on equity securities

-

(1,326,303)

-

(151,369)

Realized loss on equity securities

Income from debt securities-Held to maturity

Return on sukuk

4,982,738

1,631,142

Gain on Disposal of Sukuk

875,148

(52,506)

5,857,886

1,578,636

Income from Deposits

Return on term deposit-held to maturity

5,991,717

1,001,429

Total Investment Income

12,534,284

2,518,636

Less: Investment related expenses

(22,405)

(19,134)

Less: Charity on dividend purification

(23,600)

-

Net investment income (SHF)

Rupees

12,488,279

2,499,502

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

30. TAXATION

In view of the loss for the period in the Shareholders' Fund and available tax losses, provision for minimum tax has been made in the condensed interim financial statements.

The Company has not recognised deferred tax asset on deductible temporary differences aggregating to Rs. 101 million approximately as at 30 June 2019 (including deficit on revaluation of investments). In view of the uncertainty of the realisation.

31. SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

Half year period ended 30 June 2019						
	Note	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous Aggregate
PARTICIPANTS' TAKAFUL FUND						
Takaful / re-takaful receivables		11,980,868	13,323,754	326,199,938	77,622,042	85,504,304
Less: Federal Excise Duty		(1,360,060)	(1,320,688)	(37,225,817)	-	(9,750,179)
Federal Takaful Fee		(103,095)	(109,409)	(2,858,268)	(768,520)	(749,964)
Stamp duty		(4,180)	(826,975)	(49,455)	(905)	(8,136)
Tracker charges recovered		-	-	-	-	-
Gross written contribution	Rupees	10,513,533	11,066,682	286,066,398	76,852,617	74,996,025
Participants' Takaful Fund - revenue account						
Takaful contribution earned		13,472,065	11,223,310	223,146,602	33,950,197	35,523,268
Takaful contribution ceded expense		(10,612,263)	(7,840,927)	(9,396,000)	-	(23,791,304)
Net Takaful contribution	25	2,859,802	3,382,383	213,750,602	33,950,197	11,731,964
Retakaful rebate earned	27	3,056,840	2,471,922	-	-	1,072,748
Net Revenue		5,916,642	5,854,305	213,750,602	33,950,197	12,804,712
Takaful claims		(17,262,208)	(100,000)	(111,409,001)	(26,659,561)	(15,898,101)
Takaful claims recovered from retakaful operators & salvage recovery		16,182,306	40,000	35,828,367	-	9,138,198
Net Takaful claims expense	26	(1,079,902)	(60,000)	(75,580,634)	(26,659,561)	(6,759,903)
Wakala fee	28	(4,952,301)	(4,600,311)	(105,965,628)	(8,081,515)	(13,492,543)
Other direct expenses		(57,780)	(60,015)	(9,193,519)	-	(333,248)
Underwriting results		(173,341)	1,133,980	23,010,821	(790,879)	(7,780,982)
Investment income						8,691,777
Impairment Loss on Available for Sale Equity Securities						(9,488,010)
Profit on bank balances						4,366,355
Less: Mudarib's share						(892,530)
Net investment income						2,677,591
Other income						2,999,360
Bank charges						(73,649)
Total surplus - before tax						21,002,901
Provision for taxation - current						(2,893,896)
Total surplus - after tax	Rupees					18,109,005

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

Half year period ended 30 June 2018

PARTICIPANTS' TAKAFUL FUND

Note	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
Takaful / re-takaful receivables	11,305,332	15,554,775	121,432,520	3,113,821	5,691,490	157,097,938
Less: Federal Excise Duty	(1,318,590)	(1,681,615)	(12,840,794)	(182,520)	(649,508)	(16,673,027)
Federal Takaful Fee	(98,804)	(129,255)	(976,471)	(29,021)	(49,917)	(1,283,468)
Stamp duty	(7,785)	(798,690)	(17,250)	(130)	(470)	(824,325)
Tracker charges recovered	-	-	(9,956,028)	-	-	(9,956,028)
Gross written contribution	Rupees 9,880,153	12,945,215	97,641,977	2,902,150	4,991,595	128,361,090
Participants' Takaful Fund - revenue account						
Takaful contribution earned	13,400,878	11,951,419	35,112,907	4,086,714	2,130,887	66,682,805
Takaful contribution ceded expense	(7,129,640)	(8,594,486)	(5,798,400)	-	(193,877)	(21,716,403)
Net Takaful contribution	25 6,271,238	3,356,933	29,314,507	4,086,714	1,937,010	44,966,402
Retakaful rebate earned	27 2,313,745	2,910,937	-	-	68,513	5,293,195
Net Revenue	8,584,983	6,267,870	29,314,507	4,086,714	2,005,523	50,259,597
Takaful claims	(5,191,296)	14,008	(22,007,829)	(912,356)	(10,994,283)	(39,091,756)
Takaful claims recovered from retakaful operators & salvage recovery	4,385,784	(8,118)	6,844,946	-	47,955	11,270,567
Net Takaful claims expense	26 (805,512)	5,890	(15,162,883)	(912,356)	(10,994,283)	(27,821,189)
Wakala fee	28 (5,076,335)	(3,916,046)	(11,362,440)	(1,621,729)	(582,920)	(22,559,470)
Direct expenses	(14,363)	(135)	(881,667)	-	(329,653)	(1,225,818)
Underwriting results	2,688,772	2,357,579	1,907,518	1,552,630	(9,853,379)	(1,346,879)
Investment income						2,479,986
Return on bank balances						419,021
Less: Mudarib's share						(724,752)
Net investment income						2,174,256
Other income						23,115
Bank charges						(107,110)
Total surplus transferred to balance of Waqf / Participants' Takaful Fund	Rupees					743,380

The class wise assets and liabilities are as follows:

30 June 2019 (Unaudited)

	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
Segment assets	Rupees 43,715,654	10,040,219	299,908,298	46,220,567	85,405,597	485,290,335
Unallocated assets						888,725,524
Consolidated total assets	Rupees					1,374,015,859
Segment liabilities	Rupees 43,715,654	10,040,219	542,721,018	74,992,098	94,238,144	765,707,134
Unallocated liabilities						309,166,373
	Rupees					1,074,873,507

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

Consolidated total liabilities

31 December 2018 (Audited)

		Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
Segment assets	Rupees	37,927,891	6,827,316	148,340,353	4,942,179	6,415,077	204,452,817
Unallocated assets							748,301,662
Consolidated total assets	Rupees						952,754,479
Segment liabilities	Rupees	36,065,271	8,415,238	341,584,635	13,414,052	28,166,534	427,645,729
Unallocated liabilities							214,283,371
Consolidated total liabilities	Rupees						641,929,100

32. RELATED PARTY TRANSACTIONS

The definition of related parties as given in IAS 24 - Related parties has been followed. Related parties comprises the associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Company. Details of the transactions and balances with related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

32.1 Transactions with related parties during the year are as follows:

			Half year period ended	
Relationship			30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Contribution written	Associate	Rupees	76,285,455	18,338,450
Contribution written	Director	Rupees	17,061	-
Contribution received	Associate	Rupees	68,825,901	9,526,152
Contribution received	Director	Rupees	65,061	145,265
Claims paid	Associate	Rupees	24,800,956	7,062,738
Profit on bank deposit	Associate	Rupees	2,934,288	163,233
Annual monitoring fee for vehicle tracking devices	Associate	Rupees	1,505,587	649,818
Key management personnel				
Compensation			40,802,559	9,574,017
Retirement benefit fund				
Contribution to the provident fund	Associate		2,612,067	830,289
Charge in respect of the amount due to gratuity fund	Associate		1,200,000	651,549

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

32.2 Balances with related parties as at 30 June 2019 are as follows:

			As at six months period ended	
			30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Associated companies				
Contribution receivable	Associate	Rupees	20,593,442	13,133,888
Contribution receivable	Director	Rupees	-	48,000
Claims outstanding	Associate	Rupees	15,645,255	21,463,276
Claims outstanding	Director	Rupees	50,000	-
Bank balances and deposits	Associate	Rupees	63,668,157	31,414,921
Annual monitoring fee for vehicle tracking devices	Associate	Rupees	-	649,818
Retirement benefit fund				
Payable to Gratuity fund	Associate		3,216,009	2,529,521

Contribution to the defined contribution plan (provident fund) is made as per the terms of employment / service rules, while charge for the defined benefit plan (gratuity) is as per the actuarial advice. Remuneration of key management personnel are in accordance with the terms of employment. Claim payments are as advised by the surveyors / as agreed / determined. Other transactions are at agreed rates.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

30 June 2019 (Un-audited)									
	Carrying Value			Fair Value					
	Available-for-sale	Loans and receivables	Held to maturity	Other financial liability	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
investments in equity securities and units of mutual funds	248,028,188	-	-	-	248,028,188	74,413,247	173,614,941	-	248,028,188
Financial assets not measured at fair value									
investments - sukuk	-	-	81,000,000	-	81,000,000	-	70,750,000	10,250,000	-
investments in term deposits*	-	-	289,290,027	-	289,290,027	-	-	-	-
Cash and bank deposits*	-	68,345,198	-	-	68,345,198	-	-	-	-
Long term security deposits*	-	-	-	-	7,494,617	-	-	-	-
Loans and receivables*	-	20,178,642	-	-	20,178,642	-	-	-	-
Takaful and co-takaful receivable - net*	-	102,624,017	-	-	102,624,017	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	45,634,550	-	-	45,634,550	-	-	-	-
Rupees	248,028,188	236,782,407	370,290,027	-	862,595,239	74,413,247	244,364,941	10,250,000	248,028,188
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	(135,116,291)	-	-	-	-	-
Takaful / Re-takaful payables*	-	-	-	(102,470,560)	-	-	-	-	-
Other creditors and accruals*	-	-	-	(114,314,015)	(114,314,015)	-	-	-	-
Six months period ended 30 June 2018	248,028,188	236,782,407	370,290,027	(351,900,866)	748,281,224	74,413,247	244,364,941	10,250,000	248,028,188

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

	31 December 2018 (Audited)					
	Carrying Value			Fair Value		
	Available-for-sale	Loans and receivables	Held to maturity	Other financial liability	Total	
Financial assets measured at fair value						
Investments in equity securities and units of mutual funds	-	-	-	-	-	-
	177,953,472	-	-	-	37,759,507	177,953,472
Financial assets not measured at fair value						
Cash and bank*	-	88,305,476	-	-	-	-
Investments in debt securities*	-	-	126,078,419	-	88,305,476	-
Investments in term deposits*	-	-	195,500,000	-	126,078,419	-
Takaful / Co-takaful receivables*	-	42,216,463	-	-	195,500,000	-
Wakala and mudarib fee receivable*	-	-	-	-	42,216,463	-
Loans and receivables*	-	7,585,266	-	-	-	-
Long Term security deposits*	-	-	-	3,236,144	7,585,266	-
Re-takaful recoveries against outstanding claims*	-	19,501,263	-	-	3,236,144	-
	177,953,472	157,608,468	321,578,419	3,236,144	660,376,503	177,953,472
Financial liabilities not measured at fair value						
Provision for outstanding claims (including IBNR)*	-	-	-	(79,393,141)	-	-
Takaful / Re-takaful payables*	-	-	-	(64,795,959)	-	-
Other creditors and accruals*	-	-	-	(48,764,583)	-	-
	177,953,472	157,608,468	321,578,419	(192,953,683)	467,422,821	177,953,472

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2019

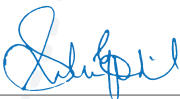
34. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were approved by the board of directors in the meeting held on 9 August, 2019 and authorized for issue.

35. GENERAL

35.1 Figures have been rounded off to the nearest thousands.

35.2 Figures in these condensed interim financial statements for the quarters ended 30 June 2019 and 30 June 2018 have not been subjected to the limited scope review of the auditors.



Salim Habib Godil
Chairman



Syed Rizwan Hussain
Managing Director & CEO



Ashraf Ali Velji
Director

















Ahmed Shuja Kidwai
Director



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