

# **TAKAFUL PAKISTAN LIMITED**

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HALF YEARLY REPORT June 30, 2018

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## CORPORATION INFORMATION

Directors	Mr. Salim Habib Godil (Chairman) Mr. Rizwan Hussain Mr. Ahmad Shuja Kidwai Mr. Ashraf Ali Velji Syed Salman Hussain Mr. Shahzad Salim Godil Syed Tariq Husain
Managing Director & CEO	Mr. Rizwan Hussain
Chief Financial Officer	Mr. Muhammad Irfan
Company Secretary	Ms. Naheed Shiraz Merchant
Shariah Advisor	Mufti Sajjad Ashraf Usmani
Statutory Auditor	KPMG Taseer Hadi & Co. Chartered Accountants
Internal Auditor	E.Y Ford Rhodes Chartered Accountants
Legal Advisor	Mohsin Tayebaly & Co (MTC)
Corporate Advisor	RS Corporate Advisory
Head office	6th floor, Business Centre, Plot No 19-1-A, Block -6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400, Pakistan. UAN : (021) 111-875-111 Tel : (+92-21) 34373171-80 (10 Lines) Fax : (+92-21) 34373195-6 E-mail : <a href="mailto:info@takaful.com.pk">info@takaful.com.pk</a> Website : <a href="http://www.takaful.com.pk">www.takaful.com.pk</a>

Bankers

Meezan Bank Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Habib Bank Limited (Islamic Banking Division)  
Faysal Bank Limited (Islamic Banking Division)  
Askari Bank Limited (Islamic Banking Division)  
Bank Alfalah Limited (Islamic Banking Division)  
Habib Metropolitan Bank (Islamic Banking Division)  
National Bank of Pakistan (Islamic Banking Division)  
Bank of Khyber (Islamic Banking Division)  
UBL (Islamic Banking Division)  
NRSP Micro Finance Bank Limited (Islamic Banking Division)

## BOARD COMMITTEES

### Audit Committee

1. **Chairman** – Mr. Ashraf Ali Velji (Non-Executive Director)
2. **Secretary** – Ms. Varda Rehman (Head of Internal Audit)
3. **Member** – Mr. Shahzad Salim Godil (Non-Executive Director)
4. **Member** – Syed Salman Hussain (Non-Executive Director)
5. **Member** – Mr. Salim Habib Godil (Non-Executive Director)
6. **Member** – Mr. Ahmed Shuja Kidwai (Non-Executive Director)

### Ethics, Human Resource & Remuneration Committee

1. **Chairman** – Mr. Salim Habib Godil (Non-Executive Director)
2. **Secretary** – Mr. Noman Zaidi (Head of Human Resources)
3. **Member** – Mr. Rizwan Hussain (Managing Director & CEO)
4. **Member** – Mr. Shahzad Salim Godil (Non-Executive Director)
5. **Member** – Mr. Salman Hussain (Non-Executive Director)

### Investment Committee

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



## MANAGEMENT COMMITTEES

### **Underwriting and Retakaful & Co-takaful Committee:**

1. **Chairman** – Mr. Rizwan Hussain (Managing Director & CEO)
2. **Member & Secretary** – Mr. Umair Ismail (Senior Vice President Operations – Non Motor)
3. **Member** – Mr. Kamran Hanif (Senior Vice President Operations – Motor)
4. **Member**- Mr. Muhammad Irfan (Chief Financial Officer)

### **Benefit (Claim) Settlement Committee:**

1. **Chairman** – Mr. Rizwan Hussain (Managing Director & CEO)
2. **Member & Secretary** – Mr. Faheem Darss (Head of Claims-South Region)
3. **Member**- Dr. Afshan Masood (DM Health Benefits)
4. **Member** - Mr. Jibran Khan (DM Non-Motor Benefits)

### **Risk Management & Compliance Committee:**

1. **Chairman** – Mr. Rizwan Hussain (Managing Director & CEO)
2. **Member & Secretary**- Ms. Naheed Shiraz Merchant (Head of Legal, Compliance & Company Secretary)
3. **Member** – Mr. Umair Ismail (Senior Vice President Operations – Non Motor)
4. **Member**- Mr. Muhammad Irfan ( Chief Financial Officer)
5. **Member** – Mr. Kamran Hanif (Senior Vice President Operations – Motor)

## OUR VISION

To spread Takaful benefits beyond borders, beyond Time!

## OUR MISSION

- To deliver Takaful as a viable alternative to conventional insurance.
- To become the 'top-of-the-mind' Takaful brand for our Participants in terms of competitiveness, service standards and business ethics
- To give value for money to our shareholders and make Takaful Pakistan their prized asset.
- To become an ideal organization for our employees that encourages them to achieve self-actualization and growth.
- To contribute positively and proactively for the welfare of our society at large as well as for the preservation of our environment.

## OUR AMBITION

To be a role model for the contemporary insurance industry and eventually bring it in conformity with the Shariah compliant Takaful mode of insurance.

## MANAGEMENT TEAM

**Mr. Rizwan Hussain**

MBA & Certified Director (PICG)  
Managing Director & CEO

**Mr. Muhammad Irfan**

FCMA  
Chief Financial Officer

**Ms. Naheed Shiraz Merchant**

LLM from University of London  
Head of Legal, Compliance & Company Secretary

**Mr. Kamran M. Hanif**

ACII – Chartered Insurer  
Senior Vice President Operations (Motor)

**Mr. Umair Ismail**

BBA (Hons.)  
Senior Vice President, Head of Operations (Non Motor)

**Mr. Noman Zaidi**

MA HR (UK), MCIPD (UK)  
Head of HR and Administration

**Mufti Sajjad Ashraf Usmani**

Takhassus Fil Ifta, MPHIL  
Shariah Advisor

**Ms. Varda Rehman**

ACCA  
Head of Internal Audit

## BRANCHES / OFFICES

Branch	Branch Address
Karachi	6th floor, Business Centre, Plot No 19-1-A, Block -6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. UAN: (021) 111-875-111 Fax: (021) 34373195-6
Lahore	Al-Hafeez Heights Floor No. 12, Office No 1216, 65D/1, Ghalib Road, Lahore. UAN: (042) 111-875-111 Fax: (042) 35716790
Peshawar	6th Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar. UAN: (091) 111-875-111 Fax: (091) 5260107
Faisalabad	Office # 3, 2nd floor, Wahab Centre, Main Susan Road, Faisalabad. UAN: (041) 111-875-111 Fax: (041) 8720063

## Takaful Pakistan Limited Directors' Report to the members

The Board of Directors is pleased to present before you the un-audited financial statements of the Company for six months period ended 30<sup>th</sup> June 2018.

### Business overview:

The results for six months are summarized below:

	30 June 2018	30 June 2017
	<u>(Rupees in Thousands)</u>	
Gross Written Contribution	128,361	95,247
Net Contribution	44,966	72,040
Underwriting results	(1,347)	5,339
PTF's Investment Income - net of Mudarib Fee	2,174	4,009
Net Surplus / Deficit – Participant's Takaful Fund	743	11,496
SHF's Investment Income	2,499	6,884
Mudarib Share of PTF Investment Income	725	1,336
Net Profit / Loss - Share holders' Fund	(34,202)	2,990
Earnings Per Share – Share holders' Fund (Rs.)	(1.11)	0.10

### Business Outlook

During the period under review, Company's Gross Written Contribution ('GWC') stands at Rs.128 million which has been increased by 34% as compared to Rs.95 million of the corresponding period of June 2017 and represents 96% of the total Gross Contribution Written for the last year 31 Dec 2017.

### Paid up Capital

Besides such massive increase in 'GWC', SECP has granted approval to the Company under section 82 and 83 of the Companies Act, 2017 to issue shares by way other than right shares. The Company has now successfully met the Minimum Capital Requirement of Rs.500 million by issuing 31,298,905 shares at par 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.

The Company has complied with all the conditions required by SECP and has filed return of allotment for the issue of additional shares in June 2018.



### **Future Outlook**

The Company has now captured the path to the success with the strong initiatives of new management consists of qualified individuals possessing knowledge, experience and skills in Insurance/Takaful profession with the leadership and vision to provide oversight to the Company.

We are committed and optimistic to improve better financial results in view of imminent initiatives and new opportunities.

Your directors would like to place on record their highest appreciation to the field force, Officers and staff of the Company for the dedicated efforts in a difficult operating environment.

We would also like to thank the Securities and Exchange Commission of Pakistan and all our various stakeholders, including Re-Takaful Operators for their continued guidance and support.

On behalf of the Board of Directors



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Rizwan Hussain  
Managing Director & CEO



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Takaful Pakistan Limited**

Condensed Interim Financial  
Information (Unaudited)  
For the six months period ended  
30 June 2018





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

## **INDEPENDENT AUDITORS' REVIEW REPORT**

**To the members of Takaful Pakistan Limited**

### **Report on review of Interim Financial Information**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Takaful Pakistan Limited** ("the Company") and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in Equity/Fund and notes to the financial information for the six-months period then ended 30 June 2018 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial information 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.





KPMG Taseer Hadi & Co.

**Emphasis of Matter**

We draw attention to Note 22 to the condensed interim financial information which gives the details of the pending litigations against the Company and management's assessment there against.

Our conclusion is not qualified in this respect.

**Other Matter**

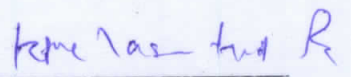
The financial information of the Company for the half year ended 30 June 2017 and for the year ended 31 December 2017 were respectively reviewed and audited by another firm of Chartered Accountants who vide their respective reports dated 23 August 2017 and 10 April 2018 had expressed an unmodified conclusion and opinion thereon.

The figures for the three-months period ended 30 June 2018 and 30 June 2017 in the condensed interim financial information 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 Aryn Pirani.

**Date: 30 August 2018**

**Karachi**


  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**


Takaful Pakistan Limited  
Condensed Interim Statement of Financial Position  
As at 30 June 2018

		30 June 2018			31 December
	Note	Shareholders' Fund	Participants' Takaful Fund (Un-audited)	Aggregate	2017 Aggregate Audited (Restated)
<b>ASSETS</b>					
Property and equipment	10	5,356,777	-	5,356,777	4,978,928
Intangible assets	11	216,261	-	216,261	286,022
<b>Investments</b>					
Equity securities and mutual funds	12	28,938,070	155,964,001	184,902,071	141,344,802
Debt securities	13	50,305,959	20,000,000	70,305,959	25,358,435
Term deposits	14	30,000,000	10,000,000	40,000,000	131,500,000
Qard-e-hasna - receivable	15	63,979,565	-	63,979,565	40,479,565
Long term deposits		1,462,554	-	1,462,554	1,367,334
Loans and other receivables	16	3,425,428	1,869,474	5,294,902	22,104,299
Takaful / co-takaful receivables	17	-	51,463,042	51,463,042	15,077,979
Re-takaful recoveries against outstanding claims		-	23,714,299	23,714,299	24,495,182
Salvage recoveries accrued (subsequently received)		-	2,060,000	2,060,000	750,000
Wakala fees receivable		626,336	-	626,336	5,785,557
Mudarib fees receivable		6,402,941	-	6,402,941	5,678,189
Deferred wakala fees		-	29,133,078	29,133,078	15,621,173
Deferred comission expense		17,143,807	-	17,143,807	2,252,361
Taxation-payment less provisions		6,126,773	-	6,126,773	6,681,990
Prepayments	18	4,061,356	8,360,060	12,421,416	9,491,255
Cash and bank	19	207,912,941	22,812,372	230,725,313	26,891,146
<b>TOTAL ASSETS</b>	<i>Rupees</i>	<b>425,958,768</b>	<b>325,376,326</b>	<b>751,335,094</b>	<b>480,144,217</b>

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
Chairman

  
Director

  
Director

  
Chief Executive Officer

Takaful Pakistan Limited  
Condensed Interim Statement of Financial Position  
As at 30 June 2018

Note	30 June 2018			31 December 2017 Aggregate Audited (Restated)
	Shareholders' Fund	Participants' Takaful Fund (Un-audited)	Aggregate	
	700,000,000	-	700,000,000	700,000,000
Issued, subscribed and paid-up share capital	20	612,989,050	612,989,050	300,000,000
Discount on issuance of shares	1.3	(112,989,050)	(112,989,050)	-
Fair value reserve		(2,912,856)	(2,912,856)	(4,496,169)
Accumulated losses		(119,681,908)	(119,681,908)	(85,479,663)
		377,405,236	377,405,236	210,024,168

**SHARE CAPITAL AND RESERVES**

Authorised share capital  
70,000,000 (31 December 2017: 70,000,000  
-ordinary shares of Rs. 10 each

**WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)**

Ceded money	-	500,000	500,000	500,000
Fair value reserve	-	(6,300,690)	(6,300,690)	(3,874,718)
Accumulated surplus	-	910,058	910,058	166,678
	-	(4,890,632)	(4,890,632)	(3,208,040)

Qard-e-hasna - payable	15	-	63,979,565	63,979,565	40,479,565
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**Underwriting provisions**

Outstanding claims including IBNR	-	68,979,672	68,979,672	62,479,712
Unearned contribution reserves	-	100,731,223	100,731,223	39,052,938
Unearned re-takaful rebate	-	1,928,682	1,928,682	2,655,575
Contributions received in advance	-	3,567,095	3,567,095	2,071,035
Amounts due to takaful/re-takaful companies	-	73,742,065	73,742,065	66,460,114
Unearned wakala fees	29,133,077	-	29,133,077	15,621,173
Wakala fees payable	-	626,336	626,336	5,785,557
Mudarib fees payable	-	6,402,941	6,402,941	5,678,189
Other creditors and accruals	21	19,420,455	29,729,834	33,044,231

<b>Total Liabilities</b>		48,553,532	266,287,393	314,840,925	232,848,524
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**TOTAL EQUITY AND LIABILITIES**

Rupees	425,958,768	325,376,326	751,335,094	480,144,217
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**CONTINGENCIES AND COMMITMENTS**

22

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

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Chairman

  
Director

  
Director

  
Chief Executive Officer



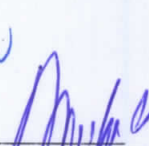
Takaful Pakistan Limited  
Condensed Interim Profit And Loss Account (Un-audited)  
For the six months period ended 30 June 2018


		Six months period ended 30 June		Three months period ended 30 June	
	Note	2018	2017 (Restated)	2018	2017 (Restated)
<b>PARTICIPANTS' TAKAFUL FUND (PTF) - REVENUE ACCOUNT</b>					
Net takaful contribution	23	44,966,402	72,040,378	28,598,047	33,355,509
Net claims	24	(27,821,189)	(27,955,154)	(21,026,178)	(10,221,538)
Wakala fee	26	(22,559,470)	(38,897,880)	(11,742,299)	(18,356,638)
Contribution deficiency reversal		-	860,711	-	1,160,711
Retakaful rebate earned		5,293,195	5,595,695	3,229,604	2,742,975
Direct expenses		(1,225,818)	(6,304,809)	(1,127,181)	(1,683,285)
		(46,313,282)	(66,701,437)	(30,666,054)	(26,357,775)
Net underwriting results		(1,346,880)	5,338,941	(2,068,008)	6,997,734
Investment income	27.1	2,479,986	4,658,449	1,604,289	3,618,294
Return on bank balances		419,021	686,692	248,671	78,613
Mudarib's share		(724,752)	(1,336,285)	(463,240)	(924,227)
Net investment income		2,174,255	4,008,856	1,389,720	2,772,680
Other income		23,115	2,178,174	23,115	1,207,467
Bank charges		(107,110)	(30,278)	(86,875)	(28,724)
Total surplus / (deficit) transferred to balance of Participants' Takaful Fund	Rupees	743,380	11,495,694	(742,047)	10,949,157
<b>SHAREHOLDERS' FUND (SHF)-REVENUE ACCOUNT</b>					
Wakala fee	26	22,559,470	38,897,880	11,742,299	18,356,638
Commission expense	25	(6,274,857)	(4,825,462)	(4,721,132)	(2,185,650)
Management expenses		(31,095,399)	(23,979,978)	(19,727,035)	(12,802,518)
		(37,370,256)	(28,805,440)	(24,448,167)	(14,988,168)
		(14,810,786)	10,092,440	(12,705,868)	3,368,470
Mudarib's share of PTF investment income		724,752	1,336,285	463,240	924,227
Investment income	27.2	2,499,502	6,883,878	56,269	3,067,920
Return on bank balances		572,268	71,000	439,819	33,773
Gain on sale of fixed assets		-	1,323,132	-	358,564
Other income		918,433	419,240	628,758	86,490
General and administration expenses		(22,501,900)	(14,966,120)	(17,111,599)	(8,401,579)
Profit before taxation		(32,597,731)	5,159,855	(28,229,381)	(562,135)
Provision for taxation - current	31	(1,604,514)	(2,169,733)	(1,266,477)	(1,656,202)
(Loss) / profit after taxation	Rupees	(34,202,245)	2,990,122	(29,495,858)	(2,218,337)
Earnings (after tax) per share	Rupees 28	(1.11)	0.10	(0.96)	(0.07)

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
Chairman

  
Director


  
Director


  
Chief Executive Officer


Takaful Pakistan Limited  
Statement of Comprehensive Income (Un-audited)  
For the six months period ended 30 June 2018


	Six months period ended 30 June		Three months period ended 30 June	
	2018	2017 (Restated)	2018	2017 (Restated)
<b>Shareholders' Fund (SHF)</b>				
(loss) / profit after taxation for the period	(34,202,245)	2,990,122	(29,495,858)	(2,218,337)
<b>Other comprehensive income</b>				
- Reclassification adjustment for net gain on sale of available for sale investments included in profit and loss account	4,496,169	(1,663,278)	4,469,169	69,429
<b>Item to be reclassified to profit and loss account in subsequent period</b>				
- Net unrealised loss arising during the period on revaluation of available-for-sale investments	(2,912,856)	(351,577)	(932,946)	(391,877)
<b>Total comprehensive income for the period</b>	Rupees <u>(32,618,932)</u>	<u>975,267</u>	<u>(25,959,635)</u>	<u>(2,540,785)</u>
<b>Participant Takaful Fund (PTF)</b>				
Surplus for the period	743,380	11,495,694	(742,047)	10,949,157
<b>Other comprehensive income</b>				
- Reclassification adjustment for net gain on available for sale investments included in profit and loss account	3,874,718	7,781,148	9,565,832	5,841,582
<b>Item to be reclassified to profit and loss account in subsequent period</b>				
- Net unrealised loss arising during the period on revaluation of available-for-sale investments	(6,300,690)	(1,953,215)	(15,555,027)	(1,466,347)
<b>Total comprehensive income for the period</b>	Rupees <u>(1,682,592)</u>	<u>17,323,627</u>	<u>(6,731,242)</u>	<u>15,324,392</u>

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
Chairman

  
Director

  
Director

  
Chief Executive Officer



Takaful Pakistan Limited  
Condensed Interim Cash Flow Statement (Un-audited)  
For the six months period ended 30 June 2018

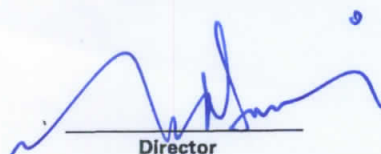
	30 June 2018			30 June 2017
	Participants' Takaful Fund	Shareholders' Fund	Aggregate	Aggregate
<b>OPERATING ACTIVITIES</b>				
<b>a) Takaful activities</b>				
Contributions received	96,509,935	-	96,509,935	84,545,331
Net re-takaful payments	(19,273,998)	-	(19,273,998)	(37,897,583)
Claims paid	(32,591,796)	-	(32,591,796)	(66,170,942)
Retakaful & other recoveries received	10,741,450	-	10,741,450	8,470,404
Commissions paid	-	(16,414,917)	(16,414,917)	(3,851,851)
Retakaful rebate received	4,566,302	-	4,566,302	4,638,600
Wakala fee (paid) / received	(42,724,187)	42,724,187	-	-
Other takaful receipt	7,006,604	-	7,006,604	14,219,574
Net cash flow from takaful activities	24,234,310	26,309,270	50,543,580	3,953,533
<b>b) Other operating activities</b>				
Income tax paid	-	(1,049,296)	(1,049,296)	(1,140,428)
Security deposits paid	-	(95,220)	(95,220)	-
Payment of retirement benefits	-	(765,696)	(765,696)	(500,000)
General administrative and management expenses paid	-	(55,979,654)	(55,979,654)	(37,082,505)
Other operating (payments) / receipts	(13,773,443)	15,920,476	2,147,033	957,142
Ijarah rentals paid	-	(186,196)	(186,196)	(523,025)
Advances to employees	-	(294,053)	(294,053)	(322,608)
Net cash flow from other operating activities	(13,773,443)	(42,449,639)	(56,223,082)	(38,611,424)
<b>Total cash flow from all operating activities</b>	<b>10,460,867</b>	<b>(16,140,369)</b>	<b>(5,679,502)</b>	<b>(34,657,891)</b>
<b>INVESTING ACTIVITIES</b>				
Profit / return received	3,437,430	5,584,315	9,021,745	15,927,036
Payment for Investments	(241,781,765)	(155,675,657)	(397,457,422)	(456,066,353)
Proceeds from of investments	200,914,961	198,620,285	399,535,246	511,670,510
Fixed capital expenditure	-	(1,585,900)	(1,585,900)	(1,165,522)
Proceeds from disposal of property and equipment	-	-	-	1,323,132
<b>Total cash flow from investing activities</b>	<b>(37,429,374)</b>	<b>46,943,043</b>	<b>9,513,669</b>	<b>71,688,803</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares	-	200,000,000	200,000,000	-
Qarda-e-Hasana received / (paid)	23,500,000	(23,500,000)	-	-
<b>Total cash flow from financing activities</b>	<b>23,500,000</b>	<b>176,500,000</b>	<b>200,000,000</b>	<b>-</b>
<b>Net cash flow from all activities</b>	<b>(3,468,506)</b>	<b>207,302,673</b>	<b>203,834,167</b>	<b>37,030,912</b>
Cash and cash equivalents at beginning of the period	26,280,878	610,268	26,891,146	25,022,974
<b>Cash and cash equivalents at end of the period</b>	<b>22,812,372</b>	<b>207,912,941</b>	<b>230,725,313</b>	<b>62,053,886</b>
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	10,460,867	(16,140,369)	(5,679,502)	(34,657,891)
Depreciation and amortization	-	(1,132,474)	(1,132,474)	(1,837,862)
Gain on disposal of fixed assets	-	-	-	1,323,132
Provision for taxation	-	(1,604,514)	(1,604,514)	(2,169,733)
Provision for staff retirement benefits	-	(688,955)	(688,955)	(651,549)
Increase / (decrease) in assets other than cash	54,095,029	4,244,506	58,339,535	(28,617,303)
(Increase) / decrease in liabilities other than running finance	(63,812,516)	(18,880,439)	(82,692,955)	81,097,022
<b>Profit/(loss) / surplus after taxation for the period</b>	<b>743,380</b>	<b>(34,202,245)</b>	<b>(33,458,865)</b>	<b>14,485,816</b>

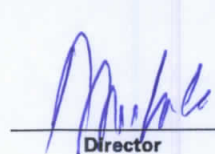
**Definition of cash**

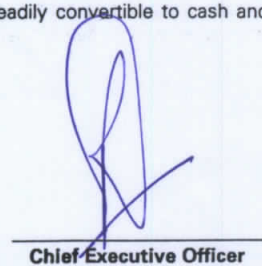
Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
Chairman

  
Director


  
Director

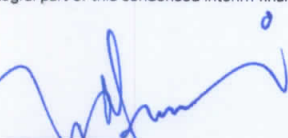
  
Chief Executive Officer

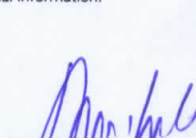
Takaful Pakistan Limited  
Condensed Interim Statement of Changes in Equity / Fund (Un-audited)  
For the six months period ended 30 June 2018

SHAREHOLDERS' FUND					
Note	Issued, subscribed and paid up share capital	Discount on issue of shares	Accumulated loss	Fair value reserve	Total
<b>Balance as at 1 January 2017 - previously reported</b>	300,000,000	-	(85,630,515)	-	214,369,485
Adjustment due to change in accounting policy	-	-	-	1,663,278	1,663,278
<b>Balance as at 1 January 2017 - restated</b>	<b>300,000,000</b>	<b>-</b>	<b>(85,630,515)</b>	<b>1,663,278</b>	<b>216,032,763</b>
Profit for the half year ended 30 June 2017	-	-	2,990,122	-	2,990,122
<b>Other comprehensive income</b>					
Net fair value loss on available for sale investments during the period	-	-	-	(2,014,855)	(2,014,855)
<b>Balance as at 30 June 2017 - restated</b>	<b>300,000,000</b>	<b>-</b>	<b>(82,640,393)</b>	<b>(351,577)</b>	<b>217,008,030</b>
Total comprehensive income for the six months ended 31 December 2017	-	-	(2,007,551)	-	(2,007,551)
Loss after tax for the period	-	-	-	-	-
<b>Other comprehensive income</b>					
Net fair value loss on available for sale investments during the period	-	-	-	(4,144,592)	(4,144,592)
Actuarial loss on defined benefit plan for the period	-	-	(831,719)	-	(831,719)
Total comprehensive income	-	-	(2,839,270)	(4,144,592)	(6,983,862)
<b>Balance as at 31 December 2017 - restated</b>	<b>300,000,000</b>	<b>-</b>	<b>(85,479,663)</b>	<b>(4,496,169)</b>	<b>210,024,168</b>
Total comprehensive income for the six months ended 30 June 2018	-	-	(34,202,245)	-	(34,202,245)
Loss after tax for the period	-	-	-	-	-
<b>Other comprehensive income</b>					
Net fair value gain on available for sale investments during the period	-	-	-	1,583,313	1,583,313
Total comprehensive income	-	-	(34,202,245)	1,583,313	(32,618,932)
<b>Transaction with owners</b>					
Further Issue of shares at discount	312,989,050	(112,989,050)	-	-	200,000,000
<b>Balance as at 30 June 2018</b>	<b>612,989,050</b>	<b>(112,989,050)</b>	<b>(119,681,908)</b>	<b>(2,912,856)</b>	<b>377,405,236</b>
Waqf / Participants' Takaful Fund					
	Cede money	Discount on issue of shares	Accumulated surplus / (deficit)	Fair value reserve	Total
<b>Balance as at 01 January 2017 - previously reported</b>	500,000	-	(34,835,319)	-	(34,335,319)
Restatement due to					
- the reversal of claims liability	-	-	16,704,548	-	16,704,548
- due to change in accounting policy on revaluing available for sale investment	-	-	-	1,953,215	1,953,215
<b>Balance as at 1 January 2017 - restated</b>	<b>500,000</b>	<b>-</b>	<b>(18,130,771)</b>	<b>1,953,215</b>	<b>(15,677,556)</b>
Surplus for the half year ended 30 June 2017 - as restated	-	-	11,495,694	-	11,495,694
Net fair value loss on available for sale investments during the period - restated	-	-	-	(3,874,718)	(3,874,718)
<b>Balance as at 30 June 2017 - restated</b>	<b>500,000</b>	<b>-</b>	<b>(6,635,077)</b>	<b>(1,921,503)</b>	<b>(8,056,580)</b>
Surplus for the six months period ended 31 December 2017 - restated	-	-	6,801,755	-	6,801,755
Net fair value loss on available for sale investments during the period - restated	-	-	-	(1,953,215)	(1,953,215)
<b>Balance as at 31 December 2017 - restated</b>	<b>500,000</b>	<b>-</b>	<b>166,678</b>	<b>(3,874,718)</b>	<b>(3,208,040)</b>
Surplus for the half year ended 30 June 2018	-	-	743,380	-	743,380
Net fair value loss on available for sale investments during the period	-	-	-	(2,425,972)	(2,425,972)
<b>Balance as at 30 June 2018</b>	<b>500,000</b>	<b>-</b>	<b>910,058</b>	<b>(6,300,690)</b>	<b>(4,890,633)</b>

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
Chairman

  
Director

  
Director

  
Chief Executive Officer



# Takaful Pakistan Limited

## Notes To The Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

### 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 12 March 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. As required by Takaful Rules 2012 the accounts of the Waqf are maintained by the Company in a manner that the assets and liabilities of the Waqf remain separately identifiable. These condensed interim financial information 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. During the period, 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 met subsequent to the period end).

Subsequent to reporting period, 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 has increased 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>Rupees 500,000,000</u>

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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 2017.

### **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. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS / RESTATEMENT OF PRIOR YEARS' FIGURES**

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December, 2017 except as stated below.

#### **5.1 Change in accounting policies**

##### **5.1.1 Application of Insurance Rules, 2017 and Insurance Accounting regulation, 2017**

Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017 has issued the Insurance Rules, 2017 Insurance Accounting Regulations, 2017 (the Rules and Accounting Regulations, 2017). The application of these Rules and Accounting Regulations, 2017 for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017. However, SECP granted exemption from the application of Insurance Accounting Regulations, 2017 to the Company till 31 December 2017. Therefore, the application of Insurance Accounting Regulations, 2017 became effective from the accounting year commencing from 1 January 2018.

The Rules and Accounting Regulations, 2017 require significant disclosures / requirements, which are relevant to the Company includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017 and recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement".

The Company has adopted these Rules and Accounting Regulations, 2017 and accordingly has changed its accounting policy as follows:

##### **5.1.1.1 Available for sale investments**

Up to 31 December 2017, the available for sale investments subsequent to initial recognition was stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) as the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of available for sale investments was deferred in accordance with the repealed SEC (Insurance) Rules, 2002.

According to the Rules and Accounting Regulations, 2017, the Company has changed its accounting policy for subsequent measurement of investments classified as available for sale from lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) to fair value as per the requirements of IAS 39 and any unrealised gains or losses arising on re-measurement of available-for-sale investments are taken to Other Comprehensive Income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss account for the period.

##### **5.1.1.2 Presentation of Financial Statements**

The Company has adopted format for the preparation and presentation of its condensed interim financial information in line with the requirements of the Rules and Accounting Regulations, 2017. Significant changes in presentation are Rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise (classes of business) presentation and discontinuation of separate statements of Contribution, Claims, Expense and investment income. The segment wise and contributions claims and expenses and investment income is now included in the note to the condensed interim financial information (refer note 29).

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## 5.2 Other restatements and reclassifications

### 5.2.1 Reversal of claims liability

During the period, the management carried out an exercise to determine the validity of motors takaful claims liability as recorded in the Company's books and records. Based on such an exercise the management has identified certain such claims which do not warrant their recognition as a claim liability primarily for two fold reasons viz., although the claims had been lodged, however the survey was never carried out and although the survey was carried out at the client's premises, the motor vehicles were never taken to a workshop for survey and repairs, despite follow up by the surveyors. Besides no payments on these accounts have been made till date, since the date of their recognition. The amount of such individual claims liability ranged between Rs. 3,000 to Rs. 197,500. Management is of the view that the veracity of claims as mentioned above cannot be substantiated or the claimants may not be interested in pursuing the claims.

Management on its part also consulted a legal advisor, who has opined that the above claims (some of which should not have been provisioned for in any event) can be reversed without incurring any liability on the part of the Company.

Age wise details of these claims are as follows:

Loss year	Amount	Amount of adjustment in the relevant financial year in these condensed interim financial information
2014	477,300 -	
2015	6,544,071 -	
2016	9,683,177	Cumulative amount of Rs. 16,704,548 relating to the loss years from 2014 to 2016 adjusted in accumulated deficit of PTF as of 01 January 2017.
2017	3,941,695	Rs. 2,120,505 adjusted in the loss of PTF for the six months period ended 30 June 2017 and Rs. 1,821,190 adjusted in the loss of PTF for the six months period ended 31 December 2017.
	<b>Rupees 20,646,243</b>	

The reversal (restatement) of the claims liability has been applied retrospectively in accordance with the requirements of IAS 8, Accounting Policies, Change in Accounting Estimates and Errors and the comparatives have been restated (and the earliest period presented has been changed). Accordingly, the retrospective adjustments have been made in these condensed interim financial information and the comparatives have been revised as follows:

	Amount
Accumulated deficit of PTF as of 01 January 2017 – as earlier reported	(34,835,319)
Reversal of claim liability (as mentioned above)	16,704,548
Accumulated deficit as of 01 January 2017 – as restated	<b>Rupees (18,130,771)</b>
Surplus for the six months period ended 30 June 2017 – as earlier reported	9,375,188
Reversal of claim liability (as mentioned above)	2,120,505
Surplus for the six months period ended 30 June 2017 – as restated	<b>Rupees 11,495,693</b>
Surplus for the six months period ended 31 December 2017 – as earlier reported	4,980,566
Reversal of claim liability (as mentioned above)	1,821,190
Surplus for the six months period ended 31 December 2017 – as restated	<b>Rupees 6,801,756</b>

Due to the above change, the claims liability of Rs. 83,125,955 as of 31 December 2017 has been changed by Rs. 20,646,243 and the restated liability as of that date is Rs. 62,479,712.

Apart from the above reversal, the Company continues to maintain liability for motor claims amounting to Rs. 12,239,807 recorded in earlier years as either the relevant documents are yet to be submitted by the claimants or the claim is disputed, etc. The management is of the view that liability for such claims needs continued maintenance.

### 5.2.2 Qard-e-hasna

As per the Takaful Rules 2012, 'If, at any point in time assets in a Participants' Takaful Fund are not sufficient to cover liabilities, the deficit shall be funded by way of an interest-free loan (Qard-e-hasna). In the event of future surplus in a Participants' Takaful Fund to which a Qard-e-hasna has been made, the Qard-e-hasna shall be repaid prior to the distribution of surplus to the Participants.

Up to the previous year Qard-e-hasna was classified as equity in Shareholders' Fund and Participants' Takaful Fund. As the nature of Qard-e-hasna is liability as stated above and the management's intention is also to pay it back on the generation of surplus funds by Participants' Takaful Fund, the same has been reclassified as an asset and liability in the Shareholders' Fund and Participants' Takaful Fund respectively. Accordingly, due to this reason, Qard-e-hasna of Rs. 40.479 million as of 31 December 2017 earlier classified in the Shareholders' Fund equity and Participants' Takaful Fund balance in the Statement of Financial Position. These have now been reclassified as receivable and payable balances thereon. The balance as of 30 June 2018 have also so classified.

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### 5.2.3 Financial Impact of change in accounting policy and restatement

The significant effect of change in accounting policies as state above has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting policy, Change in Accounting Estimates and Error' and comparative have been restated to confirm to the changed policies. The summary of the effects are as follows:

31 December 2017 - (Audited) - Rupees				
	Balance Previously Reported	Adjustment in accumulated Surplus due to error	Adjustment in fair value reserve due to change in accounting policy	Balance Restated
<b>Shareholder's fund</b>				
<b>Asset</b>				
Investments - Units of mutual funds	60,281,982	-	(4,426,740)	55,855,242
Investments - Equity shares	5,060,826	-	(69,429)	4,991,397
<b>Equity</b>				
Fair value reserve	-	-	(4,496,169)	(4,496,169)
<b>Participant's Fund</b>				
<b>Asset</b>				
Investments - Units of mutual funds	84,372,881	-	(3,874,718)	80,498,163
<b>Liability</b>				
Outstanding claims - note 5.2.1	83,125,955	(20,646,243)	-	62,479,712
<b>Equity</b>				
Accumulated deficit	(20,479,565)	20,646,243	-	166,678
Fair value reserve	-	-	(3,874,718)	(3,874,718)

1 January 2017 - (Audited) - Rupees				
	Balance Previously Reported	Adjustment in accumulated Surplus due to error	Adjustment in fair value reserve due to change in accounting policy	Balance Restated
<b>Shareholder's fund</b>				
<b>Asset</b>				
Investments - Units of mutual funds	63,328,452	-	1,953,219	65,281,671
<b>Equity</b>				
Fair value reserve	-	-	1,953,219	1,953,219
<b>Participant's Fund</b>				
<b>Asset</b>				
Investments - Units of mutual funds	50,989,614	-	1,663,278	52,652,892
<b>Liability</b>				
Outstanding claims - note 5.2.1	111,271,947	(16,704,548)	-	94,567,399
<b>Equity</b>				
Accumulated deficit	(34,835,319)	16,704,548	-	(18,130,771)
Fair value reserve	-	-	1,663,278	1,663,278

Further due to change in accounting policy for valuing the available for sale investments the effect of the change on the balances as of 30 June 2018 is as follows:

	30 June 2018
<b>Shareholders's Fund</b>	
Investment - Mutual funds - Lower by	Rupees 4,584,530
Investment - Equity shares - Lower by	Rupees 1,791,155
Equity fair value reserves	Rupees (6,375,685)
<b>Participant Takaful Fund</b>	
Investment - Mutual funds - Lower by	Rupees 1,813,766
Investment - Equity shares - Lower by	Rupees 1,069,938
Equity fair value reserves	Rupees (2,883,704)

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## **6 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of condensed interim financial information 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 information, 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 2017.

## **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 2017.

## **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 new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning 1 July 2017 but are considered not to be relevant or do not have any significant effect on the financial statements of the operation and are therefore not stated in these financial statements.

### **9.2 Standards, Interpretations and Amendments to Approved Accounting Standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's condensed interim financial information.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the impact on the Company's condensed interim financial information.
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IAS 28 'Investments in Associates and Joint Ventures') (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit and loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's condensed interim financial information.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's condensed interim financial information.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's condensed interim financial information.



- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. These amendments are not likely to have an impact on the Company's condensed interim financial information.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 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. The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model. Based on initial assessment the management considered that there is no significant change in the classification or carrying value of the financial assets or liabilities and no additional significant impairment is expected.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. These amendments are not likely to have a significant impact on the Company's condensed interim financial information.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. These amendments are not likely to have an impact on the Company's condensed interim financial information.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's condensed interim financial information.
- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce 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 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.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's condensed interim financial information.

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10 TANGIBLE ASSETS

Note	30 June 2018 - (Unaudited)							
	Cost		Accumulated depreciation			Book value		Depreciation Rate %
	As at 1 January 2018	Additions / (disposal) during the period	As at 30 June 2018	As at 1 January 2018	Charge for the period / (disposal)	As at 30 June 2018	As at 30 June 2018	
Leasehold improvements	4,582,140	-	4,582,140	3,495,296	198,956	3,694,252	887,888	10
Furniture and fixtures	12,771,651	-	12,771,651	12,002,427	220,677	12,223,104	548,547	10
Office equipment	6,406,066	58,600 (81,000)	6,383,666	4,755,511	270,830 (10,341)	5,016,000	1,367,666	10
Computers	18,385,865	207,300 (130,000)	18,463,165	17,836,451	153,612 (55,318)	17,934,745	528,420	33.33
Vehicles	2,416,737	-	2,416,737	1,493,845	218,636	1,712,481	704,256	20
Capital work in progress	10.1	-	1,320,000	-	-	-	1,320,000	
<b>Rupees</b>	<b>44,562,459</b>	<b>1,585,900 (211,000)</b>	<b>45,937,359</b>	<b>39,583,530</b>	<b>1,062,711 (85,659)</b>	<b>40,580,582</b>	<b>5,356,777</b>	

	31 December 2017 - (Audited)							
	Cost		Accumulated depreciation			Book value		Depreciation Rate %
	As at 1 January 2017	Additions / (disposal) during the year	As at 31 December 2017	As at 1 January 2017	Charge for the year / (disposal)	As at 31 December 2017	As at 31 December 2017	
Leasehold improvements	4,582,141	-	4,582,141	3,041,764	453,531	3,495,295	1,086,846	10
Furniture and fixtures	12,771,650	-	12,771,650	10,725,262	1,277,165	12,002,427	769,223	10
Office equipment	6,218,469	223,540 (35,943)	6,406,066	4,179,684	610,926 (35,097)	4,755,513	1,650,553	10
Computers	17,910,403	475,462	18,385,865	17,143,289	693,161	17,836,450	549,415	33.33
Vehicles	4,134,278	1,440,328 (3,157,869)	2,416,737	3,105,378	395,963 (2,007,495)	1,493,846	922,891	20
<b>Rupees</b>	<b>45,616,941</b>	<b>2,139,330 (3,193,812)</b>	<b>44,562,459</b>	<b>38,195,377</b>	<b>3,430,746 (2,042,592)</b>	<b>39,583,531</b>	<b>4,978,928</b>	

10.1 Capital work in progress represents renovation work being carried out at the Company's office premise.

11 INTANGIBLE ASSETS

		30 June 2018 - (Unaudited)							
		Cost		Accumulated amortization			Book Value	Amortization	
		As at 1 January 2018	Additions during the period	As at 30 June 2018	As at 1 January 2018	Charge for the period	As at 30 June 2018	As at 30 June 2018	Rate %
Computer software	Rupees	14,263,182	-	14,263,182	13,977,160	69,761	14,046,921	216,261	33.33
		31 December 2017 - (Audited)							
		Cost		Accumulated amortization			Book Value	Amortization	
		As at 1 January 2017	Additions during the year	As at 31 December 2017	As at 1 January 2017	Charge for the year	As at 31 December 2017	As at 31 December 2017	Rate %
Computer software	Rupees	13,841,107	422,074	14,263,181	13,841,107	136,052	13,977,159	286,022	33.33

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

	Note	30 June 2018			31 December 2017 Aggregate (Restated)
		Shareholders' Fund	Participants' Takaful Fund	Aggregate	
Investment in Listed shares	12.1	12,834,843	47,540,564	60,375,407	4,991,397
Investment in Mutual funds	12.2	16,103,227	108,423,437	124,526,664	136,353,405
	Rupees	28,938,070	155,964,001	184,902,071	141,344,802

12.1 Investment in listed shares

	Note	30 June 2018 (Un-audited)			31 December 2017 (Audited)		
		Cost	Impairment / (provision)	Carrying Value	Cost	Impairment / (provision)	Carrying Value (Restated)
<b>Shareholders' Fund</b>							
Investment in quoted equity securities	12.1.1	14,677,762	-	14,677,762	5,060,826	-	5,060,826
Fair value loss on available for sale investments - net (charged to other comprehensive income)		-	-	(1,842,919)	-	-	(69,429)
	Rupees	14,677,762	-	12,834,843	5,060,826	-	4,991,397
<b>Participants' Takaful Fund</b>							
Investment in quoted equity securities	12.1.1	52,125,093	(74,993)	52,050,100	-	-	-
Fair value loss on available for sale investments - net (charged to other comprehensive income)		-	-	(4,509,536)	-	-	-
	Rupees	52,125,093	(74,993)	47,540,564	-	-	-

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

12.2 Investment in mutual funds

<b>Shareholders' Fund</b>							
Investment in units of shariah compliant mutual funds		17,173,165	-	17,173,165	60,281,982	-	60,281,982
Fair value loss on available for sale investments - net (charged to other comprehensive income)		-	-	(1,069,938)	-	-	(4,426,740)
	Rupees	17,173,165	-	16,103,227	60,281,982	-	55,855,242
<b>Participants' Takaful Fund</b>							
Investment in units of shariah compliant mutual funds		110,214,592	-	110,214,592	84,372,881	-	84,372,881
Fair value loss on available for sale investments - net (charged to other comprehensive income)		-	-	(1,791,155)	(3,874,718)	-	(3,874,718)
	Rupees	110,214,592	-	108,423,437	80,498,163	-	80,498,163

13 INVESTMENT IN DEBT SECURITIES - held to maturity

13.1 Sukuk Certificates - Shareholders' Fund

Performing Assets	Note	Number of certificates	Maturity date	Effective yield	Profit Payment	Principal payment	Market value	Face value	30 June 2018	31 December 2017	Security
TPL Trakker Limited		10	13 April 2021	12 months KIBOR + 3%	Quarterly	4 equal quarterly instalments starting from October 2019 to April 2021	10,450,000	10,000,000	10,213,890	10,252,776	Secured against pledge of 55 million ordinary shares of TPL Properties Limited owned by company.
Byco Petroleum Pakistan Limited		150	18 January 2022	3 months KIBOR + 1.05%	Quarterly	On maturity	15,300,000	15,000,000	15,092,069	15,105,659	Secured against fixed assets (excluding land and building) of the company
Pak Elektron Limited	13.3	25	19 May 2019	3 months KIBOR + 1.05%	Quarterly	On maturity	-	25,000,000	25,000,000	-	Secured against first pari passu hypothecation charge over current assets with 25% margin.
<b>Non - Performing Assets</b>											
Agritech Limited	13.4	3,000	06 August 2019	3 months KIBOR + 2%	Semi-annually	Non performing	Non performing	15,000,000	15,873,883	15,873,883	Secured against pari passu charge over property, plant and equipment of the Company
Quetta Textile Mills Limited	13.5	2,000	26 March 2020	3 months KIBOR + 1.75%	Quarterly	Non performing	Non performing	10,000,000	3,965,520	3,965,520	Secured against first pari passu charge Rs. 1.846 billion on all fixed assets of the Company.
Less: Provision held (against the non-performing sukuk certificates)									70,145,362	45,197,638	
									(19,839,403)	(19,839,403)	
									Rupees 50,305,959	25,358,435	

13.2 Sukuk Certificates-Participants' Takaful Fund

Pak Elektron Limited	13.3	20	19 May 2019	3 months KIBOR + 1.05%	Quarterly	On maturity	-	20,000,000	20,000,000	-	Secured against first pari passu hypothecation charge over current assets with 25% margin.
									Rupees 20,000,000	-	

13.3 Market value of the security is not yet quoted on MUFAP, however the profit is being received. Market value of other instruments, except for these which have been provided are based on the rates quoted by MUFAP.

13.4 This includes investment aggregating to Rs. 15 million (31 December 2017: Rs. 15 million) in sukuk 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 installment 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 outstanding principal amount and has fully provided the outstanding principal.

13.5 An agreement for the restructuring of these sukuk was executed between the Investment Agent of these sukuk 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 installment 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 2018			31 December	
		Shareholders'	Participants'	Aggregate	2017	
		Fund	Takeful Fund		Aggregate	
		-----	(Un-audited)	-----	(Audited)	
	<i>Held to Maturity</i>	<i>note 14.1 &amp; 14.2</i>	<i>note 14.3</i>			
	Deposits maturing within 12 months	<i>Rupees</i>	<b>30,000,000</b>	<b>10,000,000</b>	<b>40,000,000</b>	131,500,000

**14.1** This represents term deposits of Rs. 20 million and 10 million maturing on 05 December 2018 and 11 March 2019 respectively and carries profit rate at 6% per annum. The deposit is held with Dubai Islamic Pakistan Limited.

**14.2** These term deposits are 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 a term deposit maturing on 14 February 2019 and carries profit rate at 6% per annum. The deposit is held with Bank Islami Pakistan Limited.

15	QARD-E-HASNA	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Opening balance		<b>40,479,565</b>	34,835,319
	Qard-e-hasna contributed to the Waqf (PTF)		<b>23,500,000</b>	5,644,246
	Closing balance	5.2.2 <i>Rupees</i>	<b>63,979,565</b>	40,479,565

16	LOANS AND OTHER RECEIVABLES		30 June 2018			31 December
		Note	Shareholders' Fund	Participants' Takaful Fund	Aggregate	2017 Aggregate
	Advances to employees		1,496,575	-	1,496,575	1,202,522
	Accrued investment income		1,667,506	512,762	2,180,268	5,231,236
	Receivable from					
	Shareholders' Fund	21.1	-	1,272,704	1,272,704	-
	Others		261,347	84,008	345,355	1,722,307
	Receivable from Participants'					
	Takaful Fund		-	-	-	13,530,944
	Sales tax receivable		-	-	-	417,290
		Rupees	3,425,428	1,869,474	5,294,902	22,104,299

17	TAKAFUL / CO-TAKAFUL RECEIVABLES- Unsecured	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Due from policy holders		<b>45,644,083</b>	14,051,351
	Less: Provision for impairment against the balance due from the policy holders	17.1	<b>(2,194,802)</b>	(1,353,734)
			<b>43,449,281</b>	12,697,617
	Due from other takaful companies		<b>8,964,536</b>	3,331,137
	Less: Provision for impairment against the due from other takaful companies		<b>(950,775)</b>	(950,775)
			<b>8,013,761</b>	2,380,362
			<b>51,463,042</b>	15,077,979

# 17.1 Movement in provision for impairment

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
Balance as on 1 January	1,353,734	2,664,580
Add: Provision made during the period / year	841,068	1,257,493
Less: Balance written off	-	(2,568,339)
Balance as on 30 June 2018 / 31 December 2017	<u>Rupees 2,194,802</u>	<u>1,353,734</u>

# 18 PREPAYMENTS

	Note	30 June 2018 (Un-audited)			31 December 2017 Aggregate (Audited)
		Shareholders' Fund	Participants' Takaful Fund	Aggregate	
Prepaid rent		2,560,899	-	2,560,899	957,769
Prepaid re-takaful ceded		-	8,360,060	8,360,060	8,431,090
Others		1,500,457	-	1,500,457	102,396
	Rupees	<u>4,061,356</u>	<u>8,360,060</u>	<u>12,421,416</u>	<u>9,491,255</u>

# 19 CASH AND BANK

Cash and cash equivalents		66,466	-	66,466	82,030
- Cash in hand		-	187,886	187,886	414,446
- Policy and revenue stamps, bond papers		66,466	187,886	254,352	496,476
Cash and bank		6,979	461,720	468,699	6,279,430
- Current account		207,839,496	22,162,766	230,002,262	20,115,240
- Savings accounts	19.1	<u>207,912,941</u>	<u>22,812,372</u>	<u>230,725,313</u>	<u>26,891,146</u>
	Rupees				

19.1 These represent balances maintained with Islamic commercial banks under profit and loss sharing basis carrying expected profit rates ranging from 1.22% to 5.70% (2017: 1.76% to 6%) per annum.

# 20 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

30 June 2018 (Number of shares)	31 December 2017		30 June 2018	31 December 2017
61,298,905	30,000,000	Issued, subscribed and paid-up share capital	612,989,050	300,000,000
		Rupees		

20.1 For details please refer note 1.3.

20.2 Shares in the Company are held by the following:

	Amount	Percentage
House Building Finance Company Limited	8,699,500	14.19%
Al Baraka Bank (Pakistan) Limited	5,099,000	8.32%
Al Buhaira National Insurance Company Limited	5,099,000	8.32%
Arif Habib Corporation Limited	3,000,000	4.89%
Sitara Chemical Industries Limited	2,999,500	4.89%
Mal Al Khaleej Investment Llc	2,550,000	4.16%
Emirates Investments Group Llc	2,044,500	3.34%
Trust Securities & Brokerage Limited	4,500	0.01%
Individual shareholders	31,802,905	51.88%
	<u>Rupees 61,298,905</u>	<u>100%</u>



## 21 OTHER CREDITORS AND ACCRUALS

Note	30 June 2018			31 December 2017
	Shareholders' Fund	Participants' Takaful Fund (Un-audited)	Aggregate	Aggregate (Audited)
Commission payable to agents	11,850,023	-	11,850,023	7,098,637
Federal excise duty	-	2,778,739	2,778,739	-
Federal Takaful fee	-	259,911	259,911	802
Withholding tax	-	505,550	505,550	475,612
Payable to staff gratuity fund - defined benefit plan	2,173,208	-	2,173,208	1,484,253
Provision for compensated absences	337,010	-	337,010	256,054
Security deposit	775,251	-	775,251	635,889
Tracker installation fee payable	-	2,953,319	2,953,319	259,815
Accrued expenses	2,415,235	-	2,415,235	3,312,259
Payable to Shareholders' Fund	-	-	-	13,530,944
Payable to Participants' Takaful Fund	21.1 1,272,704	-	1,272,704	-
Other payables	21.2 597,024	3,811,860	4,408,884	5,989,966
	Rupees 19,420,455	10,309,379	29,729,834	33,044,231

21.1 This includes advance tax of Rs. 0.8 million deducted on the Participants' Takaful Fund's bank balances and term deposit receipts.

21.2 The Participants' Takaful Fund liability of Rs. 3.8 million (31 December 2017: 3.5 million) represents the stale cheques in respect of the claim liability of the Company.

## 22 CONTINGENCIES AND COMMITMENTS

### 22.1 Contingencies

22.1.1 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. 546,534,125 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 potential 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.

22.1.2 A case has been filed by Participant against the Company before Takaful Tribunals at Lahore in respect of loss claimed for an amount aggregating Rs. 14,986,318. This claim has not been acknowledged by the Company on the basis of surveyor's report. The evidence in this matter has been recorded and final argument stage is next. The legal advisor has opined that the outcome cannot be predicted with certainty, but they do not see the claimant's chances of succeeding beyond 50%.

22.1.3 Assistant Commissioner (Sindh Revenue Board) [AC-SRB] had issued a show cause notice to the Company alleging that the Company had received re-insurance services liable to Sindh Sales Tax @ 16% during the period from July 2011 to June 2014 and required the Company to show cause as to why not the tax of Rupees 31,561,209 should be levied and recovered from the Company. The Company vide C.P No. 1330 of 2016 had challenged the aforesaid show cause notice before the Honourable Sindh High Court [SHC] who restrained the AC-SRB from any coercive action till the next date of hearing. The Company's management is of the view that since the matter has been raised for the entire insurance industry therefore, there is a likely chance for settlement of issue or implication will arise retrospectively. However in case of retrospective application, the said amount shall be admissible as input tax and therefore no provision is required in these condensed interim financial information.

22.1.4 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, including 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 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 unfavourable 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.

### 22.2 Commitments

22.2.1 Commitments under Ijarah arrangements and the period in which these payments will become due are:

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
Not later than one year	Rupees 101,013	367,330

22.2.2 Capital commitments amounted to Rs. 2.7 million (31 December 2017: Rs. Nil).

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23	NET TAKAFUL CONTRIBUTION	Note	Six months period ended 30 June (Un-audited)		Three months period ended 30 June (Un-audited)	
			2018	2017	2018	2017
	Written Gross Contribution	23.1	128,361,090	95,247,508	92,065,744	48,761,244
	Add: Unearned Contribution reserve opening		39,052,938	73,195,413	48,305,356	68,328,573
	Less: Unearned Contribution reserve closing		(100,731,223)	(71,198,221)	(100,731,223)	(71,198,221)
	Contribution earned		66,682,805	97,244,700	39,639,877	45,891,596
	Retakaful Contribution ceded		21,645,373	22,279,018	11,631,620	12,043,620
	Add: Prepaid Retakaful Contribution opening		8,431,090	10,680,225	7,770,270	8,247,388
	Less: Prepaid Retakaful Contribution closing		(8,360,060)	(7,754,921)	(8,360,060)	(7,754,921)
	Retakaful expense		21,716,403	25,204,322	11,041,830	12,536,087
	Net Takaful Contribution	Rupees	44,966,402	72,040,378	28,598,047	33,355,509

23.1 This includes Rs. 18.3 million (30 June 2017 Rs. 21.4 million) from related parties.

#### 24 NET TAKAFUL CLAIM EXPENSE

	Claims Paid	24.1	32,591,796	66,170,942	13,613,793	31,239,623
	Less: Outstanding claims including IBNR - opening-restated		(62,479,712)	(111,271,947)	(54,557,595)	(97,224,892)
	Add: Outstanding claims including IBNR - closing	24.2	68,979,672	84,595,476	68,979,672	84,595,476
	Claims expense		39,091,756	39,494,471	28,035,870	18,610,207
	Retakaful and other recoveries received		10,741,450	16,638,261	2,645,640	7,425,958
	Less: Retakaful and other recoveries in respect of outstanding claims - opening		(25,245,182)	(26,177,730)	(21,410,247)	(20,761,075)
	Add: Retakaful and other recoveries in respect of outstanding claims - closing		25,774,299	21,723,786	25,774,299	21,723,786
	Retakaful and other recoveries revenue		11,270,567	12,184,317	7,009,692	8,388,669
	Net Takaful Claims Expense	Rupees	27,821,189	27,310,154	21,026,178	10,221,538

24.1 This includes Rs. 7.1 million (30 June 2017: Rs. 7.3 million) relating to related parties.

24.2 This includes Rs. 9.3 million (31 December 2017: Rs. 16.6 million) relating to related parties.

#### 25 NET COMMISSION EXPENSE / (REVENUE)

	Commission paid or payable		21,166,303	3,832,817	18,481,300	2,324,399
	Add: Deferred commission expense - opening		2,252,361	3,722,575	3,383,639	2,591,181
	Less: Deferred commission expense - closing		(17,143,807)	(2,729,930)	(17,143,807)	(2,729,930)
	Net Commission		6,274,857	4,825,462	4,721,132	2,185,650
	Commission received or recoverable		4,566,302	4,638,600	2,700,957	2,654,134
	Add: Unearned Retakaful Commission - opening		2,655,575	3,345,497	2,457,329	2,586,988
	Less: Unearned Retakaful Commission - closing		(1,928,682)	(2,388,402)	(1,928,682)	(2,388,402)
	Commission from Retakaful		5,293,195	5,595,695	3,229,604	2,852,720
	Net Commission Revenue	Rupees	981,662	(770,233)	1,491,528	(667,070)

#### 26 WAKALA FEES

Upto to the quarter ended 31 March 2018, Wakala fees was being charged at 40% of gross contribution. However from the quarter ended 30 June 2018, the fees has been charged at 25% of gross contribution on all classes of business with the approval of the Shariah Advisor as the management is of the view that the revision will result in the shape of better financial position of the Participant Takaful Fund.

*Amir*



## 27 INVESTMENT INCOME

### 27.1 Participants' Takaful Fund (PTF)

#### Income from equity securities-Available for sale

Dividend Income

405,900

-

217,900

-

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

Realized Gain on equity securities

156,205

2,718,842

146,817

2,312,885

Realized Loss on equity securities

(82,403)

-

-

-

73,802

2,718,842

146,817

2,312,885

#### Income from debt securities-Held to maturity

Return on Sukuk

537,858

-

375,228

-

#### Income from Deposits

Return on term deposit-held to maturity

1,546,216

1,939,607

939,337

1,305,409

Total Investment Income

2,563,776

4,658,449

1,679,262

3,618,294

Less: Investment related expenses

(8,797)

-

-

-

Less: Impairment Loss on Available for Sale Equity Securities

(74,993)

-

(74,993)

-

#### Net investment income (PTF)

Rupees

2,479,986

4,658,449

1,604,289

3,618,294

### 27.2 Shareholders' Fund (SHF)

#### Income from equity securities-Available for sale

Dividend Income

89,940

162,180

48,100

162,180

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

Realized Gain on equity securities

1,174,934

2,978,544

-

1,107,182

Realized loss on equity securities

(1,326,303)

-

(1,511,061)

-

#### Realized Loss on equity securities

(151,369)

2,978,544

(1,511,061)

1,107,182

#### Income from debt securities-Held to maturity

Return on other securities

1,631,142

1,072,146

998,830

536,781

Amortization of contribution on sukuk

(52,506)

(143,890)

(26,256)

(71,945)

1,578,636

928,256

972,574

464,836

#### Income from Deposits

Return on term deposit-held to maturity

1,001,429

2,824,898

565,790

1,343,722

Total Investment Income

2,518,636

6,893,878

75,403

3,077,920

Less: Investment related expenses

(19,134)

(10,000)

(19,134)

(10,000)

#### Net investment income (SHF)

Rupees

2,499,502

6,883,878

56,269

3,067,920

## 28 EARNINGS (AFTER TAX) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

Net profit after tax for the period

Rupees

(34,202,245)

2,990,122

(29,495,858)

(2,218,337)

Weighted average number of ordinary shares

Number

30,695,531

30,000,000

30,000,000

30,000,000

Basic earnings per share

Rupees

(1.11)

0.10

(0.98)

(0.07)

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

29. **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.  
**Six months period ended 30 June 2018**

	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
<b>PARTICIPANTS' TAKAFUL FUND</b>						
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	-	-	(9,956,028)	-	-	(9,956,028)
Gross written contribution	9,880,153	12,945,215	97,641,977	2,902,150	4,991,595	128,361,090
<b>Participants' Takaful Fund - revenue account</b>						
Contribution income earned	13,400,878	11,951,419	35,112,907	4,086,714	2,130,887	66,682,805
Retakaful expense	(7,129,640)	(8,594,486)	(5,798,400)	-	(193,877)	(21,716,403)
Net contribution revenue	6,271,238	3,356,933	29,314,507	4,086,714	1,937,010	44,966,402
Retakaful rebate earned	2,313,745	2,910,937	-	-	68,513	5,293,195
<b>Net revenue</b>	<b>8,584,983</b>	<b>6,267,870</b>	<b>29,314,507</b>	<b>4,086,714</b>	<b>2,005,523</b>	<b>50,259,597</b>
Takaful claims	(5,191,296)	14,008	(22,007,829)	(912,356)	(10,994,283)	(39,091,756)
Takaful claims recovered from retakaful operators	4,385,784	(8,118)	6,844,946	-	47,955	11,270,567
Net claims	(805,512)	5,890	(15,162,883)	(912,356)	(10,946,328)	(27,821,189)
Wakala fee expense	(5,076,335)	(3,916,046)	(11,362,440)	(1,621,729)	(582,920)	(22,559,470)
Other direct expenses	(14,363)	(135)	(881,667)	-	(329,653)	(1,225,818)
<b>Underwriting results</b>	<b>2,688,773</b>	<b>2,357,579</b>	<b>1,907,517</b>	<b>1,552,629</b>	<b>(9,853,378)</b>	<b>(1,346,880)</b>
Investment income						2,479,986
Return on bank balances						419,021
Less: Mudarib's share						(724,752)
Net investment income						2,174,255
Other income						23,115
Bank charges						(107,110)
Total surplus transferred to balance of Waqf / Participants' Takaful Fund					Rupees	743,380

for

## Six months period ended 30 June 2017

	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
<b>PARTICIPANTS' TAKAFUL FUND</b>						
Takaful / re-takaful receivables	13,953,044	14,541,693	74,344,623	15,972,808	447,518	119,259,686
Less: Federal Excise Duty	(1,677,913)	(1,392,537)	(7,807,545)	(707)	(54,772)	(10,933,474)
Federal Takaful Fee	(120,693)	(122,383)	(546,255)	(158,141)	(3,885)	(951,357)
Stamp duty	(5,780)	(755,207)	(59,870)	(140)	(610)	(821,607)
Tracker expense	-	-	(11,305,740)	-	-	(11,305,740)
Gross written contribution	12,148,658	12,271,566	54,625,213	15,813,820	388,251	95,247,508
<b>Participants' Takaful Fund - revenue account</b>						
Contribution income earned	17,734,060	12,260,202	52,684,470	14,184,021	381,947	97,244,700
Retakaful expense	(10,934,047)	(7,845,137)	(6,198,400)	-	(226,738)	(25,204,322)
Net contribution revenue	6,800,013	4,415,065	46,486,070	14,184,021	155,209	72,040,378
Retakaful rebate earned	3,071,668	2,461,995	-	-	62,032	5,595,695
<b>Net revenue</b>	9,871,681	6,877,060	46,486,070	14,184,021	217,241	77,636,073
Takaful claims	817,373	(1,323,230)	(26,755,670)	(12,400,148)	167,204	(39,494,471)
Takaful claims recovered from retakaful operators	(132,739)	948,426	10,806,022	-	(82,392)	11,539,317
Net claims	684,634	(374,804)	(15,949,648)	(12,400,148)	84,812	(27,955,154)
Wakala fee expense	(7,093,624)	(4,904,081)	(21,073,788)	(5,673,608)	(152,779)	(38,897,880)
Other direct expenses	(11,219)	(21,560)	(6,019,487)	-	(252,543)	(6,304,809)
Contribution deficiency reversal	-	-	-	860,711	-	860,711
<b>Underwriting results</b>	3,451,472	1,576,615	3,443,147	(3,029,024)	(103,269)	5,338,941
Investment income						4,658,449
Return on bank balances						686,692
Less: Mudarib's share						(1,336,285)
Net investment income						4,008,856
Other income-restated						2,178,174
Bank charges						(30,278)
Total surplus transferred to balance of Waqf / Participants' Takaful Fund					Rupees	11,495,693





The class wise assets and liabilities are as follows:

30 June 2018 (Unaudited)					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous
Segment assets	29,872,418	12,699,596	24,093,683	2,301,988	7,135,377
	Rupees				
Unallocated assets					
Participants' Takaful Fund					
Shareholders' Fund					
<b>Consolidated total assets</b>					
Segment liabilities	28,727,007	14,506,005	23,304,681	7,895,092	11,869,328
	Rupees				
Unallocated liabilities					
Participants' Takaful Fund					
Shareholders' Fund					
<b>Consolidated total liabilities</b>					
31 December 2017 (Audited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous
Segment assets	9,780,255	8,367,005	32,327,716	14,074,691	266,509
	Rupees				
Unallocated assets					
Participants' Takaful Fund					
Shareholder's Fund					
<b>Consolidated total assets</b>					
Segment liabilities	34,738,364	29,718,660	94,178,161	49,991,717	946,611
	Rupees				
Unallocated liabilities					
Participants' Takaful Fund					
Shareholders' Fund					
<b>Consolidated total liabilities</b>					

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### 30 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, major share holders, key management personnel, associated companies, entities with common directors and an employee provident fund. Transactions for compensation to key management personnel are on the basis of their employment terms. Contribution to the provident fund is as per the staff services rules, while expense accrued in respect of the staff defined plan is as per the actuary's advice. Other transaction are at agreed basis. The transactions and balances with related parties other than those which has been disclosed else where in thee condensed interim financial information, are as follows:

		30 June 2018	30 June 2017
<b>30.1 Associated companies</b>			
Contribution paid	Rupees	<u>9,526,152</u>	17,827,618
Contribution written	Rupees	<u>18,338,450</u>	21,361,523
Claims expense	Rupees	<u>1,427,247</u>	20,455,045
Claims paid	Rupees	<u>7,062,738</u>	7,283,122
Reimbursement of expense paid	Rupees	<u>254,158</u>	247,291
Profit on bank deposits	Rupees	<u>84,452</u>	34,157
Profit on Term deposits	Rupees	<u>78,781</u>	-
<b>Key management personnel</b>			
Compensation	Rupees	<u>2,252,000</u>	2,117,728
<b>Retirement benefit funds</b>			
Contribution to the provident fund	Rupees	<u>1,693,496</u>	830,289
Charge in respect of the amount due to gratuity fund	Rupees	<u>688,955</u>	651,549
<b>30.2 Balances</b>		<b>30 June 2018 (Un-audited)</b>	<b>31 December 2017 (Audited)</b>
<b>Associated companies</b>			
Contribution due but unpaid	Rupees	<u>17,680,729</u>	10,549,666
Outstanding Takaful claims	Rupees	<u>9,297,948</u>	16,595,332
Bank deposits	Rupees	<u>3,863,794</u>	4,072,873
<b>Retirement benefit funds</b>			
Amount due to Gratuity fund	Rupees	<u>2,173,208</u>	1,484,253

### 31 TAXATION

		Six months period ended 30 June		Three months period ended 30 June	
		2018	2017	2018	2017
For the year					
- Current	Rupees	<u>1,604,514</u>	2,169,733	<u>1,266,477</u>	1,656,202

**31.1** The Company has not recognised deferred tax asset on deductible temporary differences aggregating to Rupees 42.3 million as at 30 June 2018 as a matter of prudence. The net deductible temporary difference includes unabsorbed tax depreciation/amortization amounting to Rupees 4.2 million.

**31.2** In view of taxable loss for the period, provision for minimum tax has been made in these condensed interim financial information.

### 32 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.

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 2018 (Un-audited)						
	Available-for-sale	Carrying Value		Fair Value		
		Loans and receivables	Held to maturity	Other financial liability	Total	
<b>Financial assets measured at fair value</b>						
Investments - equity shares	60,375,407	-	-	-	60,375,407	60,375,407
Investments - open ended mutual funds	124,526,664	-	-	-	124,526,664	124,526,664
<b>Financial assets not measured at fair value</b>						
Investments - sukuks	-	-	70,305,959	-	70,305,959	-
Cash and bank deposits*	-	230,725,313	-	-	230,725,313	-
Term deposits*	-	40,000,000	-	-	40,000,000	-
Long Term security deposits*	-	1,462,554	-	-	1,462,554	-
Takaful and co-takaful receivable - net*	-	51,463,042	-	-	51,463,042	-
Accrued investment income*	-	2,180,268	-	-	2,180,268	-
Sundry receivables*	-	1,496,575	-	-	1,496,575	-
<b>Rupees</b>	<b>184,902,071</b>	<b>327,327,752</b>	<b>70,305,959</b>	<b>-</b>	<b>582,535,782</b>	<b>184,902,071</b>
						<b>70,750,000</b>
						<b>255,652,071</b>
<b>Financial liabilities not measured at fair value</b>						
Amount due to retakaful*	-	-	-	73,742,065	73,742,065	-
Other creditors and accruals*	-	-	-	15,578,593	15,578,593	-
Contribution received in advance*	-	-	-	3,567,095	3,567,095	-
<b>Rupees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,887,753</b>	<b>92,887,753</b>	<b>-</b>

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

31 December 2017 - Restated (Audited)

	Carrying Value			Fair Value		
	Available-for-sale	Loans and receivables	Held to Maturity	Other Financial Liability	Total	Total
<b>Financial assets measured at fair value</b>						
Investments - equity shares	4,991,397	-	-	-	4,991,397	4,991,397
Investments - open ended mutual funds	136,353,405	-	-	-	136,353,405	136,353,405
<b>Financial assets not measured at fair value</b>						
Investments - sukuk	-	-	25,358,435	-	25,358,435	39,750,000
Cash and bank deposits*	-	26,891,146	-	-	26,891,146	-
Term deposits*	-	131,500,000	-	-	131,500,000	-
Long term security deposits*	-	1,367,334	-	-	1,367,334	-
Takaful and co-takaful receivable - net*	-	15,077,979	-	-	15,077,979	-
Accrued investment income*	-	5,231,236	-	-	5,231,236	-
Sundry receivables*	-	1,202,522	-	-	1,202,522	-
<b>Rupees</b>	<b>141,344,802</b>	<b>181,270,217</b>	<b>25,358,435</b>	<b>-</b>	<b>347,973,454</b>	<b>181,094,802</b>
<b>Financial liabilities not measured at fair value</b>						
Amount due to takaful/retakaful companies*	-	-	-	66,460,114	66,460,114	-
Other creditors and accruals*	-	-	-	7,994,341	7,994,341	-
Contribution received in advance*	-	-	-	2,071,035	2,071,035	-
<b>Rupees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,525,490</b>	<b>76,525,490</b>	<b>-</b>

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



**33 DATE OF AUTHORIZATION FOR ISSUE**

**29 AUG 2018**

These condensed interim financial information were approved by the board of directors in the meeting held on \_\_\_\_\_ and authorized for issue.

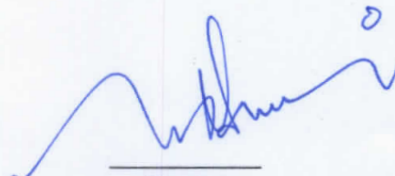

**34 GENERAL**

**34.1** Figures have been rounded off to the nearest thousands.

**34.2** Figures in these condensed interim financial statements for the quarters ended 30 June 2018 and 30 June 2017 have not been subjected to limited scope review of the auditors.

**34.3** Corresponding figures have been rearranged and reclassified wherever necessary in line with the requirements of the Rules and Accounting Regulations 2017 (refer note 5.2.3)

*for*

  
Chairman  
Director  
Director  
Chief Executive Officer