

# GROWING HAVEN

NINE MONTHS REPORT  
30<sup>TH</sup> SEPTEMBER 2019 (UNAUDITED)

الحمد لله الذي جعلنا  
عبيدًا له



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# COMPANY INFORMATION

## Directors

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

## Managing Director & CEO

Syed Rizwan Hussain

## Chief Financial Officer

Freddy J. Sidhwa

## Company Secretary

Naheed Shiraz Merchant

## Shariah Advisor

Mufti Sajjad Ashraf Usmani

## Shariah Supervisor & Consultant

Usmani & Co.

## Statutory Auditor

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Internal Auditor

E.Y Ford Rhodes  
Chartered Accountants

## Business Process Consultant

Deloitte Yousuf Adil  
Chartered Accountants

## Legal Advisor

Mohsin Tayebaly & Co.

## Corporate Advisor

RS Corporate Advisory

## 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

## Fax :

(+92-21) 34373195-6

## E-mail :

info@takaful.com.pk

## Website :

www.takaful.com.pk

## BOARD COMMITTEES

### Audit Committee

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

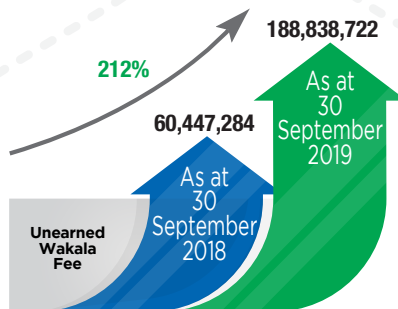
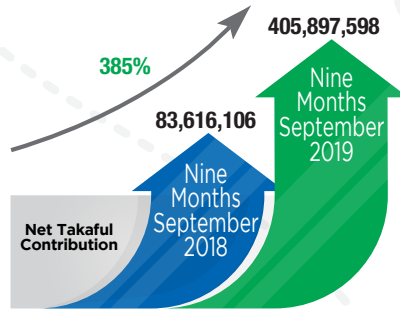
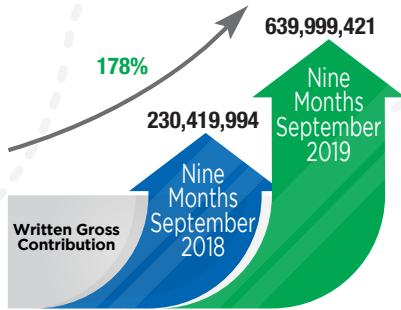
### Investment Committee

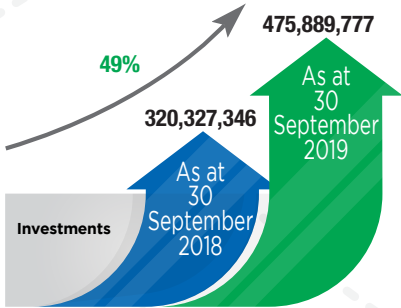
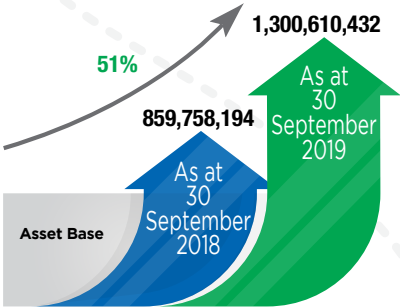
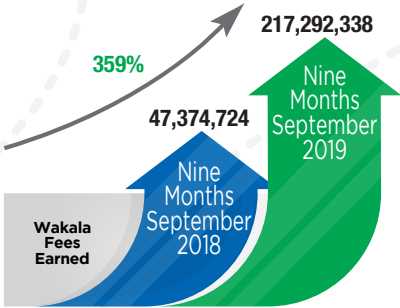
1. **Chairman** – Syed Salman Hussain (Non-Executive Director)
2. **Member** – Syed Rizwan Hussain (Managing Director & CEO)
3. **Member** – Shahzad Salim Godil (Non-Executive Director)
4. **Member** – Ashraf Ali Velji (Non-Executive Director)
5. **Member** – Freddy J. Sidhwa (Chief Financial Officer)

### Ethics, Human Resource & Remuneration Committee

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

## KEY FINANCIAL FIGURES







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

The Directors of your Company are pleased to present before you the unaudited financial statements of the Company for nine months ended September 30, 2019.

## Financial Highlights

The summarized results of the Company's takaful business for the period ended September 30, 2019 are as under:

	<b>Nine Months ended 30 September 2019</b>	Nine Months ended 30 September 2018
	(Rupees)	
<b>PARTICIPANTS' TAKAFUL FUND (PTF):</b>		
Gross Written Contribution	639,999,421	230,419,994
Net takaful contribution	405,897,598	83,616,106
Underwriting Results	(37,357,046)	(8,799,072)
Investment Income before impairment	16,908,725	7,630,435
Deficit for the period before taxation	(15,374,816)	(2,994,240)
<b>SHAREHOLDERS' FUND (SHF):</b>		
Wakala fees	217,292,338	47,374,724
Investment Income before impairment	21,171,163	9,630,731
Loss before taxation	(10,890,959)	(35,991,414)

## Performance Review

During the nine months ended September 30, 2019, Takaful Pakistan Limited (hereinafter referred to as "the Company") has aggressively focused on building its business volume. By the end of 3rd Quarter September 2019, the Company showed significant growth of 178% in the gross written contribution and 385% in the net takaful contribution vis-à-vis same period last year.

Total investment income before impairment recorded at Rs. 38.1 million (2018: Rs. 17.3 million) depicts an increase of 121% over the same period last year. This increase is mainly attributable to rising discount rates that increased the income from bank deposits. Dividend income from Equity shares has also significantly increased over the same period last year.

The Shareholders' Fund topline income is derived from the wakala fees earned. During the nine months of 2019, the Company managed to earn wakala fees of Rs. 217.3 million (2018: 47.4 million), a healthy increase of 359% over same period last year. Although the nine months ended September 2019 registered a net loss after tax of Rs. 14.1 million (2018: 37.4 million) it may be noted that wakala fees of Rs. 188.9 million stands unearned as at September 30, 2019 and same will subsequently be earned in the ensuing periods thereby improving the Shareholders' Fund profitability.

### Outlook:

We are optimistic to continue the gross written contribution growth momentum to the final quarter of this year and improve our profitability.

The Company intends to enter in the large un-tapped retail market through digitalization and customized customer portals. Moreover, through efficient underwriting, robust Retakaful arrangements and competent workforce, our Company also aims to take advantage from available opportunities and progress rapidly.

### Acknowledgment

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

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

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

On behalf of the Board of Directors



**Syed Rizwan Hussain**  
Managing Director & CEO



**Shahzad Salim Godil**  
Director

## مستقبل کی پیش بینی

ہم آخری سہ ماہی میں گراس رٹن کسٹریبیوشن کی بڑھوتری کی رفتار اور اپنے منافع میں اضافے کے حوالے سے پر امید ہیں۔ کمپنی بڑی ریٹیل مارکیٹ کے جس پر اب تک کام نہیں کیا گیا ہے میں ڈیجیٹلائزیشن اور کسٹمائزڈ کسٹمر پورٹل کے ذریعے سے نفوذ کا ارادہ رکھتی ہے۔

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

## اعتراف

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

ہم سیکورٹی اینڈ ایگریجمنٹ کیشن آف پاکستان اور اپنے تمام اسٹیک ہولڈرز بشمول ری تکافل آپریٹرز کے ان کی متواتر رہنمائی اور تعاون کیلئے بھی شکر گزار ہیں۔

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

بورڈ آف ڈائریکٹرز کی نیابت میں



شہزاد سلیم کوڈیل  
ڈائریکٹر



سید رضوان حسین  
مینیجنگ ڈائریکٹر و سی ای او

## ڈائریکٹرز کا جائزہ

کمپنی ڈائریکٹرز غیر آڈٹ شدہ رپورٹ بابت تیسری سہ ماہی 2018 کے اجراء پر مسرت کا اظہار کرتے ہیں۔

### مالیاتی حتمکیاں

30 ستمبر 2019 تک کے کاروباری نتائج کا خلاصہ درج ذیل ہے:

	Nine Months ended 30 September 2019	Nine Months ended 30 September 2018
	(Rupees)	

#### PARTICIPANTS' TAKAFUL FUND (PTF):

Gross Written Contribution	639,999,421	230,419,994
Net takaful contribution	405,897,598	83,616,106
Underwriting Results	(37,357,046)	(8,799,072)
Investment Income before impairment	16,908,725	7,630,435
Deficit for the period before taxation	(15,374,816)	(2,994,240)

#### SHAREHOLDERS' FUND (SHF):

Wakala fees	217,292,338	47,374,724
Investment Income before impairment	21,171,163	9,630,731
Loss before taxation	(10,890,959)	(35,991,414)

### کارکردگی کا جائزہ

30 ستمبر 2019 کو نو ماہ کے اختتام پر تکافل پاکستان لمیٹڈ (آگے صرف کمپنی لکھا جائے گا) نے کاروباری حجم بڑھانے کیلئے کچھ اہم و جاہلانہ اقدامات کئے ہیں۔ تیسری سہ ماہی کے اختتام پر کمپنی کی کارکردگی گزشتہ سال کی نسبت مجموعی رٹن کثرت بیوشن میں 178 فیصد اور خالص تکافل کثرت بیوشن میں 385 فیصد تک متاثر کن اضافہ کی صورت میں واضح طور پر دیکھی جا سکتی ہیں۔

مجموعی سرمایہ کاری کا نفع نقصانات منہا کرنے کے بعد 38.1 ملین روپے ریکارڈ کیا گیا (2018 میں 17.3 ملین روپے تھا) جو کہ مجموعی نفع میں سال گزشتہ کے اسی مدت کے مقابلے میں 121 فیصد اضافے کو ظاہر کرتا ہے۔ اس اضافے کا تعلق ڈسکاؤنٹ ریٹ میں اضافہ سے ہے جو کہ بینک، سیلنس و ڈیپازٹ پر حاصل ہونے والے نفع میں اضافے کا باعث بنا۔ ایکویٹی شیئرز پر حاصل ہونے والے نفع بھی گزشتہ سال کی اسی مدت میں حاصل ہونے والے نفع سے واضح طور پر زائد ہے۔

شیئرز ہولڈرز فنڈ کی آمدن زیادہ تر وکالہ فیس کی مدد سے حاصل ہوتی ہے۔ 2019 کی ابتدائی تین سہ ماہیوں میں کمپنی نے 217.3 ملین روپے وکالہ فیس کی مدد میں کمائے (2018 میں یہ 47.4 ملین روپے تھا) جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 359 فیصد صحت مند اضافے کو ظاہر کرتے ہیں۔ باوجود اس کے 2019 کی ابتدائی تین سہ ماہیوں کے دوران، شیئرز ہولڈرز فنڈ میں بعد از ٹیکس 14.1 ملین روپے کے نقصان کا اندراج ہوا ہے (2018 میں یہ 37.4 ملین روپے تھا)۔ یہ بات قابل لحاظ ہے کہ 30 ستمبر 2019 کو قابل وصول وکالہ فیس 188.9 ملین روپے ہے جو کہ آمد سہ ماہی میں وصول ہوگی اور نتیجتاً شیئرز ہولڈرز فنڈ کے نفع میں غیر معمولی اضافے کا باعث بنے گی۔

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Note	30 September 2019			31 December 2018
		Shareholders' Fund	Participants' Takaful Fund (Unaudited)	Aggregate	Aggregate Audited
<b>ASSETS</b>					
Property and equipment	12	44,849,673	-	44,849,673	13,703,879
Intangible assets	13	51,304	-	51,304	145,344
<b>Investments</b>					
Equity securities and mutual funds	14	70,876,696	165,013,081	235,889,777	177,953,472
Debt securities	15	110,000,000	-	110,000,000	126,078,419
Term deposits	16	61,500,000	68,500,000	130,000,000	195,500,000
Qard-e-hasna - receivable		119,479,565	-	119,479,565	109,479,565
Long term deposits		10,467,461	-	10,467,461	3,236,144
Loans and other receivables	17	15,630,145	8,921,379	24,551,524	18,733,409
Takaful / co-takaful receivables	18	-	134,081,627	134,081,627	42,216,463
Re-takaful recoveries against outstanding claims	25	-	42,634,208	42,634,208	19,501,263
Salvage recoveries accrued	25	-	5,366,000	5,366,000	2,250,000
Wakala fees receivable		34,689,447	-	34,689,447	-
Mudarib fees receivable		8,967,815	-	8,967,815	6,247,671
Deferred wakala fees	27	-	188,838,722	188,838,722	87,081,507
Deferred comission expense	26	41,588,198	-	41,588,198	34,652,031
Taxation-payment less provisions		8,461,570	-	8,461,570	5,206,957
Prepayments	19	3,741,197	58,255,329	61,996,526	22,462,879
Cash and Bank	20	18,514,806	80,182,211	98,697,016	88,305,476
<b>TOTAL ASSETS</b>	<b>Rupees</b>	<b>548,817,876</b>	<b>751,792,557</b>	<b>1,300,610,432</b>	<b>952,754,479</b>

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Ashraf Ali Velji**  
Director



**Ahmed Shuja Kidwai**  
Director

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Note	30 September 2019			31 December 2018
		Shareholders' Fund	Participants' Takaful Fund (Unaudited)	Aggregate	Aggregate Audited
<b>SHARE CAPITAL AND RESERVES</b>					
Authorised share capital 70,000,000 (31 December 2018: 70,000,000 ordinary shares of Rs. 10 each		700,000,000	-	700,000,000	700,000,000
Issued, subscribed and paid-up share capital	21	612,989,050	-	612,989,050	612,989,050
Discount on issuance of shares		(112,989,050)	-	(112,989,050)	(112,989,050)
Fair value reserve		(18,127,412)	-	(18,127,412)	(6,638,666)
Accumulated losses		(175,201,475)	-	(175,201,475)	(161,051,131)
		306,671,113	-	306,671,113	332,310,203
<b>WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)</b>					
Ceded money		-	500,000	500,000	500,000
Fair value reserve		-	(45,313,745)	(45,313,745)	(20,788,553)
Accumulated surplus/(deficit)		-	(16,571,087)	(16,571,087)	(1,196,271)
		-	(61,384,832)	(61,384,832)	(21,484,824)
Qard-e-hasna - payable		-	119,479,565	119,479,565	109,479,565
<b>Underwriting provisions</b>					
Outstanding claims including IBNR	25	-	176,363,576	176,363,576	79,393,141
Unearned contribution reserves	24	-	367,508,556	367,508,556	216,589,851
Unearned re-takaful rebate	26.2	-	5,161,525	5,161,525	4,237,040
Contribution deficiency reserve		-	937,986	937,986	937,986
Contributions received in advance		-	15,134,307	15,134,307	2,445,918
Takaful / Re-takaful payables		-	70,786,177	70,786,177	64,795,959
Unearned wakala fees	27	188,838,722	-	188,838,722	87,081,507
Wakala fees payable		-	34,689,447	34,689,447	-
Mudarib fees payable		-	8,967,815	8,967,815	6,247,671
Other creditors and accruals	22	53,308,041	14,148,436	67,456,477	70,720,462
<b>Total Liabilities</b>		<b>242,146,763</b>	<b>693,697,824</b>	<b>935,844,587</b>	<b>532,449,535</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>Rupees</b>	<b>548,817,876</b>	<b>751,792,557</b>	<b>1,300,610,432</b>	<b>952,754,479</b>

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Ashraf Ali Velji**  
Director



**Ahmed Shuja Kidwai**  
Director

# CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	Nine months period ended 30 September		Three months period ended 30 September	
		2019	2018	2019	2018
<b>PARTICIPANTS' TAKAFUL FUND (PTF)</b>					
Net takaful contribution	24	405,897,598	83,616,106	140,222,650	38,649,704
Net takaful claims expense	25	(224,195,513)	(52,029,714)	(114,055,513)	(24,208,525)
Wakala fee	27	(217,292,338)	(47,374,724)	(80,200,040)	(24,815,254)
Retakaful rebate earned	26.2	10,195,927	7,758,276	3,594,417	2,465,081
Other direct expenses		(11,962,719)	(769,015)	(2,318,157)	456,803
		(443,254,644)	(92,415,178)	(192,979,293)	(46,101,895)
Underwriting results		(37,357,046)	(8,799,072)	(52,756,643)	(7,452,191)
Investment income	23.1	11,341,554	6,341,708	2,649,776	3,786,729
Impairment (loss)/reversal on Available for Sale Equity Securities		(6,028,150)	(74,993)	3,459,860	-
Profit on bank balances		5,567,171	1,288,727	1,200,816	869,705
Mudarib's share		(2,720,144)	(1,888,861)	(1,827,614)	(1,164,109)
Net investment income		8,160,431	5,666,581	5,482,838	3,492,325
Other income		13,935,912	196,491	10,936,552	173,376
Bank charges		(114,114)	(58,240)	(40,465)	48,870
Deficit before taxation		(15,374,816)	(2,994,240)	(36,377,717)	(3,737,620)
Provision for taxation - current		-	-	2,893,896	-
Deficit after taxation		<b>Rupees</b> (15,374,816)	(2,994,240)	(33,483,821)	(3,737,620)
<b>SHAREHOLDERS' FUND (SHF)</b>					
Wakala fee income	27	217,292,338	47,374,724	80,200,040	24,815,254
Commission expense / acquisition cost	26.1	(63,985,475)	(13,888,613)	(20,146,164)	(7,613,756)
Management expenses		(188,301,340)	(82,010,751)	(70,171,804)	(28,413,452)
		(252,286,815)	(95,899,364)	(90,317,968)	(36,027,208)
		(34,994,477)	(48,524,640)	(10,117,928)	(11,211,954)
Mudarib's share of PTF investment income		2,720,144	1,888,861	1,827,614	1,164,109
Investment income	23.2	20,538,789	5,211,556	8,050,510	2,712,054
Impairment (loss)/reversal on Available for Sale Equity Securities		(135,889)	-	1,859,366	-
Profit on bank balances		632,374	4,419,175	286,300	3,846,907
Other income		348,101	1,013,634	29,144	95,201
(Loss)/profit before taxation		(10,890,959)	(35,991,414)	1,935,005	(3,393,683)
Provision for taxation - Current		(3,259,385)	(1,480,460)	(1,780,874)	124,054
(Loss)/profit after taxation		<b>Rupees</b> (14,150,344)	(37,471,874)	154,131	(3,269,629)
<b>Loss (after tax) per share</b>	<b>Rupees</b> 29	(0.231)	(0.920)	0.003	(0.053)

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Ashraf Ali Velji**  
Director



**Ahmed Shuja Kidwai**  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

30 September 2019

## OPERATING ACTIVITIES

### a) Takaful activities

	Shareholders' Fund	Participants' Takaful Fund	Aggregate
(Unaudited)			
Contributions received	-	556,919,069	556,919,069
Re-takaful payments	-	(125,686,820)	(125,686,820)
Claims paid	-	(207,535,944)	(207,535,944)
Retakaful & other Recoveries received	-	51,476,101	51,476,101
Commissions paid	(78,209,851)	-	(78,209,851)
Retakaful rebate received	-	11,120,412	11,120,412
Wakala fee paid	-	(278,755,242)	(278,755,242)
Wakala fee received	278,755,242	-	278,755,242
Other takaful receipts/(payments)	-	570,959	570,959

Net cash flows from takaful activities

Total comprehensive income for the six months

### b) Other operating activities

Income tax paid	-	(6,513,998)	(6,513,998)
Security deposits return/(paid)	(7,231,317)	-	(7,231,317)
General administrative and management expenses paid	(185,018,323)	-	(185,018,323)
Other operating receipt/(payments)	(605,022)	5,566,555	4,961,533
Ijarah rentals paid	(5,856,358)	-	(5,856,358)
Advances to employees	(2,190,853)	-	(2,190,853)

Net cash used in other operating activities

### Total cash (used in) / flows from all operating activities

## INVESTING ACTIVITIES

Profit / return received	18,183,959	16,298,229	34,482,188
Net Investment (made)/encashed	17,085,803	(36,358,461)	(19,272,658)
Fixed capital expenditure	(11,721,802)	-	(11,721,802)
Proceed from disposal of property and equipment	99,200	-	99,200

### Total cash used in all investing activities

## FINANCING ACTIVITIES

Qarda-e-hasana (paid)/received	(10,000,000)	10,000,000	-
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### Total cash used in all financing activities

### Net cash (used in) / flows from all activities

Cash and cash equivalents at the beginning of the period

	5,224,128	83,081,348	88,305,476
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### Cash and cash equivalents at end of the period

### Definition of cash

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

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

Cash and other equivalents	165,417	486,016	651,433
Current and other accounts	18,349,389	79,696,195	98,045,584
	18,514,806	80,182,211	98,697,016

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Ashraf Ali Velji**  
Director



**Ahmed Shuja Kidwai**  
Director



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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## SHAREHOLDERS' FUND

	Issued, subscribed and paid up share capital	Discount on issue of shares	Accumulated loss	Fair value reserve	Total
<b>Balance as at 1 January 2018 - restated</b>	300,000,000	-	(83,329,984)	(4,496,169)	212,173,847
Loss for the nine months period ended 30 September 2018	-	-	(37,471,874)	-	(37,471,874)
<b>Other comprehensive income</b> Fair value/net unrealized gain / (loss) on available for sale investments during the nine months period ended 30 September 2018	-	-	-	(3,731,487)	(3,731,487)
<b>Balance as at 30 September 2018</b>	300,000,000	-	(120,801,858)	(8,227,656)	170,970,486
Total comprehensive income for the three months period ended 31 December 2018	-	-	(39,727,329)	-	(39,727,329)
Loss after tax for the three months period ended 31 December 2018	-	-	-	-	-
<b>Other comprehensive income</b> Fair value/net unrealized gain /(loss) on available for sale investments during the three months period ended 31 December 2018	-	-	-	1,588,990	1,588,990
Actuarial loss on defined benefit plan for the period	-	-	(521,944)	-	(521,944)
Total comprehensive income	-	-	(40,249,273)	1,588,990	(38,660,283)
Transaction with owners					
Further issue of shares at discount	312,989,050	(112,989,050)	-	-	200,000,000
<b>Balance as at 31 December 2018</b>	612,989,050	(112,989,050)	(161,051,131)	(6,638,666)	332,310,203
Total comprehensive income for the nine months ended 30 September 2019	-	-	(14,150,344)	-	(14,150,344)
Loss after tax for the nine months period ended 30 September 2019	-	-	-	-	-
<b>Other comprehensive income</b> Fair value/net unrealized gain /(loss) on available for sale investments during the nine months period ended 30 September 2019	-	-	-	(11,488,746)	(11,488,746)
Total comprehensive income	-	-	(14,150,344)	(11,488,746)	(25,639,090)
<b>Balance as at 30 September 2019 Rupees</b>	612,989,050	(112,989,050)	(175,201,475)	(18,127,412)	306,671,113



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Ashraf Ali Velji**  
Director



**Ahmed Shuja Kidwai**  
Director

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## WAQF/PARTICIPANTS' TAKAFUL FUND

	Cede money	Discount on issue of shares	Accumulated Surplus/ (deficit)	Fair value reserve	Total
<b>Balance as at 1 January 2018 - restated</b>	500,000	-	(3,165,509)	(3,874,718)	(6,540,227)
Deficit for the nine months period ended 30 September 2018	-	-	(2,994,240)	-	(2,994,240)
Fair value/net unrealized gain /(loss) on available for sale investments during the nine months period ended 30 September 2018				(10,202,107)	(10,202,107)
<b>Balance as at 30 September 2018</b>	500,000	-	(6,159,749)	(14,076,825)	(19,736,574)
Surplus for the three months period ended 31 December 2018	-	-	4,963,478	-	4,963,478
Fair value/net unrealized gain /(loss) on available for sale investments during the three months period ended 31 December 2018	-	-	-	(6,711,728)	(6,711,728)
<b>Balance as at 31 December 2018</b>	500,000	-	(1,196,271)	(20,788,553)	(21,484,824)
Deficit for the nine months period ended 30 September 2019	-	-	(15,374,816)	-	(15,374,816)
Fair value/net unrealized gain /(loss) on available for sale investments during the nine months period ended 30 September 2019	-	-	-	(24,525,192)	(24,525,192)
<b>Balance as at 30 September 2019 Rupees</b>	500,000	-	(16,571,087)	(45,313,745)	(61,384,831)

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Ashraf Ali Velji**  
Director



**Ahmed Shuja Kidwai**  
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

**1.2** For the purpose of carrying on the takaful business, the Company has formed a Waqf for Participants' equity. The Waqf, namely Takaful Pakistan Waqf (hereinafter referred to as the Participants' Takaful Fund or PTF) was formed on 22 January 2007 under the Trust deed executed by the Company with a ceded money of Rs. 500,000. The cede money is required to be invested in Shariah compliant investments and profit thereon is utilized to pay benefits to participants or defray PTF expenses. 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.

## 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.

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

## 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.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

## 5. 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 2018.

## 6. TAKAFUL AND FINANCIAL RISK MANAGEMENT

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

## 7. 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.

## 8. WAKALA FEE

The Company manages the general takaful operations for the participants and charges wakala fee to PTF on gross contribution recognized for each class of business to meet the general and administrative expenses of the Company including commission to agents.

Wakala fee is recognised as income in Shareholders' Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognized as a liability of Company's Fund and an assets of the Participants' Takaful Fund (PTF)

## 9. MUDARIB'S FEE

The Company also manages the participants' investment as Mudarib and charges 25% of the investment income earned by the PTF as Mudarib's fee as per the approval of the Shariah advisor. It is reconized on the same basis on which related revenue is recognized.

## 10. QARDA-E-HASNA

Qard-e-Hasna is provided by the shareholders fund to the Participants' Takaful Fund in case of deficit or to fulfil the cash flow requirements. Under the Takaful Rules, 2012 in the event of surplus in Participants' Takaful Fund, Qarda-e-Hasna shall be paid to Shareholders' Fund prior to the distribution of surplus to the Participants.

## 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having a maturity of not more that three monhts and are subject to insignificant risk of change in value.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## 12. PROPERTY AND EQUIPMENT - Shareholders Fund

	Note	As at 30 September 2019	As at 31 December 2018
Tangible assets	12.1	20,079,730	5,270,762
Capital work-in-progress	12.2	1,761,768	8,433,117
Right of use asset	12.3	23,008,175	-
	Rupees	44,849,673	13,703,879

## 12.1 TANGIBLE ASSETS

	30 September 2019 (Unaudited)						Depreciation Rate %
	Cost		Accumulated depreciation		Book value		
	As at 1 January 2019	Additions / (disposal) during the period	As at 30 September 2019	As at 1 January 2019	Change for the period/(disposal)	As at 30 September 2019	
Leasehold improvements	4,582,141	4,068,661	8,650,802	3,894,944	972,990	4,867,934	10
Furniture and fixtures	12,713,001	2,720,569 (719,360)	14,714,210	12,361,943	304,514 (682,297)	11,984,160	10
Office equipment	6,794,416	3,001,491 (237,764)	9,558,143	5,261,289	393,544 (230,160)	5,424,673	10
Computers	20,615,939	8,248,570	28,864,509	18,196,167	1,824,279	20,022,446	33.33
Vehicles	647,737	382,900	1,030,637	366,129	73,229	439,358	20
	<b>45,353,234</b>	<b>18,422,191 (957,124)</b>	<b>62,818,301</b>	<b>40,082,472</b>	<b>3,568,556 (912,457)</b>	<b>42,738,571</b>	<b>20,079,730</b>
	<b>Rupees</b>						

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	31 December 2018 (Audited)					Depreciation Rate %	
	Cost	Accumulated depreciation	Book value				
	As at 1 January 2018	As at 31 December 2018	As at 1 January 2018	Charge for the year/(disposal)	As at 31 December 2018	As at 31 December 2018	
Leasehold improvements	4,582,141	4,582,141	3,495,296	399,648	3,894,944	687,197	10
Furniture and fixtures	12,771,651	12,713,001	12,002,427	379,843 (20,327)	12,361,943	351,058	10
Office equipment	6,406,066	6,794,416	4,755,511	530,835 (25,057)	5,261,289	1,533,127	10
Computers	18,385,865	20,615,939	17,836,451	417,034 (55,318)	18,198,167	2,417,772	33.33
Vehicles	2,416,737	647,737	1,493,845	204,466 (1,332,182)	366,129	281,608	20
	<b>44,562,460</b>	<b>45,353,234</b>	<b>39,583,530</b>	<b>1,931,826 (1,432,884)</b>	<b>40,082,472</b>	<b>5,270,762</b>	

Rupees

## 12.2 Capital work in progress

This represents advance to the suppliers for civil works, office equipments, etc

## 12.3 Right of use assets

During the nine months period ended 30 September 2019, the company re-estimated the useful life of its lease hold improvements with effect from 1 January 2019 from 10 % to 33.33 %.

## 13. INTANGIBLE ASSETS

	30 September 2019 - (Unaudited)					Amortization Rate %	
	Cost	Accumulated amortization	Book value				
	As at 1 January 2019	As at 30 September 2019	As at 1 January 2019	Charge for the period	As at 30 September 2019	As at 30 September 2019	
Computer software	14,263,182	14,263,182	14,117,856	94,022	14,211,878	51,304	33.33
	<b>14,263,181</b>	<b>14,263,181</b>	<b>13,977,160</b>	<b>140,677</b>	<b>14,117,837</b>	<b>145,344</b>	<b>33.33</b>

Rupees

Rupees

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

14. INVESTMENTS IN EQUITY SECURITIES AND MUTUAL FUNDS - available for sale	Note	30 September 2019			31 December 2018
		Shareholders Fund	Participants Takaful Fund	Aggregate	Aggregate (Audited)
Investment in Listed shares	14.1	53,300,168	81,533,183	134,833,351	89,919,034
Investment in Mutual funds	14.2	17,576,528	83,479,898	101,056,426	88,034,438
		<b>Rupees</b>			

## 14.1 Investment in listed shares

		30 September 2019			31 December 2018 (Audited)		
		Cost	Impairment (provision)	Carrying value	Cost	Impairment (provision)	Carrying value
<b>Shareholders' Fund</b>							
Investment in Quoted equity securities - cost	14.1.1	71,459,244	-	71,459,244	36,717,421	-	36,717,421
Fair value loss on available for sale investments - net (recognized in other comprehensive income)		-	-	(15,262,871)	-	-	(4,945,485)
Fair value loss on available for sale investments - net (charged to profit and loss account)			(2,896,205)	(2,896,205)		(2,760,316)	(2,760,316)
		<b>Rupees</b>					
<b>Participants' Takaful Fund</b>							
Investment in Quoted equity securities - cost	14.1.1	116,076,438		116,076,438	77,903,981	-	77,903,981
Fair value gain on available for sale investments - net (recognized in other comprehensive income)		-	-	(23,568,440)	-	-	(10,516,548)
Fair value gain on available for sale investments - net (Charged to profit and loss account)			(10,974,815)	(10,974,815)		(6,480,019)	(6,480,019)
		<b>Rupees</b>					

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

14.2	Investment in mutual funds - available for sale	30 September 2019			31 December 2018 (Audited)		
		Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
	<b>Shareholders' Fund</b>						
	Investment in Units of Shariah Compliant Mutual Fund	20,441,068	-	20,441,068	10,441,068	-	10,441,068
	Fair value loss on available for sale investments - net (recognized in other comprehensive income)	-	-	(2,864,541)	-	-	(1,693,181)
	<b>Rupees</b>	<b>20,441,068</b>		<b>17,576,528</b>	<b>10,441,068</b>		<b>8,747,887</b>
	<b>Participants' Takaful Fund</b>						
	Investment in Units of Shariah Compliant Mutual Fund	106,758,556	-	106,758,556	89,558,556	-	89,558,556
	Fair value loss on available for sale investments - net (charged to other comprehensive income)	-	-	(21,745,305)	-	-	(10,272,005)
	Fair value gain on available for sale investments - net (Charged to profit and loss account)	-	(1,533,353)	(1,533,353)			
	<b>Rupees</b>	<b>106,758,556</b>		<b>83,479,898</b>	<b>89,558,556</b>		<b>79,286,551</b>



15. INVESTMENT IN DEBT SECURITIES - held to maturity

15.1 Sukuk Certificates - Shareholders' Fund

	Note	Number of certificates	Maturity date	Effective yield	Profit Payment	Principal payment	Market value	Face value	31 June 2019	31 December 2018	Security
Performing Assets											
Byco Petroleum Pakistan Limited		150	18 January 2022	3 months KIBOR + 1.05%	Quarterly	On maturity	-	-	-	15,078,419	Secured against ranking charge over all the present and future fixed assets of the issuer with 25% margin.
Pak Elektron Limited	15.1.1	25	19 May 2019	3 months KIBOR + 1.05%	Quarterly	On maturity	-	-	-	25,000,000	Secured against first pari passu hypothecation charge over current assets with 25% margin.
Meezan Bank Limited	15.1.1	21	Perpetual	3 months KIBOR + 1.75%	Monthly	Perpetual	-	-	-	21,000,000	Unsecured
Hub Power Company Limited	15.1.1	-	21 Aug 2023	3 months KIBOR + 1.90%	Quarterly	On maturity	-	50,000,000	50,000,000	-	Revolving Cross Corporate Guarantee from Neworal Energy Limited NEI for the Issue Amount (with 25 margin) and profit/loss payments. Subordinate charge over all present and future moveable fixed assets of NEI for PKR 9,333.33 million (Issue Amount along with 25% margin). Subordinate charge over all present and future moveable fixed assets of HUBCO for PKR 4,000 million. Pledge of 100 shares of NEI with a book value of PKR 3,921 million.
Dubai Islamic Bank Pakistan Limited	15.1.1	60	Perpetual	3 months KIBOR + 1.75%	Monthly	Perpetual	-	60,000,000	60,000,000	60,000,000	Unsecured
Non - Performing Assets (fully provided)											
Agitech Limited	15.1.2	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 charger over property, plant and equipment of the Company.
Quetta Textile Mills Limited	15.1.3	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 Rs. 1,846 billion on all fixed assets of the Company.
Less: Provision held (against the non-performing sukuk certificates)											
									129,839,403	140,917,822	
									(19,839,403)	(19,839,403)	
									110,000,000	121,078,419	
<b>15.2 Sukuk Certificates-Participants' Takaful Fund</b>											
Pak Elektron Limited	15.1.1	20	19 May 2019	3 months KIBOR + 1.05%	Quarterly	On maturity	-	-	-	5,000,000	Secured against first pari passu hypothecation charge over current assets with 25% margin.
									-	5,000,000	

Rupees

Rupees

Rupees

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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

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

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

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

16. INVESTMENT IN TERM DEPOSITS	30 September 2019			31 December 2018
	Shareholders Fund	Participants Takaful Fund (Unaudited)	Aggregate	Aggregate (Audited)
<b>Held to Maturity</b>	note 16.1 & 16.2			
Deposits maturing within 12 months	Rupees			
	61,500,000	68,500,000	130,000,000	195,500,000

**16.1** This represents term deposits of Rs. 31.5 million, Rs. 20 million and Rs. 10 million maturing on 04 Oct 2019, 05 December 2019 and 11 March 2020 respectively and carries profit rate at 12.00%, 9.75% & 10.25% per annum. The deposit is held with Dubai Islamic Pakistan Limited.

**16.2** 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.

17. LOANS AND OTHER RECEIVABLES	30 September 2019			31 December 2018
	Shareholders Fund	Participants Takaful Fund (Unaudited)	Aggregate	Aggregate (Audited)
Advances to employees (unsecured and interest free)	3,438,452	-	3,438,452	1,247,599
Accrued investment income	7,094,481	2,583,553	9,678,034	6,080,336
Receivable from Participants' Takaful Fund	920,935	-	920,935	4,276,068
Receivable from the Shareholder's Fund		1,267,211	1,267,211	6,872,075
Others	4,176,277	5,070,615	9,246,892	257,331
	Rupees			
	15,630,145	8,921,379	24,551,524	18,733,409

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

		30 September 2019 (Unaudited)	31 December 2018 (Audited)
<b>18. TAKAFUL / CO-TAKAFUL RECEIVABLES- Unsecured</b>	Note		
Due from policy holders		107,146,443	40,197,470
Less: Provision for impairment against the balance due from the policy holders	18.1	(3,876,948)	(2,689,398)
		103,269,495	37,508,072
Due from other takaful companies		32,828,682	6,724,941
Less: Provision for impairment against the due from other takaful companies	18.2	(2,016,550)	(2,016,550)
		30,812,132	4,708,391
		134,081,627	42,216,463

## 18.1 Movement in provision for impairment - due from policy holders

Balance as on 1 January 2019 & 1 January 2018		2,689,398	1,353,734
Add: Provision made during the period / year		1,187,550	1,335,664
Balance as on 30 September 2019 / 31 December 2018	Rupees	3,876,948	2,689,398

## 18.2 Movement in provision for impairment - due from other takaful companies

Balance as on 1 January 2019 & 1 January 2018		2,016,550	950,775
Add: Provision made during the period / year		-	1,065,775
Balance as on 30 September 2019 / 31 December 2018	Rupees	2,016,550	2,016,550

	30 September 2019			31 December 2018 Aggregate (Audited)
	Shareholders Fund	Participants Takaful Fund (Unaudited)	Aggregate	
<b>19. PREPAYMENTS</b>				
Prepaid rent	980,111	-	980,111	1,011,750
Prepaid re-takaful ceded	-	36,061,439	36,061,439	14,445,719
Prepaid tracker installation expense	-	22,193,890	22,193,890	6,218,279
Others	2,761,086	-	2,761,086	787,131
	Rupees	3,741,197	58,255,329	61,996,526
				22,462,879

## 20. CASH AND BANK

Cash and cash equivalents				
- Cash in hand	165,417	-	165,417	49,098
- Policy and revenue stamps, bond papers	-	486,016	486,016	389,475
	165,417	486,016	651,433	438,573
Cash and bank				
- Current account	20,921	848,220	869,141	1,765,321
- Savings accounts	18,328,468	78,847,974	97,176,443	86,101,582
	20.1			
	Rupees	18,514,806	80,182,211	98,697,016
				88,305,476

20.1 These represent balances maintained with Islamic commercial banks under profit and loss sharing basis carrying expected profit rates ranging from 4.5% to 9.0% (2018: 1.25% to 9.50%) per annum.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## 21. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

30 September 2019	31 December 2018		30 September 2019	31 December 2018
(Number of shares)				
61,298,905	61,298,905		Rupees 612,989,050	612,989,050

Shares in the Company are held by the following:

	Number of shares	Percentage
House Building Finance Company Limited	8,699,500	14.19%
Al Baraka Bank (Pakistan) Limited	5,099,000	8.32%
Sitara Chemical Industries Limited	2,999,500	4.89%
Mal Al Khaleej Investment LLC	2,550,000	4.16%
Mr. Salim Habib Godil	10,485,602	17.11%
Syed Rizwan Hussain	10,485,601	17.11%
Mr. Shahzad Salim Godil	10,485,601	17.11%
Syed Salman Hussain	10,485,601	17.11%
Others	8,500	0.01%
	61,298,905	100.00%

## 22. OTHER CREDITORS AND ACCRUALS

	30 September 2019			31 December 2018
Note	Shareholders Fund	Participants' Takaful Fund	Aggregate	Aggregate (Audited)
	(Unaudited)			
Commission payable to agents	18,191,408	-	18,191,408	25,479,618
Federal excise duty	-	2,630,486	2,630,486	6,414,501
Federal Takaful fee	-	520,708	520,708	640,270
Tax deducted at source	-	2,186,862	2,186,862	886,436
Payable to staff gratuity fund	-	-	-	-
- defined benefit plan	4,159,252	-	4,159,252	2,529,521
Provision for staff compensated absences	587,010	-	587,010	337,013
Security deposit (held in separate bank account)	1,079,447	-	1,079,447	1,292,294
Tracker installation fee payable	-	6,955,378	6,955,378	5,071,397
Accrued expenses	7,556,635	-	7,556,635	10,559,605
Payable to Shareholder's Fund	-	920,935	920,935	4,276,068
Payable to Participant's Takaful Fund	1,267,211	-	1,267,211	6,872,075
Lease Liability	19,581,117	-	19,581,117	-
Other payables	885,961	934,066	1,820,027	6,361,664
	22.1			
	<b>Rupees</b>			
	53,308,041	14,148,436	67,456,477	70,720,462

22.1 The Participants' Takaful Fund liability of Rs. 4.0 million (31 December 2018: 3.8 million) represents the stale cheques in respect of the claim liability of the Company.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## 23. INVESTMENT INCOME

### 23.1 Participants' Takaful Fund (PTF)

	Nine months period ended		Three months period ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
<b>Income from equity securities-Available for sale</b>				
Dividend Income	3,248,803	1,526,075	1,080,921	1,120,175
<b>Net Realized Gains / (Losses) on Investments-Available for sale</b>				
Realized Gain on equity securities	-	2,393,596	-	2,237,391
Realized Loss on equity securities	-	(110,694)	-	(28,291)
	-	2,282,902	-	2,209,100
<b>Income from debt securities-Held to maturity</b>				
Return on Sukuk	(2,088)	856,443	-	318,585
<b>Income from Deposits</b>				
Return on term deposit-held to maturity	8,120,239	1,696,216	1,568,855	150,000
Total Investment Income	11,366,954	6,361,636	2,649,776	3,797,860
Less: Investment related expenses	-	(19,928)	-	(11,131)
Less: Charity on dividend purification	(25,400)	-	-	-
<b>Net investment income (PTF) Rupees</b>	<b>11,341,554</b>	<b>6,341,708</b>	<b>2,649,776</b>	<b>3,786,729</b>

### 23.2 Shareholders' Fund (SHF)

<b>Income from equity securities-Available for sale</b>				
Dividend Income	1,694,159	351,990	1,009,478	262,050
<b>Net Realized Gains / (Losses) on Investments-Available for sale</b>				
Realized Gain on equity securities	-	1,248,189	-	73,255
Realized loss on equity securities	-	(1,326,303)	-	-
Realized loss on equity securities	-	(78,114)	-	73,255
<b>Income from debt securities-Held to maturity</b>				
Return on sukuk	9,372,482	3,107,004	4,389,744	1,475,862
Amortization of contribution on sukuk	(78,449)	(64,451)	(953,597)	(11,945)
	9,294,033	3,042,553	3,436,147	1,463,917
<b>Income from Deposits</b>				
Return on term deposit-held to maturity	9,609,377	1,923,929	3,617,660	922,500
Total Investment Income	20,597,569	5,240,358	8,063,285	2,721,722
Less: Investment related expenses	(35,180)	(28,802)	(12,775)	(9,668)
Less: Charity on dividend purification	(23,600)	-	-	-
<b>Net investment income (SHF) Rupees</b>	<b>20,538,789</b>	<b>5,211,556</b>	<b>8,050,510</b>	<b>2,712,054</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## 24. NET TAKAFUL CONTRIBUTION

Nine months period ended 30 September' 2019

		Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
Written Gross Contribution		20,512,220	17,096,282	404,602,406	107,037,895	90,750,618	639,999,421
Add: Unearned Contribution reserve opening		11,264,474	2,113,735	192,339,756	5,131,520	5,740,366	216,589,851
Less: Unearned Contribution reserve closing		12,152,616	2,259,246	265,975,202	53,124,588	33,996,903	367,508,556
Contribution earned		19,624,077	16,950,771	330,966,960	59,044,827	62,494,081	489,080,716
Retakaful Contribution ceded		17,105,249	12,275,697	14,094,000	-	61,323,892	104,798,838
Add: Prepaid Retakaful Contribution opening		12,854,162	1,210,763	-	-	380,794	14,445,719
Less: Prepaid Retakaful Contribution closing		13,267,049	1,301,062	-	-	21,493,328	36,061,439
Retakaful expense		16,692,362	12,185,398	14,094,000	-	40,211,358	83,183,118
Net Takaful Contribution	Rupees	2,931,715	4,765,373	316,872,960	59,044,827	22,282,723	405,897,598
<b>25. NET TAKAFUL CLAIM EXPENSE</b>							
Claims Paid		13,898,504	747,866	127,461,577	49,325,034	16,102,963	207,535,944
Less: Outstanding claims including IBNR - opening-restated		12,381,274	3,745,065	42,003,470	3,460,352	17,802,980	79,393,141
Add: Outstanding claims including IBNR - closing		25,359,328	3,447,199	93,075,037	21,902,749	32,579,263	176,363,576
Claims expense		26,876,558	450,000	178,533,144	67,767,431	30,879,246	304,506,379
Retakaful and other recoveries received		10,475,094	436,604	39,960,830	-	603,573	51,476,101
Less: Retakaful and other recoveries in respect of outstanding claims - opening		11,051,515	2,080,731	7,674,227	-	944,790	21,751,263
Add: Retakaful and other recoveries in respect of outstanding claims - closing		21,681,345	2,016,627	18,046,885	-	8,841,171	50,586,028
Retakaful and other recoveries revenue		21,104,924	372,500	50,333,488	-	8,499,954	80,310,866
Net Takaful Claims Expense	Rupees	5,771,634	77,500	128,199,656	67,767,431	22,379,292	224,195,513
<b>26. NET COMMISSION EXPENSE / (REVENUE)</b>							
<b>26.1</b> Commission paid or payable		2,199,575	2,299,967	60,335,324	3,319,705	2,767,071	70,921,642
Add: Deferred commission expense - opening		1,215,911	269,784	32,786,389	90,335	289,613	34,652,031
Less: Deferred commission expense - closing		1,138,268	323,685	38,279,816	1,430,978	415,452	41,588,198
Net Commission		2,277,218	2,246,066	54,841,897	1,979,062	2,641,232	63,985,475
<b>26.2</b> Commission received or recoverable		4,718,802	3,773,236	-	-	2,628,374	11,120,412
Add: Unearned Retakaful Rebate - opening		3,766,886	393,263	-	-	76,891	4,237,040
Less: Unearned Retakaful Rebate - closing		3,865,120	359,332	-	-	937,073	5,161,525
Retakaful Rebate/commission		4,620,568	3,807,167	-	-	1,768,192	10,195,927
Net Commission Revenue / Expense	Rupees	(2,343,350)	(1,561,101)	54,841,897	1,979,062	873,040	53,789,548
<b>27. WAKALA FEE EXPENSE/INCOME</b>							
Gross Wakala Fee		8,204,888	6,838,513	242,761,444	26,759,474	34,485,235	319,049,553
Add: Deferred/unearned Wakala Fee expense/income - opening		4,326,554	956,478	78,332,244	1,269,690	2,196,541	87,081,507
Less: Deferred/unearned Wakala Fee expense/income - closing		4,496,946	904,110	157,266,521	13,250,664	12,920,481	188,838,722
Net Wakala Expense / Income	Rupees	8,034,496	6,890,881	163,827,166	14,778,500	23,761,295	217,292,338

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## 28. 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.

### 28.1.1

Nine months period ended 30 September' 2019

Note	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
<b>PARTICIPANTS' TAKAFUL FUND</b>						
Takaful / re-takaful receivables	23,129,877	20,459,552	461,486,264	108,110,137	103,470,972	716,656,802
Less: Federal Excise Duty	(2,433,758)	(2,020,963)	(52,802,961)	-	(11,802,004)	(69,059,686)
Federal Takaful Fee	(174,929)	(169,674)	(4,043,209)	(1,070,377)	(907,501)	(6,365,690)
Stamp duty	(8,970)	(1,172,633)	(37,688)	(1,865)	(10,849)	(1,232,005)
Tracker charges recovered	-	-	-	-	-	-
Gross written contribution	<b>Rupees</b> 20,512,220	17,096,282	404,602,406	107,037,895	90,750,618	639,999,421
<b>Participants' Takaful Fund - revenue account</b>						
Takaful contribution earned	19,624,077	16,950,771	330,966,960	59,044,827	62,494,081	489,080,716
Takaful contribution ceded expense	(16,692,362)	(12,185,398)	(14,094,000)	-	(40,211,358)	(83,183,118)
Net Takaful contribution	24 2,931,715	4,765,373	316,872,960	59,044,827	22,282,723	405,897,598
Retakaful rebate earned	26 4,620,568	3,807,167	-	-	1,768,192	10,195,927
<b>Net Revenue</b>	7,552,283	8,572,540	316,872,960	59,044,827	24,050,915	416,093,525
Takaful claims	(26,876,558)	(450,000)	(178,533,144)	(67,767,431)	(30,879,246)	(304,506,379)
Takaful claims recovered from retakaful operators & salvage recovery	21,104,924	372,500	50,333,488	-	8,499,954	80,310,866
Net Takaful claims expense	25 (5,771,634)	(77,500)	(128,199,656)	(67,767,431)	(22,379,292)	(224,195,513)
Wakala fee	27 (8,034,496)	(6,890,881)	(163,827,166)	(14,778,500)	(23,761,295)	(217,292,338)
Other direct expenses	(486,481)	(390,696)	(10,571,531)	-	(514,011)	(11,962,719)
<b>Underwriting results</b>	(6,740,328)	1,213,463	14,274,607	(23,501,104)	(22,603,683)	(37,357,045)
Investment income						11,341,554
Impairment Loss on Available for Sale Equity Securities						(6,028,150)
Profit on bank balances						5,567,171
Less: Mudarib's share						(2,720,144)
Net investment income						8,160,431
Other income						13,935,912
Bank charges						(114,114)
Total deficit - before tax						(15,374,815)
Provision for taxation - current						-
Total deficit - after tax	<b>Rupees</b>					(15,374,815)

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

28.1.2

September' 2018

Note	Nine months period ended 30 September' 2018					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
<b>PARTICIPANTS' TAKAFUL FUND</b>						
Takaful / re-takaful receivables	20,685,118	22,135,344	212,665,839	5,294,199	13,361,314	274,141,814
Less: Federal Excise Duty	(2,445,125)	(2,368,154)	(23,253,398)	(224,493)	(1,527,184)	(29,818,354)
Federal Takaful Fee	(180,489)	(184,047)	(1,772,116)	(50,193)	(117,165)	(2,304,010)
Stamp duty	(10,645)	(1,154,122)	(25,556)	(220)	(1,020)	(1,191,563)
Tracker charges recovered	-	-	(10,407,893)	-	-	(10,407,893)
Gross written contribution	<b>Rupees</b> 18,048,859	18,429,021	177,206,876	5,019,293	11,715,945	230,419,994
<b>Participants' Takaful Fund - revenue account</b>						
Takaful contribution earned	18,209,518	18,804,242	69,949,929	6,411,034	5,062,086	118,436,809
Takaful contribution ceded expense	(10,633,180)	(13,123,707)	(10,697,600)	-	(366,216)	(34,820,703)
Net Takaful contribution	24 7,576,338	5,680,535	59,252,329	6,411,034	4,695,870	83,616,106
Retakaful rebate earned	26 3,316,044	4,306,511	-	-	135,721	7,758,276
<b>Net Revenue</b>	10,892,382	9,987,046	59,252,329	6,411,034	4,831,591	91,374,382
Takaful claims	(2,471,999)	195,420	(45,426,479)	(2,113,208)	(15,591,283)	(65,407,549)
Takaful claims recovered from retakaful operators & salvage recovery	2,288,116	(8,627)	11,050,391	-	47,955	13,377,835
Net Takaful claims expense	25 (183,883)	186,793	(34,376,088)	(2,113,208)	(15,543,328)	(52,029,714)
Wakala fee	27 (7,283,807)	(7,521,697)	(27,979,972)	(2,564,414)	(2,024,834)	(47,374,724)
Other direct expenses	(49,890)	(7,654)	(456,497)	(83,047)	(171,927)	(769,015)
<b>Underwriting results</b>	3,374,802	2,644,488	(3,560,228)	1,650,365	(12,908,498)	(8,799,072)
Investment income						6,341,708
Impairment Loss on Available for Sale Equity Securities						(74,993)
Profit on bank balances						1,288,727
Less: Mudarib's share						(2,613,613)
Net investment income						4,941,829
Other income						196,491
Bank charges						(58,240)
Total deficit - before tax						(3,718,992)
Provision for taxation - current						-
Total deficit - after tax	<b>Rupees</b>					(3,718,992)



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

28.2.1

Three months period ended 30 September 2019

	Note	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
<b>PARTICIPANTS' TAKAFUL FUND</b>							
Takaful / re-takaful receivables		11,149,009	7,135,798	135,286,326	30,488,095	17,966,668	202,025,896
Less: Federal Excise Duty		(1,073,698)	(700,275)	(15,577,144)	-	(2,051,825)	(19,402,942)
Federal Takaful Fee		(71,834)	(60,265)	(1,184,941)	(301,857)	(157,537)	(1,776,434)
Stamp duty		(4,790)	(345,658)	11,767	(960)	(2,713)	(342,354)
Tracker charges recovered		-	-	-	-	-	-
Gross written contribution	Rupees	9,998,687	6,029,600	118,536,008	30,185,278	15,754,593	180,504,166
<b>Participants' Takaful Fund - revenue account</b>							
Takaful contribution earned		6,152,012	5,727,461	107,820,358	25,094,630	26,970,813	171,765,274
Takaful contribution ceded expense		(6,080,099)	(4,344,471)	(4,698,000)	-	(16,420,054)	(31,542,624)
Net Takaful contribution	24	71,913	1,382,990	103,122,358	25,094,630	10,550,759	140,222,650
Retakaful rebate earned	26	1,563,728	1,335,245	-	-	695,444	3,594,417
<b>Net Revenue</b>		1,635,641	2,718,235	103,122,358	25,094,630	11,246,203	143,817,067
Takaful claims		(9,614,350)	(350,000)	(67,124,143)	(41,107,870)	(14,981,145)	(133,177,508)
Takaful claims recovered from retakaful operators & salvage recovery		4,922,618	332,500	14,505,121	-	(638,244)	19,121,995
Net Takaful claims expense	25	(4,691,732)	(17,500)	(52,619,022)	(41,107,870)	(15,619,389)	(114,055,513)
Wakala fee	27	(3,082,195)	(2,290,570)	(57,861,538)	(6,696,985)	(10,268,753)	(80,200,040)
Other direct expenses		(428,701)	(330,681)	(1,378,012)	-	(180,763)	(2,318,157)
<b>Underwriting results</b>		(6,566,986)	79,483	(8,736,214)	(22,710,225)	(14,822,702)	(52,756,643)
Investment income							2,649,777
Impairment Loss on Available for Sale Equity Securities							3,459,860
Profit on bank balances							1,200,816
Less: Mudarib's share							(1,827,613)
Net investment income							5,482,840
<b>Other income</b>							10,936,552
Bank charges							(40,465)
Total deficit - before tax							(36,377,717)
Provision for taxation - current							2,893,896
Total deficit - after tax	Rupees						(33,483,821)

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

28.2.2

Three months period ended 30 September 2018

	Note	Three months period ended 30 September 2018					
		Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Aggregate
<b>PARTICIPANTS' TAKAFUL FUND</b>							
Takaful / re-takaful receivables		9,379,786	6,580,569	91,233,319	2,180,378	7,669,824	117,043,876
Less: Federal Excise Duty		(1,126,535)	(686,539)	(10,412,604)	(41,973)	(877,676)	(13,145,327)
Federal Takaful Fee		(81,685)	(54,792)	(795,645)	(21,172)	(67,248)	(1,020,542)
Stamp duty		(2,860)	(355,432)	(8,306)	(90)	(550)	(367,238)
Tracker charges recovered		-	-	(451,865)	-	-	(451,865)
Gross written contribution	Rupees	8,168,706	5,483,806	79,564,899	2,117,143	6,724,350	102,058,904
<b>Participants' Takaful Fund - revenue account</b>							
Takaful contribution earned		4,808,640	6,852,823	34,837,022	2,324,320	2,931,199	51,754,004
Takaful contribution ceded expense		(3,503,540)	(4,529,221)	(4,899,200)	-	(172,339)	(13,104,300)
Net Takaful contribution	24	1,305,100	2,323,602	29,937,822	2,324,320	2,758,860	38,649,704
Retakaful rebate earned	26	1,002,299	1,395,574	-	-	67,208	2,465,081
<b>Net Revenue</b>		2,307,399	3,719,176	29,937,822	2,324,320	2,826,068	41,114,785
Takaful claims		2,719,297	181,412	(23,418,650)	(1,200,852)	(4,597,000)	(26,315,793)
Takaful claims recovered from retakaful operators & salvage recovery		(2,097,668)	(509)	4,205,445	-	-	2,107,268
Net Takaful claims expense	25	621,629	180,903	(19,213,205)	(1,200,852)	(4,597,000)	(24,208,525)
Wakala fee	27	(2,207,472)	(3,605,651)	(16,617,532)	(942,685)	(1,441,914)	(24,815,254)
Direct expenses		(35,527)	(7,519)	425,170	(83,047)	157,726	456,803
<b>Underwriting results</b>		686,030	286,909	(5,467,746)	97,735	(3,055,119)	(7,452,191)
Investment income							3,861,722
Impairment Loss on Available for Sale Equity Securities							(74,993)
Profit on bank balances							869,705
Less: Mudarib's share							(1,164,109)
Net investment income							3,492,325
<b>Other income</b>							173,375
Bank charges							48,872
Total deficit - before tax							(3,737,620)
Provision for taxation - current							-
Total deficit - after tax	Rupees						(3,737,620)

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

29. EARNINGS (AFTER TAX) PER SHARE - BASIC AND DILUTED		Nine months ended 30 September 2019	Three months ended 30 September 2019
There is no dilutive effect on the basic earnings per share which is based on:			
Net profit after tax for the period	Rupees	(14,150,344)	154,131
Weighted average number of ordinary shares	Number	61,298,905	61,298,905
Basic earnings per share	Rupees	(0.231)	0.003

## 30. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors in the meeting held on 15th November, 2019 and authorized for issue.



**Salim Habib Godil**  
Chairman



**Syed Rizwan Hussain**  
Managing Director & CEO



**Ashraf Ali Velji**  
Director










**Ahmed Shuja Kidwai**  
Director



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## Takaful Pakistan Limited

Business Centre, 6th Floor, Plot No. 19-1-A, Block-6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi-75400.

UAN: (+92-21) 111-875-111 Fax: (+92-21) 34373195

[www.takaful.com.pk](http://www.takaful.com.pk)