



Century Insurance
A Lakson Group Company

BIG
Dream
BETTER
Results

Nine Months Report September 2017
(Un-audited)

CENTURY INSURANCE AT A GLANCE

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance business.
- One of the premier general insurance companies of Pakistan.
- Rated "A+" with a stable outlook by JCR – VIS, signifying a 'high capacity to meet policyholders' and contractual obligations'.
- Total equity in excess of Rs. 1.7 billion.
- Twice awarded 'Top 25 Companies Award' by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with highly rated international reinsurers.
- Broad client base consisting of individuals as well as some of the most prestigious local and multinational companies.



Contents

Financial Statements

| | |
|------------------------------------|----|
| Vision and Mission | 02 |
| Corporate Information | 03 |
| Directors' Review Report | 04 |
| Directors' Review Report in Urdu | 07 |
| Balance Sheet | 08 |
| Profit and Loss Account | 10 |
| Statement of Comprehensive Income | 12 |
| Statement of Changes in Equity | 13 |
| Statement of Cash Flows | 14 |
| Statement of Premiums | 16 |
| Statement of Claims | 17 |
| Statement of Expenses | 18 |
| Statement of Investment Income | 19 |
| Notes to the Financial Information | 20 |

Financial Statements Window Takaful Operations

| | |
|------------------------------------|----|
| Balance Sheet | 30 |
| Profit and Loss Account | 32 |
| Statement of Comprehensive Income | 33 |
| Statement of Cash Flows | 34 |
| Statement of Changes in Funds | 35 |
| Statement of Contributions | 36 |
| Statement of Claims | 37 |
| Statement of Expenses - OTF | 38 |
| Statement of Expenses - PTF | 39 |
| Statement of Investment Income | 40 |
| Notes to the Financial Information | 41 |

Our Vision

To be an organization known for integrity and ethical behavior and fully dedicated to our Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of our operations.

Our Mission

- To become a company of choice for our valued Clients, Shareholders and Employees.
- To maximize growth of the Company and provide excellent financial returns to our valued Shareholders.
- The Company culture to be known for integrity and ethical behavior.
- The Company to be known as one of the best insurance companies of the country.

Corporate Information

Board of Directors

Mr. Iqbal Ali Lakhani - Chairman
Mr. Amin Mohammed Lakhani
Ms. Anushka Zulfiqar Lakhani (from February 27, 2017)
Mr. Tasleemuddin Ahmed Batlay
Mr. A. Aziz H. Ebrahim
Mr. Mohammad Hussain Hirji - Chief Executive
Mr. Sadrudin Ismail Mohamed

Advisor

Mr. Sultan Ali Lakhani

Chief Financial Officer

Mr. Sabza Ali Pirani

Company Secretary

Mr. Mansoor Ahmed

Shariah Advisor

Mufti Muhammad Shakir Siddiqui

Audit Committee

Mr. Sadrudin Ismail Mohamed - Chairman
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay

Investment Committee

Mr. A. Aziz H. Ebrahim - Chairman
Mr. Iqbal Ali Lakhani
Mr. Mohammad Hussain Hirji
Mr. Sabza Ali Pirani

Ethics, Human Resource & Remuneration Committee

Mr. Amin Mohammed Lakhani - Chairman
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

M/s. FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shakra-e-Faisal,
Karachi.
Tel: (021) 34380101-2
Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Bankers

Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
NRSP Microfinance Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered & Corporate Office

Lakson Square, Building No. 2, Sarwar Shaheed
Road, Karachi-74200.

Head Office

11th Floor, Lakson Square, Building No. 3,
Sarwar Shaheed Road, Karachi-74200.

Website: www.cicl.com.pk

UAN: 111-111-717

NTN: 0710008-6

Directors' Review

On behalf of the Board of Directors, We are pleased to present to you the un-audited financial statements for the nine-month period ended 30 September 2017.

General Review

The overall operational performance of the Company has improved in the third quarter of 2017 as compared to the same period in 2016. Although net premium is down by Rs. 96 million (18%), net claims have fallen by Rs. 128 million (40%) resulting in an increase in underwriting profit by Rs. 29 million (25%). Investment & other income too, has increased by Rs. 9 million (6%) resulting in earnings per share of Rs. 2.17.

Operating Results

The comparative financial highlights for the nine months ended 30 September 2017 and 2016 are presented below:-

| Rupees in millions (except for EPS) | 30 Sep 2017 | 30 Sep 2016 | Increase / (Decrease) | |
|--|----------------|--------------------------------|-----------------------|------|
| | | | Amount | % |
| Gross written premium | 859 | 852 | 7 | 1 |
| Net premium | 426 | 522 | (96) | (18) |
| Underwriting profit | 148 | 118 | 29 | 24 |
| Investment & other income | 149 | 140 | 9 | 6 |
| Profit before tax | 193 | 162 | 31 | 19 |
| Profit after tax | 109 | 125 | (16) | (13) |
| Earnings per share (EPS) Rs. | 2.17 | 2.48 <small>(Restated)</small> | (0.31) | (13) |
| Total assets | 2,913 | 2,679 | 234 | 9 |
| Paid-up capital | 503 | 457 | 46 | 10 |
| Total equity | 1,738 | 1,650 | 88 | 5 |

As compared to the first nine months of 2016, the gross written premium for Fire class of business has increased by Rs. 6.9 million (3%), Marine by Rs. 4.7 million (4%), Accident and Health by Rs. 3.4 million (2%) and Miscellaneous by Rs. 3.3 million (6%). However, the gross written premium for Motor class of business has decreased by Rs. 11.3 million (5%).

Window Takaful Operations

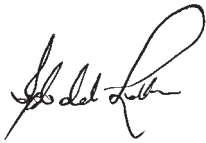
The Company commenced its Window Takaful Operations in August 2017. The Written Contribution and Surplus of Participant's Takaful Fund are Rs. 0.904 million and Rs. 0.08 million respectively. There is a nominal loss in the Operator's Fund of Rs. 0.270 million for the period ended 30 September 2017.

Future Outlook

The management is making concerted efforts to increase market share and profitability and the business of the Company is expected to continue to grow at a steady pace. We shall continue to strive to identify new and innovative products, expand the branch network to serve clients in new cities and recruit, train and motivate sales staff so as to maintain the momentum of profitable growth. We are hopeful that this will result in improved sustainability and enhanced shareholder equity in the future.

Acknowledgments

On behalf of all the Directors, We would like to thank our shareholders who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company. We also wish to place on record our appreciation of the devotion, loyalty and hard work of the management and members of the staff that have contributed towards the growth of the Company and success of its operations.



Iqbal Ali Lakhani
Chairman

Karachi: 26 October 2017



Mohammad Hussain Hirji
Director & Chief Executive

مستقبل کے خدو خال

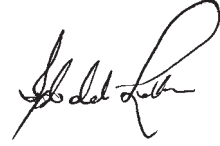
کمپنی کی انتظامیہ کاروبار میں منافع اور مارکیٹ شیئر میں اضافے کی محکمہ رفتار کو برقرار رکھنے کے لیے نپوس اقدامات کر رہی ہے۔ ہم منافع بخش ترقی کی رفتار کو برقرار رکھنے کے لیے نئی اور جدید مصنوعات کی شناخت، دیگر شہروں میں کلائنٹ کی خدمت کی غرض سے اضافی برانچوں کے قیام اور بیرون فروخت کے عملے کی حوصلہ افزائی اور تربیت کرتے رہیں گے۔ ہم امید کرتے ہیں کہ مندرجہ بالا اقدامات مستقبل میں حصص یافتگان کی ایکویٹی میں اضافے اور بہتر پائیداری کا باعث بنیں گے۔

اعترافات

ہم تمام ڈائریکٹرز کی جانب سے اپنے حصص یافتگان کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی پر اپنا بھروسہ اور اعتماد دکھا اور ان کے کمپنی میں سرمایہ کاری کے بہترین استعمال کی یقین دہانی کرائے ہیں۔ اور ہم انتظامیہ اور عملے کے اراکین کی لگن، وفاداری اور انتھک محنت کو سراہتے ہیں جنہوں نے کمپنی کی ترقی اور کاروباری امور کی کامیابی میں اپنا کردار ادا کیا۔



محمد حسین چیرجی
ڈائریکٹر اور چیف ایگزیکٹو



اقبال علی لاکھانی
چیرمین

کراچی: 26 اکتوبر 2017

ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے ہم سرت کے ساتھ 30 ستمبر 2017 کو ختم ہونے والے نو ماہ کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

عمومی جائزہ

مجموعی طور پر تیسری سہ ماہی 2017 میں کمپنی کی آپریشنل کارکردگی میں 2016 کے مقابلے میں اضافہ ہوا ہے۔ اگرچہ خالص پربینیم 96 ملین روپے (18 فیصد) کی کمی ہوئی اور خالص کلیمز میں بھی 128 ملین روپے (40 فیصد) کی کمی ہوئی جس کے نتیجے میں انڈر رائٹنگ آمدنی میں 29 ملین روپے (25 فیصد) کا اضافہ ہوا ہے۔ سرمایہ کاری اور دیگر آمدنی میں بھی 9 ملین روپے (6 فیصد) کا اضافہ ہوا ہے جس کے نتیجے میں فی شیئر آمدنی 2.17 روپے رہی۔

کاروباری امور کے نتائج

تیسری سہ ماہی 30 ستمبر 2017 اور 2016 کے تقابلی مالیاتی جھلکیاں درج ذیل ہیں:

| روپے ملین میں (EPS کے علاوہ) | 30 ستمبر 2017 | 30 ستمبر 2016 | اضافہ (کمی) | (%) |
|---------------------------------|---------------|-----------------|-------------|------|
| مجموعی پربینیم | 859 | 852 | 7 | 1 |
| خالص پربینیم | 426 | 522 | (96) | (18) |
| انڈر رائٹنگ آمدنی | 148 | 118 | 29 | 24 |
| سرمایہ کاری اور دیگر آمدنی | 149 | 140 | 9 | 6 |
| آمدنی قبل از ٹیکس | 193 | 162 | 31 | 19 |
| آمدنی بعد از ٹیکس | 109 | 125 | (16) | (13) |
| فی شیئر آمدنی (EPS) روپے | 2.17 | 2.48 (Restated) | (0.31) | (13) |
| کل اثاثہ جات | 2,913 | 2,679 | 234 | 9 |
| اداشدہ سرمایہ | 503 | 457 | 46 | 10 |
| کل ایکویٹی | 1,738 | 1,650 | 88 | 5 |

تیسری سہ ماہی 2016 کے مقابلے میں مجموعی پربینیم برائے بیمہ آتش زدگی میں 6.9 ملین روپے (3 فیصد)، بحری بیمہ میں 4.7 ملین روپے (4%)، بیمہ حادثہ و صحت میں 3.4 ملین روپے (2 فیصد) اور بیمہ متفرق میں 3.3 ملین روپے (6 فیصد) کا اضافہ ہوا۔ جبکہ موٹر بیمہ میں 11.3 ملین روپے (5 فیصد) کی کمی ہوئی۔

ونڈ وٹکافل آپریشنز

کمپنی نے ونڈ وٹکافل آپریشنز کا آغاز اگست 2017 سے کر دیا ہے۔ شراکت داروں کی کنٹری بیوشن کا فنڈ اور سرپلس فنڈ بالترتیب 0.904 ملین روپے اور 0.08 ملین روپے رہا۔ تیسری سہ ماہی 30 ستمبر 2017 کے اختتام پر آپریٹنگ فنڈ میں 0.270 ملین روپے کا نقصان ہوا۔

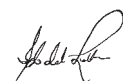
Condensed Interim Balance Sheet

As at September 30, 2017


| | Note | (Un-audited) September 30, 2017 | (Audited) December 31, 2016 |
|--|------|---------------------------------------|-----------------------------------|
| ----- (Rupees) ----- | | | |
| Share capital and reserves | | | |
| Authorised share capital [70,000,000 (December 31, 2016: 70,000,000) Ordinary shares of Rs.10 each] | | 700,000,000 | 700,000,000 |
| Paid-up share capital | | 502,968,030 | 457,243,660 |
| Retained earnings | | 862,285,786 | 879,048,427 |
| Reserves | | 373,024,260 | 373,024,260 |
| | | 1,738,278,076 | 1,709,316,347 |
| Underwriting provisions | | | |
| Provision for outstanding claims (including IBNR) | | 208,304,442 | 164,787,530 |
| Provision for unearned premium | | 461,871,478 | 337,036,982 |
| Commission income unearned | | 48,274,037 | 43,125,928 |
| Total underwriting provisions | | 718,449,957 | 544,950,440 |
| Creditors and accruals | | | |
| Premiums received in advance | | 1,048,681 | 202,327 |
| Amount due to other insurers / reinsurers | 8 | 257,808,484 | 260,739,918 |
| Accrued expenses | | 8,572,903 | 9,350,972 |
| Taxation - net | | 65,461,157 | 29,724,205 |
| Other creditors and accruals | 9 | 118,783,224 | 102,839,797 |
| | | 451,674,449 | 402,857,219 |
| Other liabilities | | | |
| Unclaimed dividend | | 3,942,815 | 3,559,189 |
| TOTAL LIABILITIES | | 1,174,067,221 | 951,366,848 |
| Total liability of Window Takaful Operations-Operator's fund | 10 | 501,963 | - |
| TOTAL EQUITY AND LIABILITIES | | 2,912,847,260 | 2,660,683,195 |
| CONTINGENCIES AND COMMITMENTS | 11 | | |

| | | (Un-audited) September 30, 2017 | (Audited) December 31, 2016 |
|--|------|---------------------------------------|-----------------------------------|
| | Note | ----- (Rupees) ----- | |
| Cash and bank deposits | | | |
| Cash and other equivalents | | 1,534,632 | 999,878 |
| Current and other accounts | | 72,210,210 | 107,620,939 |
| Deposit maturing within 12 months | | 289,000,000 | 300,000,000 |
| | | 362,744,842 | 408,620,817 |
| Investments | 12 | 1,501,873,974 | 1,498,426,580 |
| Deferred taxation | | 7,344,127 | 1,928,077 |
| Current assets - others | | | |
| Premiums due but unpaid | | 382,373,785 | 245,046,777 |
| Amount due from other insurers / reinsurers | | 112,673,444 | 95,986,394 |
| Reinsurance recoveries due but unpaid | | 51,234,313 | 52,297,380 |
| Salvage recoveries accrued | | 3,826,000 | 4,378,000 |
| Accrued investment income | | 1,865,098 | 617,330 |
| Reinsurance recoveries against outstanding claims | | 97,700,011 | 61,181,748 |
| Deferred commission expense | | 39,550,873 | 30,829,820 |
| Prepayments | 13 | 215,971,913 | 173,959,315 |
| Sundry receivables | 14 | 15,438,233 | 15,355,504 |
| | | 920,633,670 | 679,652,268 |
| Fixed assets - Tangible and intangible | 15 | | |
| Office improvement | | 4,620,764 | 5,297,616 |
| Furniture and fixtures | | 6,206,416 | 6,661,830 |
| Office equipment | | 5,199,450 | 4,697,433 |
| Computer and related accessories | | 793,552 | 896,573 |
| Motor vehicles | | 46,399,767 | 47,538,032 |
| Capital work-in-progress | | 6,168,500 | 5,920,272 |
| Computer software | | 630,291 | 1,043,697 |
| | | 70,018,740 | 72,055,453 |
| Total assets of Window Takaful Operations-Operator's fund | 10 | 50,231,907 | - |
| TOTAL ASSETS | | 2,912,847,260 | 2,660,683,195 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.



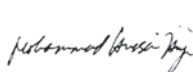
Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

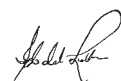
Condensed Interim Profit and Loss Account (Un-audited)

For the three and nine months period ended September 30, 2017


| | Three months period ended September 30, 2017 | | | | | September 30, 2017 Aggregate | September 30, 2016 Aggregate |
|--|--|--|--------------|---------------------------|---------------|------------------------------------|------------------------------------|
| | Fire and property | Marine aviation and transport | Motor | Accident and Health | Miscellaneous | | |
| | ----- (Rupees) ----- | | | | | | |
| Revenue account | | | | | | | |
| Net premium revenue | 7,609,897 | 26,268,627 | 68,601,409 | 49,277,099 | 5,144,247 | 156,901,279 | 166,948,952 |
| Net claims | (705,510) | (4,712,180) | (30,291,393) | (37,321,309) | (4,201,317) | (77,231,709) | (91,121,670) |
| Management expenses | (8,558,899) | (5,268,576) | (5,843,462) | (11,725,513) | (3,630,848) | (35,027,298) | (31,512,636) |
| Net commission | 9,534,755 | (191,783) | (4,892,367) | (1,123,155) | 1,143,175 | 4,470,625 | 880,403 |
| Underwriting result | 7,880,243 | 16,096,088 | 27,574,187 | (892,878) | (1,544,743) | 49,112,897 | 45,195,049 |
| Net investment (loss) / income | | | | | | (17,474,823) | 58,601,041 |
| Return on bank accounts | | | | | | 5,518,233 | 1,521,260 |
| Other income / (loss) - net | | | | | | 67,311 | (71,744) |
| General and administration expense | | | | | | (34,999,676) | (32,774,850) |
| Share of profit of associates - net | | | | | | 847,971 | 764,614 |
| | | | | | | (46,040,984) | 28,040,321 |
| Loss from Window Takaful Operations | | | (Note 10) | | | (270,056) | - |
| Profit before tax | | | | | | 2,801,857 | 73,235,370 |
| Taxation – net | | | | | | (390,545) | (16,497,675) |
| Profit after tax | | | | | | 2,411,312 | 56,737,695 |
| | | | | | | | Restated |
| Earnings per share of Rs.10 each - basic and diluted | | | (Note 17) | | | 0.05 | 1.13 |

| Nine months period ended September 30, 2017 | | | | | | | |
|--|-------------------|-------------------------------|--------------|---------------------|---------------|------------------------------|------------------------------|
| | Fire and property | Marine aviation and transport | Motor | Accident and Health | Miscellaneous | September 30, 2017 Aggregate | September 30, 2016 Aggregate |
| Revenue account | (Rupees) | | | | | | |
| Net premium revenue | 20,158,088 | 78,782,935 | 203,155,053 | 112,052,850 | 12,317,358 | 426,466,284 | 522,166,590 |
| Net claims | (2,469,966) | (6,051,295) | (90,007,791) | (84,376,549) | (7,633,738) | (190,539,339) | (318,841,275) |
| Management expenses | (33,724,477) | (15,037,929) | (26,768,762) | (21,168,467) | (6,511,785) | (103,211,420) | (94,871,614) |
| Net commission | 27,130,229 | (68,263) | (14,624,900) | (2,470,776) | 4,869,126 | 14,835,416 | 9,974,131 |
| Underwriting result | 11,093,874 | 57,625,448 | 71,753,600 | 4,037,058 | 3,040,961 | 147,550,941 | 118,427,832 |
| Net investment income | | | | | | 128,203,151 | 132,096,063 |
| Return on bank accounts | | | | | | 16,231,196 | 5,796,047 |
| Other income - net | | | | | | 1,114,418 | 270,892 |
| General and administration expense | | | | | | (103,297,665) | (96,527,050) |
| Share of profit of associates - net | | | | | | 3,148,692 | 1,987,000 |
| Loss from Window Takaful Operations | | | (Note 10) | | | 45,399,792 | 43,622,952 |
| Profit before tax | | | | | | (270,056) | - |
| | | | | | | 192,680,677 | 162,050,784 |
| Taxation – current | | | | | | (62,770,242) | (31,295,562) |
| – prior | | | | | | (26,346,857) | (603,773) |
| – deferred | | | | | | 5,416,050 | (5,426,399) |
| Profit after tax | | | | | | (83,701,049) | (37,325,734) |
| | | | | | | 108,979,628 | 124,725,050 |
| Profit and loss appropriation account | | | | | | | |
| Balance at commencement of the period | | | | | | 879,048,427 | 923,622,571 |
| Profit after tax for the period | | | | | | 108,979,628 | 124,725,050 |
| Other comprehensive income - share in associates' reserves | | | | | | - | 80,292 |
| Final cash dividend of Rs.1.75(17.5%) for the year ended December 31, 2016 [Rs.5 (50%) for the year ended December 31, 2015] | | | | | | (80,017,899) | (228,621,939) |
| Bonus share issue for the year 2016 | | | | | | (45,724,370) | - |
| Balance of unappropriated profit at end of the period | | | | | | 862,285,786 | 819,805,974 |
| Earnings per share of Rs.10 each - basic and diluted | | | (Note 17) | | | 2.17 | Restated 2.48 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.




Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



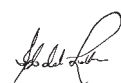
Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

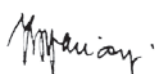
For the three and nine months period ended September 30, 2017

| | Three months period ended | | Nine months period ended | |
|--|---------------------------|--------------------|--------------------------|--------------------|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| | ----- (Rupees) ----- | | | |
| Net profit for the period | 2,411,312 | 56,737,695 | 108,979,628 | 124,725,050 |
| Other comprehensive income | | | | |
| Share in associates' reserves | - | 13,571 | - | 80,292 |
| Total comprehensive income for the period | 2,411,312 | 56,751,266 | 108,979,628 | 124,805,342 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.



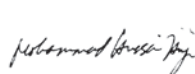
Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited)


For the nine months period ended September 30, 2017

| | Share capital | Capital reserves | | Reserves | | Total |
|--|--------------------------------------|--------------------|--------------------|----------------------|----------------------|----------------------|
| | Issued, subscribed and paid-up | Share premium | Revenue reserves | | Total reserves | |
| | | | General reserve | Retained earnings | | |
| | (Rupees) | | | | | |
| Balance as at January 01, 2016 | 457,243,660 | 254,024,260 | 119,000,000 | 923,622,571 | 1,296,646,831 | 1,753,890,491 |
| Changes in equity for the nine months period ended 30 September 2016 | | | | | | |
| Total Comprehensive income | | | | | | |
| Profit after tax | - | - | - | 124,725,050 | 124,725,050 | 124,725,050 |
| Other comprehensive income - share in associates' reserve | - | - | - | 80,292 | 80,292 | 80,292 |
| | - | - | - | 124,805,342 | 124,805,342 | 124,805,342 |
| Transactions with owners recorded directly in equity | | | | | | |
| Final cash dividend of Rs.5 (50%) for the year ended December 31, 2015 | - | - | - | (228,621,939) | (228,621,939) | (228,621,939) |
| Balance as at September 30, 2016 | <u>457,243,660</u> | <u>254,024,260</u> | <u>119,000,000</u> | <u>819,805,974</u> | <u>1,192,830,234</u> | <u>1,650,073,894</u> |
| Balance as at January 01, 2017 | 457,243,660 | 254,024,260 | 119,000,000 | 879,048,427 | 1,252,072,687 | 1,709,316,347 |
| Changes in equity for the nine months period ended September 30, 2017 | | | | | | |
| Total Comprehensive income | | | | | | |
| Profit after tax | - | - | - | 108,979,628 | 108,979,628 | 108,979,628 |
| Transactions with owners recorded directly in equity | | | | | | |
| Final cash dividend of Rs.1.75 (17.5%) for the year ended December 31, 2016 | - | - | - | (80,017,899) | (80,017,899) | (80,017,899) |
| Bonus share issue for the year 2016 | 45,724,370 | - | - | (45,724,370) | (45,724,370) | - |
| Balance as at September 30, 2017 | <u>502,968,030</u> | <u>254,024,260</u> | <u>119,000,000</u> | <u>862,285,786</u> | <u>1,235,310,046</u> | <u>1,738,278,076</u> |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.




Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months period ended September 30, 2017

| | September 30, 2017 | September 30, 2016 |
|--|-----------------------|-----------------------|
| | ----- (Rupees) ----- | |
| Operating cash flows | | |
| (a) Underwriting activities | | |
| Premiums received | 713,216,816 | 725,819,246 |
| Reinsurance premiums paid | (364,266,210) | (295,708,392) |
| Claims paid | (256,300,217) | (374,093,805) |
| Reinsurance and other recoveries received | 106,929,266 | 63,265,495 |
| Commissions paid | (62,297,946) | (60,287,320) |
| Commissions received | 68,308,032 | 97,103,054 |
| Net cash inflow from underwriting activities | 205,589,741 | 156,098,278 |
| (b) Other operating activities | | |
| Income tax paid | (45,788,018) | (15,698,813) |
| General management expenses paid | (202,349,816) | (182,896,372) |
| Other operating payments | (3,692,165) | (10,892,735) |
| Contribution to Window Takaful Operations | (50,000,000) | - |
| Net cash outflow from other operating activities | (301,829,999) | (209,487,920) |
| Total cash (outflow) from operating activities | (96,240,258) | (53,389,642) |
| Investment activities | | |
| Profit / return received | 18,080,554 | 12,164,394 |
| Dividends received | 100,609,629 | 8,706,564 |
| Payments for investments | (1,335,909,919) | (2,131,736,446) |
| Proceeds from disposal of investments | 1,353,481,593 | 2,592,889,403 |
| Fixed capital expenditure | (9,231,490) | (21,299,475) |
| Proceeds from disposal of fixed assets | 2,968,189 | 2,610,530 |
| Total cash inflow from investing activities | 129,998,556 | 463,334,970 |
| Financing activities - dividends paid | (79,634,273) | (226,949,687) |
| Net cash (outflow) / inflow from all activities | (45,875,975) | 182,995,641 |
| Cash at beginning of nine months period | 407,820,817 | 172,751,416 |
| Cash at end of nine months period | 361,944,842 | 355,747,057 |

September 30,
2017 September 30,
2016
----- (Rupees) -----

Reconciliation to profit and loss account

| | | |
|--|--------------------|--------------------|
| Operating cash flows | (96,240,258) | (53,389,642) |
| Depreciation / amortisation expense | (9,328,373) | (7,819,023) |
| Profit on disposal of fixed assets | 1,028,359 | 293,918 |
| Profit on disposal of investments | 47,118,735 | 102,505,685 |
| Dividend income | 101,240,032 | 6,362,928 |
| Investment and other income | 1,174,091 | 32,681,223 |
| Increase in assets other than cash | 246,397,452 | 164,637,963 |
| Increase in liabilities other than running finance | (182,410,410) | (120,548,002) |
| Profit after taxation | <u>108,979,628</u> | <u>124,725,050</u> |

Definition of cash

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

Cash for the purposes of the Statement of Cash Flows consists of:

Cash and bank deposits

Cash and other equivalents

| | | |
|---|------------------|----------------|
| - Cash | 193,600 | 211,819 |
| - Policy stamps and bond papers in hand | 1,341,032 | 339,274 |
| | <u>1,534,632</u> | <u>551,093</u> |

Current and other accounts

| | | |
|----------------------|-------------------|--------------------|
| - Current accounts * | 4,421,236 | 5,971,249 |
| - Savings accounts | 66,988,974 | 349,224,715 |
| | <u>71,410,210</u> | <u>355,195,964</u> |


Deposits maturing within 12 months

| | | |
|--|--------------------|--------------------|
| | 289,000,000 | - |
| | <u>361,944,842</u> | <u>355,747,057</u> |


* This does not include local currency account with a lien amounting to Rs.0.8 million (September 30, 2016: Rs.0.7 million), with a commercial bank for letters of credit arranged through the bank for securing claims arising outside Pakistan.

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


Iqbal Ali Lakhani
Chairman


Tasleemuddin Ahmed Batlay
Director


A. Aziz H. Ebrahim
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Premiums (Un-audited)

For the three and nine months period ended September 30, 2017

Business underwritten inside Pakistan

| Class | Three months period ended September 30, 2017 | | | | | | | | | |
|-----------------------------------|--|--------------------------|--------------------|--------------------|--------------------|-----------------------------|--------------------|----------------------|---------------------|--------------------|
| | Premiums written | Unearned premium reserve | | Premiums earned | Reinsurance ceded | Prepaid reinsurance premium | | Reinsurance expenses | Net premium revenue | |
| | | Opening | Closing | | | Opening | Closing | | September 30, 2017 | September 30, 2016 |
| (Rupees) | | | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| 1. Fire and property damage | 71,597,126 | 191,704,399 | 181,189,959 | 82,111,566 | 63,866,168 | 180,186,580 | 169,551,079 | 74,501,669 | 7,609,897 | 4,538,627 |
| 2. Marine, aviation and transport | 43,988,047 | 11,925,506 | 14,051,784 | 41,861,769 | 14,092,227 | 5,045,136 | 3,544,221 | 15,593,142 | 26,268,627 | 25,024,288 |
| 3. Motor | 48,937,350 | 135,475,253 | 114,181,514 | 70,231,089 | 861,916 | 3,368,332 | 2,600,568 | 1,629,680 | 68,601,409 | 64,215,518 |
| 4. Accident and Health | 97,715,633 | 74,843,872 | 123,189,981 | 49,369,524 | 121,162 | 149,912 | 178,649 | 92,425 | 49,277,099 | 69,204,735 |
| 5. Miscellaneous | 30,257,363 | 14,772,732 | 29,258,240 | 15,771,855 | 24,872,456 | 13,437,647 | 27,682,495 | 10,627,608 | 5,144,247 | 3,965,784 |
| Grand total | 292,495,519 | 428,721,762 | 461,871,478 | 269,345,803 | 103,813,929 | 202,187,607 | 203,557,012 | 102,444,524 | 156,901,279 | 166,948,952 |

| Class | Nine months period ended September 30, 2017 | | | | | | | | | |
|-----------------------------------|---|--------------------------|--------------------|--------------------|--------------------|-----------------------------|--------------------|----------------------|---------------------|--------------------|
| | Premiums written | Unearned premium reserve | | Premiums earned | Reinsurance ceded | Prepaid reinsurance premium | | Reinsurance expenses | Net premium revenue | |
| | | Opening | Closing | | | Opening | Closing | | September 30, 2017 | September 30, 2016 |
| (Rupees) | | | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| 1. Fire and property damage | 280,643,591 | 139,919,287 | 181,189,959 | 239,372,919 | 253,358,139 | 135,407,771 | 169,551,079 | 219,214,831 | 20,158,088 | 17,030,593 |
| 2. Marine, aviation and transport | 125,140,512 | 16,216,428 | 14,051,784 | 127,305,156 | 45,481,724 | 6,584,718 | 3,544,221 | 48,522,221 | 78,782,935 | 76,225,582 |
| 3. Motor | 222,760,505 | 99,853,420 | 114,181,514 | 208,432,411 | 4,478,964 | 3,398,962 | 2,600,568 | 5,277,358 | 203,155,053 | 186,120,495 |
| 4. Accident and Health | 176,156,756 | 59,357,776 | 123,189,981 | 112,324,551 | 241,202 | 209,148 | 178,649 | 271,701 | 112,052,850 | 230,161,969 |
| 5. Miscellaneous | 54,188,854 | 21,690,071 | 29,258,240 | 46,620,685 | 42,046,946 | 19,938,876 | 27,682,495 | 34,303,327 | 12,317,358 | 12,627,951 |
| Grand total | 858,890,218 | 337,036,982 | 461,871,478 | 734,055,722 | 345,606,975 | 165,539,475 | 203,557,012 | 307,589,438 | 426,466,284 | 522,166,590 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Claims (Un-audited)

For the three and nine months period ended September 30, 2017

Business underwritten inside Pakistan

| Class | Three months period ended September 30, 2017 | | | | | | | | Net claims expense | |
|-----------------------------------|--|--------------------|--------------------|--------------------|---|---|-------------------|--|--------------------|--------------------|
| | Claims paid | Outstanding claims | | Claims expenses | Reinsurance and other recoveries received | Reinsurance and other recoveries in respect of outstanding claims | | Reinsurance and other recoveries revenue | September 30, 2017 | September 30, 2016 |
| | | Opening | Closing | | | Opening | Closing | | | |
|(Rupees)..... | | | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| 1. Fire and property damage | 12,071,438 | 45,413,514 | 53,254,595 | 19,912,519 | 11,556,324 | 40,577,199 | 48,227,884 | 19,207,009 | 705,510 | 897,503 |
| 2. Marine, aviation and transport | 6,376,719 | 9,756,031 | 22,289,880 | 18,910,568 | 3,919,061 | 3,495,625 | 13,774,952 | 14,198,388 | 4,712,180 | 2,864,910 |
| 3. Motor | 26,385,466 | 57,411,000 | 66,492,800 | 35,467,266 | 5,097,073 | 371,712 | 450,512 | 5,175,873 | 30,291,393 | 21,815,345 |
| 4. Accident and Health | 33,688,925 | 16,264,792 | 19,897,176 | 37,321,309 | - | - | - | - | 37,321,309 | 64,949,763 |
| 5. Miscellaneous | 29,696,044 | 67,638,731 | 46,369,991 | 8,427,304 | 23,735,294 | 54,755,970 | 35,246,663 | 4,225,987 | 4,201,317 | 594,149 |
| Grand total | 108,218,592 | 196,484,068 | 208,304,442 | 120,038,966 | 44,307,752 | 99,200,506 | 97,700,011 | 42,807,257 | 77,231,709 | 91,121,670 |

| Class | Nine months period ended September 30, 2017 | | | | | | | | Net claims expense | |
|-----------------------------------|---|--------------------|--------------------|--------------------|---|---|-------------------|--|--------------------|--------------------|
| | Claims paid | Outstanding claims | | Claims expenses | Reinsurance and other recoveries received | Reinsurance and other recoveries in respect of outstanding claims | | Reinsurance and other recoveries revenue | September 30, 2017 | September 30, 2016 |
| | | Opening | Closing | | | Opening | Closing | | | |
|(Rupees)..... | | | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| 1. Fire and property damage | 23,842,081 | 28,071,691 | 53,254,595 | 49,024,985 | 22,227,091 | 23,899,956 | 48,227,884 | 46,555,019 | 2,469,966 | 2,276,867 |
| 2. Marine, aviation and transport | 13,732,658 | 13,234,339 | 22,289,880 | 22,788,199 | 7,944,925 | 4,982,973 | 13,774,952 | 16,736,904 | 6,051,295 | 9,055,186 |
| 3. Motor | 77,964,286 | 39,123,549 | 66,492,800 | 105,333,537 | 15,246,946 | 371,712 | 450,512 | 15,325,746 | 90,007,791 | 67,748,203 |
| 4. Accident and Health | 106,118,527 | 41,639,154 | 19,897,176 | 84,376,549 | - | - | - | - | 84,376,549 | 234,317,811 |
| 5. Miscellaneous | 34,642,665 | 42,718,797 | 46,369,991 | 38,293,859 | 27,340,565 | 31,927,107 | 35,246,663 | 30,660,121 | 7,633,738 | 5,443,208 |
| Grand total | 256,300,217 | 164,787,530 | 208,304,442 | 289,817,129 | 72,759,527 | 61,181,748 | 97,700,011 | 109,277,790 | 190,539,339 | 318,841,275 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Expenses (Un-audited)

For the three and nine months period ended September 30, 2017

Business underwritten inside Pakistan

| Class | Three months period ended September 30, 2017 | | | | | | | | Net underwriting expense | |
|-----------------------------------|--|---------------------|-------------------|------------------------------------|--|--------------------------------|----------------------------------|--------------------|--------------------------|--|
| | Commission paid or payable a | Deferred commission | | Net commission expenses d=a+b-c | Other management expenses e (Rupees) | Underwriting expenses f=d+e | Commission from reinsurers* g | September 30, 2017 | September 30, 2016 | |
| | | Opening b | Closing c | | | | | h=f-g | | |
| Direct and facultative | | | | | | | | | | |
| 1. Fire and property damage | 6,172,933 | 27,873,442 | 25,950,969 | 8,095,406 | 8,558,899 | 16,654,305 | 17,630,161 | (975,856) | (310,201) | |
| 2. Marine, aviation and transport | 6,462,992 | 1,789,035 | 2,108,194 | 6,143,833 | 5,268,576 | 11,412,409 | 5,952,050 | 5,460,359 | 5,025,195 | |
| 3. Motor | 3,405,997 | 9,743,071 | 8,197,036 | 4,952,032 | 5,843,462 | 10,795,494 | 59,665 | 10,735,829 | 12,951,058 | |
| 4. Accident and Health | 1,253,513 | 1,062,279 | 1,168,319 | 1,147,473 | 11,725,513 | 12,872,986 | 24,318 | 12,848,668 | 10,866,441 | |
| 5. Miscellaneous | 2,641,259 | 1,250,538 | 2,126,355 | 1,765,442 | 3,630,848 | 5,396,290 | 2,908,617 | 2,487,673 | 2,099,740 | |
| Grand total | 19,936,694 | 41,718,365 | 39,550,873 | 22,104,186 | 35,027,298 | 57,131,484 | 26,574,811 | 30,556,673 | 30,632,233 | |

| Class | Nine months period ended September 30, 2017 | | | | | | | | Net underwriting expense | |
|-----------------------------------|---|---------------------|-------------------|------------------------------------|--|--------------------------------|----------------------------------|--------------------|--------------------------|--|
| | Commission paid or payable a | Deferred commission | | Net commission expenses d=a+b-c | Other management expenses e (Rupees) | Underwriting expenses f=d+e | Commission from reinsurers* g | September 30, 2017 | September 30, 2016 | |
| | | Opening b | Closing c | | | | | h=f-g | | |
| Direct and facultative | | | | | | | | | | |
| 1. Fire and property damage | 37,243,061 | 18,278,532 | 25,950,969 | 29,570,624 | 33,724,477 | 63,295,101 | 56,700,853 | 6,594,248 | 4,788,675 | |
| 2. Marine, aviation and transport | 18,383,908 | 2,440,646 | 2,108,194 | 18,716,360 | 15,037,929 | 33,754,289 | 18,648,097 | 15,106,192 | 14,472,669 | |
| 3. Motor | 15,765,369 | 7,228,906 | 8,197,036 | 14,797,239 | 26,768,762 | 41,566,001 | 172,339 | 41,393,662 | 39,339,203 | |
| 4. Accident and Health | 2,367,247 | 1,338,393 | 1,168,319 | 2,537,321 | 21,168,467 | 23,705,788 | 66,545 | 23,639,243 | 24,445,898 | |
| 5. Miscellaneous | 4,930,584 | 1,543,343 | 2,126,355 | 4,347,572 | 6,511,785 | 10,859,357 | 9,216,698 | 1,642,659 | 1,851,038 | |
| Grand total | 78,690,169 | 30,829,820 | 39,550,873 | 69,969,116 | 103,211,420 | 173,180,536 | 84,804,532 | 88,376,004 | 84,897,483 | |

* Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission.

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.



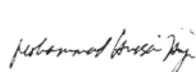
Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Investment Income (Un-audited)

For the three and nine months period ended September 30, 2017

| | Three months period ended | | Nine months period ended | |
|--|---------------------------|--------------------|--------------------------|--------------------|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| ----- (Rupees) ----- | | | | |
| Income from trading investments | | | | |
| (Loss) / Gain on sale of trading investments - net | (5,570,984) | 5,972,976 | 1,676,670 | 9,578,533 |
| Dividend income | 1,471,806 | 1,114,255 | 5,590,343 | 4,157,973 |
| Unrealised (loss) / gain on re-measurement of securities to fair value - net | (18,717,675) | 6,372,332 | (22,775,622) | 19,890,416 |
| | (22,816,853) | 13,459,563 | (15,508,609) | 33,626,922 |
| Income from non-trading investments | | | | |
| Held to maturity | | | | |
| Return on government securities | 1,600,104 | 1,589,700 | 4,740,123 | 4,727,409 |
| Return on other fixed income securities and deposits - term finance certificates | 4,749 | - | 9,446 | - |
| | 1,604,853 | 1,589,700 | 4,749,569 | 4,727,409 |
| Available-for-sale | | | | |
| Return on Government Securities | - | - | - | 96,593 |
| Dividend income | 4,571,570 | 581,325 | 95,649,689 | 2,204,955 |
| | 4,571,570 | 581,325 | 95,649,689 | 2,301,548 |
| Gain on sale of investments - net | - | 43,719,370 | 45,442,065 | 92,830,559 |
| Reversal for impairment in investment classified as held to maturity | - | 4,423 | 4,253 | 9,459 |
| Investment related expenses - related party | (834,393) | (753,340) | (2,133,816) | (1,399,834) |
| Net investment (loss) / income | (17,474,823) | 58,601,041 | 128,203,151 | 132,096,063 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on October 10, 1985 under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act 2017). The Company is listed on the Pakistan Stock Exchange Limited and is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Company has been granted authorisation on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general Takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently Company commenced Window Takaful Operations from August 18, 2017.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as applicable in Pakistan, provisions of and directives issued under the repealed Companies Ordinance, 1984, Insurance Ordinance 2000, repealed SEC (Insurance) Rules 2002, Takaful Rules 2012 and as per format prescribed by the SECP vide Circular No. 7 of 2003. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, Insurance Ordinance 2000, repealed SEC (Insurance) Rules 2002 and Takaful Rules 2012 have been followed.

2.2 The Companies Ordinance, 1984 was repealed by the enactment of the Companies Act, 2017 on May 30, 2017. SECP vide its Circular 23 of 2017 and its press release dated October 4, 2017 has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

2.3 Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated February 9, 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). However, the application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from April 01, 2017.

SECP vide letter ID /OSM /Century /2017 /12197, dated October 6, 2017 has granted exemption to the Company to prepare their quarterly and annual accounts for the period ended September 30, 2017 and December 31, 2017 in accordance with the requirements of Previous Rules [SEC (Insurance) Rules 2002]. Hence, the condensed interim financial information for the period ended September 30, 2017 are prepared in accordance with the requirements of Previous Rules.

The new Rules and Regulations 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, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under an insurance policy / cover note as written from the

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

date of attachment of risk to the policy / cover note and insurance policy is required to be issued where premium has been received by the insurer either in full or installments.

2.4 The condensed interim financial information do not include all the information required in the full annual financial statements. Accordingly, these condensed interim financial information should be read in conjunction with annual financial statements of the Company for the year ended December 31, 2016.

2.5 These condensed interim financial information have been presented in Pakistani Rupees, which is also the functional currency of the Company.

3. BASIS OF MEASUREMENT

These condensed interim financial information have been prepared under historical cost convention except for certain investments which are stated at their fair values.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in these condensed interim financial information are same as compared with the annual financial statements of the Company as at and for the year ended December 31, 2016.

5. ESTIMATES AND JUDGMENTS

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 December 31, 2016.

6. INSURANCE 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 December 31, 2016.

7. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business at period end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at the reporting date.

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

| | (Un-audited) September 30, 2017 | (Audited) December 31, 2016 |
|---|---|-----------------------------------|
| Note | ----- (Rupees) ----- | |
| 8. AMOUNT DUE TO OTHER INSURERS / REINSURERS | | |
| Foreign reinsurers | 40,028,132 | 60,113,996 |
| Local reinsurers | 184,114,625 | 171,703,972 |
| Co-insurers | 33,665,727 | 28,921,950 |
| | <u>257,808,484</u> | <u>260,739,918</u> |
| 9. OTHER CREDITORS AND ACCRUALS | | |
| Creditors | 2,095,312 | 2,085,221 |
| Federal excise duty | 10,852,132 | 9,230,240 |
| Federal insurance fees | 713,078 | 706,688 |
| Retention money | 93,401 | 65,851 |
| Commission payable | 9.1 89,456,450 | 73,927,799 |
| Margin deposits | 9.2 3,807,650 | 3,186,601 |
| Staff retirement benefits | 2,727,164 | 4,984,383 |
| Payable against purchase of shares | 201,373 | 3,053,518 |
| Withholding tax payable | 1,212,755 | 677,716 |
| Deposits from employees against car scheme | 7,410,199 | 4,751,775 |
| Others | 213,710 | 170,005 |
| | <u>118,783,224</u> | <u>102,839,797</u> |
| 9.1 | This includes a sum of Rs.63.437 million (December 31, 2016: Rs.47.293 million) due to related parties. | |
| 9.2 | This represents margin deposits on account of performance bond policies issued by the Company. | |
| 10. WINDOW TAKAFUL OPERATIONS | (Un-audited) September 30, 2017 | (Audited) December 31, 2016 |
| | ----- (Rupees) ----- | |
| OPERATOR'S FUND | | |
| Assets | | |
| Cash and bank deposit | 49,740,915 | - |
| Current assets-others | 490,992 | - |
| Total assets | <u>50,231,907</u> | <u>-</u> |
| Total liabilities-Current | <u>501,963</u> | <u>-</u> |
| Loss from Window Takaful Operations | <u>(270,056)</u> | <u>-</u> |

Detail of assets and liabilities and segment disclosures are stated in the annexed condensed interim financial information of Window Takaful Operations.

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The status of contingencies remain unchanged as disclosed in the annual financial statements as of December 31, 2016 except that during the period, the Company received order under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2016 on issue of treating dividend income as single basket income and to be taxed @ 35% instead of fixed rate of 10% and issue of super tax resulting aggregate demand of Rs. 20.889 million. An appeal was filed against the said orders to CIT (Appeals) where the issue of treating dividend income have been decided in the Company's favor and issue of super tax against the Company. The demand after taking appeal effect of Rs. 17.265 million has been paid. However, the Company has filed an appeal with Appellate tribunal Inland Revenue on the issue of charging super tax.

| 11.2 Commitments | | (Un-audited) September 30, 2017 | (Audited) December 31, 2016 |
|--|-------------|---------------------------------------|-----------------------------------|
| | | ----- (Rupees) ----- | |
| Capital work-in-progress | | | |
| | Note | | |
| Renovation of office | | 157,000 | - |
| Purchase of office equipments | | - | 300,515 |
| 12. INVESTMENTS | | | |
| In related parties | | | |
| Associates - equity basis of accounting - quoted | 12.1 | 40,815,804 | 38,284,477 |
| Available for sale - quoted mutual funds | 12.2 & 12.5 | 538,257,008 | 494,109,919 |
| | | 579,072,812 | 532,394,396 |
| Others | | | |
| Held for trading | | | |
| Quoted shares | | 177,826,095 | 204,596,954 |
| Government securities | | - | 1,018,782 |
| | | 177,826,095 | 205,615,736 |
| Held to maturity | | | |
| Government securities | 12.3 | 49,857,165 | 51,117,042 |
| Term finance certificate | 12.4 | - | - |
| | | 49,857,165 | 51,117,042 |
| Available-for-sale | | | |
| Quoted equity securities / mutual funds / commercial paper | 12.5 | 696,888,087 | 711,069,591 |
| Less: Provision for impairment (net of reversals) | | (1,770,185) | (1,770,185) |
| | | 695,117,902 | 709,299,406 |
| | | 1,501,873,974 | 1,498,426,580 |

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

- 12.1 Market value of investment and percentage of holding in Colgate - Palmolive (Pakistan) Limited and Century Board & Paper Mills Limited are Rs. 38.806 million and 0.04% (2016: Rs. 31.750 million and 0.04%) and Rs. 42.082 million and 0.43% (2016: Rs. 39.060 million and 0.43%) respectively.

(Un-audited) (Audited)
September 30, December 31,
2017 2016
..... (Rupees)

12.2 Available-for-sale - quoted mutual funds

| Number of units | | Face value per unit (Rupees) | Name of entity Open-end mutual funds | | |
|-----------------|-----------|------------------------------------|---|--------------------|--------------------|
| 2017 | 2016 | | | | |
| 2,793,706 | 2,673,098 | 100 | Lakson Equity Fund | 302,389,548 | 277,109,919 |
| 2,078,238 | 1,896,737 | 100 | Lakson Tactical Fund | 235,867,460 | 217,000,000 |
| | | | | <u>538,257,008</u> | <u>494,109,919</u> |

- 12.3 Market value of Pakistan Investment Bond is Rs. 55.722 million (December 31, 2016: Rs. 57.156 million). These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the Section 29 of the Insurance Ordinance, 2000.

- 12.4 This represents term finance certificate of Telecard Limited amounting to Rs. 293,292 which has been fully provided.

- 12.5 Market value / fair value of quoted available-for-sale investments in aggregate is Rs.1,206.242 million (2016: Rs. 1,417.837 million).

13. PREPAYMENTS

| | | |
|-----------------------------------|--------------------|--------------------|
| Prepaid reinsurance premium ceded | 203,557,012 | 165,539,475 |
| Others | 12,414,901 | 8,419,840 |
| | <u>215,971,913</u> | <u>173,959,315</u> |

14. SUNDRY RECEIVABLES

| | | |
|--|-------------------|-------------------|
| Profit on bank deposit | 5,232,749 | 1,082,107 |
| Security deposits | 6,029,167 | 5,936,167 |
| Advance to employees | 2,517,403 | 2,226,647 |
| Advance against expenses | 208,000 | 774,604 |
| Receivable against sale of shares | 1,054,787 | 4,979,685 |
| Advance against purchase of right shares | 255,000 | - |
| Others | 141,127 | 356,294 |
| | <u>15,438,233</u> | <u>15,355,504</u> |

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

| | (Un-audited) September 30, 2017 | (Audited) December 31, 2016 |
|---|---------------------------------------|-----------------------------------|
| | (Rupees) | |
| 15. FIXED ASSETS - TANGIBLE AND INTANGIBLE | | |
| Opening written down value | 72,055,453 | 56,197,899 |
| Add: Additions during the period / year - at cost | | |
| - Motor vehicles | 6,384,107 | 25,518,000 |
| - Computers and related accessories | 338,700 | 629,735 |
| - Office equipment | 1,893,455 | 1,567,798 |
| - Furniture and fixtures | 317,000 | 2,076,060 |
| - Computer software | 50,000 | - |
| - Office improvement | - | 1,057,588 |
| | 8,983,262 | 30,849,181 |
| Less: Written down value of deletions | 1,939,830 | 4,098,224 |
| Depreciation / amortisation for the period / year | 9,328,373 | 10,653,175 |
| | 11,268,203 | 14,751,399 |
| Less: Capital work-in-progress - opening | 5,920,272 | 6,160,500 |
| Add: Capital work-in-progress - closing | 6,168,500 | 5,920,272 |
| Closing written down value | <u>70,018,740</u> | <u>72,055,453</u> |

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. The associated companies are associated either based on holding in equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of statements, are as follows:

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

| | (Un-audited) | | | |
|---|---------------------------|-----------------------|--------------------------|-----------------------|
| | Three months period ended | | Nine months period ended | |
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| | (Rupees) | | | |
| Transactions with related parties | | | | |
| Premium written | 127,745,381 | 77,046,409 | 444,756,806 | 340,035,563 |
| Commission expense | 6,432,053 | 4,602,409 | 42,089,870 | 34,167,520 |
| Claims paid | 56,363,659 | 26,691,683 | 86,453,909 | 62,751,113 |
| Dividend paid | - | 128,117,863 | 61,460,952 | 175,306,725 |
| Bonus share issue | - | - | 3,512,245 | - |
| Investment in mutual funds | - | - | 74,723,683 | 675,000,000 |
| Sale of shares / units of mutual funds | - | 202,624,725 | 44,653,938 | 837,128,115 |
| Dividend received | 352,780 | 529,170 | 59,895,376 | 4,354,530 |
| Purchase of equipments | - | - | 752,805 | - |
| Expenses | 1,969,869 | 5,347,324 | 13,650,686 | 14,411,745 |
| Contribution to / provision for staff benefit plans | 2,321,813 | 2,084,019 | 7,007,504 | 6,136,604 |
| Remuneration to key management personnel | 27,481,639 | 24,059,535 | 80,976,459 | 71,248,397 |

17. EARNINGS PER SHARE - BASIC AND DILUTED

| | | | | |
|--|------------|------------|-------------|-------------|
| Profit after tax for the period | 2,411,312 | 56,737,695 | 108,979,628 | 124,725,050 |
| | (Number) | | | |
| Weighted average number of Ordinary shares | 50,296,803 | 50,296,803 | 50,296,803 | 50,296,803 |
| | (Rupees) | | | |
| Earnings per share - basic and diluted | 0.05 | 1.13 | 2.17 | 2.48 |

17.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

17.2 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the period 2017.

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

| | September 30, 2017 (Un-audited) | | | | | | | | |
|--|---------------------------------|----------------------|-------------------|-----------------------|-----------------------------|----------------------|--------------------|----------------------|----------------------|
| | Held-for-trading | Available-for-sale | Held-to-maturity | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Total |
| (Rupees) | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | |
| Investment at fair value through profit and loss | 177,826,095 | - | - | - | - | 177,826,095 | 177,826,095 | - | 177,826,095 |
| Financial assets not measured at fair value | | | | | | | | | |
| Cash and bank deposits* | - | - | - | 362,744,842 | - | 362,744,842 | - | - | - |
| Investments | - | 538,257,008 | - | 40,815,804 | - | 579,072,812 | 80,887,541 | 532,834,924 | 613,722,465 |
| - In related parties | - | - | - | - | - | 49,857,165 | - | 55,722,075 | 55,722,075 |
| - Government securities | - | - | 49,857,165 | - | - | 695,117,902 | 71,762,356 | 601,645,144 | 673,407,500 |
| - Quoted equity securities / mutual funds / Commercial paper | - | 695,117,902 | - | - | - | 382,373,785 | - | - | - |
| Premiums due but unpaid* | - | - | - | 382,373,785 | - | 382,373,785 | - | - | - |
| Amounts due from other | - | - | - | - | - | - | - | - | - |
| insurers / reinsurers* | - | - | - | 112,673,444 | - | 112,673,444 | - | - | - |
| Reinsurance recoveries due but unpaid* | - | - | - | 51,234,313 | - | 51,234,313 | - | - | - |
| Accrued investment income* | - | - | - | 1,865,098 | - | 1,865,098 | - | - | - |
| Reinsurance recoveries against outstanding claims* | - | - | - | 97,700,011 | - | 97,700,011 | - | - | - |
| Sundry receivables* | - | - | - | 12,712,830 | - | 12,712,830 | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Provision for outstanding claims (including IBNR)* | - | - | - | - | (208,304,442) | (208,304,442) | - | - | - |
| Amounts due to other insurers / reinsurers* | - | - | - | - | (257,808,484) | (257,808,484) | - | - | - |
| Accrued expenses* | - | - | - | - | (3,068,762) | (3,068,762) | - | - | - |
| Other creditors and accruals* | - | - | - | - | (103,278,095) | (103,278,095) | - | - | - |
| Deposits and other payables* | - | - | - | - | - | - | - | - | - |
| Unclaimed dividend* | - | - | - | - | (3,942,815) | (3,942,815) | - | - | - |
| | 177,826,095 | 1,233,374,910 | 49,857,165 | 1,062,120,127 | (676,402,598) | 1,946,775,699 | 330,475,992 | 1,190,202,143 | 1,520,678,135 |
| December 31, 2016 (Audited) | | | | | | | | | |
| | Held-for-trading | Available-for-sale | Held-to-maturity | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Total |
| (Rupees) | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | |
| Investment at fair value through profit and loss | 205,615,736 | - | - | - | - | 205,615,736 | 204,596,954 | 1,018,782 | 205,615,736 |
| Financial assets not measured at fair value | | | | | | | | | |
| Cash and bank deposits* | - | - | - | 408,620,817 | - | 408,620,817 | - | - | - |
| Investments | - | 494,109,919 | - | 38,284,477 | - | 532,394,396 | 70,810,000 | 602,172,480 | 672,982,480 |
| - In related parties | - | - | - | - | - | 51,117,042 | - | 57,156,000 | 57,156,000 |
| - Government securities | - | - | 51,117,042 | - | - | 709,299,406 | 90,995,158 | 724,669,849 | 815,665,007 |
| - Quoted equity securities / mutual funds | - | 709,299,406 | - | - | - | 245,046,777 | - | - | - |
| Premiums due but unpaid* | - | - | - | 245,046,777 | - | 245,046,777 | - | - | - |
| Amounts due from other | - | - | - | - | - | - | - | - | - |
| insurers / reinsurers* | - | - | - | 95,986,394 | - | 95,986,394 | - | - | - |
| Reinsurance recoveries due but unpaid* | - | - | - | 52,297,380 | - | 52,297,380 | - | - | - |
| Accrued investment income* | - | - | - | 617,330 | - | 617,330 | - | - | - |
| Reinsurance recoveries against outstanding claims* | - | - | - | 61,181,748 | - | 61,181,748 | - | - | - |
| Sundry receivables* | - | - | - | 12,354,253 | - | 12,354,253 | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Provision for outstanding claims (including IBNR)* | - | - | - | - | (164,787,530) | (164,787,530) | - | - | - |
| Amounts due to other insurers / reinsurers* | - | - | - | - | (260,739,918) | (260,739,918) | - | - | - |
| Accrued expenses* | - | - | - | - | (4,196,831) | (4,196,831) | - | - | - |
| Other creditors and accruals* | - | - | - | - | (87,240,770) | (87,240,770) | - | - | - |
| Deposits and other payables* | - | - | - | - | - | - | - | - | - |
| Unclaimed dividend* | - | - | - | - | (3,559,189) | (3,559,189) | - | - | - |
| | 205,615,736 | 1,203,409,325 | 51,117,042 | 914,389,176 | (520,524,238) | 1,854,007,041 | 366,402,112 | 1,385,017,111 | 1,751,419,223 |

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended September 30, 2017

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

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

19. OPERATING SEGMENTS

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following is a schedule of class of business wise assets.

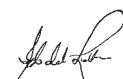
| September 30, 2017 (Un-audited) | | | | | | | |
|------------------------------------|--------------------|-------------------------------|--------------------|---------------------|--------------------|----------------------|----------------------|
| | Fire and property | Marine aviation and transport | Motor | Accident and Health | Miscellaneous | Unallocated assets | Total |
| (Rupees) | | | | | | | |
| Segment assets | 431,526,820 | 119,302,960 | 178,597,034 | 59,857,463 | 101,631,161 | - | 890,915,438 |
| Unallocated corporate assets | - | - | - | - | - | 2,021,931,822 | 2,021,931,822 |
| Consolidated corporate assets | <u>431,526,820</u> | <u>119,302,960</u> | <u>178,597,034</u> | <u>59,857,463</u> | <u>101,631,161</u> | <u>2,021,931,822</u> | <u>2,912,847,260</u> |
| Segment liabilities | 414,737,159 | 112,707,178 | 303,638,254 | 162,790,602 | 110,790,054 | - | 1,104,663,249 |
| Unallocated corporate liabilities | - | - | - | - | - | 69,403,972 | 69,403,972 |
| Consolidated corporate liabilities | <u>414,737,159</u> | <u>112,707,178</u> | <u>303,638,254</u> | <u>162,790,602</u> | <u>110,790,054</u> | <u>69,403,972</u> | <u>1,174,067,221</u> |
| December 31, 2016 (Audited) | | | | | | | |
| | Fire and property | Marine aviation and transport | Motor | Accident and Health | Miscellaneous | Unallocated assets | Total |
| (Rupees) | | | | | | | |
| Segment assets | 307,094,506 | 81,260,357 | 122,185,108 | 64,279,298 | 80,440,325 | - | 655,259,594 |
| Unallocated corporate assets | - | - | - | - | - | 2,005,423,601 | 2,005,423,601 |
| Consolidated corporate assets | <u>307,094,506</u> | <u>81,260,357</u> | <u>122,185,108</u> | <u>64,279,298</u> | <u>80,440,325</u> | <u>2,005,423,601</u> | <u>2,660,683,195</u> |
| Segment liabilities | 335,270,748 | 100,662,148 | 248,078,031 | 127,421,244 | 97,300,311 | - | 908,732,482 |
| Unallocated corporate liabilities | - | - | - | - | - | 42,634,366 | 42,634,366 |
| Consolidated corporate liabilities | <u>335,270,748</u> | <u>100,662,148</u> | <u>248,078,031</u> | <u>127,421,244</u> | <u>97,300,311</u> | <u>42,634,366</u> | <u>951,366,848</u> |


20. GENERAL

Figures in these condensed interim financial information have been rounded off to the nearest rupee, unless otherwise stated.


21. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue in accordance with a resolution of the Board of Directors on October 26, 2017.


Iqbal Ali Lakhani
Chairman


Tasleemuddin Ahmed Batlay
Director


A. Aziz H. Ebrahim
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Window Takaful Operations

Financial Statements

Condensed Interim Balance Sheet

As at September 30, 2017

| September 30, 2017 (Un-audited) | | | |
|---|--------------------------|-------------------------------|--------------------------|
| | Operator's Fund | Participants' Takaful Fund | Aggregate |
| Note | (Rupees) | | |
| OPERATOR'S FUND | | | |
| Statutory fund | 50,000,000 | - | 50,000,000 |
| Accumulated loss | (270,056) | - | (270,056) |
| | <u>49,729,944</u> | <u>-</u> | <u>49,729,944</u> |
| WAQF / PARTICIPANTS' TAKAFUL FUND | | | |
| Ceded Money | - | 500,000 | 500,000 |
| Accumulated surplus | - | 79,669 | 79,669 |
| | <u>-</u> | <u>579,669</u> | <u>579,669</u> |
| Underwriting provisions | | | |
| Provision for outstanding claims (including IBNR) | - | - | - |
| Provision for unearned contribution | - | 765,679 | 765,679 |
| Provision for unearned re-takaful rebate | - | 21,519 | 21,519 |
| Total underwriting provisions | - | 787,198 | 787,198 |
| Creditors and accruals | | | |
| Amounts due to other takaful / re-takaful operators | - | 128,118 | 128,118 |
| Provision for unearned wakala fees | 291,229 | - | 291,229 |
| Wakala and mudarib fee payable | - | 329,653 | 329,653 |
| Accrued expenses | 111,080 | - | 111,080 |
| Other creditors and accruals | 99,654 | 131,388 | 231,042 |
| | <u>501,963</u> | <u>589,159</u> | <u>1,091,122</u> |
| TOTAL LIABILITIES | 501,963 | 1,376,357 | 1,878,320 |
| TOTAL FUND AND LIABILITIES | <u>50,231,907</u> | <u>1,956,026</u> | <u>52,187,933</u> |

September 30, 2017 (Un-audited)

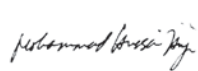
| | | Operator's Fund | Participants' Takaful Fund | Aggregate |
|---------------------------------------|----|--------------------|-------------------------------|-------------------|
| Note | | (Rupees) | | |
| Cash and bank deposits | 9 | | | |
| Cash and other equivalents | | 10,000 | - | 10,000 |
| Current and other accounts | | 49,730,915 | 566,280 | 50,297,195 |
| | | 49,740,915 | 566,280 | 50,307,195 |
| Investments | 10 | - | 500,000 | 500,000 |
| Current assets - other | | | | |
| Contribution due but unpaid | | - | 469,324 | 469,324 |
| Wakala and mudarib fee receivable | | 329,653 | - | 329,653 |
| Deferred commission expense | | 87,617 | - | 87,617 |
| Deferred wakala fee | | - | 291,229 | 291,229 |
| Prepaid re-takaful contribution ceded | | - | 129,193 | 129,193 |
| Sundry receivables | 11 | 73,722 | - | 73,722 |
| | | 490,992 | 889,746 | 1,380,738 |
| TOTAL ASSETS | | <u>50,231,907</u> | <u>1,956,026</u> | <u>52,187,933</u> |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.


Iqbal Ali Lakhani
Chairman


Tasleemuddin Ahmed Batlay
Director


A. Aziz H. Ebrahim
Director


Mohammad Hussain Hirji
Director & Chief Executive

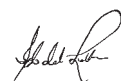

Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-audited)


For the period from August 17, 2017 ended September 30, 2017

| Note | | | | | | September 30, 2017 |
|---|-------------------|-------------------------------|----------|---------------------|---------------|-----------------------|
| | Fire and property | Marine aviation and transport | Motor | Accident and Health | Miscellaneous | Aggregate |
| ------(Rupees)----- | | | | | | |
| Participants' Takaful Fund - revenue account | | | | | | |
| | 13,826 | - | 98,450 | - | 1,251 | 113,527 |
| | (8,544) | - | (29,003) | - | (876) | (38,423) |
| | - | - | - | - | - | - |
| | 3,828 | - | - | - | 300 | 4,128 |
| | 9,110 | - | 69,447 | - | 675 | 79,232 |
| | | | | | | 437 |
| | | | | | | 79,669 |
| Operator's Fund - revenue account | | | | | | |
| | | | | | | 38,423 |
| | | | | | | (12,405) |
| | | | | | | (1,032,760) |
| | | | | | | (1,006,742) |
| | | | | | | 11 |
| | | | | | | 736,675 |
| | | | | | | (270,056) |
| | | | | | | - |
| | | | | | | (270,056) |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



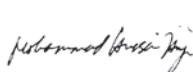
Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



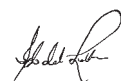
Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)


For the period from August 17, 2017 ended September 30, 2017

| | September 30, 2017 |
|--|-----------------------|
| | --- (Rupees) ---- |
| Loss after tax | (270,056) |
| Other comprehensive income | - |
| Total comprehensive income for the period | <u>(270,056)</u> |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

| | September 30, 2017 | | |
|--|----------------------|----------------------------|-------------------|
| | Operator's Fund | Participants' Takaful Fund | Aggregate |
| | ----- (Rupees) ----- | | |
| Operating cash flows | | | |
| (a) Takaful activities | | | |
| Contribution received | - | 565,742 | 565,742 |
| (b) Other operating activities | | | |
| Income tax paid | (73,722) | - | (73,722) |
| General, administration and management expenses paid | (922,038) | - | (922,038) |
| Net cash outflows from other operating activities | (995,760) | - | (995,760) |
| Total cash (outflows) / inflows from operating activities | (995,760) | 565,742 | (430,018) |
| Investment activities | | | |
| Profit / return received | 736,675 | 538 | 737,213 |
| Payment for Investments | - | (500,000) | (500,000) |
| Total cash inflow / (outflows) from investing activities | 736,675 | (499,462) | 237,213 |
| Financing activities | | | |
| Contribution to operator's fund | 50,000,000 | - | 50,000,000 |
| Ceded money | - | 500,000 | 500,000 |
| Total cash inflows from financing activities | 50,000,000 | 500,000 | 50,500,000 |
| Net Cash inflows from all activities | 49,740,915 | 566,280 | 50,307,195 |
| Cash at end of the period | 49,740,915 | 566,280 | 50,307,195 |

Definition of cash

Cash comprises of cash in hand, policy stamps, bond papers, 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 17 form an integral part of these condensed interim financial information.



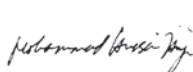
Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Changes in Funds (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

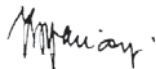
| | Operator's Fund | | |
|--|----------------------|------------------|-------------------|
| | Statutory Fund | Accumulated loss | Total |
| | ----- (Rupees) ----- | | |
| Contribution made during the period | 50,000,000 | | 50,000,000 |
| Changes in fund for the period ended September 30, 2017 | | | |
| Total comprehensive loss for the period | - | (270,056) | (270,056) |
| Balance as at September 30, 2017 | <u>50,000,000</u> | <u>(270,056)</u> | <u>49,729,944</u> |

| | Participants' Takaful Fund | | |
|--|----------------------------|---------------------|----------------|
| | Ceded money | Accumulated surplus | Total |
| | ----- (Rupees) ----- | | |
| Contribution received during the period from Operator | 500,000 | - | 500,000 |
| Changes in fund for the period ended September 30, 2017 | | | |
| Surplus for the period | - | 79,669 | 79,669 |
| Balance as at September 30, 2017 | <u>500,000</u> | <u>79,669</u> | <u>579,669</u> |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Battay
Director



A. Aziz H. Ebrahim
Director



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Chief Financial Officer

Condensed Interim Statement of Contributions (Un-audited)

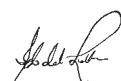
For the period from August 17, 2017 ended September 30, 2017

Business underwritten inside Pakistan

For the period ended September 30, 2017

| Class | Gross Contribution Written | Unearned contribution reserve | | Contribution earned | Re-takaful ceded | Prepaid re-takaful contribution ceded | | Re-takaful expense | Net contribution revenue |
|-----------------------------------|----------------------------|-------------------------------|----------------|---------------------|------------------|---------------------------------------|----------------|--------------------|--------------------------|
| | | Opening | Closing | | | Opening | Closing | | |
| (Rupees) | | | | | | | | | |
| Direct and facultative | | | | | | | | | |
| 1. Fire and property damage | 180,483 | - | 144,171 | 36,312 | 141,144 | - | 118,658 | 22,486 | 13,826 |
| 2. Marine, aviation and transport | - | - | - | - | - | - | - | - | - |
| 3. Motor | 707,534 | - | 608,999 | 98,535 | 613 | - | 528 | 85 | 98,450 |
| 4. Accident and Health | - | - | - | - | - | - | - | - | - |
| 5. Miscellaneous | 15,761 | - | 12,509 | 3,252 | 12,008 | - | 10,007 | 2,001 | 1,251 |
| Grand total | 903,778 | - | 765,679 | 138,099 | 153,765 | - | 129,193 | 24,572 | 113,527 |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



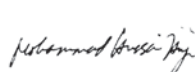
Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Claims (Un-audited)

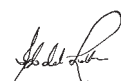
For the period from August 17, 2017 ended September 30, 2017

Business underwritten inside Pakistan


For the period ended September 30, 2017

| Class | Claims paid | Outstanding claims | | Claims expense | Re-takaful and other recoveries received | Re-takaful and other recoveries in respect of outstanding claim | | Re-takaful and other recoveries revenue | Net claims expense |
|-----------------------------------|-------------|--------------------|---------|----------------|--|---|---------|---|--------------------|
| | | Opening | Closing | | | Opening | Closing | | |
| | |(Rupees)..... | | | | | | | |
| Direct and facultative | | | | | | | | | |
| 1. Fire and property damage | - | - | - | - | - | - | - | - | - |
| 2. Marine, aviation and transport | - | - | - | - | - | - | - | - | - |
| 3. Motor | - | - | - | - | - | - | - | - | - |
| 4. Accident and Health | - | - | - | - | - | - | - | - | - |
| 5. Miscellaneous | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - |
| Grand total | - | - | - | - | - | - | - | - | - |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



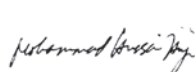
Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer


Condensed Interim Statement of Expenses - OTF (Un-audited)

For the period from August 17, 2017 ended September 30, 2017


Business underwritten inside Pakistan

| Class | For the period ended September 30, 2017 | | | | | Net OTF expense |
|-----------------------------------|---|---------------------|---------------|------------------------|--------------------------|-----------------|
| | Commission paid or payable | Deferred commission | | Net commission expense | Other management expense | |
| | | Opening | Closing | | | |
| | (Rupees) | | | | | |
| Direct and facultative | | | | | | |
| 1. Fire and property damage | 18,905 | - | 15,854 | 3,051 | - | 3,051 |
| 2. Marine, aviation and transport | - | - | - | - | - | - |
| 3. Motor | 79,616 | - | 70,512 | 9,104 | - | 9,104 |
| 4. Accident and Health | - | - | - | - | - | - |
| 5. Miscellaneous | 1,501 | - | 1,251 | 250 | - | 250 |
| Grand total | 100,022 | - | 87,617 | 12,405 | - | 12,405 |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.




Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Expenses - PTF (Un-audited)

For the period from August 17, 2017 ended September 30, 2017


Business underwritten inside Pakistan

For the period ended September 30, 2017

| Class | Gross wakala fee | Deferred wakala fee | | Net wakala expense | PTF direct expenses | Underwriting expenses | Rebate from re-takaful operators * | Net PTF expense |
|-----------------------------------|------------------|---------------------|----------------|--------------------|---------------------|-----------------------|------------------------------------|-----------------|
| | | Opening | Closing | | | | | |
| (Rupees) | | | | | | | | |
| Direct and facultative | | | | | | | | |
| 1. Fire and property damage | 51,795 | - | 43,251 | 8,544 | - | 8,544 | 3,828 | 4,716 |
| 2. Marine, aviation and transport | - | - | - | - | - | - | - | - |
| 3. Motor | 272,603 | - | 243,600 | 29,003 | - | 29,003 | - | 29,003 |
| 4. Accident and Health | - | - | - | - | - | - | - | - |
| 5. Miscellaneous | 5,254 | - | 4,378 | 876 | - | 876 | 300 | 576 |
| Grand total | 329,652 | - | 291,229 | 38,423 | - | 38,423 | 4,128 | 34,295 |

* Rebate from re-takaful operators is arrived at after taking the impact of opening and closing unearned re-takaful rebate.

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Investment Income (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

| | September 30, 2017 |
|--|-----------------------|
| | -- (Rupees) -- |
| Participants' Takaful Fund | |
| Profit on bank deposit | 448 |
| Less: mudarib's fee | (11) |
| Net investment income | 437 |
| Operator's Fund | |
| Net Investment Income - Profits on bank deposit | 736,675 |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on October 10, 1985. The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at Lakson Square Building No.2, Sarwar Shaheed Road, Karachi.

The Operator was granted authorisation on August 7, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("the operations") by Securities and Exchange Commission of Pakistan ("SECP") under Takaful Rules, 2012 to carry on General Takaful Operations in Pakistan. The Waqf deed was executed on August 17, 2017 and the Operator commenced activities of the operations on August 18, 2017.

2 BASIS OF PREPARATION

These condensed interim financial information have been prepared in line with the format issued by the SECP through Insurance Rules, 2017, and SECP circular no 25 of 2015 dated July 9, 2015.

These condensed interim financial information reflect the financial position and results of operations of both the Operator's Takaful Fund (OTF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the OTF and PTF remain separately identifiable.

2.1 Statement of Compliance

These condensed interim financial information of the Window Takaful Operations (WTO) for the period ended September 30, 2017 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 have been followed.

The disclosures made in these condensed interim financial information have been limited based on the format prescribed by the "SECP" vide Circular No. 7 of 2006 and International Accounting Standard (IAS) 34, "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial information should be read in conjunction with financial statements of the company for the year ended December 31, 2016.

2.2 The Companies Ordinance, 1984 was repealed by the enactment of the Companies Act, 2017 on May 30, 2017. SECP vide its Circular 26 of 2017 and its press release dated October 4, 2017 has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

- 2.3 Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated February 9, 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). However, the application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from April 1, 2017.

SECP vide letter ID /OSM /Century /2017 /12197, dated October 6, 2017 has granted exemption to the Company to prepare their quarterly and annual accounts for the period ended September 30, 2017 and December 31, 2017 in accordance with the requirements of Previous Rules [SEC (Insurance) Rules 2002]. Hence, the condensed interim financial statements for the period ended June 30, 2017 are prepared in accordance with the requirements of Previous Rules.

3. BASIS OF MEASUREMENT

These financial information have been prepared under the historical cost convention.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial information are presented in Pakistan Rupees which is the Operator's functional currency.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

- Classification of Takaful contracts 6.1
- Provision for unearned contributions 6.3
- Receivable and payable related to takaful contracts 6.4
- Provision for outstanding claims (including IBNR) 6.6
- Contribution deficiency reserves 6.7
- Wakala fee 6.9
- Residual value and useful life of fixed assets 6.13
- Segment reporting 6.19

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorised into Fire and Property, Marine, Aviation and Transport, Motor, Health and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered in to by the PTF under which the contract holder is another takaful operator / takaful operator of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the Treaty.

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

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

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

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

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

Written at the time of issuance of takaful contract, contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

6.2 Re-takaful contracts held

The Operator cedes re-takaful in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded re-takaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the re-takaful arrangements do not relieve the PTF from its direct obligations to its participants. These re-takaful contracts include both facultative and treaty arrangements contracts and are classified in same categories of takaful contracts for the purpose of condensed interim financial information.

6.3 Provision for unearned contribution

The reserve for unearned portion of contribution written is calculated by applying twenty fourths' method as prescribed by SEC (Insurance) Rules, 2002.

The deferred portion of re-takaful contribution is recognized as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using twenty fourths' method.

6.4 Receivables and payables related to takaful contracts

Receivables and payables, other than claim payables, relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These include contributions due but unpaid, contribution received in advance, contributions due and claims payable to participants. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

Provision for impairment in contribution receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

6.5 Claims

Claims expense include all claims occurring during the year, whether reported or not. Internal and external claim handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

6.6 Provision for outstanding claims including Incurred But Not Reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

Provision for IBNR is made for the cost of settling claims incurred but not reported at the reporting date, on the basis of management's judgment and the Operator's prior experience.

Re-takaful recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

6.7 Contribution deficiency reserve

The Operator is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

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

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution. The liability of contribution deficiency in relation to accident and health takaful is calculated in accordance with the advice of the actuary.

6.8 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the period.

6.9 Wakala Fee

The Operator of Window Takaful manage the general takaful operations for the participants and charges 30% for fire and property, 30% for marine, 35% for miscellaneous, 40% for motor, and 20% for health of the gross contribution written including administrative surcharge as Wakala fee against the services.

Wakala fee is recognised on the same basis on which the related revenue is recognised. Unexpired portion of wakala fee is recognized as a liability of OTF and an asset of PTF.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

6.10 Modarib's Fee - OTF

The Operator also manages the participants' investment as Modarib and charges 20% of the investment income earned by the PTF as Modarib's fee. It is recognized on the same basis on which related revenue is recognised.

6.11 Qard-e-Hasna

Qard-e-hasna is provided by Operator's fund to participants takaful fund in case of deficit in PTF.

6.12 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 than 12 months and are subject to insignificant risk of change in value.

6.13 Fixed assets

6.13.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Operator and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

6.14 Contribution written

Contribution including administrative surcharge under a takaful contract are recognised as revenue at the time of issuance of takaful contract. Revenue from contribution written net of is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognised as a liability.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

Re-takaful ceded is recognised as expense after taking into account the proportion of deferred contribution expense which is calculated using twenty fourths method. The deferred portion of contribution expense is recognised as a prepayment.

6.15 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of contribution revenue.

Rebate and other forms of revenue (apart from recoveries) from retakaful operators are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the retakaful contributions.

6.16 Expenses of management

Expenses of management are allocated to various revenue accounts on equitable basis.

6.17 Investment income

Return on investments and profit on bank deposits are recognised on accrual basis.

6.18 Taxation

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year. Provision for current taxation is based on taxable income at the rates enacted or substantively enacted at the balance sheet date after taking into account available tax credits and rebates, if any. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Operator recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In view of the current period operation and uncertainty of future profits no tax has been recorded in these condense interim financial information.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

6.19 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. However, based on its classification of takaful contracts issued, the Operator has five primary business segments for reporting purposes namely fire, marine, motor, accident and health, and miscellaneous.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.

6.20 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.21 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

6.22 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the WTO. Provisions are recognized when the WTO has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

6.23 Financial instruments

Financial instruments carried on the balance sheet include contributions due but unpaid, amount due to other takaful / re-takaful operator, accrued investment income, sundry receivables, accrued expenses, other creditors and accruals.

All the financial assets and financial liabilities are recognised at the time when the WTO becomes a party to the contractual provisions of the instrument and derecognized when the WTO loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income statement of the period in which financial instrument is derecognised.

7. TAKAFUL AND FINANCIAL RISK MANAGEMENT

The WTO's takaful and financial risk management objectives and policies are consistent with those of the Operator and are disclosed in the annual financial statements of the Operator as at and for the year ended December 31, 2016.

8. OTHER CREDITORS AND ACCRUALS

| | Note | September 30, 2017 | | |
|-----------------------------------|------|-----------------------|----------------|----------------|
| | | OTF | PTF | Aggregate |
| | | (Rupees) | | |
| Federal excise duty and sales tax | | - | 121,823 | 121,823 |
| Federal insurance fee payable | | - | 8,865 | 8,865 |
| Commission payable | | 99,654 | - | 99,654 |
| Tax deducted at source | | - | 700 | 700 |
| | | <u>99,654</u> | <u>131,388</u> | <u>231,042</u> |

9. CASH AND BANK DEPOSITS

| Cash and other equivalents | | | | |
|----------------------------|-----|-------------------|----------------|-------------------|
| Cash | | 10,000 | - | 10,000 |
| Current and other accounts | | | | |
| Savings accounts | 9.1 | 49,730,915 | 566,280 | 50,297,195 |
| | | <u>49,740,915</u> | <u>566,280</u> | <u>50,307,195</u> |

9.1 Savings accounts carry expected profit rates ranging from 3.5% to 5.3% per annum.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

10. INVESTMENTS

| | September 30, 2017 | | |
|-----------------------------------|-----------------------|---------|-----------|
| | OTF | PTF | Aggregate |
| | (Rupees) | | |
| Held to Maturity | | | |
| Certificate of Islamic Investment | - | 500,000 | 500,000 |

11. SUNDRY RECEIVABLES - considered good

| | September 30, 2017 | | |
|-------------|-----------------------|-----|-----------|
| | OTF | PTF | Aggregate |
| | (Rupees) | | |
| Advance Tax | 73,722 | - | 73,722 |

12. MANAGEMENT EXPENSES - OTF

| | September 30, 2017 |
|---|-----------------------|
| | -- (Rupees) -- |
| Salaries, allowances and other benefits | 480,000 |
| Printing, stationery and postage | 52,510 |
| Ceded money | 500,000 |
| Others | 250 |
| | <u>1,032,760</u> |

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Operator. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. There are no transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in the condensed interim financial information.

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

14. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets as at September 30, 2017.

| | September 30, 2017 | | | | | Total |
|---------------------------------------|--------------------------|--------------------------------|---------|---------------------|---------------|-------------------|
| | Fire and property damage | Marine, aviation and transport | Motor | Accident and health | Miscellaneous | |
| | (Rupees) | | | | | |
| SEGMENT ASSETS | | | | | | |
| Segment assets | 161,909 | - | 244,128 | - | 14,385 | 420,422 |
| Unallocated assets | | | | | | |
| - Participants' Takaful Fund | | | | | | 1,535,604 |
| - Operator's Fund | | | | | | 50,231,907 |
| Consolidated total assets | | | | | | 52,187,933 |
| SEGMENT LIABILITIES | | | | | | |
| Segment liabilities | 215,984 | - | 881,602 | - | 19,264 | 1,116,850 |
| Unallocated liabilities | | | | | | |
| - Participants' Takaful Fund | | | | | | 259,508 |
| - Operator's Fund | | | | | | 501,963 |
| Consolidated total liabilities | | | | | | 1,878,321 |

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

| September 30, 2017 | | | | | | | |
|--|---|-----------------------------|-----------------------------------|----------------|------------|----------|----------|
| Carrying amount | | | | | Fair value | | |
| Available- for- sale | Fair value through profit or loss | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Total |
| (Rupees) | | | | | | | |
| On-balance sheet financial instruments | | | | | | | |
| Financial assets not measured at fair value* | | | | | | | |
| Cash and bank deposits | - | - | - | - | - | - | - |
| Investments | 500,000 | - | - | - | 500,000 | - | - |
| Contribution due but unpaid | - | - | 469,324 | - | 469,324 | - | - |
| Wakala and mudarib fee receivable | - | - | 329,653 | - | 329,653 | - | - |
| Financial liabilities not measured at fair value* | | | | | | | |
| Retakaful operators | - | - | - | (128,118) | (128,118) | - | - |
| Wakala and mudarib fee payable | - | - | - | (329,653) | (329,653) | - | - |
| Accrued expenses | - | - | - | 111,080 | 111,080 | - | - |
| Other creditors and accruals | - | - | - | (99,654) | (99,654) | - | - |
| 500,000 | - | 798,977 | (446,345) | 852,632 | - | - | - |

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

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The operations measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes to the Condensed Interim Financial Information (Un-audited)

For the period from August 17, 2017 ended September 30, 2017

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information have been authorised for issue in accordance with a resolution of the Board of Directors on October 26, 2017.

17. GENERAL

All figures have been rounded off to the nearest rupees, unless otherwise stated.



Iqbal Ali Lakhani
Chairman



Tasleemuddin Ahmed Batlay
Director



A. Aziz H. Ebrahim
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

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NETWORK

Registered and Corporate Office

Lakson Square, Building # 2, Sarwar Shaheed Road, Karachi-74200.

Tel: (021) 35698000 Fax: (021) 35683410

Karachi Lakson Square Office

10th Floor, Lakson Square, Building # 3, Sarwar Shaheed Road, Karachi-74200.

Tel: (021) 35698550 Fax: (021) 35689518

Shahrah e Faisal Office:

Ebrahim Estates, 2nd Floor, D/1 Union Commercial Area, Block 7 & 8, Shahrah e Faisal, Karachi.

Tel: (021) 34529155-7, 34310723-4

Fax: (021) 34310725

Lahore Regional Office

1st Floor, 14 Ali Block, New Garden Town, Lahore.

UAN: (042) 111-111-717 Fax: (042) 35911176

Faisalabad Office

2nd Floor, Legacy Tower, Kohinoor City, Faisalabad.

UAN: (041) 111-111-717 Fax: (041) 8554453

Multan Office

Office # 55-57, 1st Floor, Business City Plaza, Bosan Road, Multan.

Tel: (061) 6211241-43 Fax: (061) 6211244

Head Office

11th Floor, Lakson Square, Building # 3, Sarwar Shaheed Road, Karachi-74200.

UAN: (021) 111-111-717 Fax: (021) 35671665

Email: info@cicl.com.pk

Karachi Clifton Office

Office # 504-505, 5th Floor, Marine Point, DC 1, Block-9, Clifton, Karachi.

Tel: (021) 35309234-36 Fax: (021) 35309237

Islamabad Office

Office # 6, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad.

UAN: (051) 111-111-717 Fax: (051) 2870228

Sialkot Office

1st Floor, Karim Plaza, Iqbal Town, Defence Road, Sialkot.

UAN: (052) 111-111-717 Fax: (052) 3241703

Website: www.cicl.com.pk



Century Insurance

UAN: 111-111-717
Website: www.cicl.com.pk