

Your Trust Our Assurance



Half Yearly Report June 2019
(Un-audited)



Century Insurance
A Lakson Group Company



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.

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Our vision

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

Our mission

- To become a company of choice for its valued Clients, Stockholders and Employees.
- To ensure continued growth of the financial strength and resilience of the company so that it may be able to withstand any unexpected shocks or cyclical economic downturns.
- 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
Mr. Bilal Ali Lakhani (upto May 28, 2019)
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji - Chief Executive
Mr. Sadrudin Ismail Mohamed
Mr. Aftab Ahmed (from August 19, 2019)

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. Iqbal Ali Lakhani - Chairman
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji
Mr. Sabza Ali Pirani

Ethics, Human Resource & Remuneration Committee

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

External Auditors

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

M/s. FAMCO Associates (Pvt) Ltd.
8-F, Near 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
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
NRSP Microfinance Bank Limited
Silkbank Limited
Standard Chartered Bank (Pakistan) Limited
Telenor Microfinance Bank 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 half-year ended 30 June 2019.

General Review

The overall operational performance of the Company has improved in the HY2019 as compared to the same period in 2018. Gross Written Premium (inclusive of Takaful Contribution) has increased by Rs. 156.8 million (24%) to Rs. 806.5 million. Net premium (inclusive of Takaful Contribution) has increased by Rs. 85.8 million (26%) to Rs. 413.7 million. Underwriting profit stood at Rs. 67.2 million, up by Rs. 26.4 million (65%).

During the HY2019, the company has recorded an investment loss of Rs. 43.1 million, which was primarily due to impairment of equity investments. This was partly offset by an increase in Other Income of Rs. 24.2 million, resulting in an overall Investment & Other Income loss of Rs. 18.9 million. Earnings per share for HY2019 is Rs. 0.68 as against Rs. 0.28 in HY2018.

Operating Results

The comparative financial highlights for the half-year ended 30 June 2019 and 2018 are presented below:-

Rs. In million (except for EPS)	June 30, 2019	June 30, 2018	Increase / (Decrease)	
			Amount	%
Gross Written Premium (including Takaful Contribution)	807	650	157	24
Net Premium (including Takaful Contribution)	414	328	86	26
Underwriting results	67	41	26	65
Investment & other income	(18.9)	(18.7)	(0.2)	-
Profit before tax	49	19	30	163
Profit after tax	34	14	20	145
Earnings per share (Rs.)	0.68	0.28	0.40	145
Total assets	3,141	2,830	311	11
Paid-up capital	503	503	-	-
Total equity	1,685	1,720	(35)	(2)

As compared to HY2018, the gross written premium (inclusive of Takaful Contribution) for Fire class of business has increased by Rs. 26.3 million (11%), Marine by Rs. 20.7 million (21%), Motor by Rs. 11.9 million (6%), Accident and Health by Rs. 93.8 million (112%) and Miscellaneous by Rs. 4.1 million (15%).

Window Takaful Operations

Participant Takaful Fund (PTF)

The Gross Written Contribution for the HY2019 is Rs. 31.9 million as compared to Rs. 22.0 million for the same period last year. Net contribution revenue is Rs. 26.9 million and the surplus for the period is Rs. 8.6 million.

Operator's Fund (OPF)

Gross Wakala Fee for the HY2019 is Rs. 11.5 million. Net Wakala fee income is Rs. 12.6 million. Profit before tax is Rs. 4.8 million.

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 and distribution channels, 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.

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 deployment of their investment. 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



Mohammad Hussain Hirji
Director & Chief Executive

Karachi: 26 August 2019

ششماہی 2018 کے مقابلے میں مجموعی پریمیم (بشمول کانفل کنٹریوشن) برائے بیمہ آتش زدگی میں 26.3 ملین روپے (11 فیصد)، بحری بیمہ میں 20.7 ملین روپے (21 فیصد)، موٹر بیمہ میں 11.9 ملین روپے (6 فیصد)، بیمہ حادثہ وصحت میں 93.8 ملین روپے (112 فیصد) اور بیمہ متفرق 4.1 ملین روپے (15 فیصد) کا اضافہ ہوا۔

ونڈ و کانفل آپریشنز

شرکت داروں کا کانفل فنڈ ششماہی 2019 میں شرکت داروں کا مجموعی کنٹری بیوشن فنڈ 31.9 ملین روپے رہا جبکہ اسی مدت میں سال گزشتہ میں 22 ملین رہا۔ خالص کنٹری بیوشن 26.9 ملین روپے اور سرپلس فنڈ 8.6 ملین روپے رہا۔

آپریٹنگ فنڈ

مجموعی وکالہ فیس برائے ششماہی 2019 میں 11.5 ملین روپے ہے۔ خالص وکالہ فیس کی آمدنی 12.6 ملین اور قبل از ٹیکس منافع 4.8 ملین روپے ہے۔

مستقبل کے خدوخال

کمپنی کی انتظامیہ کاروبار میں منافع اور مارکیٹ شیئر میں اضافے کی مستحکم رفتار کو برقرار رکھنے کے لیے ٹھوس اقدامات کر رہی ہے۔ ہم منافع بخش ترقی کی رفتار کو برقرار رکھنے کے لیے نئی اور جدید مصنوعات کی شناخت، دیگر شعبوں میں کلائنٹ کی خدمت کی غرض سے اضافی برانچوں کے قیام اور بیمہ فروخت کے عملے کی حوصلہ افزائی اور تربیت کرتے رہیں گے۔ ہم امید کرتے ہیں کہ مندرجہ بالا اقدامات 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 رکھا 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۔

Muhammad Hussain Mirji

محمد حسین میرجی

ڈائریکٹر اور چیف ایگزیکٹو

اقبال علی الاکھانی

چیئرمین

کراچی 26 اگست 2019

ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے ہم مسرت کے ساتھ 30 جون 2019 کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

عمومی جائزہ

مجموعی طور پر ششماہی 2019 میں کمپنی کی آپریشنل کارکردگی میں 2018 کے مقابلے میں اضافہ ہوا ہے۔ مشترکہ مجموعی پریبینم (بشمول ہیکافل کنٹریوشن) 156.8 ملین روپے (24 فیصد) کا اضافہ جو کہ 806.5 ملین روپے ہوا۔ مجموعی خالص پریبینم (بشمول ہیکافل کنٹریوشن) 85.8 ملین روپے (26 فیصد) کا اضافہ جو کہ 413.7 ملین روپے ہوا۔ انڈر رائٹنگ آمدنی 67.2 ملین روپے رہی ہے جس میں 26.4 ملین روپے کا اضافہ (65 فیصد) ہے۔

ششماہی 2019 میں سرمایہ کاری آمدنی میں 43.1 ملین روپے کی کمی ہوئی۔ جسکی وجہ ایمپریسنٹ اف ایکویٹی انوسٹمنٹ، جس کو چودی افسیٹ دیگر آمدنی سے کیا جو کہ 24.2 ملین ہے۔ ششماہی 2019 میں مجموعی طور پر سرمایہ کاری اور دیگر آمدنی میں کمی 18.9 ملین ہے۔ ششماہی 2019 میں فی حصص آمدنی 0.68 ملین جو کہ ششماہی 2018 میں 0.28 ملین تھی۔

کاروباری امور کے نتائج

ششماہی 30 جون 2019 اور 2018 کے تقابلی مالیاتی جھلکیاں درج ذیل ہیں:

روپے ملین میں (EPS کے علاوہ)	30 جون 2019 (رقم)	30 جون 2018 (رقم)	اضافہ / (کمی) (رقم) (%)
مجموعی پریبینم (بشمول ہیکافل کنٹریوشن)	807	650	157 (24)
خالص پریبینم (بشمول ہیکافل کنٹریوشن)	414	328	86 (26)
انڈر رائٹنگ آمدنی	67	41	26 (65)
سرمایہ کاری اور دیگر آمدنی	(18.9)	(18.7)	(0.2)
آمدنی قبل از ٹیکس	49	19	30 (163)
آمدنی بعد از ٹیکس	34	14	20 (145)
فی حصص آمدنی (EPS) روپے	0.68	0.28	0.40 (145)
کل اثاثہ جات	3,141	2,830	311 (11)
اداشدہ سرمایہ	503	503	-
کل ایکویٹی	1,685	1,720	(35) (2)

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Century Insurance Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Century Insurance Company Limited** ("the Company") and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the financial statements for the six-months period then ended 30 June 2019 (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

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

The engagement partner on the review engagement resulting in this independent auditors' review report is Muhammad Nadeem.

Date: 26 August 2019

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

As at June 30, 2019

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	------(Rupees)-----	
Assets			
Property and equipment	11	131,775,167	72,325,607
Intangible assets		18,070	26,407
Investment in associates	12	29,854,036	45,144,162
Investments			
Equity securities	13.1	740,223,532	1,097,049,399
Debt securities	13.2	453,002,262	138,997,352
Term deposit		-	123,000,000
Loan and other receivable	14	31,682,053	20,585,208
Insurance / reinsurance receivable	15	680,106,400	452,631,626
Reinsurance recoveries against outstanding claims	23	77,479,975	100,016,385
Salvage recoveries accrued		4,005,000	3,975,000
Deferred commission expense	24	41,870,514	33,060,770
Deferred taxation		65,454,351	53,228,969
Prepayments	16	233,426,574	179,614,482
Cash and bank	17	570,245,714	440,366,476
Total assets of Window Takaful Operations - Operator's fund	18	79,583,305	69,721,881
Total assets		3,138,726,953	2,829,743,724

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	------(Rupees) -----	
Equity and liabilities			
Authorized share capital (70,000,000 Ordinary share of Rs.10 each)		700,000,000	700,000,000
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		502,968,030	502,968,030
Share premium		254,024,260	254,024,260
Reserves		83,083,048	89,518,648
Unappropriated profit		844,998,136	873,893,357
Total Equity		1,685,073,474	1,720,404,295
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR	23	173,890,780	192,759,004
Unearned premium reserve	22	589,124,414	439,281,123
Unearned reinsurance commission	24	43,897,530	39,191,757
Premiums received in advance		924,646	573,295
Insurance / reinsurance payables	19	361,347,744	232,154,530
Other creditors and accruals	20	226,007,157	160,938,338
Taxation - provision less payments		35,760,383	29,269,328
Total Liabilities		1,430,952,654	1,094,167,375
Total liabilities of Window Takaful Operations - Operator's fund	18	22,700,825	15,172,054
Total equity and liabilities		3,138,726,953	2,829,743,724
Contingencies and commitments	21		

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
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 six months period ended June 30, 2019

	Note	Three month period ended		Six month period ended	
		2019	2018	2019	2018
		------(Rupees) -----		------(Rupees) -----	
Net insurance premium	22	189,866,931	160,392,487	386,749,943	322,176,683
Net insurance claims	23	(84,234,434)	(72,670,523)	(167,663,344)	(142,313,895)
Net commission and other acquisition costs	24	1,162,689	245,504	2,377,338	2,035,441
Insurance claims and acquisition expenses		(83,071,745)	(72,425,019)	(165,286,006)	(140,278,454)
Management Expenses		(75,821,424)	(74,349,363)	(154,216,295)	(141,094,797)
Underwriting results		30,973,762	13,618,105	67,247,642	40,803,432
Investment loss	25	(38,617,566)	(56,293,717)	(28,221,995)	(28,656,600)
Other income	26	11,884,191	6,348,714	24,183,064	8,394,565
Other expenses		(2,011,328)	(2,516,845)	(4,265,751)	(3,708,932)
Results of operating activities		2,229,059	(38,843,743)	58,942,960	16,832,465
Share of profit of associates		1,302,653	1,547,408	2,471,222	1,547,408
Impairment in associates		(17,412,640)	-	(17,412,640)	-
Profit from Window Takaful Operations	18	1,931,260	312,556	4,781,390	148,934
(Loss) / profit before tax		(11,949,668)	(36,983,779)	48,782,932	18,528,807
Income tax expense		(10,003,615)	(9,932,658)	(27,047,385)	(21,030,034)
- current		-	-	2,789,293	-
- prior		9,481,714	22,910,234	9,451,103	16,342,888
- deferred		(521,901)	12,977,576	(14,806,989)	(4,687,146)
(Loss) / profit after tax		(12,471,569)	(24,006,203)	33,975,943	13,841,661
Earnings per share of Rs.10 each - basic and diluted	27	(0.25)	(0.48)	0.68	0.28

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammed Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three and six months period ended June 30, 2019

	(Un-audited)		(Un-audited)	
	Three month period ended		Six month period ended	
	2019	2018	2019	2018
	------(Rupees)-----		------(Rupees)-----	
(Loss) / profit after tax	(12,471,569)	(24,006,203)	33,975,943	13,841,661
Other comprehensive income				
Item to be reclassified to profit and loss account in subsequent period:				
Unrealised (diminution) / appreciation 'available for sale' investments - net of tax	(36,423,351)	(52,032,193)	(10,784,623)	54,796,534
Reclassification adjustment for net loss on available for sale investments included in profit and loss account - net of tax	5,410,780	-	5,410,780	-
	(31,012,571)	(52,032,193)	(5,373,843)	54,796,534
Unrealised (diminution) / appreciation 'available for sale' investments of Window Takaful Operations - net of tax	(1,553,679)	209,416	(1,062,134)	396,298
- Share in other comprehensive income of an associate - net of tax	377	2,297	377	2,297
Total comprehensive (loss) / income for the period	(45,037,442)	(75,826,683)	27,540,343	69,036,790

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



Iqbal Ali Lakhani
Chairman



Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Battlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended June 30, 2019

	June 30, 2019	June 30, 2018
	------(Rupees)-----	
Operating cash flows		
(a) Underwriting activities		
Insurance premium received	560,853,263	500,330,183
Reinsurance premium paid	(155,736,188)	(101,513,187)
Claims paid	(214,542,354)	(222,645,857)
Reinsurance and other recoveries received	45,967,576	45,230,808
Commissions paid	(81,928,240)	(48,321,672)
Commissions received	53,236,760	30,662,792
Management expenses paid	(156,761,686)	(141,457,659)
Net cash inflow from underwriting activities	51,089,131	62,285,408
(b) Other operating activities		
Income tax paid	(16,913,506)	(12,144,951)
Other operating payments	26,433,799	21,268,530
Net cash inflow from other operating activities	9,520,293	9,123,579
Total cash inflow from operating activities	60,609,424	71,408,987
Investment activities		
Profit / return received	33,763,865	14,834,750
Dividends received	5,438,113	6,326,266
Payments for investments	(1,477,851,637)	(573,275,299)
Proceeds from disposal of investments	1,586,982,192	969,882,587
Fixed capital expenditure	(16,970,746)	(12,218,008)
Proceeds from sale of property and equipment	743,216	1,421,564
Total cash inflow from investing activities	132,105,003	406,971,860
Financing activities - Dividends paid	(62,835,189)	(86,432,124)
Net cash inflow from all activities	129,879,238	391,948,723
Cash at beginning of the period	439,566,476	115,981,242
Cash at end of the six months period	569,445,714	507,929,965
Reconciliation to profit and loss account		
Operating cash flows	60,609,424	71,408,987
Depreciation / amortization expense	(7,007,964)	(6,158,230)
Profit / (loss) on disposal of fixed assets	41,843	(489,388)
(Loss) / profit on disposal of investments	(6,202,794)	12,460,023
Dividend income	5,531,439	5,079,107
Investment and other income	180,590	16,850,588
Increase in assets other than cash	269,443,823	108,518,717
Increase in liabilities other than running finance	(293,401,808)	(193,977,077)
Profit from Window Takaful Operations	4,781,390	148,934
Profit after tax	33,975,943	13,841,661

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

	June 30, 2019	June 30, 2018
Cash and bank deposits	------(Rupees)-----	
Cash and other equivalents		
- Cash	245,708	207,930
- Policy stamps and bond papers in hand	422,797	715,525
- Cash deposit with SBP	5,153,258	-
	5,821,763	923,455
Current and other accounts		
- Current accounts *	46,215,733	8,065,397
- Savings accounts	517,408,218	498,941,113
	563,623,951	507,006,510
	569,445,714	507,929,965

* This does not include local currency account with a lien amounting to Rs.0.8 million (June 30, 2018 : Rs.0.8 million), with a commercial bank for letters of credit arranged through the bank for securing claims arising outside Pakistan.

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.

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Battlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

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

For the six months period ended June 30, 2019

	Attributable to equity holders of the Company					Total
	Share capital	Capital reserves	Revenue reserves			
	Issued, subscribed and paid-up	Share premium	General reserve	Unrealised appreciation / (diminution) "available for sale" investments	Retained earnings	
----- (Rupees) -----						
Balance as at January 01, 2018	502,968,030	254,024,260	119,000,000	(37,181,166)	891,722,749	1,730,533,873
Total comprehensive income						
Profit after tax for the six months period	-	-	-	-	13,841,661	13,841,661
Other comprehensive income						
Share in other comprehensive income of an associate	-	-	-	2,297	-	2,297
Net unrealised gain arising during the period on revaluation of available for sale investments net of tax	-	-	-	55,192,832	-	55,192,832
Reclassification adjustment for net gain on available for sale investments included in profit and loss account net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	55,195,129	13,841,661	69,036,790
Transactions with owners recorded directly in equity						
Final cash dividend of Rs.1.75 (17.5%) per share for the year ended December 31, 2017	-	-	-	-	(88,019,604)	(88,019,604)
Balance as at June 30, 2018	<u>502,968,030</u>	<u>254,024,260</u>	<u>119,000,000</u>	<u>18,013,963</u>	<u>817,544,806</u>	<u>1,711,551,059</u>
Balance as at January 01, 2019	502,968,030	254,024,260	119,000,000	(29,481,352)	873,893,357	1,720,404,295
Total comprehensive income						
Profit after tax for the six months period	-	-	-	-	33,975,943	33,975,943
Other comprehensive income						
Share in other comprehensive income of an associate	-	-	-	377	-	377
Net unrealised loss arising during the period on revaluation of available for sale investments (including WTO) net of tax	-	-	-	(11,846,757)	-	(11,846,757)
Reclassification adjustment for net gain on available for sale investments included in profit and loss account (Including WTO) net of tax	-	-	-	5,410,780	-	5,410,780
Total comprehensive income	-	-	-	(6,435,600)	33,975,943	27,540,343
Transactions with owners recorded directly in equity						
Final cash dividend of Rs.1.25 (12.5%) per share for the year ended December 31, 2018	-	-	-	-	(62,871,164)	(62,871,164)
Balance as at June 30, 2019	<u>502,968,030</u>	<u>254,024,260</u>	<u>119,000,000</u>	<u>(35,916,952)</u>	<u>844,998,136</u>	<u>1,685,073,474</u>

The annexed notes from 1 to 32 form an integral part of these condensed interim financial information.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

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 repealed Companies Ordinance, 1984 (now 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 was granted authorization on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations by Securities and Exchange Commission of Pakistan (SECP) and under Takaful Rules, 2012 to carry on general takaful operations in Pakistan. The Company has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated August 17, 2017. The Company commenced its activities of Window Takaful Operations on August 18, 2017.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

2.2 The condensed interim financial statements do not include all the information required in the full annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with annual financial statement of the Company for the year ended December 31, 2018.

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

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under historical cost except for certain investment which are stated at their fair value.

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended December 31, 2018 except as disclosed in note 4.1 below:

4.1 Changes in accounting policies

4.1.1 IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' from January 01, 2019 which is effective from annual periods beginning on or after January 01, 2019.

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The details of new accounting policies and effect of change to previous accounting policies are stated below:

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

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

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

The company applied the following practical expedients when applying the IFRS 16 leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to all leases with similar characteristics.
- Applied the exemption not to recognize right of use asset and liabilities for leases with less than 12 months of expected remaining lease term.
- Excluded initial direct costs from measuring the right of use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The discount rate applied to lease liabilities on the transition date January 01, 2019 is based on the 3 year applicable KIBOR plus 100 basis points i.e 13.41%.

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

The impact of IFRS 16 on the Company is primarily where the Company is a lessee in property lease contracts. The Company has elected to adopt simplified approach on transition and has not restated comparative information. On January 01, 2019, the Company recognized a lease liability, being the remaining lease payments, including extension options where the renewal is reasonably certain, discounted using the applicable discount rate as disclosed above at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid or accrued lease payments related to those leases. The balance sheet increase, as a result of the recognition of lease liability and right-to-use assets as of January 01, 2019, was Rs. 53,587 thousands, with no adjustment to retained earnings. The asset is presented in 'Property and equipment' and the liability is presented in 'Other Creditors and accruals'. Also in relation to those leases under IFRS 16, the company has recognized depreciation and interest costs, instead of operating lease expenses. During the six months period to June 30, 2019, the Company recognized depreciation expense of Rs. 5,575 thousands and interest expense of Rs. 2,798 thousands on these leases.

4.1.2 IFRS 9 Financial Instruments

As mentioned in note 6.4, the Company has adopted temporary exemption from IFRS 9 and accordingly, additional disclosures about the temporary exemption from IFRS 9 have been presented in note 10 to these condensed interim financial statements.

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

There are new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning January 01, 2019 but are considered not to be relevant or do not have any significant effect on the Company's

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

condensed interim financial statements and are therefore not stated except that disclosed in note 4.1.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2019:

- 6.1 Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- 6.2 Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- 6.3 On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.
- 6.4 IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 01, 2018 and January 01, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments'

with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4 notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. Under the temporary exemption option, the company can defer the application of IFRS 9 until the application IFRS 17.

The Company has determined that it is eligible for the temporary exemption option. The determination is based on an analysis of the percentage of the total carrying amount of liabilities connected with insurance activities relative to the total carrying amount of all liabilities, which indicates that the Company's activities are predominately connected with insurance. Further, the Company does not engage in significant activities unconnected with insurance based on historical available information. Accordingly, the Company has adopted temporary exemption and defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Additional disclosures about the temporary exemption from IFRS 9 have been presented in note 10 to these condensed interim financial statements.

7. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2018.

8. 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 as at and for the year ended December 31, 2018.

9. 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.

10. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement consideration for the time value of money and credit risk are typically the most significant elements of interest. IFRS 9 defines the terms principal as being the fair value of the financial asset at initial recognition and the interest as being compensation for (i) the time value of money and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit and loss.

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

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

June 30, 2019 (Unaudited)					
Fail the SPPI Test			Pass the SPPI Test		
Fair value	Change in Unrealized gain or (loss) during the period	Carrying value	Cost less impairment	Change in Unrealized gain or (loss) during the period	
----- Rupees -----					
Financial assets					
Investment in associates	63,528,219	-	-	-	-
Investments					
- Equity securities - Available for Sale	664,402,139	(3,772,723)	-	-	-
- Equity securities - Held for trading	75,821,393	(10,298,467)	-	-	-
- Debt securities - Held for trading	46,963,480	(1,216,658)	-	-	-
- Debt securities - available for sale	-	-	194,863,979	-	(3,796,070)
- Debt securities - held to maturity	-	-	211,174,803	-	-
Insurance / reinsurance receivable*	680,106,400	-	-	-	-
Loan and other receivables*	28,922,169	-	-	-	-
Reinsurance recoveries against outstanding claims*	77,479,975	-	-	-	-
Cash and Bank	570,245,714	-	-	-	-
Total assets of Window takaful Operations	77,306,236	-	-	-	-
TOTAL	2,284,775,725	(15,287,848)	406,038,782	-	(3,796,070)

	Gross Carrying amount of debt instruments that pass the SPPI test				
	AA	A+	A	Unrated	Total
Investment in debt securities - Available for sale	39,464,907	25,112,792	20,000,000	110,286,280	194,863,979
Investment in debt securities - Held to Maturity	-	-	-	211,174,803	211,174,803
	39,464,907	25,112,792	20,000,000	321,461,083	406,038,782

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

11. PROPERTY AND EQUIPMENT		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	------(Rupees)-----	
Operating assets	11.1	77,094,742	67,519,107
Right of use assets	11.2	50,179,814	-
Capital work in progress	11.3	4,500,611	4,806,500
		131,775,167	72,325,607
11.1 Operating assets			
Opening written down value		67,519,107	62,203,019
Add: Additions during the period / year - at cost			
- Motor vehicles		15,592,062	20,250,300
- Computers and related accessories		193,500	436,897
- Office equipment		969,056	1,861,966
- Furniture and fixtures		490,037	214,244
- Office improvement		40,317	-
		17,284,972	22,763,407
Less: Written down value of deletions		701,373	4,683,473
Depreciation for the period / year		7,007,964	12,763,846
		7,709,337	17,447,319
		77,094,742	67,519,107
11.2 Right of use assets			
Opening written down value as at January 01, 2019		55,755,349	-
Additions during the period / year		-	-
Depreciation for the period / year		(5,575,535)	-
Closing written down value as at June 30, 2019		50,179,814	-
11.3 Capital work in progress			
Advance against renovation of office		2,991,210	974,000
Advance against purchase of vehicles		1,509,401	3,832,500
		4,500,611	4,806,500

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note	------(Rupees)-----	
12. INVESTMENT IN ASSOCIATES		
Beginning of the period / year	45,144,162	42,137,247
Share of profit from associates	2,471,222	4,212,621
Dividend received from associates	(349,239)	(1,089,485)
Share in other comprehensive income / (loss)	531	(116,221)
Provision for impairment	(17,412,640)	-
End of the period / year	12.1 <u>29,854,036</u>	<u>45,144,162</u>

12.1 This includes investment in Colgate - Palmolive (Pakistan) Limited Rs. 10,245,267 (December 31, 2018: Rs. 10,264,695 and Century Paper & Board Mills Limited of Rs. 19,608,769 (December 31, 2018: Rs 34,879,467). and the market values of these investment is Rs. 43,919,450 and Rs. 19,608,769 respectively.

13. INVESTMENTS

13.1 Investments in equity securities	Un-audited		Audited	
	June 30, 2019		December 31, 2018	
	Cost	Carrying value	Cost	Carrying value
	------(Rupees)-----			
Available for sale	709,972,290	664,402,139	1,042,190,347	1,001,046,791
Held for trading	86,119,860	75,821,393	110,234,745	96,002,608
	<u>796,092,150</u>	<u>740,223,532</u>	<u>1,152,425,092</u>	<u>1,097,049,399</u>
13.1.1 Available for sale				
Related parties				
Open end mutual funds	322,048,724	290,704,641	435,374,605	421,185,431
Lakson Private equity fund	143,000,000	143,000,000	143,000,000	143,000,000
Others				
Listed shares	44,317,650	42,746,873	53,025,970	50,359,876
Unlisted shares	75,200	75,283	75,200	75,283
Mutual funds	200,530,716	187,875,342	410,714,572	386,426,201
	<u>244,923,566</u>	<u>230,697,498</u>	<u>463,815,742</u>	<u>436,861,360</u>
	<u>709,972,290</u>	<u>664,402,139</u>	<u>1,042,190,347</u>	<u>1,001,046,791</u>

13.2 Investments in debt securities	Un-audited		Audited	
	June 30, 2019		December 31, 2018	
	Cost	Carrying value	Cost	Carrying value
Note	----- (Rupees) -----			
Held for trading				
Government securities	48,180,138	46,963,480	-	-
Held to maturity				
Government securities	206,893,693	211,174,803	53,997,072	53,997,072
Term finance certificate	293,292	-	293,292	-
	207,186,985	211,174,803	54,290,364	53,997,072
Available for sale				
Sukuk	40,000,000	39,577,699	40,000,000	40,000,280
Term finance certificate	45,000,000	45,000,000	45,000,000	45,000,000
Government securities	114,160,050	110,286,280	-	-
	199,160,050	194,863,979	85,000,000	85,000,280
	454,527,173	453,002,262	139,290,364	138,997,352

13.2.1 This includes securities which are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

13.2.2 The market value of held to maturity debt securities is Rs. 210.37 million (2018: Rs. 53.975 million).

14. LOAN AND OTHERS RECEIVABLE	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- (Rupees) -----	
Accrued investment income	14,220,231	7,741,360
Security deposits	6,154,003	6,154,003
Advance to employees	2,447,634	3,200,999
Advance against expenses	312,250	1,488,500
Receivable against sale of shares	-	109,875
Window Takaful Operations	7,535,696	748,801
Others	1,012,239	1,141,670
	31,682,053	20,585,208
15. INSURANCE / RE-INSURANCE RECEIVABLE		
Due from insurance contract holders	589,397,325	351,685,552
Amounts due from other insurers / reinsurers	44,353,458	50,506,654
Reinsurance recoveries due but unpaid	46,355,617	50,439,420
	680,106,400	452,631,626
16. PREPAYMENTS		
Prepaid reinsurance premium ceded	226,751,871	171,056,110
Prepayments	6,674,703	8,558,372
	233,426,574	179,614,482

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	-----Rupees) -----	
17. CASH AND BANK		
Cash and cash equivalents		
Cash in hand	245,708	240,711
Policy stamps and bond papers in hand	422,797	1,336,699
Deposit with SBP	5,153,258	25,000,000
	5,821,763	26,577,410
Current and other accounts		
Current accounts	47,015,733	10,194,688
Saving accounts	517,408,218	403,594,378
	564,423,951	413,789,066
	570,245,714	440,366,476
18. WINDOW TAKAFUL OPERATIONS		
Assets		
Investments	44,521,775	43,037,487
Cash and bank deposits	14,477,466	8,976,046
Current assets - others	20,584,064	17,708,348
Total Assets	79,583,305	69,721,881
Total Liabilities - Current	22,700,825	15,172,054

(Un-audited)			
Three month period ended		Six month period ended	
June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
-----Rupees) -----		-----Rupees) -----	
Profit before tax for the period	1,931,260	312,556	4,781,390
	148,934		148,934

Details of assets and liabilities and segment disclosures of Window Takaful Operations are stated in annexed condensed interim financial statements.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- (Rupees) -----	
19. INSURANCE AND REINSURANCE PAYABLES		
Foreign reinsurers	137,485,765	34,091,052
Local reinsurers	187,333,892	169,079,193
Co-insurers	36,528,087	28,984,285
	<u>361,347,744</u>	<u>232,154,530</u>
20. OTHER CREDITORS AND ACCRUALS		
Agent commission payable	94,705,675	101,484,098
Federal excise duty	36,828,014	14,324,920
Federal insurance fees	4,228,888	1,258,015
Creditors	3,004,430	2,735,725
Retention money	141,073	51,983
Margin deposits	3,972,352	5,093,883
Staff retirement benefits	2,476,910	5,162,059
Withholding tax payable	1,632,418	725,118
Accrued expenses	13,601,052	15,833,660
Deposits from employees against car scheme	10,715,427	9,103,463
Unclaimed dividend	4,724,512	4,688,537
Lease liability	49,050,817	-
Others	925,589	476,877
	<u>226,007,157</u>	<u>160,938,338</u>
20.1 Maturity analysis of lease liability		
Less than one year	13,746,263	-
one to five year	35,304,554	-
	<u>49,050,817</u>	<u>-</u>
21. CONTINGENCIES AND COMMITMENTS		
21.1 Contingencies		

The status of contingencies remain unchanged as disclosed in annual financial statements for the year ended December 31, 2018 and there are no commitments as at June 30, 2019.

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

22. NET INSURANCE PREMIUM

	(Un-audited)			
	Three month period ended		Six month period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Rupees)-----			
Written Gross premium	523,835,652	407,213,694	774,556,924	627,732,359
Add : Unearned premium reserve opening	376,483,232	334,882,202	439,281,123	383,008,819
Less: Unearned premium reserve closing	589,124,414	478,058,242	589,124,414	478,058,242
Premium earned	311,194,470	264,037,654	624,713,633	532,682,936
Less: Reinsurance premium ceded	214,661,940	186,526,541	293,659,451	251,997,858
Add: Prepaid reinsurance premium opening	133,417,470	120,821,197	171,056,110	162,210,966
Less: Prepaid reinsurance premium closing	226,751,871	203,702,571	226,751,871	203,702,571
Reinsurance expense	121,327,539	103,645,167	237,963,690	210,506,253
	189,866,931	160,392,487	386,749,943	322,176,683

23. NET INSURANCE CLAIMS EXPENSE

Claim paid	106,466,685	118,417,598	214,542,354	222,645,857
Add : Outstanding claims including IBNR closing	173,890,780	190,099,015	173,890,780	190,099,015
Less: Outstanding claims including IBNR opening	187,140,372	198,842,313	192,759,004	165,560,979
Claims expense	93,217,093	109,674,300	195,674,130	247,183,893
Less: Reinsurance and others recoveries received	29,176,112	46,945,736	50,547,196	81,139,617
Add: Reinsurance and others recoveries in respect of outstanding claims closing	77,479,975	98,643,202	77,479,975	98,643,202
Less: Reinsurance and others recoveries in respect of outstanding claims opening	97,673,428	108,585,161	100,016,385	74,912,821
Reinsurance and other recoveries revenue	8,982,659	37,003,777	28,010,786	104,869,998
	84,234,434	72,670,523	167,663,344	142,313,895

24. NET COMMISSION EXPENSE

Commission paid or payable	41,166,210	38,273,999	67,146,139	60,364,432
Add : Deferred commission expense opening	29,711,355	28,826,551	33,060,770	32,232,773
Less: Deferred commission expense closing	41,870,514	40,682,087	41,870,514	40,682,087
Net commission	29,007,051	26,418,463	58,336,395	51,915,118
Less: Commission received or recoverable	40,943,613	40,146,087	65,419,506	58,931,005
Add: Unearned Reinsurance commission opening	33,123,657	30,027,627	39,191,757	38,529,301
Less: Unearned Reinsurance commission closing	43,897,530	43,509,747	43,897,530	43,509,747
Commission from reinsurers	30,169,740	26,663,967	60,713,733	53,950,559
	(1,162,689)	(245,504)	(2,377,338)	(2,035,441)

25. INVESTMENT INCOME

	(Un-audited)			
	Three month period ended		Six month period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
-----Rupees-----				
Income from equity securities Available-for-sale				
Dividend income	1,808,352	649,125	3,591,993	1,368,525
Held for trading				
Dividend income	669,921	1,725,919	1,939,446	3,710,582
Income from debt securities Held to maturity				
Return on government securities	4,873,943	1,591,216	6,712,553	3,162,155
Return on other fixed income securities and deposits	-	954,632	4,825	1,914,189
	4,873,943	2,545,848	6,717,378	5,076,344
Available-for-sale				
Return on government securities	2,248,287	-	2,248,287	-
Return on other fixed income securities and deposits	2,675,676	277,198	5,161,696	430,062
	4,923,963	277,198	7,409,983	430,062
Held -for-trading				
Return on government securities	1,601,269	-	1,601,269	-
Income from term deposits				
Return on term deposits	-	1,561,643	1,014,328	2,949,617
Net realised gains / (losses) on investments				
Available for sale				
- (Loss) / gain on sale of equity securities	(6,553,720)	4,598,268	(6,553,720)	4,598,268
Fair value through profit or loss				
- (Loss) / gain on sale of equity securities	(4,287,254)	3,929,169	(2,405,270)	6,789,747
- Gain on sale of debt securities	2,756,196	44,752	2,756,196	1,072,008
	(1,531,058)	3,973,921	350,926	7,861,755
Net unrealised gain / (loss) on investments at fair value through profit and loss (Held for trading purposes)				
- Equity securities	(11,318,347)	(21,589,964)	(10,298,467)	(3,517,558)
- Debt securities	(797,780)	695,544	(1,216,658)	113,322
	(12,116,127)	(20,894,420)	(11,515,125)	(3,404,236)
Total investment (loss) / income	(6,323,457)	(5,562,498)	4,556,478	22,590,917
Less: Impairment in value of available-for-sale	(31,659,686)	(49,277,339)	(31,659,686)	(49,277,339)
Less: Investment related expenses	(634,423)	(1,453,880)	(1,118,787)	(1,970,178)
Investment loss	(38,617,566)	(56,293,717)	(28,221,995)	(28,656,600)
26. OTHER INCOME				
Income from financial assets / liabilities				
Return on bank balances	11,831,594	6,250,210	24,026,225	8,742,125
Others	44,996	95,973	114,996	141,828
Income from non-financial assets				
Gain / (loss) on sale of fixed assets	7,601	2,531	41,843	(489,388)
	11,884,191	6,348,714	24,183,064	8,394,565

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

27. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Three month period ended		Six months period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Numbers) -----			
(Loss) / profit after tax for the period	(12,471,569)	(24,006,203)	33,975,943	13,841,661
	----- (Numbers) -----			
Weighted average number of ordinary shares	50,296,803	50,296,803	50,296,803	50,296,803
	----- (Numbers) -----			
Earnings per share - basic and diluted	(0.25)	(0.48)	0.68	0.28

27.1 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.

28. 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 transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Transactions with related parties

	(Un-audited)			
	Three month period ended		Six months period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Rupees) -----			
Premium written	402,879,950	304,610,229	496,874,111	378,955,890
Commission expense	28,823,788	27,386,315	40,615,273	36,428,396
Claims paid	49,731,220	31,117,221	88,495,710	63,797,042
Dividend paid	38,612,048	67,609,362	38,612,048	67,609,362
Investment in mutual funds	-	218,000,000	-	218,000,000
Sale of shares / units of mutual funds	100,000,000	175,000,000	100,000,000	175,000,000
Dividend received	-	-	349,239	264,585
Expenses	3,928,976	5,516,679	11,455,323	12,248,668
Contribution to / provision for staff benefit plans	3,112,701	2,958,292	6,006,256	5,423,114
Remuneration to key management personnel	21,941,243	45,778,587	37,811,660	58,310,205

29. 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.

	June 30, 2019 (Un-audited)										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)										
Financial assets measured at fair value											
Investments											
- Equity securities	75,821,383	664,326,656	-	-	-	-	740,148,249	118,568,266	478,579,983	143,000,000	740,148,249
- Debt securities	46,963,480	194,863,979	-	-	-	-	241,827,459	-	241,827,459	-	241,827,459
Assets of Window Takatful Operations - Operator's fund	-	44,521,775	-	-	-	-	44,521,775	-	44,521,775	-	44,521,775
Financial assets not measured at fair value											
Cash and bank*	-	-	-	570,245,714	-	-	570,245,714	-	-	-	-
Investments											
- In associates	-	-	-	-	29,854,036	-	29,854,036	63,528,219	-	-	63,528,219
- Debt securities	-	-	211,174,803	-	-	-	211,174,803	-	210,374,950	-	210,374,950
- Unquoted equity shares*	-	75,283	-	-	-	-	75,283	-	-	-	-
- Term Deposits	-	-	-	-	-	-	-	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	680,106,400	-	-	680,106,400	-	-	-	-
Loan and other receivable*	-	-	-	28,922,169	-	-	28,922,169	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	77,479,975	-	-	77,479,975	-	-	-	-
Assets of Window Takatful Operations - Operator's fund*	-	-	-	32,784,461	-	-	32,784,461	-	-	-	-
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(173,890,780)	(173,890,780)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(361,347,744)	(361,347,744)	-	-	-	-
Lease liability	-	-	-	-	-	-	-	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(170,125,500)	(170,125,500)	-	-	-	-
Total liabilities of Window Takatful Operations - Operator's fund*	-	-	-	-	-	(11,225,055)	(11,225,055)	-	-	-	-
	122,784,873	903,787,893	211,174,803	1,389,538,719	29,854,036	(716,589,079)	1,940,551,245	182,096,485	975,304,167	143,000,000	1,300,400,652

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

	December 31, 2018 (Audited)										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)										
Financial assets measured at fair value											
Investments											
- Equity securities	96,002,608	857,971,508	-	-	-	-	953,974,116	146,362,485	807,611,632	143,000,000	953,974,117
- Debt securities	-	85,000,280	-	-	-	-	85,000,280	-	85,000,280	-	85,000,280
Assets of Window Takaful Operations - Operator's fund	-	43,037,487	-	-	-	-	43,037,487	-	43,037,487	-	43,037,487
Financial assets not measured at fair value											
Cash and bank*											
	-	-	-	440,366,476	-	-	440,366,476	-	-	-	-
Investments											
- In associates	-	-	-	-	45,144,162	-	45,144,162	83,287,720	-	-	83,287,720
- Debt securities	-	-	53,997,072	-	-	-	53,997,072	-	53,975,000	-	53,975,000
- Unquoted equity shares*	-	143,075,283	-	-	-	-	143,075,283	-	-	-	-
- Term Deposits	-	-	123,000,000	-	-	-	123,000,000	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	452,631,626	-	-	452,631,626	-	-	-	-
Loan and other receivables	-	-	-	15,895,709	-	-	15,895,709	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	100,016,385	-	-	100,016,385	-	-	-	-
Total assets of Window takaful Operations	-	-	-	24,175,150	-	-	24,175,150	-	-	-	-
Financial liabilities not measured at fair value											
Outstanding claims including IBNR											
	-	-	-	-	-	(192,759,004)	(192,759,004)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(232,154,530)	(232,154,530)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(130,364,763)	(130,364,763)	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's fund	-	-	-	-	-	(3,732,073)	(3,732,073)	-	-	-	-
	96,002,608	1,129,084,558	176,997,072	1,033,085,346	45,144,162	(559,010,370)	1,921,303,376	229,650,205	989,624,399	143,000,000	1,219,274,604

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

29.1 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).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

30. SEGMENT INFORMATION

	Three months period ended June 30, 2019 (Un-audited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	(Rupees)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	239,269,905	66,673,962	91,082,223	171,580,506	15,817,558	584,424,154
Less: Federal Excise Duty / Sales Tax	28,210,131	7,358,232	10,767,236	4,480,628	1,847,650	52,663,877
- Federal Insurance Fee	2,088,468	562,291	802,076	1,675,203	138,049	5,266,087
- Others	19,570	2,524,618	80,300	1,700	2,350	2,628,538
Gross written premium (inclusive of Administrative Surcharge)	208,951,736	56,228,821	79,432,611	165,422,975	13,829,509	523,865,652
- Gross direct premium	208,480,601	54,948,337	76,102,438	165,364,584	13,604,939	518,500,899
- Facultative inward premium	-	-	-	-	-	-
- Administrative surcharge	471,135	1,280,484	3,330,173	58,391	194,570	5,334,753
	208,951,736	56,228,821	79,432,611	165,422,975	13,799,509	523,835,652
Insurance premium earned	94,939,872	59,938,676	84,197,620	57,730,696	14,387,606	311,194,470
Insurance premium ceded to reinsurers	(87,900,342)	(19,167,384)	(1,734,445)	(130,044)	(12,395,324)	(121,327,539)
Net Insurance premium	7,039,530	40,771,292	82,463,175	57,600,652	1,992,282	189,866,931
Commission income	19,386,949	7,373,175	50,687	37,713	3,321,217	30,169,741
Net underwriting income	26,426,479	48,144,467	82,513,862	57,638,365	5,313,499	220,036,672
Insurance claims	4,588,820	(9,239,633)	(37,672,351)	(45,758,468)	(5,135,461)	(93,217,093)
Insurance claims recovered from reinsurers	(4,717,594)	5,324,884	4,855,906	-	3,519,463	8,982,659
Net claims	(128,774)	(3,914,749)	(32,816,445)	(45,758,468)	(1,615,998)	(84,234,434)
Commission expense	(12,088,955)	(8,866,882)	(6,057,505)	(647,192)	(1,346,517)	(29,007,051)
Management expense	(95,310,390)	(7,202,534)	33,293,340	3,527,639	(10,129,480)	(75,821,425)
Net insurance claims and expenses	(107,528,119)	(19,984,165)	(5,580,610)	(42,878,021)	(13,091,995)	(189,062,910)
Underwriting results	(81,101,640)	28,160,302	76,933,252	14,760,344	(7,778,496)	30,973,762
Investment loss						(38,617,566)
Other income						11,884,191
Other expenses						(2,011,328)
Share of profit of associates						1,302,653
Impairment in associates						(17,412,640)
Profit before tax from Window Takaful Operations						1,931,260
Loss before tax for the period						(11,949,668)

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

	Six months period ended June 30, 2019 (Unaudited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	(Rupees)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	295,147,329	140,465,713	222,661,011	184,121,855	32,004,980	874,400,888
Less: Federal Excise Duty / Sales Tax	35,303,253	15,421,832	26,374,503	5,071,747	3,880,606	86,051,941
- Federal Insurance Fee	2,571,621	1,182,946	1,951,795	1,836,441	277,807	7,820,610
- Others	33,110	5,589,953	276,850	3,100	38,400	5,941,413
Gross written premium (inclusive of Administrative Surcharge)	257,239,345	118,270,982	194,057,863	177,210,567	27,808,167	774,586,924
- Gross direct premium	256,187,967	115,580,676	177,008,441	177,141,155	27,415,488	753,333,727
- Facultative inward premium	233,232	-	-	-	-	233,232
- Administrative surcharge	818,146	2,690,306	17,049,422	69,412	362,679	20,989,965
	257,239,345	118,270,982	194,057,863	177,210,567	27,778,167	774,556,924
Insurance premium earned	195,161,943	122,259,462	162,602,847	114,342,844	30,346,537	624,713,633
Insurance premium ceded to reinsurers	(170,366,519)	(41,047,815)	(3,930,745)	(243,916)	(22,374,695)	(237,963,690)
Net Insurance premium	24,795,424	81,211,647	158,672,102	114,098,928	7,971,842	386,749,943
Commission income	38,680,835	15,774,975	106,280	77,152	6,074,491	60,713,733
Net underwriting income	63,476,259	96,986,622	158,778,382	114,176,080	14,046,333	447,463,676
Insurance claims	(2,279,591)	(14,654,064)	(76,235,753)	(91,077,376)	(11,427,346)	(195,674,130)
Insurance claims recovered from reinsurers	2,038,540	6,958,257	10,404,982	-	8,609,007	28,010,786
Net claims	(241,051)	(7,695,807)	(65,830,771)	(91,077,376)	(2,818,339)	(167,663,344)
Commission expense	(24,966,174)	(18,031,117)	(11,356,787)	(1,372,315)	(2,610,002)	(58,336,395)
Management expense	(110,408,833)	(26,601,714)	(2,547,384)	(158,074)	(14,500,290)	(154,216,295)
Net insurance claims and expenses	(135,616,058)	(52,328,638)	(79,734,942)	(92,607,765)	(19,928,631)	(380,216,034)
Underwriting results	(72,139,799)	44,657,984	79,043,440	21,568,315	(5,882,298)	67,247,642
Investment loss						(28,221,995)
Other income						24,183,064
Other expenses						(4,265,751)
Share of profit of associates						2,471,222
Impairment in associates						(17,412,640)
Profit before tax from Window Takaful Operations						4,781,390
Profit before tax for the period						48,782,932

SEGMENT INFORMATION

	Three months period ended June 30, 2018 (Un-audited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	(Rupees)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	217,732,210	65,379,738	87,064,074	76,901,161	12,673,125	459,750,308
Less: Federal Excise Duty / Sales Tax	25,150,369	7,213,198	10,994,283	802,613	1,585,894	45,746,357
- Federal Insurance Fee	1,886,095	555,111	817,645	764,756	109,972	4,133,579
- Others	12,920	2,541,648	84,640	1,020	16,450	2,656,678
Gross written premium (inclusive of Administrative Surcharge)	190,682,826	55,069,781	75,167,506	75,332,772	10,960,809	407,213,694
- Gross direct premium	189,986,971	53,811,448	68,856,552	75,296,180	10,781,563	398,732,714
- Facultative inward premium	220,267	-	-	-	-	220,267
- Administrative surcharge	475,588	1,258,333	6,310,954	36,592	179,246	8,260,713
	190,682,826	55,069,781	75,167,506	75,332,772	10,960,809	407,213,694
Insurance premium earned	80,000,562	54,153,947	69,632,565	46,056,194	14,194,386	264,037,654
Insurance premium ceded to reinsurers	(71,892,967)	(17,288,786)	(1,480,372)	(78,768)	(12,904,274)	(103,645,167)
Net Insurance premium	8,107,595	36,865,161	68,152,193	45,977,426	1,290,112	160,392,487
Commission income	16,947,586	6,615,503	33,322	24,812	3,042,744	26,663,967
Net underwriting income	25,055,181	43,480,664	68,185,515	46,002,238	4,332,856	187,056,454
Insurance claims	(17,045,389)	(17,576,043)	(33,460,760)	(37,776,451)	(3,815,657)	(109,674,300)
Insurance claims recovered from reinsurers	15,408,772	8,387,431	10,361,161	-	2,846,413	37,003,777
Net claims	(1,636,617)	(9,188,612)	(23,099,599)	(37,776,451)	(969,244)	(72,670,523)
Commission expense	(10,964,004)	(7,920,050)	(4,914,315)	(1,128,597)	(1,491,497)	(26,418,463)
Management expense	(39,555,131)	(8,916,187)	(8,246,823)	(16,286,334)	(1,344,888)	(74,349,363)
Net insurance claims and expenses	(52,155,752)	(26,024,849)	(36,260,737)	(55,191,382)	(3,805,629)	(173,438,349)
Underwriting results	(27,100,571)	17,455,815	31,924,778	(9,189,144)	527,227	13,618,105
Investment loss						(56,293,717)
Other income						6,348,714
Other expenses						(2,516,845)
Share of profit of associates						1,547,408
Profit before tax from Window Takaful Operations						312,556
Loss before tax for the period						<u>(36,983,779)</u>

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

	Six months period ended June 30, 2018 (Unaudited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	266,764,773	117,975,020	213,603,423	86,446,559	29,169,436	713,959,211
Less: Federal Excise Duty / Sales Tax	31,338,561	12,868,429	25,309,964	1,942,867	3,567,599	75,027,420
- Federal Insurance Fee	2,307,036	1,000,258	1,881,234	875,462	253,572	6,317,562
- Others	20,160	4,600,860	232,270	1,590	26,990	4,881,870
Gross written premium (inclusive of Administrative Surcharge)	233,099,016	99,505,473	186,179,955	83,626,640	25,321,275	627,732,359
- Gross direct premium	231,562,267	97,102,302	167,229,945	83,578,739	24,961,240	604,434,493
- Facultative inward premium	771,612	-	-	-	-	771,612
- Administrative surcharge	765,137	2,403,171	18,950,010	47,901	360,035	22,526,254
	233,099,016	99,505,473	186,179,955	83,626,640	25,321,275	627,732,359
Insurance premium earned	163,614,053	100,698,421	141,993,193	95,857,825	30,519,444	532,682,936
Insurance premium ceded to reinsurers	(149,039,351)	(32,727,044)	(3,292,368)	(153,986)	(25,293,504)	(210,506,253)
Net Insurance premium	14,574,702	67,971,377	138,700,825	95,703,839	5,225,940	322,176,683
Commission income	34,714,747	12,501,843	74,601	48,505	6,610,863	53,950,559
Net underwriting income	49,289,449	80,473,220	138,775,426	95,752,344	11,836,803	376,127,242
Insurance claims	(67,586,511)	(30,522,696)	(66,887,217)	(76,201,663)	(5,985,806)	(247,183,893)
Insurance claims recovered from reinsurers	65,978,428	18,154,914	16,431,934	-	4,304,722	104,869,998
Net claims	(1,608,083)	(12,367,782)	(50,455,283)	(76,201,663)	(1,681,084)	(142,313,895)
Commission expense	(22,476,333)	(14,682,737)	(10,157,536)	(1,759,472)	(2,839,040)	(51,915,118)
Management expense	(52,393,441)	(22,365,749)	(41,847,489)	(18,796,679)	(5,691,439)	(141,094,797)
Net insurance claims and expenses	(76,477,857)	(49,416,268)	(102,460,308)	(96,757,814)	(10,211,563)	(335,323,810)
Underwriting results	(27,188,408)	31,056,952	36,315,118	(1,005,470)	1,625,240	40,803,432
Investment income						(28,656,600)
Other income						8,394,565
Other expenses						(3,708,932)
Share of profit of associates						1,547,408
Profit before tax from Window Takaful Operations						148,934
Profit before tax for the period						18,528,807

The class wise assets and liabilities are as follows:

Six months period ended June 30, 2019 (Unaudited)						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
----- (Rupees) -----						
Segment assets	484,515,605	153,328,568	191,909,454	125,653,156	74,806,977	1,030,213,760
Unallocated assets	-	-	-	-	-	2,028,929,888
Unallocated assets of Window Takaful Operation - Operator's Fund	-	-	-	-	-	79,583,305
Total assets	484,515,605	153,328,568	191,909,454	125,653,156	74,806,977	3,138,726,953
Segment liabilities	423,333,060	111,349,114	295,846,668	263,363,907	75,292,364	1,169,185,114
Unallocated liabilities	-	-	-	-	-	261,767,540
Unallocated liabilities of Window Takaful Operation - Operator's Fund	-	-	-	-	-	22,700,825
Total liabilities	423,333,060	111,349,114	295,846,668	263,363,907	75,292,364	1,453,653,479
December 31, 2018 (Audited)						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
----- (Rupees) -----						
Segment assets	367,258,686	104,912,024	128,800,239	88,070,189	71,698,753	760,739,891
Unallocated assets	-	-	-	-	-	1,999,281,952
Unallocated assets of Window Takaful Operation - Operator's Fund	-	-	-	-	-	69,721,881
Total assets	367,258,686	104,912,024	128,800,239	88,070,189	71,698,753	2,829,743,724
Segment liabilities	336,765,429	87,707,307	214,541,647	188,973,641	75,971,685	903,959,709
Unallocated liabilities	-	-	-	-	-	190,207,666
Unallocated liabilities of Window Takaful Operation - Operator's Fund	-	-	-	-	-	15,172,054
Total liabilities	336,765,429	87,707,307	214,541,647	188,973,641	75,971,685	1,109,339,429

31. GENERAL

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

32. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue in accordance with a resolution of the Board of Directors on August 26, 2019.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Window
TAKAFUL
Operations

Financial Statements

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Century Insurance Company Limited - Window Takaful Operations

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Century Insurance Company Limited - Window Takaful Operations ("the Operations") and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in fund and notes to the financial statements for the six-month period then ended 30 June 2019 (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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


Other Matter

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

The engagement partner on the review engagement resulting in this independent auditors' review report is Muhammad Nadeem.

Date: 26 August 2019

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position (Un-audited)

As at June 30, 2019

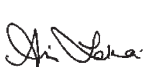
	Note	(Un-audited) June 30, 2019			(Audited) December 31, 2018
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		----- (Rupees) -----			
Assets					
Investments	11				
Equity securities		44,521,775	20,694,738	65,216,513	58,045,258
Debt securities		-	500,000	500,000	500,000
Loan and other receivables	12	54,708	93,419	148,127	207,946
Takaful / Re-takaful receivables	13	-	21,174,927	21,174,927	13,703,244
Retakaful recoveries against outstanding claims		-	1,442,800	1,442,800	9,687,600
Deferred commission expense	20	1,901,159	-	1,901,159	2,509,244
Wakala and mudarib fee receivable		18,252,287	-	18,252,287	15,101,225
Deferred wakala fee	22	-	8,977,869	8,977,869	10,039,727
Prepaid re-takaful contribution ceded		-	9,185,359	9,185,359	4,958,997
Deferred taxation		375,910	-	375,910	-
Cash and bank	14	14,477,466	17,294,104	31,771,570	24,705,981
Total Assets		79,583,305	79,363,216	158,946,521	139,459,222

	(Un-audited) June 30, 2019			(Audited) December 31, 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
Note ----- (Rupees) -----				
Funds and Liabilities				
Funds attributable to:				
Operator's Fund				
Statutory fund	50,000,000	-	50,000,000	50,000,000
Reserves	(920,328)	-	(920,328)	141,806
Accumulated gain	7,802,808	-	7,802,808	4,408,021
Participants' Takaful Fund				
Ceded Money	-	500,000	500,000	500,000
Accumulated surplus	-	8,174,347	8,174,347	98,359
Total Funds	56,882,480	8,674,347	65,556,827	55,148,186
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	19	-	10,228,772	20,916,014
Unearned contribution reserve	18	-	24,267,105	27,096,213
Unearned re-takaful rebate	21	-	1,464,968	730,503
Unearned Wakala fee	22	8,977,869	-	10,039,727
Wakala and mudarib fee payable	-	-	18,252,287	15,101,225
Deferred taxation	-	-	-	55,146
Contribution received in advance	-	-	249,319	170,233
Takaful / Re-takaful payables	15	-	14,771,765	4,536,090
Other creditors and accruals	16	11,322,009	1,454,653	4,367,599
Taxation - provision less payment	-	-	2,400,947	1,298,286
Total Liabilities	22,700,825	70,688,869	93,389,694	84,311,036
Total Funds and Liabilities	79,583,305	79,363,216	158,946,521	139,459,222
Contingency and Commitment	17			

The annexed notes from 1 to 29 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
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 six months period ended June 30, 2019

	Note	Three months period ended		Six months period ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		------(Rupees)-----		------(Rupees)-----	
Participants' Takaful Fund - revenue account					
Net takaful contribution	18	13,752,855	3,623,476	26,929,579	5,706,950
Wakala expense	22	(6,639,973)	(2,310,358)	(12,597,275)	(3,294,325)
Net takaful claims	19	(4,424,715)	(977,730)	(7,799,542)	(1,241,728)
Direct expenses		(144,712)	(105,869)	(301,715)	(219,539)
Re-takaful rebate earned	21	489,069	377,402	1,024,253	467,783
		(10,720,331)	(3,016,555)	(19,674,279)	(4,287,809)
Surplus before investment income		3,032,524	606,921	7,255,300	1,419,141
Investment income	23	1,049,114	3,297	1,208,680	8,922
Profit on bank balances		241,645	86,088	456,119	106,852
Mudarib fee		(258,152)	(17,877)	(332,960)	(23,155)
Surplus for the period		4,065,131	678,429	8,587,139	1,511,760
Operator's Fund - revenue account					
Wakala fee income	22	6,639,973	2,310,358	12,597,275	3,294,325
Commission expense	20	(1,926,068)	(863,955)	(3,541,818)	(1,162,868)
Management expenses		(6,287,676)	(1,243,719)	(7,918,285)	(2,229,476)
		(8,213,744)	(2,107,674)	(11,460,103)	(3,392,344)
		(1,573,771)	202,684	1,137,172	(98,019)
Investment Income	23	3,235,546	-	3,235,546	-
Other income	24	369,485	179,172	548,531	351,953
Other expenses		(100,000)	(69,300)	(139,859)	(105,000)
Profit before tax		1,931,260	312,556	4,781,390	148,934
Taxation		(560,065)	(92,278)	(1,386,603)	(43,191)
Profit after tax		1,371,195	220,278	3,394,787	105,743

The annexed notes from 1 to 29 form an integral part of these condensed interim financial information.


Iqbal Ali Lakhani
Chairman

Amin Mohammed Lakhani
Director

Tasleemuddin Ahmed Batlay
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 six months period ended June 30, 2019

	Three months period ended		Six months period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Rupees) -----		----- (Rupees) -----	
Participants' Fund				
Surplus for the period	4,065,131	678,429	8,587,139	1,511,760
Other Comprehensive Income for the period				
- Unrealized loss on available for sale investments	(637,777)	-	(505,970)	-
- Reclassification adjustment for net (gain) on available for sale investments included in profit and loss account		-	(5,181)	-
	(637,777)	-	(511,151)	-
Total Comprehensive Income for the period	3,427,354	678,429	8,075,988	1,511,760
Operator's Fund				
Profit after tax	1,371,195	220,278	3,394,787	105,743
Other Comprehensive Income for the period				
Items that will be reclassified to profit and loss account				
- Unrealized (loss) / gain on available for sale investments - net of tax	(1,553,679)	209,416	(1,062,134)	396,298
Total comprehensive income / (loss) for the period	(182,484)	429,694	2,332,653	502,041

The annexed notes from 1 to 29 form an integral part of these condensed interim financial information.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended June 30, 2019

Note	June 30, 2019			June 30, 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
Operating Cash flows				
----- (Rupees) -----				
(a) Takaful activities				
Takaful Contribution received	-	24,514,203	24,514,203	13,406,547
Re-takaful contributions paid	-	(25,963)	(25,963)	(1,530,050)
Claims paid	-	(10,830,384)	(10,830,384)	(298,444)
Re-takaful and other recoveries received	-	550,000	550,000	86,104
Commission paid	(2,432,746)	2,596	(2,430,150)	(972,605)
Re-takaful rebate received	-	-	-	194,309
Wakala fee received / paid	8,717,315	(8,717,315)	-	-
Direct expenses paid	-	(301,715)	(301,715)	(219,539)
Net cash inflows from takaful activities	6,284,569	5,191,422	11,475,991	10,666,322
(b) Other operating activities				
Income tax paid	(283,942)	-	(283,942)	(36,706)
General, administration and management expenses paid	(1,066,149)	-	(1,066,149)	(2,731,898)
Other operating receipts - net	(63,095)	889,418	826,323	756,670
Net cash (outflows) / inflows from other operating activities	(1,413,186)	889,418	(523,768)	(2,011,934)
Total cash inflows from operating activities	4,871,383	6,080,840	10,952,223	8,654,388
Investment activities				
Profit / return received	371,969	483,329	855,298	333,167
Dividend received	1,720,454	459,997	2,180,451	-
Payment for investments	(1,462,386)	(15,959,997)	(17,422,383)	-
Proceed from redemption or sale of investment	-	10,500,000	10,500,000	-
Total cash inflow/ (outflows) from investing activities	630,037	(4,516,671)	(3,886,634)	333,167
Net cash inflow from all activities	5,501,420	1,564,169	7,065,589	8,987,555
Cash and cash equivalents at beginning of period	8,976,046	15,729,935	24,705,981	27,157,800
Cash and cash equivalents at the end of period	14,477,466	17,294,104	31,771,570	36,145,355
Reconciliation to profit and loss account				
Operating cash flows	4,871,383	6,080,840	10,952,223	8,654,388
Profit on disposal of investments	-	153,596	153,596	-
Investment and other income	548,531	250,626	799,157	444,572
Dividend income	3,235,546	1,044,522	4,280,068	-
Increase in assets other than cash	2,273,112	2,608,290	4,881,402	24,384,360
(Increase) in liabilities other than borrowings	(7,533,785)	(1,550,735)	(9,084,520)	(31,865,817)
Profit after tax / surplus for the period	3,394,787	8,587,139	11,981,926	1,617,503

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 29 form an integral part of these condensed interim financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

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

For the six months period ended June 30, 2019

	Operator's Fund			Total
	Statutory fund ¹⁾	Revenue reserve Available for sale Investment revaluation reserve	Accumulated surplus	
----- (Rupees) -----				
Balance as at January 01, 2018	50,000,000	85,449	(862,273)	49,223,176
Changes in fund for the six months period ended June 30, 2018				
Profit after tax for the six months period	-	-	105,743	105,743
Other comprehensive income				
Unrealised gains on available for sale investments - net of tax	-	396,298	-	396,298
Balance as at June 30, 2018	50,000,000	481,747	(756,530)	49,725,217
Balance as at January 01, 2019	50,000,000	141,806	4,408,021	54,549,827
Changes in fund for the six months period ended June 30, 2019				
Profit after tax for the six months period	-	-	3,394,787	3,394,787
Other comprehensive income				
Unrealised gains on available for sale investments - net of tax	-	(1,062,134)	-	(1,062,134)
Balance as at June 30, 2019	50,000,000	(920,328)	7,802,808	56,882,480

	Participants' Takaful Fund		
	Ceded money	Accumulated surplus	Total
----- (Rupees) -----			
Balances as at January 01, 2018	500,000	(174,543)	325,457
Changes in fund for the six months period ended June 30, 2018			
Surplus for the six months period ended	-	1,511,760	1,511,760
Balance as at June 30, 2018	500,000	1,337,217	1,837,217
Balances as at January 01, 2019	500,000	98,359	598,359
Changes in fund for the six months period ended June 30, 2019			
Surplus for the six months period ended	-	8,587,139	8,587,139
Other comprehensive income			
Unrealised loss on available for sale investments	-	(511,151)	(511,151)
Balance as at June 30, 2019	500,000	8,174,347	8,674,347

The annexed notes from 1 to 29 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani
Chairman



Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) 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 07 August 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 Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Operations as per the requirement of circular 8 of 2014. Thereafter, the Operator has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated August 17, 2017 by investing a ceded money of Rs. 0.5 million. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants' funds and investments of the Operator's funds approved by the shariah advisor of the Operator. The Operator commenced activities of the Operations on 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 accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.2 These condensed interim financial 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 as at and for the year ended December 31, 2018.

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

3. BASIS OF MEASUREMENT

These condensed financial statements have been prepared under the historical cost convention except for certain investment which are stated at their fair values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended December 31, 2018 except for additional disclosures about the temporary exemption from IFRS 9 (refer note 6.4) have been presented in note 10 to these condensed interim financial statements.

5. New or Amendments / Interpretations to Existing Standards, Interpretation and Forthcoming Requirements

There are new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning 1 January 2019 but are considered not to be relevant or do not have any significant effect on the Operations' condensed interim financial statements and are therefore not stated except additional disclosures stated in note 10.

6. Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2019:

- 6.1 Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- 6.2 Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

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For the six months period ended June 30, 2019

- 6.3 On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.
- 6.4 IFRS 9 ‘Financial Instruments’ and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 01, 2018 and January 01, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 ‘Insurance Contracts’ - Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 ‘Insurance Contracts’. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4 notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. Under the temporary exemption option, the Operations can defer the application of IFRS 9 until the application IFRS 17.

The Operations has determined that it is eligible for the temporary exemption option. The determination is based on an analysis of the percentage of the total carrying amount of liabilities connected with insurance activities relative to the total carrying amount of all liabilities, which indicates that the Operations’ activities are predominately connected with insurance. Further, the Operations does not engage in significant activities unconnected with insurance based on historical available information. Accordingly, the Opeations has adopted temporary exemption and defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Additional disclosures about the temporary exemption from IFRS 9 have been presented in note 10 to these condensed interim financial statements.

7. 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. In preparing these condensed interim financial information, the significant judgments made by management in applying the

Operations' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at December 31, 2018.

8. TAKAFUL AND FINANCIAL RISK MANAGEMENT

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

9. CONTRIBUTION DEFICIENCY RESERVE

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

10. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

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

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit and loss.

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

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

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For the six months period ended June 30, 2019

b) all other financial assets.

Operator's Fund

	30 June 2019 (Un-audited)				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in Unrealized gain or (loss) during the period	Carrying value	Cost less impairment	Change in Unrealized gain or (loss) during the period
	----- Rupees -----				
Financial assets					
Investments in equity securities - Available for sale	44,521,775	(1,062,134)	-	-	-
Loans and Other receivables	54,708	-	-	-	-
Wakala and Mudarib Fee receivable	18,252,287	-	-	-	-
Cash and Bank	14,477,466	-	-	-	-
TOTAL	77,306,236	(1,062,134)	-	-	-

Participants' Fund

	30 June 2019 (Un-audited)				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in Unrealized gain or (loss) during the period	Carrying value	Cost less impairment	Change in Unrealized gain or (loss) during the period
	----- Rupees -----				
Financial assets					
Investments in equity securities - Available for sale	20,694,738	(511,151)	-	-	-
Investments in debt securities - Held to maturity	-	-	500,000	-	-
Loans and Other receivables	93,419	-	-	-	-
Takaful / Re-takaful receivables	21,174,927	-	-	-	-
Retakaful recoveries against outstanding claims	1,442,800	-	-	-	-
Cash and Bank	17,294,104	-	-	-	-
TOTAL	60,699,988	(511,151)	500,000	-	-

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

The investment in debt securities of the participants' fund which pass the SPPI test are rated AA.

11. INVESTMENTS

11.1 Investments In Securities - Available For Sale

	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Cost	Carrying Value	Cost	Carrying Value
----- Rupees -----				
Operator's Fund				
Mutual funds	45,818,013	44,521,775	42,840,535	43,037,487
Participants' Fund				
Mutual funds	21,198,118	20,694,738	15,000,000	15,007,771
11.2 Investment in debt securities				
Held to maturity				
Certificate of Islamic Investment	500,000	500,000	500,000	500,000

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)
	OPF	PTF	Aggregate	Aggregate
----- Rupees -----				
12. LOAN AND OTHER RECEIVABLE				
Accrued investment income	54,708	93,419	148,127	207,946

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- (Rupees) -----	
13. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF		
Due from Takaful contract holders	11,566,084	7,271,107
Due from other Takaful / Re-takaful operators*	9,608,843	6,432,137
	21,174,927	13,703,244

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)
	OPF	PTF	Aggregate	Aggregate
----- Rupees -----				
14. CASH AND BANK				
Cash and cash equivalents				
Cash in hand	10,000	-	10,000	10,000
Current and other accounts				
Saving accounts	14.1	14,467,466	17,294,104	31,761,570
		14,477,466	17,294,104	31,771,570

14.1 Saving accounts carry expected profit rates ranging from 3.75% to 7% (2018: 3.5% to 7%) per annum.

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For the six months period ended June 30, 2019

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	------(Rupees) -----	

15. TAKAFUL / RE-TAKAFUL PAYABLES - PTF

Due to other takaful / re-takaful operators	14,771,765	4,536,090
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	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)
	OPF	PTF	Aggregate	Aggregate
	----- Rupees -----			
16. OTHER CREDITORS AND ACCRUALS				
Commission payable	3,251,859	-	3,251,859	2,750,872
Federal excise duty and sales tax	-	1,292,886	1,292,886	543,732
Federal insurance fee payable	-	97,086	97,086	40,481
Accrued expense	7,835,696	61,038	7,896,734	831,201
Audit fee payable	137,500	-	137,500	150,000
Tax deducted at source	96,954	3,643	100,597	51,313
	<u>11,322,009</u>	<u>1,454,653</u>	<u>12,776,662</u>	<u>4,367,599</u>

17. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at June 30, 2019 (December 31, 2018: Nil).

	(Un-audited)		(Un-audited)	
	Three month period ended June 30, 2019	June 30, 2018	Six month period ended June 30, 2019	June 30, 2018
	------(Rupees) -----		------(Rupees) -----	
18. NET TAKAFUL CONTRIBUTION - PTF				
Written Gross contribution	19,539,676	16,902,304	31,946,535	22,020,708
Add : Unearned contribution reserve opening	23,054,506	6,303,736	27,096,213	4,050,516
Less: Unearned contribution reserve closing	(24,267,105)	(16,452,537)	(24,267,105)	(16,452,537)
Contribution earned	<u>18,327,077</u>	<u>6,753,503</u>	<u>34,775,643</u>	<u>9,618,687</u>
Less: Re-takaful Contribution ceded	7,549,553	5,995,383	12,072,426	8,002,235
Add: Prepaid re-takaful contribution ceded opening	6,210,028	1,965,704	4,958,997	740,562
Less: Prepaid re-takaful contribution ceded closing	(9,185,359)	(4,831,060)	(9,185,359)	(4,831,060)
Re-takaful expense	<u>4,574,222</u>	<u>3,130,027</u>	<u>7,846,064</u>	<u>3,911,737</u>
	<u>13,752,855</u>	<u>3,623,476</u>	<u>28,929,579</u>	<u>5,706,950</u>

	(Un-audited)		(Un-audited)	
	Three month period ended June 30, 2019	June 30, 2018	Six month period ended June 30, 2019	June 30, 2018
	------(Rupees)-----		------(Rupees)-----	
19. NET TAKAFUL CLAIMS EXPENSE - PTF				
Claim paid	2,428,150	232,504	10,830,384	298,444
Add : Outstanding claims including IBNR closing	10,228,772	953,606	10,228,772	953,606
Less: Outstanding claims including IBNR opening	(16,477,007)	(198,058)	(20,916,014)	-
Claims expense	(3,820,085)	988,052	143,142	1,252,050
Less: Re-takaful and others recoveries received	-	10,322	588,400	10,322
Add: Re-takaful and others recoveries against outstanding claims closing	1,442,800	-	1,442,800	-
Less: Re-takaful and others recoveries against outstanding claims opening	(9,687,600)	-	(9,687,600)	-
Re-takaful and recoveries revenue	(8,244,800)	10,322	(7,656,400)	10,322
	4,424,715	977,730	7,799,542	1,241,728
20. COMMISSION EXPENSE - OPF				
Commission paid or payable	1,701,444	1,740,752	2,933,733	2,282,835
Add : Deferred commission expense opening	2,125,783	686,162	2,509,244	442,992
Less: Deferred commission expense closing	(1,901,159)	(1,562,959)	(1,901,159)	(1,562,959)
Net commission	1,926,068	863,955	3,541,818	1,162,868
21. REBATE FROM RE-TAKAFUL - PTF				
Retakaful Rebate received or receivable	1,072,653	873,777	1,758,718	1,187,636
Add: Unearned Re-takaful opening	881,384	357,840	730,503	134,362
Less: Unearned Re-takaful closing	(1,464,968)	(854,215)	(1,464,968)	(854,215)
	489,069	377,402	1,024,253	467,783
22. NET WAKALA FEE				
Gross Wakala Fee	7,053,433	6,078,677	11,535,417	7,889,438
Add: Deferred Wakala Fee - Opening	8,564,409	2,354,091	10,039,727	1,527,297
Less: Deferred Wakala Fee - Closing	(8,977,869)	(6,122,410)	(8,977,869)	(6,122,410)
	(413,460)	(3,768,319)	1,061,858	(4,595,113)
	6,639,973	2,310,358	12,597,275	3,294,325

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	(Un-audited)		(Un-audited)	
	Three month period ended June 30, 2019	June 30, 2018	Six month period ended June 30, 2019	June 30, 2018
	------(Rupees)-----		------(Rupees)-----	
23. INVESTMENT INCOME				
Participants' Takaful Fund				
Income from equity securities - Available for sale				
Realised gain on sale of equity securities	-	-	153,596	-
Dividend income	1,044,522	-	1,044,522	-
Income from debt securities - Held to maturity				
Return on Certificate of Islamic Investment	4,592	3,297	10,562	8,922
	<u>1,049,114</u>	<u>3,297</u>	<u>1,208,680</u>	<u>8,922</u>
Operator's Fund				
Dividend Income	3,235,546	-	3,235,546	-
24. OTHER INCOME - OPF				
Operator's Fund				
Profit on bank balances	111,333	161,295	215,571	328,798
Mudarib's share of PTF investment income	258,152	17,877	332,960	23,155
	<u>369,485</u>	<u>179,172</u>	<u>548,531</u>	<u>351,953</u>

25. 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 and on an arm's length basis. The transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	(Un-audited)		(Un-audited)	
	Three month period ended June 30, 2019	June 30, 2018	Six month period ended June 30, 2019	June 30, 2018
	------(Rupees)-----		------(Rupees)-----	
Associated companies / undertakings				
Takaful contribution written	4,902,125	3,458,990	7,176,197	3,549,372
Managerial remuneration	-	2,043,590	-	2,043,590

26. SEGMENT INFORMATION

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

The class wise revenues and results are as follows:

	For the three months period ended June 30, 2019 (Unaudited)					Aggregate
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	
----- (Rupees) -----						
Participant's Takaful Fund						
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	4,361,867	2,611,576	12,148,356	85,659	3,277,051	22,484,509
Less: Federal Excise Duty / Sales Tax	500,560	283,889	1,478,641	11,714	373,282	2,648,086
Federal Insurance Fee	38,229	21,993	105,404	732	28,748	195,106
Others	1,650	107,005	13,300	-	50	122,005
Facultative inward contribution	20,364	-	-	-	-	20,364
	3,841,792	2,198,689	10,551,011	73,213	2,874,971	19,539,676
Gross written Contribution (inclusive of Administrative Surcharge)						
Gross direct Contribution	3,793,661	2,131,129	10,228,816	73,213	2,867,068	19,093,887
Facultative inward contribution	20,364	-	-	-	-	20,364
Administrative surcharge	27,767	67,560	322,195	-	7,903	425,425
	3,841,792	2,198,689	10,551,011	73,213	2,874,971	19,539,676
Takaful contribution earned	2,827,250	1,976,527	11,710,412	798,915	1,013,973	18,327,077
Takaful contribution ceded to re-takaful operators	(1,786,056)	(683,270)	(1,384,741)	-	(720,155)	(4,574,222)
Net Takaful contribution	1,041,194	1,293,257	10,325,671	798,915	293,818	13,752,855
Rebate earned	389,444	94,230	8,338	-	(2,943)	489,069
Net revenue	1,430,638	1,387,487	10,334,009	798,915	290,875	14,241,924
Takaful claims	10,325,000	-	(5,747,187)	(717,728)	(40,000)	3,820,085
Takaful claims recovered from re-takaful operators	(8,258,800)	-	-	-	14,000	(8,244,800)
Net claims	2,066,200	-	(5,747,187)	(717,728)	(26,000)	4,424,715
Wakala fee expense	(848,175)	(592,958)	(4,684,166)	(159,783)	(354,891)	(6,639,973)
Direct expenses	(27,456)	(17,058)	(76,526)	(150)	(23,522)	(144,712)
Surplus before investment income	2,621,207	777,471	(173,870)	(78,746)	(113,538)	3,032,524
Investment income						1,049,114
Profit on bank balances						241,645
Mudarib fee						(258,152)
Surplus for the period						4,065,131
Operator's Fund						
Wakala fee income	848,175	592,958	4,684,166	159,783	354,891	6,639,973
Commission expense	(316,819)	(186,530)	(1,113,963)	(39,947)	(268,809)	(1,926,068)
Management expense	(1,272,378)	(679,433)	(3,453,798)	(37,800)	(844,267)	(6,287,676)
	(741,022)	(273,005)	116,405	82,036	(758,185)	(1,573,771)
Investment income						3,235,546
Other Income						369,485
Other expenses						(100,000)
Profit before tax						1,931,260

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For the six months period ended June 30, 2019

	For the six months period ended June 30, 2019 (Unaudited)					Aggregate
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	
	----- (Rupees) -----					
Participant's Takaful Fund						
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	7,533,560	4,026,372	20,385,816	282,527	4,599,692	36,827,967
Less: Federal Excise Duty / Sales Tax	892,797	430,109	2,436,072	38,097	553,500	4,350,575
Federal Insurance Fee	65,728	33,550	177,622	2,420	40,057	319,377
Others	3,950	209,144	18,500	-	250	231,844
Facultative inward contribution	20,364	-	-	-	-	20,364
	<u>6,591,449</u>	<u>3,353,569</u>	<u>17,753,622</u>	<u>242,010</u>	<u>4,005,885</u>	<u>31,946,535</u>
Gross written Contribution (inclusive of Administrative Surcharge)						
Gross direct Contribution	6,498,867	3,230,273	17,215,637	242,010	3,997,404	31,184,191
Facultative inward contribution	20,364	-	-	-	-	20,364
Administrative surcharge	72,218	123,296	537,985	-	8,481	741,980
	<u>6,591,449</u>	<u>3,353,569</u>	<u>17,753,622</u>	<u>242,010</u>	<u>4,005,885</u>	<u>31,946,535</u>
Takaful contribution earned	5,358,845	3,112,870	22,453,761	1,822,020	2,028,147	34,775,643
Takaful contribution ceded to re-takaful operators	(3,158,608)	(1,695,488)	(1,899,666)	-	(1,092,302)	(7,846,064)
Net Takaful contribution	<u>2,200,237</u>	<u>1,417,382</u>	<u>20,554,095</u>	<u>1,822,020</u>	<u>935,845</u>	<u>26,929,579</u>
Rebate earned	572,218	248,761	13,352	-	189,922	1,024,253
Net revenue	<u>2,772,455</u>	<u>1,666,143</u>	<u>20,567,447</u>	<u>1,822,020</u>	<u>1,125,767</u>	<u>27,953,832</u>
Takaful claims	10,323,500	-	(8,746,752)	(1,654,390)	(65,500)	(143,142)
Takaful claims recovered from re-takaful operators	(8,258,800)	-	550,000	-	52,400	(7,656,400)
Net claims	<u>2,064,700</u>	<u>-</u>	<u>(8,196,752)</u>	<u>(1,654,390)</u>	<u>(13,100)</u>	<u>(7,799,542)</u>
Wakala fee expense	(1,607,653)	(933,861)	(8,981,505)	(364,404)	(709,852)	(12,597,275)
Direct expenses	(62,252)	(31,672)	(167,672)	(2,286)	(37,833)	(301,715)
Surplus before investment income	<u>1,102,550</u>	<u>700,610</u>	<u>3,221,518</u>	<u>(199,060)</u>	<u>364,982</u>	<u>7,255,300</u>
Investment income						1,208,680
Profit on bank balances						456,119
Mudarib fee						(332,960)
Surplus for the period						<u>8,587,139</u>
Operator's Fund						
Wakala fee income	1,607,653	933,861	8,981,505	364,404	709,852	12,597,275
Commission expense	(612,164)	(295,147)	(2,174,647)	(79,453)	(380,407)	(3,541,818)
Management expense	(1,633,760)	(831,217)	(4,400,422)	(59,985)	(992,901)	(7,918,285)
	<u>(638,271)</u>	<u>(192,503)</u>	<u>2,406,436</u>	<u>224,966</u>	<u>(663,456)</u>	<u>1,137,172</u>
Investment income						3,235,546
Other income						548,531
Other expenses						(139,859)
Profit before tax						<u>4,781,390</u>

	For the three months period ended June 30, 2018 (Unaudited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
Participant's Takaful Fund						
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	3,216,312	1,476,103	11,999,577	-	2,784,423	19,476,415
Less: Federal Excise Duty / Sales Tax	370,040	155,154	1,449,642	-	337,522	2,312,358
Federal Insurance Fee	28,183	12,166	104,572	-	24,227	169,148
Others	1,210	92,670	3,890	-	50	97,820
Facultative inward contribution	5,215	-	-	-	-	5,215
	<u>2,822,094</u>	<u>1,216,113</u>	<u>10,441,473</u>	<u>-</u>	<u>2,422,624</u>	<u>16,902,304</u>
Gross written Contribution (inclusive of Administrative Surcharge)						
Gross direct Contribution	2,787,872	1,159,219	10,115,769	-	2,419,074	16,481,934
Facultative inward contribution	5,215	-	-	-	-	5,215
Administrative surcharge	29,007	56,894	325,704	-	3,550	415,155
	<u>2,822,094</u>	<u>1,216,113</u>	<u>10,441,473</u>	<u>-</u>	<u>2,422,624</u>	<u>16,902,304</u>
Takaful contribution earned	932,718	1,145,750	4,156,942	-	518,093	6,753,503
Takaful contribution ceded to re-takaful operators	(1,100,413)	(807,327)	(914,757)	-	(307,530)	(3,130,027)
Net Takaful contribution	(167,695)	338,423	3,242,185	-	210,563	3,623,476
Rebate earned	204,422	126,344	-	-	46,636	377,402
Net revenue	<u>36,727</u>	<u>464,767</u>	<u>3,242,185</u>	<u>-</u>	<u>257,199</u>	<u>4,000,878</u>
Takaful claims	-	-	(988,052)	-	-	(988,052)
Takaful claims recovered from re-takaful operators	-	-	10,322	-	-	10,322
Net claims	-	-	(977,730)	-	-	(977,730)
Wakala fee expense	(271,114)	(326,657)	(1,532,496)	-	(180,091)	(2,310,358)
Direct expenses	(7,862)	(10,082)	(64,074)	-	(23,851)	(105,869)
Surplus before investment income	<u>(242,249)</u>	<u>128,028</u>	<u>667,885</u>	<u>-</u>	<u>53,257</u>	<u>606,921</u>
Investment income						3,297
Profit on bank balances						86,088
Mudarib fee						(17,877)
Surplus for the period						<u>678,429</u>
Operator's Fund						
Wakala fee income	271,114	326,657	1,532,496	-	180,091	2,310,358
Commission expense	(91,437)	(110,057)	(438,373)	-	(224,088)	(863,955)
Management expense	(134,405)	(107,880)	(758,406)	-	(243,028)	(1,243,719)
	<u>45,272</u>	<u>108,720</u>	<u>335,717</u>	<u>-</u>	<u>(287,025)</u>	<u>202,684</u>
Investment income						-
Other Income						179,172
Other expenses						(69,300)
Profit before tax						<u>312,556</u>

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

	For the six months period ended June 30, 2018 (Unaudited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
Participant's Takaful Fund						
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	5,117,025	1,680,065	15,739,882	-	2,812,660	25,349,632
Less: Federal Excise Duty / Sales Tax	596,590	175,838	1,884,814	-	340,758	2,998,000
Federal Insurance Fee	44,775	13,833	137,330	-	24,473	220,411
Others	2,270	107,388	5,900	-	170	115,728
Facultative inward contribution	5,215	-	-	-	-	5,215
	<u>4,478,605</u>	<u>1,383,006</u>	<u>13,711,838</u>	<u>-</u>	<u>2,447,259</u>	<u>22,020,708</u>
Gross written Contribution (inclusive of Administrative Surcharge)						
Gross direct Contribution	4,421,270	1,318,159	13,277,890	-	2,442,536	21,459,855
Facultative inward contribution	5,215	-	-	-	-	5,215
Administrative surcharge	52,120	64,847	433,948	-	4,723	555,638
	<u>4,478,605</u>	<u>1,383,006</u>	<u>13,711,838</u>	<u>-</u>	<u>2,447,259</u>	<u>22,020,708</u>
Takaful contribution earned	1,806,447	1,353,734	5,922,287	-	536,219	9,618,687
Takaful contribution ceded to re-takaful operators	(1,489,572)	(909,873)	(1,198,718)	-	(313,574)	(3,911,737)
Net Takaful contribution	316,875	443,861	4,723,569	-	222,645	5,706,950
Rebate earned	278,472	141,726	-	-	47,585	467,783
Net revenue	<u>595,347</u>	<u>585,587</u>	<u>4,723,569</u>	<u>-</u>	<u>270,230</u>	<u>6,174,733</u>
Takaful claims	-	-	(1,252,050)	-	-	(1,252,050)
Takaful claims recovered from re-takaful operators	-	-	10,322	-	-	10,322
Net claims	-	-	(1,241,728)	-	-	(1,241,728)
Wakala fee expense	(526,298)	(386,667)	(2,195,336)	-	(186,024)	(3,294,325)
Direct expenses	(44,650)	(13,788)	(136,703)	-	(24,398)	(219,539)
Surplus before investment income	<u>24,399</u>	<u>185,132</u>	<u>1,149,802</u>	<u>-</u>	<u>59,808</u>	<u>1,419,141</u>
Investment income						8,922
Profit on bank balances						106,852
Mudarib fee						(23,155)
Surplus for the period						<u>1,511,760</u>
Operator's Fund						
Wakala fee income	526,298	386,667	2,195,336	-	186,024	3,294,325
Commission expense	(176,640)	(130,606)	(628,841)	-	(226,781)	(1,162,868)
Management expense	(453,434)	(140,022)	(1,388,248)	-	(247,772)	(2,229,476)
	<u>(103,776)</u>	<u>116,039</u>	<u>178,247</u>	<u>-</u>	<u>(288,529)</u>	<u>(98,019)</u>
Investment income						-
Other income						351,953
Other expenses						(105,000)
Profit before tax						<u>148,934</u>

The classwise assets and liabilities are as follows:

	June 30, 2019 (Unaudited)					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Miscellaneous	
	(Rupees)					
Segment assets	10,199,235	2,499,403	20,712,462	1,235,973	6,133,882	40,780,955
Unallocated assets						
Participants' Takaful Fund						38,582,261
Operator's Fund						79,583,305
Consolidated total assets						158,946,521
Segment liabilities	11,155,174	3,658,934	46,535,979	2,647,124	6,691,658	70,688,869
Unallocated liabilities - Operator's Fund						
Participants' Takaful Fund						-
Operator's Fund						22,700,825
Consolidated total liabilities						93,389,694
	December 31, 2018 (Audited)					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Miscellaneous	Total
	(Rupees)					
Segment assets	14,932,984	1,643,860	18,168,776	647,400	2,996,548	38,389,568
Unallocated assets						
Participants' Takaful Fund						31,347,773
Operator's Fund						69,721,881
Consolidated total assets						139,459,222
Segment liabilities	18,333,499	2,282,462	41,948,957	2,834,683	3,630,414	69,030,015
Unallocated liabilities						
Participants' Takaful Fund						108,967
Operator's Fund						15,172,054
Consolidated total liabilities						84,311,036

27. 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.

	June 30, 2019 (Unaudited)							
	Carrying amount				Fair value			
	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								
Investments in equity securities	65,216,513	-	-	-	65,216,513	-	65,216,513	65,216,513
Financial assets not measured at fair value								
Investment in Debt securities	-	500,000	-	-	500,000	-	-	-
Loans and receivables*	-	-	148,127	-	148,127	-	-	-
Takaful / Re-takaful receivables*	-	-	21,174,927	-	21,174,927	-	-	-
Retakaful recoveries against outstanding claims	-	-	1,442,800	-	1,442,800	-	-	-
Wakala and mudanib fee receivable*	-	-	18,252,287	-	18,252,287	-	-	-
Cash and bank*	-	-	31,771,570	-	31,771,570	-	-	-
Financial liabilities not measured at fair value								
Provision for outstanding claims (including IBNR)*	-	-	-	(10,228,772)	(10,228,772)	-	-	-
Wakala and mudanib fee payable*	-	-	-	(18,252,287)	(18,252,287)	-	-	-
Takaful / Re-takaful payables*	-	-	-	(14,771,765)	(14,771,765)	-	-	-
Other creditors and accruals*	-	-	-	(11,286,093)	(11,286,093)	-	-	-
	65,216,513	500,000	72,789,711	(64,538,917)	83,967,307	-	65,216,513	65,216,513

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the six months period ended June 30, 2019

	December 31, 2018 (Audited)							
	Carrying amount				Fair value			
	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								
Investments in equity securities	58,045,258	-	-	-	58,045,258	-	58,045,258	58,045,258
Financial assets not measured at fair value								
Investment in Debt securities*	-	500,000	-	-	500,000	-	-	-
Loans and receivables*	-	-	207,946	-	207,946	-	-	-
Takaful / Re-takaful receivables*	-	-	13,703,244	-	13,703,244	-	-	-
Retakaful recoveries against outstanding claims	-	-	9,687,600	-	9,687,600	-	-	-
Wakala and mudarib fee receivable*	-	-	15,101,225	-	15,101,225	-	-	-
Cash and bank*	-	-	24,705,981	-	24,705,981	-	-	-
Financial liabilities not measured at fair value								
Provision for outstanding claims (including IBNR)*	-	-	-	(20,916,014)	(20,916,014)	-	-	-
Wakala and mudarib fee payable*	-	-	-	(15,101,225)	(15,101,225)	-	-	-
Takaful / Re-takaful payables*	-	-	-	(4,536,090)	(4,536,090)	-	-	-
Other creditors and accruals*	-	-	-	(3,732,073)	(3,732,073)	-	-	-
	58,045,258	500,000	63,405,996	(44,285,402)	77,665,852	-	58,045,258	58,045,258

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

27.1 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).

28. GENERAL

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

29. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorized for issue in accordance with a resolution of the Board of Directors on August 26, 2019.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

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



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