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working world**

**ALFALAH INSURANCE COMPANY LIMITED**

**INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2016**

EY Ford Rhodes  
Chartered Accountants  
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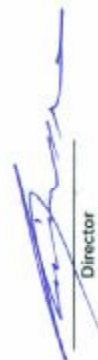
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**ALFALAH INSURANCE COMPANY LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT 30 JUNE 2016**

	Unaudited 30 June 2016	Audited 31 December 2015
(Rupees in thousand)		
Share capital and reserves		
Authorized capital	500,000	500,000
50,000,000 (31 December 2015; 50,000,000) ordinary shares of Rs. 10 each		
Issued, subscribed and paid up capital	500,000	500,000
50,000,000 (31 December 2015; 50,000,000) ordinary shares of Rs. 10 each		
Share deposit money	1,381	1,381
General reserve	150,000	150,000
Unappropriated profit	226,701	153,935
	<b>878,082</b>	<b>805,316</b>
<b>Underwriting provisions</b>		
Provision for outstanding claims [including IENR]	462,774	459,376
Provision for unearned premium	787,249	575,991
Commission income unearned	105,163	60,543
Total underwriting provisions	<b>1,355,186</b>	<b>1,135,910</b>
<b>Deferred liabilities</b>		
Deferred taxation	447	1,571
<b>Creditors and accruals</b>		
Premium received in advance	15,732	5,631
Amounts due to other insurers/reinsurers	308,468	233,804
Accrued expenses	58,977	75,948
Other creditors and accruals	150,191	113,110
	<b>530,368</b>	<b>428,393</b>
<b>Other liabilities</b>		
Deposits and other payables	6,245	5,563
	<b>1,892,246</b>	<b>1,571,437</b>
<b>TOTAL LIABILITIES</b>	<b>2,770,328</b>	<b>2,376,753</b>

**CONTINGENCIES AND COMMITMENTS**

The annexed notes from 1 to 15 form an integral part of this interim financial information.

  
Director

  
Director

	Unaudited 30 June 2016	Audited 31 December 2015
(Rupees in thousand)		
Cash and bank deposits	2,002	1,204
Cash and other equivalents	366,712	131,265
Current and other accounts	368,714	132,460
<b>Loan - secured considered good</b>	<b>2,212</b>	<b>2,685</b>
To employees		
		969,323
<b>Investments</b>	<b>740,461</b>	<b>969,323</b>
<b>Other assets</b>		
Premiums due but unpaid - unsecured	458,474	430,567
Amounts due from other insurers/reinsurers - unsecured	188,125	113,428
Salvage recoveries accrued	11,436	5,960
Accrued investment income	1,980	2,030
Reinsurance recoveries against outstanding claims	263,816	311,880
Deferred commission expense	85,636	37,390
Prepayments - prepaid reinsurance premium ceded	365,105	278,387
- others	15,467	12,760
Taxation - payments less provision	2,385	1,736
Sundry receivables	11,159	5,500
	<b>1,423,593</b>	<b>1,199,688</b>
<b>Fixed assets</b>		
Land - freehold	121,191	-
Building on leasehold land	15,138	17,667
Furniture, fixtures and office equipment	17,605	18,650
Motor vehicles	28,671	28,764
	<b>182,605</b>	<b>65,101</b>
Capital work in progress	2,357	4,606
<b>Intangible</b>		
Computer software	2,178	2,871
<b>Net assets in Window Takaful Operations</b>	<b>48,208</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>2,770,328</b>	<b>2,376,753</b>

  
Chairman

  
Principal Officer  
and  
Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

(Rupees in thousand)

	Fire and property damage	Marine, aviation and transport	Motor	Health	Others including Miscellaneous	Six month period ended 30 June	
						2016	2015
<b>Revenue account</b>						<b>Total</b>	<b>Total</b>
Net premium revenue	28,744	9,936	197,575	167,797	28,959	<b>433,011</b>	360,216
Net claims	(5,804)	(4,009)	(72,608)	(147,377)	(4,084)	<b>(233,882)</b>	(210,291)
Expenses	(18,047)	(6,586)	(43,098)	(33,848)	(30,958)	<b>(132,537)</b>	(126,350)
Net commission	24,616	4,116	(13,588)	468	26,250	<b>41,862</b>	48,419
<b>Underwriting result</b>	<b>29,509</b>	<b>3,457</b>	<b>68,281</b>	<b>(12,960)</b>	<b>20,167</b>	<b>108,454</b>	<b>71,994</b>
Investment income						<b>45,393</b>	52,434
Other income						<b>1,493</b>	689
General and administration expenses						<b>(55,215)</b>	(50,840)
						<b>(8,329)</b>	2,283
Profit before tax from general insurance business						<b>100,125</b>	74,277
Loss before tax from General Window Takaful Operations						<b>(1,792)</b>	-
Taxation						<b>(25,567)</b>	(14,566)
<b>Profit after taxation</b>						<b>72,766</b>	<b>59,711</b>
Other comprehensive income						-	-
<b>Total Comprehensive income for the period</b>						<b>72,766</b>	<b>59,711</b>
<b>Earnings per share - basic and diluted - Rupees</b>						<b>1.46</b>	<b>Restated 1.19</b>
Balance at the commencement of the period						<b>153,935</b>	258,930
Total comprehensive income for the period						<b>72,766</b>	59,711
<b>Balance of unappropriated profits at the end of the period</b>						<b>226,701</b>	<b>318,641</b>

The annexed notes from 1 to 15 form an integral part of this interim financial information.

  
 Director

  
 Director

  
 Chairman

  
 N. Saad  
 Principal Officer  
 and  
 Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

(Rupees in thousand)

	Fire and property damage	Marine, aviation and transport	Motor	Health	Others including Miscellaneous	Three month period ended 30 June	
						2016	2015
						Total	Total
<b>Revenue account</b>							
Net premium revenue	14,821	5,590	98,054	87,920	19,987	<b>226,372</b>	183,056
Net claims	(2,960)	(3,727)	(38,111)	(80,320)	(1,701)	<b>(126,819)</b>	(114,327)
Expenses	(12,353)	(4,685)	(28,048)	(12,341)	(13,539)	<b>(70,966)</b>	(66,800)
Net commission	11,573	2,273	(6,962)	284	19,262	<b>26,430</b>	23,181
<b>Underwriting result</b>	<b>11,081</b>	<b>(549)</b>	<b>24,933</b>	<b>(4,457)</b>	<b>24,009</b>	<b>55,017</b>	<b>25,110</b>
Investment income						<b>26,782</b>	31,099
Other income						<b>798</b>	7
General and administration expenses						<b>(30,630)</b>	(26,514)
						<b>(3,050)</b>	4,592
Profit before tax from general insurance business						<b>51,967</b>	29,702
Loss before tax from General Window Takaful Operations						<b>(772)</b>	-
Taxation						<b>(13,311)</b>	(6,801)
<b>Profit after taxation</b>						<b>37,884</b>	22,901
Other comprehensive income						-	-
<b>Total Comprehensive income for the period</b>						<b>37,884</b>	<b>22,901</b>
<b>Earnings per share - basic and diluted - Rupees</b>						<b>0.76</b>	<b>Restated 0.46</b>
Balance at the commencement of the period						<b>188,817</b>	295,740
Total comprehensive income for the period						<b>37,884</b>	22,901
<b>Balance of unappropriated profits at the end of the period</b>						<b>226,701</b>	<b>318,641</b>

The annexed notes from 1 to 15 form an integral part of this interim financial information.

*Egr*

  
 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

(Rupees in thousand)

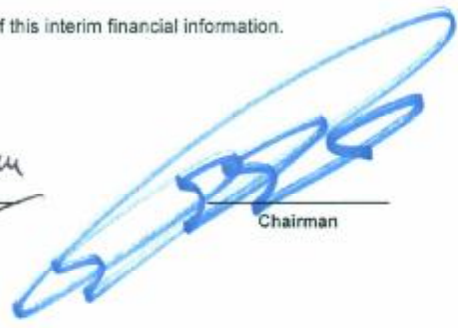
	Capital Reserve		Revenue Reserve		Total
	Share capital	Share deposit money	General reserve	Unappropriated Profit	
Balance as at 01 January 2015 (Audited)	300,000	1,381	150,000	258,930	710,311
Profit after tax for the period	-	-	-	59,711	59,711
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	59,711	59,711
Balance as at 30 June 2015 (Unaudited)	300,000	1,381	150,000	318,641	770,022
Balance as at 01 January 2016	500,000	1,381	150,000	153,935	805,316
Profit after tax for the period	-	-	-	72,766	72,766
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	72,766	72,766
Balance as at 30 June 2016 (Unaudited)	500,000	1,381	150,000	226,701	878,082

The annexed notes from 1 to 15 form an integral part of this interim financial information.

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 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Principal Officer  
 and  
 Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

(Rupees in thousand)

	Six month period ended 30 June	
	2016	2015
<b>Operating cash flows</b>		
<b>Underwriting activities</b>		
Premiums received	1,084,048	841,796
Reinsurance premiums paid	(418,319)	(369,639)
Commissions received	47,856	152,312
Commissions paid	(105,204)	(32,872)
Claims paid	(475,122)	(240,195)
Reinsurance recoveries received	232,703	41,784
Management expense paid	(139,688)	(138,029)
<b>Net cash inflow from underwriting activities</b>	<b>226,274</b>	<b>255,157</b>
<b>Other operating activities</b>		
Income tax paid	(27,350)	(17,847)
Other operating payments	(64,422)	(68,139)
Other operating receipts	-	56
Loan repayment received	3,122	3,503
Loan advanced	(2,649)	(2,608)
<b>Net cash outflow from other operating activities</b>	<b>(91,299)</b>	<b>(85,035)</b>
<b>Total cash inflow from all operating activities</b>	<b>134,975</b>	<b>170,122</b>
<b>Investment activities</b>		
Profit / return received	8,487	11,416
Dividend received	7,795	5,413
Window Takaful Operations	(50,000)	-
Sale of investments	1,616,074	1,457,507
Purchase of investments	(1,357,843)	(1,694,423)
Proceeds from disposal of fixed assets	2,696	1,291
Fixed capital expenditure	(125,939)	(10,085)
<b>Total cash inflow / (outflow) from investing activities</b>	<b>101,270</b>	<b>(228,881)</b>
<b>Net cash inflow / (outflow) from all activities</b>	<b>236,245</b>	<b>(58,759)</b>
<b>Cash at the beginning of the period</b>	<b>132,469</b>	<b>207,641</b>
<b>Cash at the end of the period</b>	<b>368,714</b>	<b>148,882</b>

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*Egfr*

  
 Director

  
 Director



Chairman

  
 Principal Officer  
 and  
 Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

(Rupees in thousand)

	Six month period ended 30 June	
	2016	2015
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	134,975	170,122
Depreciation of tangibles	(9,508)	(9,298)
Amortization of intangibles	(692)	(614)
Increase in assets other than cash	223,472	(128,277)
Increase in liabilities	(320,809)	(25,499)
Un-realized gain in value of held for trading investment	406	5,946
<b>Others</b>		
Gain on disposal of investments	29,660	31,586
Loss from General Window Takaful Operations	(1,792)	-
Impairment in value of available for sale investments	(409)	(1,564)
Gain on disposal of fixed assets	1,519	633
Dividend and other investment income	15,944	16,676
<b>Profit after taxation</b>	<b>72,766</b>	<b>59,711</b>

**Definition of cash**

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

Cash and other equivalents

Cash in hand

Stamps in hand

1,232	632
770	296
<b>2,002</b>	<b>928</b>

Current and other accounts

Current accounts

Saving accounts

79,420	51,064
287,292	96,890
<b>366,712</b>	<b>147,954</b>

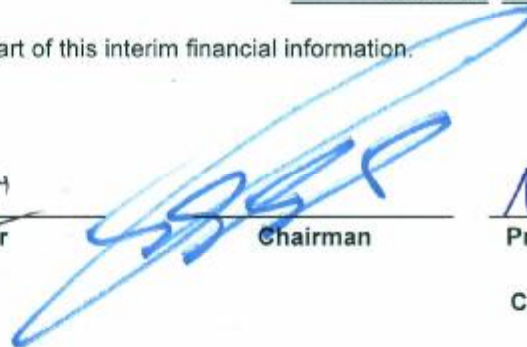
<b>368,714</b>	<b>148,882</b>
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*Eyfr*

  
 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PREMIUMS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

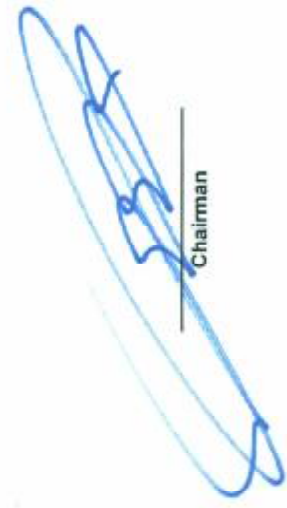
Business underwritten inside Pakistan

Class	Premiums written		Unearned premium reserve		Premiums earned	Prepaid reinsurance premium ceded		Reinsurance ceded	Reinsurance expense	Net premium revenue	
	Opening	Closing	Opening	Closing		Opening	Closing			2016	2015
Direct and facultative											
Fire and property damage	183,880	187,430	248,571	187,430	245,021	210,903	176,524	216,277	28,744	25,234	
Marine, aviation and transport	67,103	9,810	13,172	9,810	70,465	-	-	60,529	9,936	6,794	
Motor	191,652	195,511	208,802	195,511	205,143	3,520	7,356	7,568	197,575	174,373	
Health	344,874	202,840	29,439	202,840	171,473	4,051	5,915	3,678	167,797	135,430	
Others including Miscellaneous	315,423	191,658	76,007	191,658	199,772	59,923	175,310	170,813	28,959	18,385	
	<b>1,103,132</b>	<b>787,249</b>	<b>575,991</b>	<b>787,249</b>	<b>891,874</b>	<b>278,397</b>	<b>365,105</b>	<b>458,863</b>	<b>433,011</b>	<b>360,216</b>	

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**Director**

  
**Director**

  
**Chairman**

  
**Principal Officer  
and  
Chief Executive**



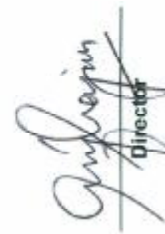
**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PREMIUMS**  
**FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

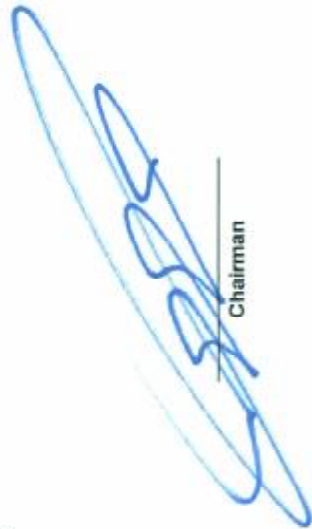
Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Three month period ended 30 June	2015
Fire and property damage	101,869	211,456	187,430	125,895	95,382	192,216	176,524	111,074	14,821	12,713
Marine, aviation and transport	39,715	12,446	9,810	42,351	36,761	-	-	36,761	5,590	3,713
Motor	107,412	189,977	195,511	101,878	1,673	9,507	7,356	3,524	98,054	86,874
Health	35,101	257,586	202,840	89,847	5,540	2,302	5,915	1,927	87,920	67,891
Others including Miscellaneous	64,524	238,974	191,658	111,840	42,533	224,630	175,310	91,853	19,987	9,865
	348,621	910,439	787,249	471,811	181,889	428,655	365,105	245,439	226,372	183,056

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 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive

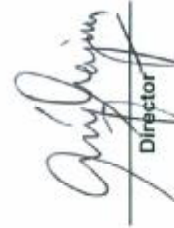
**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CLAIMS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

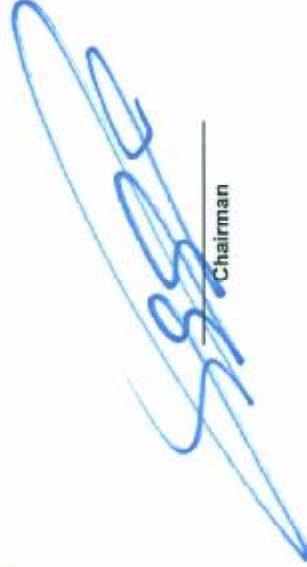
Business underwritten inside Pakistan

Class	(Rupees in thousand)									
	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries	Net claim expense	
		Opening	Closing			Opening	Closing		Six month period ended	30 June
Direct and facultative									2016	2015
Fire and property damage	173,143	150,870	88,986	111,259	155,183	117,946	68,218	105,455	5,804	13,679
Marine, aviation and transport	37,044	35,836	41,206	42,414	32,295	29,392	35,502	38,405	4,009	3,792
Motor	63,697	71,352	60,335	72,660	105	61	26	72	72,608	74,167
Health	149,456	51,996	49,917	147,377	-	-	-	-	147,377	118,234
Others including Miscellaneous	51,763	189,322	202,330	64,791	45,120	164,481	180,068	60,707	4,084	419
<b>Total</b>	<b>475,123</b>	<b>499,376</b>	<b>462,774</b>	<b>438,521</b>	<b>232,703</b>	<b>311,880</b>	<b>283,816</b>	<b>204,639</b>	<b>233,882</b>	<b>210,291</b>

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 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive

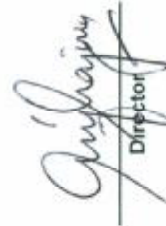
**ALFALAH INSURANCE COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF CLAIMS  
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

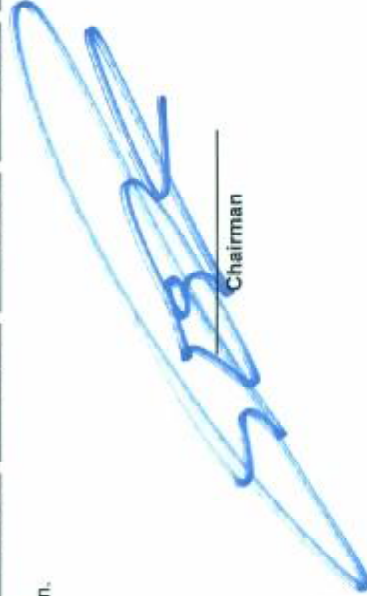
Business underwritten inside Pakistan

Class	(Rupees in thousand)											
	Claims paid		Outstanding claims		Reinsurance and other recoveries received		Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries		Net claim expense	
	Opening	Closing	Claims expense	Opening	Closing	Opening	Closing	Opening	Closing	2016	2015	
Direct and facultative												
Fire and property damage	103,219	189,319	2,886	88,986	91,597	159,889	68,218	(74)	2,960	5,867		
Marine, aviation and transport	20,917	19,726	42,397	41,206	19,282	16,114	35,502	38,670	3,727	2,060		
Motor	40,259	82,498	38,096	80,335	35	78	28	(15)	38,111	39,389		
Health	79,256	48,855	80,320	49,917	-	-	-	-	80,320	64,218		
Others including Miscellaneous	22,198	178,727	45,801	202,330	19,182	155,150	180,068	44,100	1,701	2,793		
<b>Total</b>	<b>265,851</b>	<b>519,125</b>	<b>209,500</b>	<b>462,774</b>	<b>130,096</b>	<b>331,231</b>	<b>283,816</b>	<b>82,681</b>	<b>126,819</b>	<b>114,327</b>		

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Director

  
Director

  
Chairman

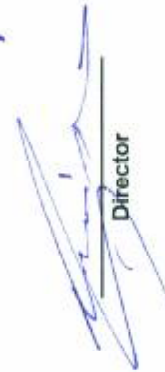
  
Principal Officer  
and  
Chief Executive



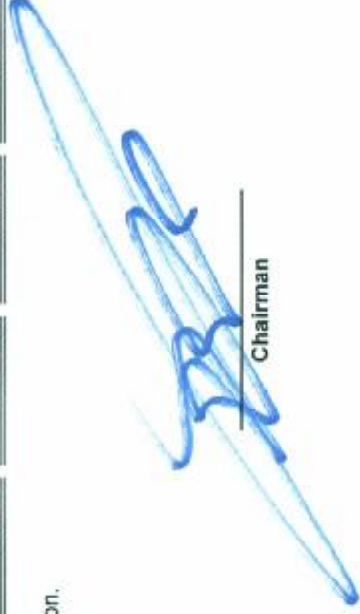
**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF EXPENSES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

Class	(Rupees in thousand)									
	Business underwritten inside Pakistan					Net underwriting expense				
	Direct and facultative	Commissions paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expenses	Other management expenses	Underwriting expense	Commissions from reinsurers	2016	30 June 2015
Fire and property damage	42,669	18,249	33,744	27,174	18,047	45,221	51,790	(6,569)	(13,613)	
Marine, aviation and transport	11,564	2,182	1,712	12,034	6,586	18,620	16,150	2,470	3,252	
Motor	15,173	13,199	14,444	13,928	43,098	57,026	340	56,686	64,726	
Health	355	514	393	476	33,848	34,324	944	33,380	35,560	
Others including Miscellaneous	72,513	3,246	35,343	40,416	30,958	71,374	66,666	4,708	(11,994)	
<b>Total</b>	<b>142,274</b>	<b>37,390</b>	<b>85,636</b>	<b>94,028</b>	<b>132,537</b>	<b>226,565</b>	<b>135,890</b>	<b>90,675</b>	<b>77,931</b>	

The annexed notes from 1 to 15 form an integral part of this interim financial information.

  
 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF EXPENSES**  
**FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

Class	Commissions paid or payable		Deferred commission		Net commission expenses	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
	Direct and facultative	Business underwritten inside Pakistan	Opening	Closing					Three month period ended 30 June	2016
					(Rupees in thousand)	(Rupees in thousand)				
Fire and property damage	20,037	27,942	33,744	14,235	12,353	26,588	25,808	780	(5,533)	
Marine, aviation and transport	7,037	2,072	1,712	7,397	4,685	12,082	9,670	2,412	2,843	
Motor	9,225	12,354	14,444	7,135	28,048	35,183	173	35,010	40,573	
Health	123	546	393	276	12,341	12,617	560	12,057	13,891	
Others including Miscellaneous	13,943	47,888	35,343	26,488	13,539	40,027	45,750	(5,723)	(8,155)	
<b>Total</b>	<b>50,365</b>	<b>90,802</b>	<b>85,636</b>	<b>55,531</b>	<b>70,966</b>	<b>126,497</b>	<b>81,961</b>	<b>44,536</b>	<b>43,619</b>	

The annexed notes from 1 to 15 form an integral part of this interim financial information.

  
 Director

  
 Director

  
 Chairman



  
 Principal Officer  
 and  
 Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

**1 THE COMPANY AND ITS OPERATIONS**

Alfalah Insurance Company Limited (the Company) is a general non-life insurance company which was incorporated as an unquoted public limited company in Pakistan on 21 December 2005 under the Companies Ordinance, 1984. The registered office of the Company is situated at 5-Saint Mary Park, Gulberg III, Lahore. The Company has been allowed to work as General Window Takaful Operator on 30 September 2015 by Securities and Exchange Commission of Pakistan under Takaful Rules, 2012 to carry on Islamic General Takaful in Pakistan.

**2 STATEMENT OF COMPLIANCE**

- 2.1** This condensed interim financial information has been prepared in accordance with the requirements of the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, SECP Takaful Rules, 2012, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, SECP Takaful Rules, 2012, the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or the requirements of the said directives take precedence.
- 2.2** The disclosures made in this condensed interim financial information have, however, been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the information required for full annual financial statements, and this interim financial information should be read in conjunction with the financial statements of the Company for the year ended 31 December 2015.
- 2.3** During the period, the Company was granted permission by Securities and Exchange Commission of Pakistan to transact Window Takaful Operations. As per the requirements of the SECP Takaful Rules 2012 and SECP Circular No.25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the General Takaful Operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.
- 2.4** Further, a separate set of financial information of the General Window Takaful Operations has been annexed to these financial information as per the requirements of the Takaful Rules 2012.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statement of the Company for the year ended 31 December 2015 except as follows.

**3.1 New and amended standards, interpretations and amendments**

The Company has adopted the following amendment to IFRSs which became effective for the current period:

- |         |  |
|---------|--|
| IFRS 10 | - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment) |
| IFRS 11 | - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)   |
| IAS 1   | - Presentation of Financial Statements - Disclosure Initiative (Amendment)   |
| IAS 16  | - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)   |
| IAS 16  | - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)  |
| IAS 27  | - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)   |

*EJR*



The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial statements.

**Improvements to Accounting Standards Issued by the IASB**

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report.

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

**4 SIGNIFICANT ESTIMATES AND JUDGMENTS**

The preparation of the 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 expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimating uncertainty were same as those applied to the annual financial statements for the year ended 31 December 2015 except as disclosed in note 4.1.

- 4.1 During the period, the Company has changed its estimation basis for Incurred But Not Reported (IBNR) claims reserve in accordance with new guidelines issued by SECP for estimation of IBNR vide circular 9 of 2016 dated 09 March 2016. This change in accounting estimate has been accounted for prospectively as per the requirement of the International Accounting Standard (IAS) 8, "Accounting policies, changes in accounting estimate and errors". Had this change not be made the provision for outstanding claims [including IBNR], and net claims would have been lower by Rs. 1.3 million and profit after tax would have been higher by Rs. 1 million.

**5 INCOME TAX**

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full year.

**6 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 31 December 2015.

**7 CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies:**

	Unaudited 30 June 2016	Audited 31 December 2015
	(Rupees in thousand)	
Claim against the Company not acknowledged as debt	<u>261</u>	<u>261</u>

**7.2 Commitments**

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Note	Unaudited 30 June 2016	Audited 31 December 2015
	(Rupees in thousand)	
Not later than one year	6,612	7,361
Later than one year and not later than five years	23,024	30,835
Later than five years	-	-
	<u>29,636</u>	<u>38,196</u>

**8 INVESTMENTS**

The investments comprise of the following:

Held to maturity	8.1	52,854	53,141
Available for sale	8.2	193,201	114,899
At fair value through profit and loss - Held for trading		494,406	801,283
		<u>740,461</u>	<u>969,323</u>

**8.1** These Pakistan Investment Bond are held with State Bank of Pakistan as statutory deposit. Market value as at 30 June 2016 is Rs. 54.665 million (31 December 2015: Rs. 54.768 million).

**8.2** Market value of available for sale investments is Rs. 205.965 million (31 December 2015: Rs. 124.353 million).

	Unaudited 30 June 2016	Audited 31 December 2015
	(Rupees in thousand)	

**9 LAND**

Opening written down value	-	-
Add: Additions during the period / year	121,191	-
	<u>121,191</u>	<u>-</u>

**10 BUILDING ON LEASEHOLD LAND**

Opening written down value	17,667	21,141
Add: Additions during the period / year	-	1,532
	<u>17,667</u>	<u>22,673</u>
Less: Depreciation for the period / year	2,529	5,006
	<u>15,138</u>	<u>17,667</u>

**11 FURNITURE, FIXTURES AND OFFICE EQUIPMENT**

Opening written down value	18,650	22,176
Add: Additions / adjustments during the period / year	2,951	4,932
	<u>21,601</u>	<u>27,108</u>
Less: Disposals during the period / year	5	218
Less: Depreciation for the period / year	3,991	8,240
	<u>3,996</u>	<u>8,458</u>
	<u>17,605</u>	<u>18,650</u>



12 MOTOR VEHICLES	Unaudited	Audited
	30 June 2016	31 December 2015
	(Rupees in thousand)	
Opening written down value	28,784	28,559
Add: Additions during the period / year	4,047	6,670
	<u>32,831</u>	<u>35,229</u>
Less: Disposals during the period / year	1,173	1,060
Less: Depreciation for the period / year	2,987	5,385
	<u>4,160</u>	<u>6,445</u>
	<u>28,671</u>	<u>28,784</u>

## 13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, key management personnel, associated companies and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. Contributions and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan.

Transactions during the period	Unaudited 30 June	
	2016	2015
	(Rupees in thousand)	
<b>Associated undertakings and other related parties</b>		
Premium written	391,421	383,830
Premium received	581,205	531,279
Claims paid	219,538	117,766
Interest income	5,669	9,398
Dividend Income	500	1,000
Rent expense	1,149	998
License fees and connection charges	1,356	1,346
Rent paid	-	1,830
Investments purchased	308,221	179,950
Investments sold	340,389	148,837
<b>Expense charged in respect of retirement benefit plans</b>	5,282	5,287
<b>Key management personnel</b>		
Key management personnel compensation	30,731	28,701
Premium written	154	213
Claims paid	25	101
	<u>Unaudited</u>	<u>Audited</u>
	<u>30 June</u>	<u>31 December</u>
	<u>2016</u>	<u>2015</u>
	(Rupees in thousand)	
<b>Period end balances</b>		
<b>Associated undertakings and other related parties</b>		
Premium receivable from related parties	57,997	186,506
Provision for outstanding claims	207,312	316,408
Internet charges payable	1,767	411
<b>Key management personnel</b>		
Premium receivable	158	98
Provision for outstanding claims	253	253

All transactions with related parties have been carried out on commercial terms and conditions.



**14 SEGMENT REPORTING**

There has been no change in the basis of segmentation or the measurement basis of segment profits or loss since 31 December 2015. Class of business wise revenue and results have been disclosed in the condensed interim statements of premiums and profit and loss account, respectively, prepared in accordance with the requirement of Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.

Segment wise assets and liabilities as at 30 June 2016 are as follows:

	(Rupees in thousand)											
	Fire and property damage		Marine, aviation and transport		Motor		Health		Others including Miscellaneous		Unaudited 30 June 2016	Audited 31 December 2015
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Segment assets	604,135	601,804	119,335	86,613	106,122	98,234	88,216	65,499	463,349	301,778	1,381,157	1,153,928
Unallocated assets											1,389,171	1,222,825
Consolidated total assets											<u>2,770,328</u>	<u>2,376,753</u>
Segment liabilities	474,722	596,220	80,058	69,219	307,774	306,114	259,569	82,950	538,530	300,534	1,660,653	1,355,037
Unallocated liabilities											231,593	216,400
Consolidated total liabilities											<u>1,892,246</u>	<u>1,571,437</u>

**15 GENERAL**

**15.1** Figures for the quarter ended 30 June 2016 and 30 June 2015 have not been subject to limited scope review by the statutory auditor as they only require to review the half yearly figures.

24 AUG 2015

**15.2** The interim financial information was authorised for issue by the Board of Directors of the Company on \_\_\_\_\_.

**15.3** Figures in this financial information have been rounded off to the nearest thousand rupees unless otherwise specified.

*Signature*

*Signature*  
\_\_\_\_\_  
Director

*Signature*  
\_\_\_\_\_  
Director

*Signature*  
\_\_\_\_\_  
Chairman

*Signature*  
\_\_\_\_\_  
Principal Officer  
and  
Chief Executive



**Building a better  
working world**

**ALFALAH INSURANCE COMPANY LIMITED  
WINDOW TAKAFUL OPERATIONS**

**INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2016**

EY Ford Rhodes  
Chartered Accountants  
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P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11  
Fax: +9242 3577 8412-13  
[ey.itr@pk.ey.com](mailto:ey.itr@pk.ey.com)  
[ey.com/pk](http://ey.com/pk)



**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT 30 JUNE 2016**

(Rupees in thousand)

	Note	Unaudited 30 June 2016		
		Operator's Fund	Participants' Takaful Fund	Aggregate
<b>Operator's Fund</b>				
Statutory Fund	5	50,000	-	50,000
Accumulated losses		(1,792)	-	(1,792)
		48,208	-	48,208
<b>Waqf / Participants' Takaful Fund</b>				
Cede Money		-	500	500
Accumulated losses		-	(6,238)	(6,238)
		-	(5,738)	(5,738)
<b>Underwriting provisions</b>				
Provision for outstanding claims [including IBNR]		-	1,693	1,693
Provision for unearned contribution		-	33,852	33,852
Unearned retakaful rebate		-	232	232
Total underwriting provisions		-	35,777	35,777
<b>Creditors and accruals</b>				
Contributions received in advance		-	358	358
Amounts due to other takaful / retakaful operator		-	1,413	1,413
Unearned wakala fees		11,709	-	11,709
Accrued expenses		188	4,032	4,220
Other creditors and accruals		5,524	21,448	26,972
		17,421	27,251	44,672
<b>TOTAL LIABILITIES</b>		17,421	63,028	80,449
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>65,629</u>	<u>57,290</u>	<u>122,919</u>
<b>CONTINGENCIES AND COMMITMENTS</b>				
<b>Cash and bank deposits</b>				
Current and other accounts		43,935	18,667	62,602
<b>Other assets</b>				
Contributions due but unpaid - net		-	24,118	24,118
Deferred commission expense		1,412	-	1,412
Deferred wakala fees		-	11,709	11,709
Prepaid retakaful contribution ceded (PTF)		-	2,345	2,345
Amounts due from other takaful / retakaful operator		-	362	362
Taxation - payments less provision		111	9	120
Sundry receivables		20,171	80	20,251
		21,694	38,623	60,317
<b>TOTAL ASSETS</b>		<u>65,629</u>	<u>57,290</u>	<u>122,919</u>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive

*Eyfr*

**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

(Rupees in thousand)

	Fire and property damage	Marine, aviation and transport	Motor	Others including Miscellaneous	Total
<b>PARTICIPANTS' REVENUE ACCOUNT</b>					
Net contribution revenue	59	47	7,293	1	7,400
Net claims	-	-	(2,294)	-	(2,294)
Wakala expense	(107)	(185)	(2,997)	(1)	(3,290)
Direct expenses	-	-	(8,370)	-	(8,370)
Net rebate on re-takaful	88	130	-	2	220
<b>Underwriting results</b>	<b>40</b>	<b>(8)</b>	<b>(6,388)</b>	<b>2</b>	<b>(6,334)</b>
Profit on deposits					96
General and administration expenses					-
					96
<b>Deficit for the period</b>					<b>(6,238)</b>
<b>Accumulated deficit for the period</b>					
Balance at the commencement of the period					-
Deficit for the period					(6,238)
<b>Balance at the end of the period</b>					<b>(6,238)</b>
<b>OPERATORS' REVENUE ACCOUNT</b>					
Wakala fee	107	185	2,997	1	3,290
Commission expense	(70)	(103)	(279)	(1)	(453)
Management expenses	(161)	(64)	(3,895)	(2)	(4,122)
	(124)	18	(1,177)	(2)	(1,285)
Profit on deposits					1,097
General and administration expenses					(1,604)
					(507)
<b>Loss for the period</b>					<b>(1,792)</b>
Other comprehensive income					-
					(1,792)
<b>Balance of unappropriated profit at the beginning of the period</b>					-
Loss for the period					(1,792)
<b>Balance of unappropriated losses at the end of the period</b>					<b>(1,792)</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

*Signature*

*Signature*  
Director

*Signature*  
Director

*Signature*  
Chairman

*Signature*  
Principal Officer  
and  
Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 16 (UNAUDITED)**

(Rupees in thousand)

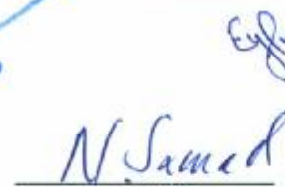
	Fire and property damage	Marine, aviation and transport	Motor	Others including Miscellaneous	Total
<b>PARTICIPANTS' REVENUE ACCOUNT</b>					
Net contribution revenue	49	26	6,251	1	6,327
Net claims	-	-	(2,045)	-	(2,045)
Wakala expense	(81)	(94)	(2,410)	(1)	(2,586)
Direct expenses	-	-	(5,502)	-	(5,502)
Net rebate on re-takaful	72	64	-	2	138
<b>Underwriting results</b>	<b>40</b>	<b>(4)</b>	<b>(3,706)</b>	<b>2</b>	<b>(3,668)</b>
Profit on deposits					87
General and administration expenses					-
					87
<b>Deficit for the period</b>					<b>(3,581)</b>
<b>Accumulated deficit for the period</b>					
Balance at the commencement of the period					-
Deficit for the period					(3,581)
<b>Balance at the end of the period</b>					<b>(3,581)</b>
<b>OPERATORS' REVENUE ACCOUNT</b>					
Wakala fee	81	94	2,410	1	2,586
Commission expense	(57)	(50)	(226)	(1)	(334)
Management expenses	(80)	(28)	(2,262)	(1)	(2,371)
	(56)	16	(78)	(1)	(119)
Profit on deposits					521
General and administration expenses					(1,174)
					(653)
<b>Loss for the period</b>					<b>(772)</b>
Other comprehensive income					-
					(772)
<b>Balance of unappropriated profit at the beginning of the period</b>					<b>-</b>
Loss for the period					(772)
<b>Balance of unappropriated losses at the end of the period</b>					<b>(772)</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
Director

  
Director

  
Chairman

  
Principal Officer  
and  
Chief Executive

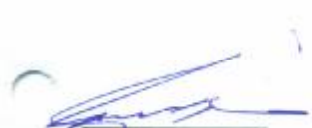


**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

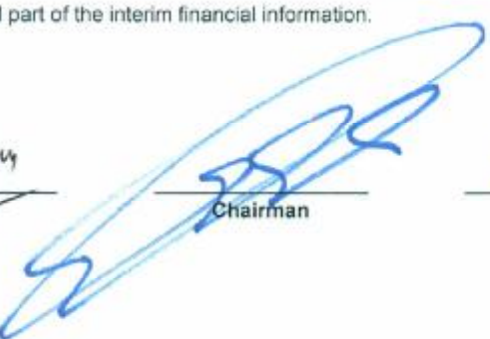
	Operator's Fund		Total
	Statutory Fund	Accumulated loss	
	(Rupees in thousand)		
<b>Balance as at 01 January 2016</b>	-	-	-
Contributions made during the period	50,000	-	50,000
Loss for the period	-	(1,792)	(1,792)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(1,792)	(1,792)
<b>Balance as at 30 June 2016</b>	<b>50,000</b>	<b>(1,792)</b>	<b>48,208</b>

	Participants' Takaful Fund		Total
	Ceded money	Accumulated loss	
	(Rupees in thousand)		
<b>Balance as at 01 January 2016</b>	-	-	-
Waqf money / Cede money	500	-	500
Loss for the period	-	(6,238)	(6,238)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(6,238)	(6,238)
<b>Balance as at 30 June 2016</b>	<b>500</b>	<b>(6,238)</b>	<b>(5,738)</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
N. Samad  
Principal Officer  
and  
Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

(Rupees in thousand)

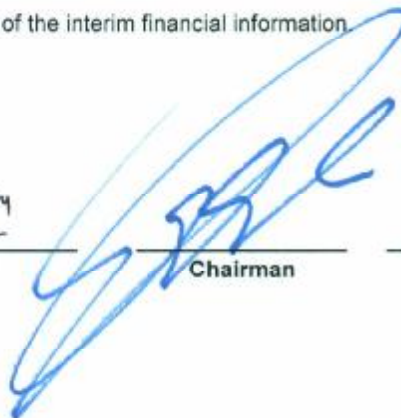
	Six month period ended 30 June 2016	Three month period ended 30 June 2016
<b>PARTICIPANTS' TAKAFUL FUND</b>		
<b>Income from non-trading investments</b>		
Profit on deposits	96	87
<b>Net investment income for the period</b>	<u>96</u>	<u>87</u>
<b>OPERATOR'S FUND</b>		
<b>Income from non-trading investments</b>		
Profit on deposits	1,097	521
<b>Net investment income for the period</b>	<u>1,097</u>	<u>521</u>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

*gfr*

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Principal Officer  
and  
Chief Executive

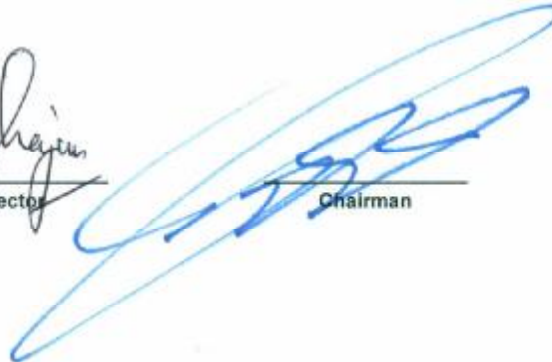
**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

	2016		
	Operator's Fund	Participants' Takaful Fund	Aggregate
	(Rupees in thousand)		
<b>Operating cash flows</b>			
<b>Operating activities</b>			
Contribution received	-	19,742	19,742
Retakaful contribution paid	-	(3,544)	(3,544)
Retakaful rebate received	-	684	684
Commissions paid	(393)	-	(393)
Claims paid	-	(601)	(601)
Management expense paid	(3,935)	(4,339)	(8,274)
<b>Net cash inflow from underwriting activities</b>	<b>(4,328)</b>	<b>11,942</b>	<b>7,614</b>
<b>Other operating activities</b>			
Income tax paid	(111)	(9)	(120)
Other operating (payments) / receipts	(2,723)	6,138	3,415
<b>Net cash (outflow) / inflow from other operating activities</b>	<b>(2,834)</b>	<b>6,129</b>	<b>3,295</b>
<b>Total cash (outflow) / inflow from all operating activities</b>	<b>(7,162)</b>	<b>18,071</b>	<b>10,909</b>
<b>Investment activities</b>			
Profit / return received	1,097	96	1,193
<b>Total cash inflow from investing activities</b>	<b>1,097</b>	<b>96</b>	<b>1,193</b>
<b>Financing activities</b>			
Contribution to the Operator's Fund	50,000	-	50,000
Cede Money	-	500	500
<b>Total cash outflow from investing activities</b>	<b>50,000</b>	<b>500</b>	<b>50,500</b>
<b>Net cash outflow from all activities</b>	<b>43,935</b>	<b>18,667</b>	<b>62,602</b>
<b>Cash at the beginning of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash at the end of the period</b>	<b>43,935</b>	<b>18,667</b>	<b>62,602</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
 Director

  
 Director

  
 Chairman

  
 N. Saoud  
 Principal Officer  
 and  
 Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

	2016		
	Operator's Fund	Participants' Takaful Fund	Aggregate
	(Rupees in thousand)		
<b>Reconciliation to profit and loss account</b>			
Operating cash flows	(7,162)	18,071	10,909
Increase in assets other than cash	21,694	38,623	60,317
Increase in liabilities	(17,421)	(63,028)	(80,449)
	(2,889)	(6,334)	(9,223)
<b>Other operating activities</b>			
Dividend and other investment income	1,097	96	1,193
<b>Loss / deficit for the period</b>	<b>(1,792)</b>	<b>(6,238)</b>	<b>(8,030)</b>

**Definition of cash**

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

Current and other accounts			
Saving accounts	43,935	18,667	62,602
Deposits maturing within 12 months	-	-	-
	<u>43,935</u>	<u>18,667</u>	<u>62,602</u>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
Director

  
Director

  
Chairman

  
Principal Officer  
and  
Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF CONTRIBUTIONS - PTF  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

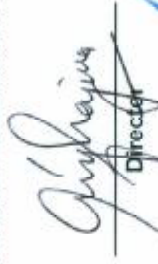
Takaful underwritten inside Pakistan

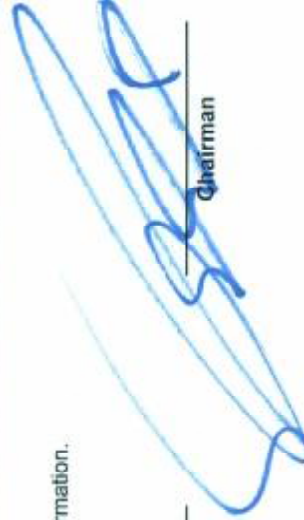
(Rupees in thousand)


Class	Contribution written	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expense	Net contribution revenue 2016
		Opening	Closing			Opening	Closing		
Fire and property damage	1,699	-	1,232	467	1,470	-	1,062	408	59
Marine, aviation and transport	679	-	62	617	570	-	-	570	47
Motor	41,100	-	32,540	8,560	2,534	-	1,267	1,267	7,293
Others including Miscellaneous	24	-	18	6	21	-	16	5	1
	<u>43,502</u>	<u>-</u>	<u>33,852</u>	<u>9,650</u>	<u>4,595</u>	<u>-</u>	<u>2,345</u>	<u>2,250</u>	<u>7,400</u>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
Director

  
Director

  
Chairman

  
Principal Officer  
and  
Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED . WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF CONTRIBUTIONS - PTF  
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 16 (UNAUDITED)**

Takaful underwritten inside Pakistan

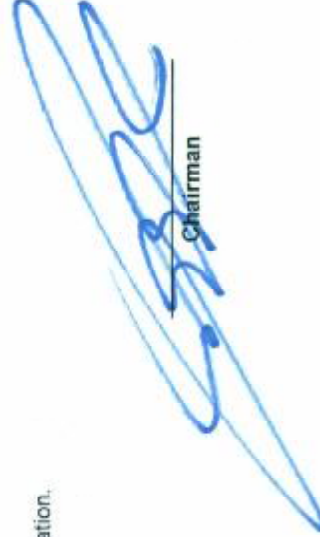
(Rupees in thousand)

Class	Contribution written	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expense	Net contribution revenue 2016
		Opening	Closing			Opening	Closing		
Fire and property damage	1,013	600	1,232	381	862	532	1,062	332	49
Marine, aviation and transport	373	5	62	316	290	-	-	290	26
Motor	27,201	12,223	32,540	6,884	-	1,900	1,267	633	6,251
Others including Miscellaneous	14	9	18	5	13	7	16	4	1
	<u>28,601</u>	<u>12,837</u>	<u>33,852</u>	<u>7,586</u>	<u>1,165</u>	<u>2,439</u>	<u>2,345</u>	<u>1,259</u>	<u>6,327</u>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
Director

  
Director

  
Chairman

  
Principal Officer  
and  
Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED · INDOV TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF CLAIMS - PTF**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

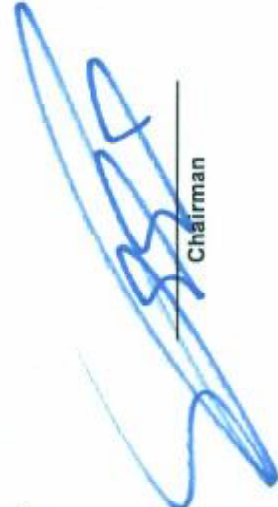
Takaful underwritten inside Pakistan

Class	(Rupees in thousand)									
	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries outstanding Opening	Re-takaful and other recoveries outstanding Closing	Re-takaful and other recoveries revenue	Net claim expense	2016
Direct and facultative										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
Motor	601	-	1,693	2,294	-	-	-	-	-	2,294
Others including Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>601</b>	<b>-</b>	<b>1,693</b>	<b>2,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,294</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED - INDOV TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF CLAIMS - PTF**  
**FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

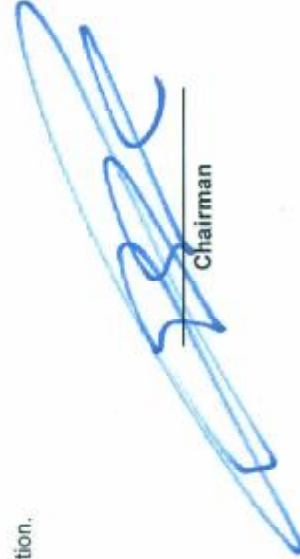
Takaful underwritten inside Pakistan

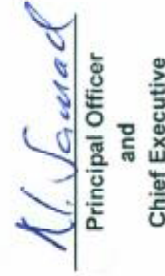
Class	(Rupees in thousand)									
	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries outstanding Opening	Re-takaful and other recoveries outstanding Closing	Re-takaful and other recoveries revenue	Net claim expense	2016
Direct and facultative										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
Motor	574	222	1,693	2,045	-	-	-	-	-	2,045
Others including Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>574</b>	<b>222</b>	<b>1,693</b>	<b>2,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,045</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
 Director

  
 Director

  
 Chairman

  
 Principal Officer  
 and  
 Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF EXPENSES - PTF  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

Takaful underwritten inside Pakistan

(Rupees in thousand)

Direct and facultative Class	Gross Wakala Fee	Deferred wakala fee		Net expenses	PTF direct expenses	Net rebate from re-takaful operators	Net takaful Participants' Expense 2016
		Opening	Closing				
Fire and property damage	401	-	294	107	-	88	19
Marine, aviation and transport	204	-	19	185	-	130	55
Motor	14,387	-	11,390	2,997	8,370	-	11,387
Others including Miscellaneous	7	-	6	1	-	2	(1)
<b>Total</b>	<b>14,999</b>	<b>-</b>	<b>11,709</b>	<b>3,290</b>	<b>8,370</b>	<b>220</b>	<b>11,440</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
Director

  
Director

  
Chairman

  
Principal Officer  
and  
Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF EXPENSES - PTF  
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

Takaful underwritten inside Pakistan

(Rupees in thousand)

Direct and facultative Class	Gross Wakala Fee	Deferred wakala fee		Net expenses	PTF direct expenses	Net rebate from re-takaful operators	Net takaful Participants' Expense 2016
		Opening	Closing				
Fire and property damage	195	180	294	81	-	72	9
Marine, aviation and transport	112	1	19	94	-	64	30
Motor	9,522	4,278	11,390	2,410	5,502	-	7,912
Others including Miscellaneous	4	3	6	1	-	2	(1)
<b>Total</b>	<b>9,833</b>	<b>4,462</b>	<b>11,709</b>	<b>2,586</b>	<b>5,502</b>	<b>138</b>	<b>7,950</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

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\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



Chairman

  
\_\_\_\_\_  
Principal Officer  
and  
Chief Executive

**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF EXPENSES - OPF  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

Takaful underwritten inside Pakistan

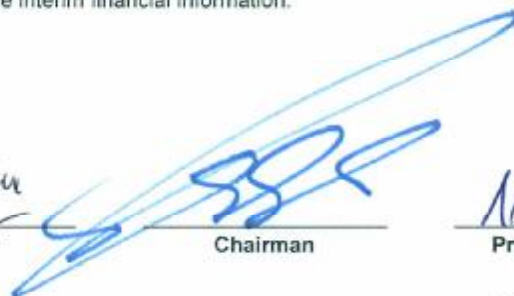
(Rupees in thousand)

Direct and facultative	Commissions		Net commission expenses	Other management expenses	Net takaful Operator expense 2016
	paid or payable	Deferred commission Opening      Closing			
<b>Class</b>					
Fire and property damage	255	-      185	70	161	231
Marine, aviation and transport	113	-      10	103	64	167
Motor	1,495	-      1,216	279	3,895	4,174
Others including Miscellaneous	2	-      1	1	2	3
<b>Total</b>	<u>1,865</u>	<u>-      1,412</u>	<u>453</u>	<u>4,122</u>	<u>4,575</u>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
Director

  
Director

  
Chairman

  
Principal Officer  
and  
Chief Executive



**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF EXPENSES - OPF  
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

Takaful underwritten inside Pakistan

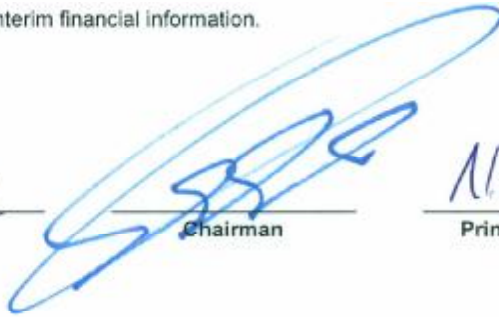
(Rupees in thousand)

Direct and facultative  Class	Commissions	Deferred commission		Net	Other	Net takaful
	paid or payable	Opening	Closing	commission expenses	management expenses	Operator expense 2016
Fire and property damage	152	90	185	57	80	137
Marine, aviation and transport	59	1	10	50	28	78
Motor	1,077	365	1,216	226	2,262	2,488
Others including Miscellaneous	1	1	1	1	1	2
<b>Total</b>	<b>1,289</b>	<b>457</b>	<b>1,412</b>	<b>334</b>	<b>2,371</b>	<b>2,705</b>

The annexed notes from 1 to 8 form an integral part of the interim financial information.

  
Director

  
Director



  
Principal Officer

**ALFALAH INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

**1 THE COMPANY AND ITS OPERATIONS**

Alfalah Insurance Company Limited (the Operator) is a general non-life insurance company which was incorporated as an unquoted public limited company in Pakistan on 21 December 2005 under the Companies Ordinance, 1984. The registered office of the Company is situated at 5-Saint Mary Park, Gulberg, Lahore.

Alfalah Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) through Liscence No. 11 on 30 September 2015 by Securities and Exchange Commission of Pakistan under Window Takaful Rules, 2012 to carry out General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participant Takaful Fund (PTF) on 13 January 2016 under the Waqf Deed with a Cede money of Rs. 500 thousand. The Waqf Deed governs the relationship of Operator and participants for management of takaful operations.

**2 BASIS OF INFORMATION**

**2.1** This condensed interim financial information of the General Window Takaful Opeartions have been prepared in accordance with the requirements of the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, SECP Takaful Rules, 2012, SECP Circular No. 25 of 2015 dated 9 July 2015, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, SECP Takaful Rules 2012, the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

These condensed interim financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable. These are the first set of financial statements of the Alfalah Insurance Company Limited - Window Takaful Operations.

The disclosures made in this condensed interim financial information have, however, been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 and International Accounting Statndard 34, Interim Financial Reporting. They do not include all the information required for full annual financial statements.

**2.2 Basis of measurement**

These financial statements have been prepared on the historical cost basis.

**2.3 Functional and presentation currency**

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

**2.4 Use of judgements and estimates**

The preparation of interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods. In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are;

- Provision for unearned contributions - Note 3.3
- Contribution deficiency reserve (liability adequacy test) - Note 3.4
- Provision for outstanding claims (including IBNR) 3.6
- Receivables and payables related to takaful contracts - Note 3.12

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Takaful contracts**

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

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

Takaful contracts are classified into following main categories, depending on the nature and duration of takaful risk and whether or not the terms and conditions are fixed.

- Fair and property damage
- Marine, aviation and transport
- Motor
- Others including Miscellaneous

These contracts are normally one year takaful contracts except marine and some contracts of others including miscellaneous class. Normally all marine takaful contracts are of three months period. In others including miscellaneous class, some engineering takaful contracts are of more than one year period.

These contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful contracts e.g. vehicle, personal accident, etc. are provided to individual customers, whereas, takaful contracts of fire and property damage, marine, aviation and transport, health and other commercial line products are provided to commercial organizations.

Fire and property damage takaful contracts mainly compensate the Operator's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the takaful properties in their business activities.

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Other various types of takaful are classified in others including miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, products of financial institutions, crop etc.

The Operator also accepts takaful risk pertaining to takaful contracts of other operators as retakaful inward. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator. All retakaful inward contracts are facultative (specific risk) acceptance contracts.



**3.2 Contribution**

For all the takaful contracts, Contributions including administrative surcharge received / receivable under a takaful policy are recognised as written at the time of issuance of policy. Where Contributions for a policy are payable in installments, full Contribution for the duration of the policy is recognised as written at the inception of the policy and related assets set up for Contributions receivable at a later date. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on Contributions.

**3.3 Provision for unearned contributions**

Provision for unearned contribution represents the portion of contribution written relating to the unexpired period of coverage and is recognised as a liability by the Operator on the following basis:

- for marine cargo business, contribution written is recognised as provision for unearned contribution until the commencement of voyage.
- for other classes contribution written is recognised as provision for unearned contribution by applying the 1/24th method as specified in the SEC (Insurance) Rules, 2002.

**3.4 Contribution deficiency reserve (liability adequacy test)**

The Operator maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired takaful contracts in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense / income in the profit and loss account for the year. No provision has been made as the unearned contribution reserve for each class of business as at the balance sheet date is adequate to meet the expected future liability, after retakaful, from claims and other supplementary expenses expected to be incurred after balance sheet date in respect of takaful contracts in force at balance sheet date.

**3.5 Claims**

Claims are charged to PTF income as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

**3.6 Provision for outstanding claims (including IBNR)**

A liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs. Retakaful recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

**3.7 Retakaful contracts**

Retakaful Contribution is recognised as an expense at the time the retakaful is ceded. Rebate from retakaful is recognised in accordance with the policy of recognising contribution revenue. Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Retakaful liabilities represent balances due to retakaful operators and are primarily retakaful contributions payable for retakaful contracts and are recognised at the same time when retakaful contributions are recognised as an expense.

**3.8 Commission**

**Commission expense**

Commission expenses incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of contribution revenue by applying the 1/24th method.

**Rebate from retakaful operators**

Rebate from retakaful operators is deferred and recognised as revenue in accordance with the pattern of recognition of the retakaful Contribution to which it relates.

**3.9 Wakala fee and Mudarib Fee**

The Operator manages the general takaful operations for the participants and charge the following percentages of gross contribution as Wakala Fee to meet the marketing and sales expenses (including commissions), administrative and management expenses:

Fire and property damage	30%
Marine	30%
Motor	35%
Others including Miscellaneous	30%

The Takaful operator manages the investment of the Participant's Funds as Mudarib and charge 25% of the investment income earned by the PTF as Mudarib Share.

Wakala fee and Mudarib fee shall be recognized on the same basis on which related revenue shall be recognized. Unexpired portion of Wakala fee shall be disclosed as a liability for the Operator's Fund and an asset of Participant's Fund.

**3.10 Revenue recognition**

**Participants' Takaful Fund**

**Contribution**

Contribution income under a policy is recognised over the period of takful net off wakala fee. Administrative surcharge recovered from insurer is recognized as part of contribution in the case of co-takaful outward policies on up-front basis.

**Rebate from retakaful operators**

The revenue recognition policy for rebate from retakaful operator is given under note 3.8

**Operator's Takaful Fund**

The revenue recognition policy for wakala fee is given under note 3.9

**Participants' Takaful Fund / Operator's Takaful Fund**

**Investment Income**

Return on investments, profit on profit and loss sharing accounts and bank deposits are recognised on accrual basis.

**3.11 Creditors, accruals and provisions**

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and or services received, whether or not billed to the Operator. Provisions are recognised when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at balance sheet date and adjusted to reflect current best estimates.

**3.12 Receivables and payables related to takaful contracts**

Receivables and payables related to takaful contracts are recognised when due at cost which is the fair value of the consideration given less provision for impairment, if any.



**3.13 Expenses of management**

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

**3.14. Cash and cash equivalents**

The preparation of the 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 expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgments made by the management in applying the Operator's accounting policies and the key sources of estimating uncertainty were same as those applied to the annual financial statements for the year ended 31 December 2015.

**4. CONTINGENCIES AND COMMITMENTS**

**Contingencies and commitments:**

There are no contingency to report at the period end.

**5 STATUARY FUND**

Amount of Rs. 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by SECP.

**6. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of directors, key management personnel, associated companies and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. Contributions and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan.

	(Rupees in thousand)
	Unaudited
	30 June
	<u>2016</u>
<b>Transaction during the period</b>	
<b>Associated Undertakings and other related parties</b>	
Interest income	1,097
Expense charged in respect of retirement benefit plans	111
<b>Key Management Personnel</b>	
Key management personnel compensation	2,561

All transactions with related parties have been carried out on commercial terms and conditions.



**7 SEGMENT REPORTING**

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, SECP Takaful Rules 2012 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

Assets and liabilities that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

Segment wise assets and liabilities as at 30 June 2016 are as follows:

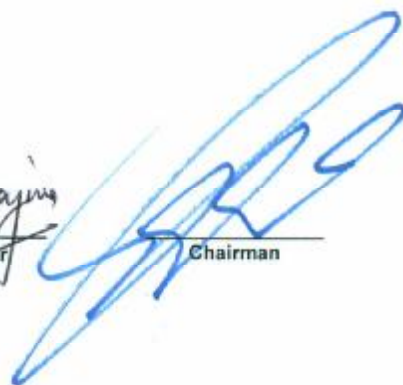
	(Rupees in thousand)				
	Fire and property damage	Marine, aviation and transport	Motor	Others including Miscellaneous	Unaudited 30 June Total
<b>OPERATOR'S FUND</b>					
Segment assets	185	10	1,216	2	1,413
Unallocated assets					64,216
Consolidated total assets					<u>65,629</u>
Segment liabilities	294	19	11,390	6	11,709
Unallocated liabilities					5,712
Consolidated total liabilities					<u>17,421</u>
<b>PARTICIPANTS' TAKAFUL FUND</b>					
Segment assets	2,158	273	36,069	34	38,534
Unallocated assets					18,756
Consolidated total assets					<u>57,290</u>
Segment liabilities	2,257	392	34,488	53	37,190
Unallocated liabilities					25,838
Consolidated total liabilities					<u>63,028</u>

**8 GENERAL**

- 8.1 Figures for the quarter ended 30 June 2016 have not been subject to limited scope review by the statutory auditor as they only require to review the half yearly figures.
- 8.2 Being the first financials of Window Takaful Operations there were no comparatives figure to report.
- 8.3 The interim financial information was authorised for issue by the Board of Directors of the Operator on 24 AUG 2016

  
Director

  
Director

  
Chairman

  
Principal Officer  
and  
Chief Executive