



ALFALAH INSURANCE COMPANY LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2019**

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Alfalah Insurance Company Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Alfalah Insurance Company Limited** (the Company) as at **30 June 2019** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, and notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 these 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 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim statement of profit and loss and condensed interim statement of comprehensive income for the three month period ended 30 June 2019 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended 30 June 2019.

The condensed interim financial statements for the six month period ended 30 June 2018 and the annual financial statements for the year ended 31 December 2018 of the Company were reviewed and audited, respectively, by another firm of chartered accountants. The review report dated 30 September 2018 and audit report dated 21 February 2019 expressed an unmodified conclusion and unmodified opinion, respectively.

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The engagement partner on the audit resulting in this independent auditor's report is
Abdullah Fahad Masood.



EY Ford Rhodes
Chartered Accountants
Lahore: 04 October 2019

ALFALAH INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		(Un-audited) 30 June 2019	(Audited) 31 December 2018
		(Rupees in thousand)	
ASSETS			
Property and equipment	8	249,718	179,910
Intangible assets	9	1,648	2,273
Investment property		1,588	1,588
Investments			
Equity securities	10	167,050	293,222
Debt securities	11	1,022,758	721,286
Term deposits	12	-	-
Loans and other receivables		51,754	36,990
Insurance / reinsurance receivables - unsecured and considered good	13	597,441	541,304
Reinsurance recoveries against outstanding claims	18	278,606	293,866
Salvage recoveries accrued		30,848	17,582
Deferred commission expense / acquisition cost	19	33,487	83,486
Deferred taxation		1,757	1,862
Taxation - payment less provisions		24,878	21,376
Prepayments	14	266,672	277,126
Cash and bank	15	563,707	592,898
		3,291,912	3,064,769
Total assets of Window Takaful Operations - Operator's Fund	6	159,009	122,102
TOTAL ASSETS		3,450,921	3,186,871

EQUITY AND LIABILITIES

Capital and reserves attributable to Company's equity holders

Authorized capital			
50,000,000 (2018:50,000,000) ordinary shares of Rs 10 each		500,000	500,000
Ordinary share capital		500,000	500,000
Reserves	16	113,654	100,604
Unappropriated profit		532,068	466,262
TOTAL EQUITY		1,145,722	1,066,866

Liabilities

Underwriting provisions:			
Outstanding claims including IBNR	18	530,845	532,442
Unearned premium reserve	17	731,490	650,096
Unearned commission	19	50,533	67,929
Retirement benefits obligations		638	638
Premiums received in advance		52,920	19,564
Insurance / reinsurance payables		428,509	406,939
Other creditors and accruals		353,404	388,058
Lease liability		74,733	-
		2,223,072	2,065,666
Total liabilities of Window Takaful Operations - Operator's Fund	6	82,127	54,339
TOTAL LIABILITIES		2,305,199	2,120,005

TOTAL EQUITY AND LIABILITIES

3,450,921 **3,186,871**

Contingencies and commitments

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The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.


Chairman


Director


Director


Chief Executive Officer


ALFALAH INSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	(Rupees in thousand)			
		Three months ended		Six months ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Net insurance premium	17	392,857	298,946	774,483	574,736
Net insurance claims	18	(165,758)	(143,132)	(318,245)	(282,987)
Net commission / acquisition expense	19	(115,795)	(59,544)	(218,855)	(94,072)
Insurance claims and acquisition expenses		(281,553)	(202,676)	(537,100)	(377,059)
Management expenses	20	(104,790)	(99,671)	(204,087)	(194,657)
Underwriting result		6,514	(3,401)	33,296	3,020
Investment income	21	6,634	7,367	28,496	25,325
Other income		18,218	9,783	27,579	17,442
Other expenses		(3,936)	(2,834)	(6,657)	(5,375)
Results of operating activities		27,430	10,915	82,714	40,412
Finance cost		(4,145)	-	(4,145)	-
Profit from window takaful operations	6	6,360	1,912	12,843	3,750
Profit before tax		29,645	12,827	91,412	44,162
Taxation		(8,311)	(6,197)	(25,606)	(15,598)
Profit after tax		21,334	6,630	65,806	28,564
Earnings per share - basic and diluted	22	0.43	0.13	1.32	0.57

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.


Chairman


Director

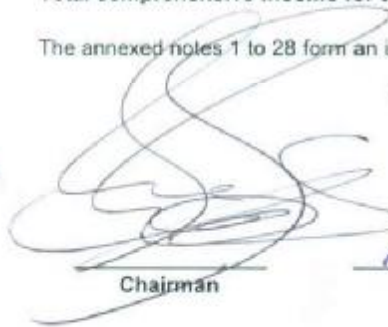

Director


Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Three months ended		Six months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	(Rupees in thousand)			
Profit after tax for the period	21,334	6,630	65,806	28,564
Other comprehensive income				
Un-realized (loss) / gain on available for sale investments	(15,635)	7,730	13,050	(9,506)
Total comprehensive income for the period	5,699	14,360	78,856	19,058

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chairman



Director

Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended	
	30 June 2019	30 June 2018
------(Rupees in thousand)-----		
Operating cashflows		
a) Underwriting activities		
Insurance Premiums received	1,242,183	1,195,101
Reinsurance premiums paid	(447,928)	(802,823)
Claims paid	(431,321)	(625,775)
Reinsurance and other recoveries received	126,739	355,814
Commissions paid	(303,974)	(230,685)
Commissions received	147,544	189,273
Management expenses paid	(192,128)	(187,390)
Net cash flow from underwriting activities	141,115	(106,485)
b) Other operating activities		
Income tax paid	(29,003)	(56,286)
Other expenses	(19,255)	(43,461)
Loans disbursed	(2,938)	(2,503)
Loans repayments received	5,131	3,571
Other receipts	-	20
Net cash used in other operating activities	(46,065)	(98,659)
Total cash flow from all operating activities	95,050	(205,144)
Investment activities		
Profit / return received	35,923	17,364
Dividends received	5,407	5,065
Payments for investments	(2,059,565)	(1,440,153)
Proceeds from disposal of investments	1,907,401	1,320,224
Fixed capital expenditure - tangible assets	(1,329)	(1,952)
Proceeds from disposal of operating fixed assets	4,585	48
Total cash flow from investing activities	(107,578)	(99,404)
Financing activities		
Payment of lease liability in respect of right of use assets	(16,663)	-
Total cash flow from financing activities	(16,663)	-
Net cash flow generated from all activities	(29,191)	(304,548)
Cash at the beginning of the period	592,898	765,259
Cash and cash equivalents at end of the period	563,707	460,711
Reconciliation to profit and loss account		
Operating cash flows	95,050	(205,144)
Salvage adjustment	-	(1,588)
Depreciation expense	(19,116)	(9,349)
Gain on disposal of operating fixed assets	1,106	-
Profit on sale of investments	6,369	17,140
Impairment in value of available-for-sale investments	(5,364)	-
Dividend and other income	46,320	23,773
Increase in assets other than cash	97,935	25,039
Increase in liabilities other than borrowings	(161,130)	171,880
Payment of lease liability in respect of right of use assets	(16,663)	-
Amortization of intangibles	(625)	(620)
Un-realized gain in value of held for trading investment	9,081	3,683
Profit from Window Takaful Operations	12,843	3,750
Profit after taxation	65,806	28,564

The annexed notes, 1 to 28 form an integral part of these condensed interim financial statements.

Chairman

Director

Director

Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

(Rupees in thousand)

	Share capital	Capital Reserve		Revenue Reserve		Total
	Issued, subscribed and paid up	Share deposit money	Fair value Reserve	General reserve	Unappropriated Profit	
Balance as at 1 January 2018	500,000	1,381	951	150,000	402,085	1,054,417
Total Comprehensive Income for the six month period ended 30 June 2018						
Profit for the period 01 Jan 2018 to 30 June 2018	-	-	-	-	28,564	28,564
Other comprehensive income for the period 01 Jan 2018 to 30 June 2018	-	-	(9,506)	-	-	(9,506)
Total comprehensive income for the period	-	-	(9,506)	-	28,564	19,058
Balance as at 30 June 2018 - (Unaudited)	500,000	1,381	(8,555)	150,000	430,649	1,073,475
Balance as at 1 January 2019	500,000	1,381	(50,777)	150,000	486,262	1,066,866
Total Comprehensive income for the six month period ended 30 June 2019						
Profit for the period 01 Jan 2019 to 30 June 2019	-	-	-	-	65,806	65,806
Other comprehensive income for the period 01 Jan 2019 to 30 June 2019	-	-	13,050	-	-	13,050
Total comprehensive income for the period	-	-	13,050	-	65,806	78,856
Balance as at 30 June 2019 - (Unaudited)	500,000	1,381	(37,727)	150,000	532,068	1,145,722

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


 Chairman


 Director


 Director


 Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

1 Legal status and nature of business

Alfalah Insurance Company Limited ("the Company") is a public limited company incorporated in Pakistan on 21 December 2005 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is engaged in general non-life insurance business. The registered office of the Company is situated at 5-Saint Mary Park, Gulberg-III, Lahore.

The Company was granted authorization on 30 September 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on 13 January 2016.

2 Basis of preparation and statement of compliance

2.1 Statement of compliance

2.1.1 The condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

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

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

2.1.2 These condensed interim financial statements comprise of condensed interim statement of financial position of the company as at 30 June 2019 and related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof. These condensed interim financial statements are unaudited and being submitted to the shareholders as required under 'Code of Corporate Governance' for Insurers, 2016.

2.1.3 These condensed interim financial statements for the six months ended 30 June 2019 do not include all the information and disclosures required in financial statements, and should be read in conjunction with annual financial statements of the company for the year ended 31 December 2018.

2.1.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 31 December 2018, whereas comparatives of 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 are stated from unaudited condensed interim financial statements of the Company for the six months period ended 30 June 2018.

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- 2.1.5 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 statement of financial position and profit and loss account of the Company respectively. A separate set of condensed interim financial statements of the General Window Takaful Operations have been annexed to these condensed interim financial statements as per the requirements of the Takaful Rules, 2012.

2.2 Basis of measurement

These condensed interim financial statements for the six months ended 30 June 2019 have been prepared under historical cost conversion except for certain foreign currency translation adjustments, certain financial instruments carried at fair value, and defined benefit obligations under employees benefit carried at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

3 Statement of consistency in accounting policies

- 3.1 The accounting policies and methods of computation adopted in the presentation of these condensed interim financial statements for the six months ended 30 June 2019 are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2018 except for the adoption of IFRS 16 which is given below:

During the current year, the Company has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Company has lease contracts for its various branches. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Other Creditors and Accruals, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognized in the current period.

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/ (decrease)) is as follows:

	Rupees in thousands
Assets	
Right of use assets	91,074
Prepayment	(4,607)
Total Assets	<u>86,467</u>

Liabilities	Rupees in thousands
Lease Liability	<u>86,467</u>

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

• Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review.

• Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

• Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

• Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of offices due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operations if a replacement is not readily available.

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right of use assets	Lease liability
	Rupees in thousands	
As at 1 January 2019	91,074	86,647
Additions	-	-
Depreciation expense	(8,934)	-
Interest expense	-	4,749
Payments	-	(16,663)
As at 30 June 2019	<u>82,140</u>	<u>74,733</u>

3.2 There are certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore not disclosed.

3.3 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and amendments and interpretations thereto will be effective for the accounting periods beginning on or after 01 January 2020 and are not likely to have any significant impact on the Company's condensed interim financial statements, except stated otherwise:

- IFRS 3, Business Combinations (Amendments)
- IAS 1, Presentation of Financial Statements (Amendments)
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)

3.4 Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after 1 January 2021, as allowed by the amendments contained in Annual Improvements to IFRS Standards 2015-2017 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

- (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date.

The Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2018. During 2019, there had been no significant change in the activities of the Company that requires reassessment.

4 Use of estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards require management to make judgements, estimates and assumptions that effect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied in the preceding audited annual financial statements of the Company for the year ended 31 December 2018.

4.1 Change in Estimates

The Company has changed its estimate regarding useful life of motor vehicles from 5 years to 4 years. This change has been accounted for as a change in accounting estimate. Had there been no change in accounting estimate, the depreciation charge for the period would have been lower by Rs. 0.7 million while carrying value of motor vehicles and profit before tax for the year would have been higher by the same amount.

5 Financial risk management

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

	(Un-audited) 30 June 2019	(Audited) 31 December 2018
	(Rupees in thousand)	
6 Window Takaful Operations		
<u>Operator's Fund</u>		
Assets:		
Cash and bank deposits	64,373	65,261
Qard e Hasna to Participant Takaful Fund	30,000	30,000
Assets - Others	64,636	26,841
Total assets	159,009	122,102
Total Liabilities - Current	82,127	54,339
6.1 Window Takaful Operations		
<u>Profit and loss account</u>		
Wakala fee	41,340	27,951
Commission expense	(9,872)	(7,525)
Management expense	(20,651)	(16,542)
Investment income	-	685
Mudarib's share	1,985	326
Other income	2,461	320
Other expenses	(1,816)	(1,465)
Finance cost	(604)	-
Profit before tax	12,843	3,750
Taxation	(3,724)	(1,238)
	9,119	2,512

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

7 Contingencies and commitments

7.1 Contingencies

a) Income tax - Tax Year 2011

The Company's appeal against order passed, raising a tax demand of Rs. 121.55 million under section 122(5A) of the Ordinance, was disposed of by Commissioner Inland Revenue (Appeals - I) [CIR(A)] through order dated 14 September 2017 for tax year 2011.

While, a substantial amount of relief was allowed on issues decided in Company's favor by CIR(A) reducing the demand to Rs. 69.37 million, the treatment earlier accorded was repeated in respect of remaining issues. The Company, as well as the Department, assailed the order for cross appeals before Appellate Tribunal Inland Revenue [Tribunal] whereby substantial relief was given, by ATIR's order dated 17 May 2018, by reducing demand to Rs. 0.61 million. The department has filed an appeal in Lahore High Court against ATIR's order. As per Company's Tax advisor, the Company has strong case, accordingly, the appeal is likely to be decided in favor of the Company. Therefore, no provision has been made in these condensed interim financial statements.

b) **Income tax - Tax Year 2017**

For tax year 2017, the tax department disputed Company's treatment on certain issues and raised the aggregate liability of Rs. 93.9 million, however, upon assailing the assessment order before the first appellate authority, additions only to the extent of Rs 5.9 million were confirmed in respect of unpaid liabilities (Rs 0.4 million) and unverified expenses (Rs 5.5 million). While the former will be claimed on payment basis, the company is in the process of filing an appeal before the Appellate Tribunal Inland Revenue in respect of the latter. No provision has been made in the financial statements regarding the said additions, as the management is of the view that these issues will be decided in the Company's favor as and when these are taken up by the Appellate Authorities.

	Note	(Un-audited)	(Audited)
		30 June 2019	31 December 2018
(Rupees in thousand)			
8 Property and equipment			
Right of use assets	8.1	82,140	-
Property and equipment - Owned Assets	8.2	167,578	179,910
		<u>249,718</u>	<u>179,910</u>
8.1 Right of use assets			
Opening balance - net book value		-	-
Additions during the period	3.1	91,074	-
Less: Depreciation	8.1.2	(8,934)	-
		<u>82,140</u>	<u>-</u>

8.1.1 The right of use assets comprise of buildings leased by the Company for its operations.

8.1.2 Depreciation charged during the year includes an amount of Rs. 1.14 million (2018: Nil) allocated to "Window Takaful Operations - Operator's Fund".

	Note	(Un-audited)	(Audited)
		30 June 2019	31 December 2018
(Rupees in thousand)			
8.2 Property and equipment - Owned Assets			
Opening balance - net book value		178,672	187,902
Additions during the period / year	8.2.1	1,354	10,125
Less: Book value of disposals during the period / year	8.2.2	(3,479)	(2,806)
Depreciation charged during the period / year	8.2.3	(10,182)	(15,549)
		<u>(13,661)</u>	<u>(19,355)</u>
		166,365	178,672
Capital work in progress		1,213	1,238
		<u>167,578</u>	<u>179,910</u>
8.2.1 Additions during the period / year			
Furniture, fixtures and office equipment		1,133	5,296
Motor vehicles		221	4,829
		<u>1,354</u>	<u>10,125</u>
8.2.2 Disposals during the period / year			
Furniture, fixtures and office equipment		917	124
Motor vehicles		2,662	2,682
		<u>3,479</u>	<u>2,806</u>

8.2.3 Depreciation charged during the year includes an amount of Rs. 1.29 million (2018: Rs. 1.03 million) allocated to "Window Takaful Operations - Operator's Fund".

9	Intangibles assets	Note	(Un-audited)	(Audited)
			30 June 2019	31 December 2018
			(Rupees in thousand)	
	Opening balance - net book value		2,273	3,436
	Additions during the period / year		-	83
	Less: Book value of disposals during the period / year		-	-
	Amortization charged during the period / year	9.1	(625)	(1,246)
			(625)	(1,246)
			1,648	2,273

9.1 Amortization charged during the year includes an amount of Rs. 0.08 million (2018: Rs. 0.07 million) allocated to "Window Takaful Operations - Operator's Fund".

10	Investments in equity securities	30 June 2019 (Un-audited)			31 December 2018 (Audited)		
		Cost	Impairment / Provision	Carrying value	Cost	Impairment/ Provision	Carrying value
----- (Rupees in thousand) -----							
	Available for sale - Quoted						
	<i>Related parties</i>						
	Listed shares	-	-	-	5,469	-	5,469
	Mutual funds	-	-	-	70,000	-	70,000
	<i>Others</i>						
	Listed shares	209,539	(5,364)	204,175	265,088	-	265,088
		209,539	(5,364)	204,175	340,557	-	340,557
	Unrealized gain/ (loss) on revaluation	-	-	(37,125)	-	-	(47,335)
		209,539	(5,364)	167,050	340,557	-	293,222

11	Investments in debt securities	Note	(Un-audited)	(Audited)
			30 June 2019	31 December 2018
			(Rupees in thousand)	
	Available-for-sale - Unquoted			
	Sukuk certificates		35,000	35,000
	Term finance certificates		54,714	34,720
	Pakistan Investment Bonds		110,000	210,000
			199,714	279,720
	Unrealized loss on debt securities		(602)	(3,442)
			199,112	276,278
	Held for trading			
	Treasury Bills		681,462	440,276
	Pakistan Investment Bonds		133,103	-
	Unrealized gain on debt securities		9,081	4,732
			1,022,758	721,286
12	Term Deposits			
	Term Deposit Receipt - maturing with in 12 months	12.1	2,000	2,000
	Impairment		(2,000)	(2,000)
			-	-

12.1 These includes Term Deposit Receipts (TDR) purchased from Trust Investment Bank of Rs. 2 million (2018: Rs. 2 million) matured in 2013. Impairment has been charged due to uncertainty surrounding recoverability of the amount.

	Note	30 June 2019	31 December 2018
(Rupees in thousand)			
13 Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		554,323	445,085
Less : provision for impairment of receivables from insurance contract holders		(30,133)	(30,133)
		524,190	414,952
Due from other insurers / reinsurers		77,928	129,128
Less : provision for impairment of due from other insurers / reinsurers		(4,677)	(2,776)
		73,251	126,352
		<u>597,441</u>	<u>541,304</u>
14 Prepayments			
Prepaid reinsurance premium ceded		259,676	270,454
Prepaid rent	3.1	-	4,607
Prepaid miscellaneous expenses		6,996	2,065
		<u>266,672</u>	<u>277,126</u>
15 Cash and bank			
Cash and cash equivalents			
Cash in hand		271	429
Revenue stamps		1,569	609
		1,840	1,038
Cash at bank			
Current accounts			
- Local currency		48,052	292,596
- Foreign currency		542	456
		48,594	293,052
Savings accounts		513,273	298,808
		561,867	591,860
	15.1	<u>563,707</u>	<u>592,898</u>
15.1 Cash and bank deposits include an amount of Rs. 525.22 million (2018: Rs. 534.46 million) held with related parties.			
(Rupees in thousand)			
16 Reserves			
Capital reserves			
Share deposit money		1,381	1,381
Fair value reserves		(37,727)	(50,777)
Revenue reserves			
General reserves		150,000	150,000
		<u>113,654</u>	<u>100,604</u>
		(Un-audited)	(Un-audited)
		30 June	30 June
		2019	2018
(Rupees in thousand)			
17 Net insurance premium			
Written gross premium		1,319,965	1,128,184
Unearned premium reserve as at 01 January		650,096	673,331
Unearned premium reserve as at 30 June		(731,490)	(723,162)
Premium earned		1,238,571	1,078,353
Reinsurance premium ceded		(453,310)	(462,764)
Prepaid reinsurance premium as at 01 January		(270,454)	(326,253)
Prepaid reinsurance premium as at 30 June		259,676	285,400
Reinsurance expense		(464,088)	(503,617)
		<u>774,483</u>	<u>574,736</u>

	Note	(Un-audited)	(Un-audited)
		30 June 2019	30 June 2018
(Rupees in thousand)			
18 Net insurance claims expense			
Claims paid		431,320	624,185
Outstanding claims including IBNR as at 30 June		530,845	801,714
Outstanding claims including IBNR as at 01 January		(532,441)	(568,890)
Claims expense		429,724	657,009
Reinsurance and other recoveries received		(126,739)	(355,814)
Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) as at 30 June		(278,606)	(406,642)
Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) as at 01 January		293,866	388,434
Reinsurance and other recoveries revenue		(111,479)	(374,022)
		<u>318,245</u>	<u>282,987</u>
19 Net commission / acquisition expense			
Commission paid or payable		269,508	244,788
Deferred commission expense as at 01 January		83,486	86,770
Deferred commission expense as at 30 June		(33,487)	(92,405)
Net commission		319,507	239,153
Commission received or recoverable		(83,256)	(161,584)
Unearned reinsurance commission as at 01 January		(67,929)	(82,088)
Unearned reinsurance commission as at 30 June		50,533	98,591
Commission from reinsurance		(100,652)	(145,081)
		<u>218,855</u>	<u>94,072</u>
		Six months ended	
		(Un-audited)	(Un-audited)
		30 June	30 June
		2019	2018
		(Rupees in thousand)	
20 Management expenses			
Employee benefit cost	20.1	119,785	111,156
Travelling expenses		4,395	2,938
Advertisement and sales promotion		1,200	394
Printing and stationery		4,964	5,328
Depreciation		16,686	8,310
Amortization		546	551
Rent, rates and taxes		1,379	9,973
Electricity, gas and water		3,066	2,255
Vehicle running expenses		6,899	5,859
Office repairs and maintenance		4,375	3,142
Bank charges		795	914
Postages, telegrams and telephone		5,248	4,490
Annual supervision fee SECP		2,082	1,924
Bad and doubtful debts		1,900	
Fee and subscription		1,338	1,244
Tracker expense		22,648	30,145
Training and development		2,797	2,811
Inspection fee		547	727
Miscellaneous		3,437	2,498
		<u>204,087</u>	<u>194,657</u>
20.1 Employee benefit cost			
Salaries, allowances & other benefits		107,930	101,673
Charges for post employment benefits		11,855	9,483
		<u>119,785</u>	<u>111,156</u>

	Note	Six months ended	
		(Un-audited)	(Un-audited)
		30 June 2019	30 June 2018
(Rupees in thousand)			
21 Investment income			
Income from equity securities	21.1	5,797	5,847
Income from debt securities	21.2	13,808	504
Net realized gains on investments	21.3	6,369	17,140
Net unrealized gains on investments	21.4	9,081	3,683
Impairment in value of available for sale - Equity Securities		(5,364)	-
Investment related expenses		(1,195)	(1,849)
		<u>28,496</u>	<u>25,325</u>
21.1 Income from equity securities			
- Available for sale Dividend income		5,797	5,847
- Held for trading Dividend income		-	-
		<u>5,797</u>	<u>5,847</u>
21.2 Income from debt securities			
- Available for sale			
Return on Sukuk certificate		1,914	13
Return on Tem finance certificate		2,102	15
Return on Pakistan Investment Bonds		8,849	
- Held for trading			
Pakistan Investment Bonds		943	-
- Held to maturity			
Pakistan Investment Bonds		-	476
		<u>13,808</u>	<u>504</u>
21.3 Net realized gains on investments			
- Available for sale			
Realized gains on equity securities		(13,550)	9,007
Realized gains on debt securities		(492)	-
- Held for trading			
Realized gains on debt securities		20,411	8,133
		<u>6,369</u>	<u>17,140</u>
21.4 Net unrealized gains on investments			
- Held for trading			
Net un-realized gains on investments at fair value through profit or loss		9,081	3,683
		<u>9,081</u>	<u>3,683</u>
22 Earnings per share - basic and diluted			

	Un-audited		Un-audited	
	Three months ended		Six months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Rupees in thousand				
There is no dilutive effect in the basic earnings per share which is based on:				
Net profit after tax for the period attributable to ordinary shareholders	<u>21,334</u>	<u>6,630</u>	<u>65,806</u>	<u>28,564</u>
Weighted average number of ordinary shares outstanding	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
	(Rupees)		(Rupees)	
Basic earnings per share	<u>0.43</u>	<u>0.13</u>	<u>1.32</u>	<u>0.57</u>

23 Transactions with related parties

Related parties comprise of directors, key management personnel, associated companies, 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 with related parties are summarized as follows:

	Six months ended	
	(Un-audited) 30 June 2019	(Un-audited) 30 June 2018
(Rupees in thousand)		
i) Associated Undertakings and other related parties		
Premium written	431,828	322,753
Premium received	442,831	412,079
Claims paid	156,858	163,032
Commission Paid	89	-
Interest income	25,878	15,211
Dividend Income	415	472
Rent expense	1,394	1,234
License fees and connection charges	1,063	1,063
Expense charged in respect of retirement benefit plans	7,657	7,549
Investment Advisory Fee	1,043	1,579
Investments purchased	-	135,000
Investments sold	71,337	67,244
Rent Paid	-	2,288
<u>Key management personnel</u>		
Premium written	148	81
Claims paid	83	25
	(Un-audited) 30 June 2019	(Un-audited) 31 December 2018
(Rupees in thousand)		
ii) Period end balances		
<u>Associated Undertakings and other related parties</u>		
Premium receivable from related parties	137,843	57,594
Provision for outstanding claims	182,103	174,157
Interest charges payable	1,086	-
<u>Key Management Personnel</u>		
Premium receivable	120	62
Provision for outstanding claims	63	66

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

24 Segment Reporting

Each class of business has been identified as reportable segment. The following schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017:

	30 June 2019 (Un-audited)						Total
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	
------(Rupees in thousand)-----							
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	162,019	65,984	282,020	756,994	241,111	-	1,508,127
Less : Federal Excise Duty	(21,398)	(9,081)	(37,921)	(62,974)	(40,872)	-	(172,246)
Federal Insurance Fee	(1,385)	(715)	(2,418)	(9,140)	(2,256)	-	(15,915)
Gross Written Premium (inclusive of Administrative Surcharge)	139,235	56,187	241,681	684,880	197,983	-	1,319,967
Gross Direct Premium	133,512	53,981	232,154	684,786	196,215	-	1,300,688
Facultative inward premium	4,896	-	-	-	748	-	5,644
Administrative Surcharge	827	2,196	9,497	95	1,020	-	13,635
	139,235	56,187	241,681	684,880	197,983	-	1,319,967
Insurance premium earned	199,913	55,936	256,117	533,478	193,127	-	1,238,571
Insurance premium ceded to reinsurers	(182,867)	(46,471)	(10,870)	(102,546)	(121,334)	-	(464,088)
Net insurance premium	17,046	9,465	245,247	430,932	71,793	-	774,483
Commission income	40,257	9,417	338	5,506	45,134	-	100,652
Net underwriting income	57,303	18,882	245,585	436,438	116,927	-	875,135
Insurance claims	(51,900)	(6,801)	(133,161)	(175,469)	(62,393)	-	(429,724)
Insurance claims recovered from reinsurers	47,887	5,018	1,055	16,314	41,205	-	111,479
Net claims	(4,013)	(1,783)	(132,106)	(159,155)	(21,188)	-	(318,245)
Commission expense	(32,887)	(8,486)	(15,283)	(233,736)	(29,115)	-	(319,507)
Management expense	(19,442)	(7,845)	(56,394)	(95,631)	(27,645)	-	(204,087)
Net insurance claims and expenses	(56,342)	(18,114)	(203,783)	(488,522)	(77,948)	-	(844,709)
Underwriting results	961	768	41,802	(52,084)	38,979	-	33,296
Net investment income							28,496
Other income							27,579
Other expenses							(6,657)
Finance Cost							(4,145)
Profit from window takaful operations							12,843
Profit before tax							91,412
Segment assets	373,705	75,171	129,697	212,014	378,626		1,169,212
Unallocated assets							2,281,709
							3,450,921
Segment liabilities	382,433	73,288	467,466	318,399	530,869		1,772,466
Unallocated liabilities							457,751
							2,305,199

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ALFALAH INSURANCE COMPANY LIMITED

	30 June 2018 (Un-audited)						
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Total
	(Rupees in thousand)						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	102,301	74,299	257,652	439,113	374,340	-	1,247,705
Less : Federal Excise Duty	(14,679)	(8,289)	(34,658)	(21,676)	(27,940)	-	(107,242)
Federal Insurance Fee	(853)	(654)	(2,210)	(4,134)	(4,428)	-	(12,279)
Gross Written Premium (inclusive of Administrative Surcharge)	<u>86,769</u>	<u>65,356</u>	<u>220,784</u>	<u>413,303</u>	<u>341,972</u>	-	<u>1,128,184</u>
Gross Direct Premium	81,675	63,201	211,895	413,211	339,944	-	1,109,926
Facultative inward premium	4,141	-	-	-	789	-	4,930
Administrative Surcharge	953	2,155	8,889	92	1,239	-	13,328
	<u>86,769</u>	<u>65,356</u>	<u>220,784</u>	<u>413,303</u>	<u>341,972</u>	-	<u>1,128,184</u>
Insurance premium earned	190,071	64,895	238,238	285,346	299,805	-	1,078,353
Insurance premium ceded to reinsurers	(178,240)	(56,448)	(17,099)	(20,125)	(231,705)	-	(603,617)
Net insurance premium	11,831	8,447	221,137	265,221	68,100	-	574,736
Commission income	43,594	12,935	2,046	2,518	83,990	-	145,081
Net underwriting income	55,425	21,382	223,183	267,737	152,090	-	719,817
Insurance claims	(245,594)	(30,636)	(137,541)	(128,980)	(105,248)	-	(657,009)
Insurance claims recovered from reinsurers	232,141	35,958	13,059	1,294	91,570	-	374,022
Net claims	(13,453)	(3,678)	(124,482)	(127,686)	(13,678)	-	(282,987)
Commission expense	(32,752)	(10,559)	(18,537)	(110,747)	(66,558)	-	(239,153)
Management expense	(12,653)	(9,531)	(62,340)	(60,268)	(49,866)	-	(194,657)
Net insurance claims and expenses	(58,858)	(23,768)	(205,359)	(298,711)	(130,102)	-	(716,797)
Underwriting results	(3,433)	(2,386)	17,824	(30,974)	21,988	-	3,020
Net investment income							25,325
Other income							17,442
Other expenses							(5,375)
Profit from window takaful operations							3,750
Profit before tax							<u>44,162</u>
							31 December 2018
Segment assets	430,913	111,781	107,323	113,877	427,939	-	1,191,833
Unallocated assets							<u>1,995,038</u>
							<u>3,186,871</u>
Segment liabilities	458,821	74,527	435,727	158,085	559,952	-	1,687,112
Unallocated liabilities							<u>432,893</u>
							<u>2,120,005</u>

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25 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy and has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

30 June 2019

Financial assets - measured at fair value

Note	Available for sale	Fair value through profit or loss	Held to maturity	Carrying amount		Fair value							
				Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
10	340,557	-	-	-	-	-	340,557	-	-	-	-	-	340,557
	199,112	-	-	-	-	-	-	-	-	-	-	-	-

Financial assets - not measured at fair value

11	-	681,462	-	-	-	-	-	-	681,462	-	-	-	-	681,462
	-	-	-	51,754	-	-	-	-	51,754	-	-	-	-	-
13	-	-	-	597,441	-	-	-	-	597,441	-	-	-	-	-
18	-	-	-	278,606	-	-	-	-	278,606	-	-	-	-	-
15	-	-	-	-	563,707	-	-	-	563,707	-	-	-	-	-
6	-	-	-	-	159,009	-	-	-	159,009	-	-	-	-	-
	-	681,462	-	927,801	722,716	-	-	-	2,331,979	681,462	-	-	-	681,462

Financial liabilities - not measured at fair value*Underwriting provisions:*

18	-	-	-	-	-	-	-	-	-	530,845	-	-	-	-
	-	-	-	-	-	-	-	-	-	426,509	-	-	-	-
	-	-	-	-	-	-	-	-	-	353,404	-	-	-	-
6	-	-	-	-	-	-	-	-	-	82,127	-	-	-	-
	-	-	-	-	-	-	-	-	-	1,394,885	-	-	-	-

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

Note	31 December 2018	Available for sale	Fair value through profit or loss	Held to maturity	Carrying amount			Fair value				
					Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in thousand)												
Financial assets - measured at fair value												
10		293,222	-	-	-	-	-	293,222	293,222	-	-	293,222
		276,278	-	-	-	-	-	-	-	-	-	-
		569,500	-	-	-	-	-	293,222	293,222	-	-	293,222
Financial assets - not measured at fair value												
11		-	440,276	-	-	-	-	440,276	440,276	-	-	440,276
		-	-	-	36,990	-	-	36,990	-	-	-	-
13		-	-	-	541,304	-	-	541,304	-	-	-	-
18		-	-	-	293,866	-	-	293,866	-	-	-	-
15		-	-	-	-	592,898	-	592,898	-	-	-	-
6		-	-	-	-	122,102	-	122,102	-	-	-	-
		-	440,276	-	872,160	715,000	-	2,027,436	440,276	-	-	440,276
Financial liabilities - not measured at fair value												
Underwriting provisions:												
18		-	-	-	-	-	532,442	532,442	-	-	-	-
		-	-	-	-	-	406,939	406,939	-	-	-	-
		-	-	-	-	-	388,058	388,058	-	-	-	-
6		-	-	-	-	-	54,339	54,339	-	-	-	-
		-	-	-	-	-	1,381,778	1,381,778	-	-	-	-

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

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26 Subsequent events - non adjusting event

There are no significant events that need to be disclosed for the period ended 30 June 2019.

27 Date of authorization for issue

This condensed interim financial statements was authorized for issue by the Board of Directors of the Company on 18 August 2019.

28 General

Figures have been rounded off to the nearest thousand rupees unless otherwise stated. ²⁰¹⁹

			
Chairman	Director	Director	Chief Executive Officer



**Building a better
working world**

**ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS**

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2019**

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Alfalah Insurance Company Limited - Window Takaful Operations

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Alfalah Insurance Company Limited** (the Operator) - **Window Takaful Operations** (the Operations) as at **30 June 2019** and the related condensed interim of profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in operator's fund and participant's takaful fund, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 these 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 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three month period ended 30 June 2019 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended 30 June 2019.

The condensed interim financial statements for the six month period ended 30 June 2018 and the annual financial statements for the year ended 31 December 2018 of the Operations were reviewed and audited, respectively, by another firm of chartered accountants. The review report dated 30 September 2018 and audit report dated 21 February 2019 expressed an unmodified conclusion and unmodified opinion, respectively.

EYFV



The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 04 October 2019

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

(Rupees in thousand)

	Note	Un - Audited			(Audited)
		Operator's Fund	Participants' Takaful Fund	Aggregate	31 December 2018
ASSETS					
Operating assets	7	127	-	127	41
Investment-Term deposits		-	-	-	-
Wakala and mudarib fee receivable		56,437	-	56,437	18,527
Loans and other receivables		561	2,278	2,839	-
Takaful / re-takaful receivables	8	91	39,793	39,884	27,454
Retakaful recoveries against outstanding claims		-	12,938	12,938	13,108
Salvage recoveries accrued		-	5,458	5,458	2,501
Qard-e-Hasna to Participant Takaful Fund		30,000	-	30,000	30,000
Deferred commission expense	15	7,242	-	7,242	8,273
Deferred wakala fee	13	-	42,309	42,309	32,511
Taxation - payments less provision		-	2,015	2,015	1,240
Prepayments	10	178	9,952	10,130	12,377
Cash and bank	9	64,373	249,421	313,794	222,779
TOTAL ASSETS		159,009	364,164	523,173	368,811
FUNDS AND LIABILITIES					
<i>Funds attributable to Operator and Participants</i>					
<i>Operator's Fund:</i>					
Statutory fund		50,000	-	50,000	50,000
Unappropriated profit		26,882	-	26,882	17,763
		76,882	-	76,882	67,763
<i>Waqf / Participants' Takaful Fund:</i>					
Ceded money		-	500	500	500
Accumulated deficit		-	(452)	(452)	(2,955)
		-	48	48	(2,455)
Qard-e-Hasna from Operators' Fund		-	30,000	30,000	30,000
Liabilities					
<i>Underwriting provisions:</i>					
Outstanding claims including IBNR	12	-	68,109	68,109	52,913
Unearned contribution reserve	11	-	152,787	152,787	109,248
Unearned retakaful rebate	14	-	2,085	2,085	1,912
Contribution received in advance		-	3,125	3,125	2,253
Takaful / co-takaful payables		-	33,471	33,471	12,184
Taxation - payments less provision		3,511	-	3,511	-
Wakala and mudarib fee payable		-	56,437	56,437	18,527
Unearned wakala fee	13	42,309	-	42,309	32,511
Other creditors and accruals		36,307	18,102	54,409	43,955
TOTAL LIABILITIES		82,127	334,116	416,243	273,503
TOTAL FUND AND LIABILITIES		159,009	364,164	523,173	368,811
Contingencies and commitments	6				

The annexed notes form 1 to 24 form an integral part of these condensed interim financial statements.

Chairman

Director

Director

Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

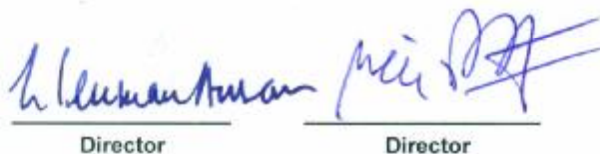
		(Rupees in thousand)			
		Three months ended		Six months ended	
		30 June	30 June	30 June	30 June
Note		2019	2018	2019	2018
Participants' revenue account					
	Net contribution revenue	63,256	46,243	123,772	88,933
	Net claims	(38,156)	(23,981)	(74,757)	(49,248)
	Wakala expense	(21,364)	(14,820)	(41,340)	(27,951)
	Direct expenses	(7,432)	(7,309)	(14,816)	(13,470)
	Net rebate on re-takaful	1,750	1,236	3,724	2,391
	Claims and acquisition expenses	(65,202)	(44,874)	(127,189)	(88,278)
	Underwriting (deficit) / surplus	(1,946)	1,369	(3,417)	655
	Investment income	-	761	-	1,305
	Mudarib's share	(1,091)	(190)	(1,985)	(326)
	Other income	4,330	1,134	7,905	1,831
	Surplus for the period	1,293	3,074	2,503	3,465
Operators' revenue account					
	Wakala fee	21,364	14,820	41,340	27,951
	Commission expense	(4,754)	(3,935)	(9,872)	(7,525)
	Management expenses	(11,050)	(8,894)	(20,651)	(16,542)
		5,560	1,991	10,817	3,884
	Investment income	-	346	-	685
	Mudarib's share	1,091	190	1,985	326
	Other income	1,334	162	2,461	320
	Other expenses	(1,021)	(777)	(1,816)	(1,465)
	Finance Cost	(604)	-	(604)	-
	Profit before tax	6,360	1,912	12,843	3,750
	Provision for taxation				
	- Current	(1,909)	(687)	(3,724)	(1,238)
	Profit after tax	4,451	1,225	9,119	2,512

The annexed notes form 1 to 24 form an integral part of these condensed interim financial statements.

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Chairman



Director

Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Three months ended		Six months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Profit after tax for the period	4,451	1,225	9,119	2,512
Other comprehensive income				
Gain / (Loss) on available for sale investments - net	-	-	-	-
Total comprehensive income for the period	4,451	1,225	9,119	2,512

The annexed notes form 1 to 24 form an integral part of these condensed interim financial statements.



Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	For six months ended 30 June 2019			For six months ended 30 June 2018		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
----- (Rupees in thousand) -----						
Operating cash flows						
(a) Takaful activities						
Contributions received	-	187,004	187,004	-	130,939	130,939
Retakaful contribution paid	-	(4,330)	(4,330)	-	(13,512)	(13,512)
Retakaful rebate received	-	1,587	1,587	-	2,813	2,813
Claims paid	-	(62,171)	(62,171)	-	(44,236)	(44,236)
Commissions paid	(9,558)	-	(9,558)	(9,466)	-	(9,466)
Retakaful recoveries received	-	2,780	2,780	-	215	215
Management expenses	(21,073)	(16,189)	(37,262)	(15,924)	(13,473)	(29,397)
Net cash inflows / (outflows) from takaful activities	(30,632)	106,881	78,049	(25,390)	62,746	37,356
(b) Other operating activities						
Income tax paid	(213)	(775)	(988)	(415)	(272)	(687)
Other operating receipts / (payments)	26,176	(21,018)	5,159	23,747	(19,159)	4,588
Loans disbursed	(351)	-	(351)	-	-	-
Loans repaid	117	-	117	(163)	-	(163)
Other receipts	-	-	-	-	-	-
Net cash (outflows) / inflows from other operating activities	25,729	(21,793)	3,937	23,169	(19,431)	3,738
Total cash inflows / (outflows) from operating activities	(4,902)	86,888	81,986	(2,221)	43,315	41,094
Investment activities						
Profit/return received	4,119	5,015	9,134	1,331	2,395	3,726
Qard-e-Hasna paid to Participant's Takaful Fund	-	-	-	-	-	-
Payment for investments	-	-	-	-	(25,000)	(25,000)
Fixed capital expenditure	(105)	-	(105)	-	-	-
Total cash (outflows) / inflows from investing activities	4,014	5,015	9,029	1,331	(22,605)	(21,274)
Financing activities						
Total cash inflows from financing activities	-	-	-	-	-	-
Net cash inflows / (outflows) from all activities	(888)	91,903	91,015	(890)	20,710	19,820
Cash at the beginning of the period	65,261	157,518	222,779	23,825	92,208	116,033
Cash at the end of the period	64,373	249,421	313,794	22,935	112,918	135,853
Reconciliation to profit and loss account						
Operating cash flows	(4,902)	86,888	81,986	(2,221)	43,315	41,094
Depreciation	(19)	-	(19)	(10)	-	(10)
Increase in assets other than cash	37,382	24,647	62,029	10,705	24,661	35,366
Increase in liabilities	(27,788)	(114,952)	(142,740)	(7,293)	(67,321)	(74,614)
Return on bank deposits	4,445	5,920	10,365	1,331	2,810	4,141
Net Surplus for the period	9,119	2,503	11,622	2,512	3,465	5,977

The annexed notes form 1 to 24 form an integral part of these condensed interim financial statements.

Chairman

Director

Director

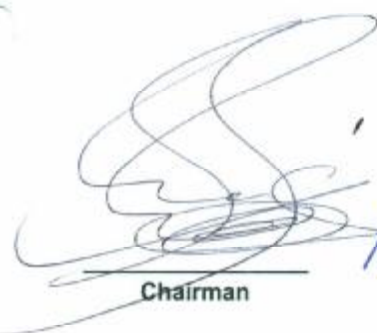
Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF CHANGES IN OPERATOR'S FUND (UN - AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	(Rupees in thousand)		
	Statutory Fund	Accumulated Profit	Total
Balance as at 1 January 2018	50,000	7,534	57,534
<u>Total Comprehensive income for the six month period ended 30 June 2018</u>			
Surplus for the period 01 Jan 2018 to 30 June 2018	-	2,512	2,512
Other comprehensive income for the period 01 Jan 2018 to 30 June 2018	-	-	-
Total comprehensive surplus for the period	-	2,512	2,512
Balance as at 30 June 2018 - (Unaudited)	50,000	10,046	60,046
Balance as at 1 January 2019	50,000	17,763	67,763
<u>Total Comprehensive income for the six month period ended 30 June 2019</u>			
Surplus for the period 01 Jan 2019 to 30 June 2019	-	9,119	9,119
Other comprehensive income for the period 01 Jan 2019 to 30 June 2019	-	-	-
Total comprehensive surplus for the period	-	9,119	9,119
Balance as at 30 June 2019 - (Unaudited)	50,000	26,882	76,882

The annexed notes form 1 to 24 form an integral part of these condensed interim financial statements.

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Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CONDENSED STATEMENT OF CHANGES IN PARTICIPANT'S TAKAFUL FUND (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	(Rupees in thousand)		
	Cede Money	Accumulated Profit / (Loss)	Total
Balance as at 1 January 2018	500	(12,912)	(12,412)
<u>Total Comprehensive income for the six month period ended 30 June 2018</u>			
Surplus for the period 01 Jan 2018 to 30 June 2018	-	3,465	3,465
Other comprehensive income for the period 01 Jan 2018 to 30 June 2018	-	-	-
Total comprehensive surplus for the period	-	3,465	3,465
Balance as at 30 June 2018 - (Unaudited)	500	(9,447)	(8,947)
Balance as at 1 January 2019	500	(2,955)	(2,455)
<u>Total Comprehensive income for the six month period ended 30 June 2019</u>			
Surplus for the period 01 Jan 2019 to 30 June 2019	-	2,503	2,503
Other comprehensive income for the period 01 Jan 2019 to 30 June 2019	-	-	-
Total comprehensive surplus for the period	-	2,503	2,503
Balance as at 30 June 2019 - (Unaudited)	500	(452)	48

The annexed notes form 1 to 24 form an integral part of these condensed interim financial statements.

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Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 30 JUNE 2019

1 Legal status and nature of business

Alfalah Insurance Company Limited ("the Operator") is a public limited Company incorporated in Pakistan on 21 December 2005 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is engaged in general non-life insurance business. The registered office of the Company is situated at 5-Saint Marry Park, Gulberg-III, Lahore.

The Operator was granted authorization on 30 September 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP).

For the purpose of carrying on the takaful business, the Operator formed a Waqf/ Participant Takaful Fund on 13 January 2016 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2 Basis of preparation and statement of compliance

2.1 Statement of compliance

2.1.1 The condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

- International Accounting Standard (IAS) 34- 'Interim Financial Reporting' issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017; and

- Provisions of and directives issued under Companies Act, 2017 and the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012.

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

2.1.2 These condensed interim financial statements comprise of condensed interim statement of financial position of the Operator, as at 30 June 2019 and 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 operator's fund and participant's takaful fund together with the notes forming part thereof.

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

2.1.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Operator for the year ended 31 December 2018, whereas comparatives of condensed interim profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in operator's fund and participant's takaful fund are stated from unaudited condensed interim financial information of the Operator for the six months period ended 30 June 2018.

2.2 Basis of measurement

These condensed interim financial statements for the six months ended 30 June 2018 have been prepared under historical cost convention. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

3 Statement of consistency in accounting policies

3.1 There are certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Operator's operations and are, therefore not disclosed.

3.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and amendments and interpretations thereto will be effective for the accounting periods beginning on or after 01 January 2020 and are not likely to have any significant impact on the Company's condensed interim financial statements, except stated otherwise:

- IFRS 3, Business Combinations (Amendments)
- IAS 1, Presentation of Financial Statements (Amendments)
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)

4 Use of estimates and judgments

The preparation of this condensed interim financial information are in conformity with the approved accounting standards which requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Operator's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Operator for the year ended 31 December 2018.

5 Financial risk management

The Operator's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2018.

6 Contingencies and Commitments

There are no contingencies and commitments as at 30 June 2019 (31 December 18: Rs. Nil)

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**ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS**

Note	(Un - Audited) 30 June 2019			(Audited) 31 December 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in thousand)				
7 Property and equipment				
Opening balance - net book value	41	-	41	62
Additions during the period	105	-	105	-
Less: Book value of disposals during the period	-	-	-	-
Depreciation charged during the period / year	(19)	-	(19)	(21)
	(19)	-	(19)	(21)
	127	-	127	41
7.1 Additions during the period / year				
Computer equipment	105	-	105	-
8 Takaful / re-takaful receivables - unsecured and considered good				
Contribution due from contract holders	-	28,487	28,487	22,415
Less : provision for impairment of receivables from takaful contract holders	-	(1,436)	(1,436)	(1,436)
	-	27,051	27,051	20,979
Amount due from other takaful / retakaful operator	91	12,742	12,833	6,475
Less : provision for impairment of due from other takaful / re-takaful operator	-	-	-	-
	91	12,742	12,833	6,475
	91	39,793	39,884	27,454
9 Cash and Bank				
Cash at bank				
Cash and other equivalents	54	-	54	24
Savings accounts	64,319	249,421	313,740	222,755
	64,373	249,421	313,794	222,779

10.1 Cash and bank deposits include Rs. 60.96 million (2018: Rs. 97.36 million) held with Bank Alfalah Limited, a related party.

Note	(Un - Audited) 30 June 2019			(Un - Audited) 30 June 2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in thousand)				
10 Prepayments				
Prepaid retakaful contribution ceded	-	9,952	9,952	12,377
Others	178	-	178	-
	178	9,952	10,130	12,377
11 Net contribution revenue				
Written Gross Contribution			192,204	141,023
Unearned contribution reserve as at 01 January			109,248	73,721
Unearned contribution reserve as at 30 June			(152,787)	(113,110)
Contribution earned			148,665	101,634
Re-takaful ceded			(22,468)	(12,754)
Prepaid re-takaful contribution ceded as at 01 January			(12,377)	(6,649)
Prepaid re-takaful contribution closing as at 30 June			9,952	6,702
Re-takaful expense			(24,893)	(12,701)
			123,772	88,933

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS

	Note	(Unaudited)	(Unaudited)
		30 June 2019	30 June 2018
12 Net claims		(Rupees in thousand)	
Claims paid		62,171	44,236
Outstanding claims including IBNR as at 30 June		68,109	38,034
Outstanding claims including IBNR as at 01 January		(52,913)	(31,074)
Claims expense		77,367	51,196
Re-takaful and other recoveries received		(2,779)	(216)
Re-takaful and other recoveries in respect of outstanding claims (if any) as at 30 June		(12,938)	(2,319)
Re-takaful and other recoveries in respect of outstanding claims net of impairment (if any) as at 01 January		13,108	587
Re-takaful and other recoveries revenue		(2,609)	(1,948)
		<u>74,757</u>	<u>49,248</u>
13 Wakala expense			
Gross wakala fee		51,138	37,301
Deferred wakala fee as at 01 January		32,511	21,866
Deferred wakala fee as at 30 June		(42,309)	(31,216)
Wakala expense		<u>41,340</u>	<u>27,951</u>
14 Net rebate on re-takaful			
Rebate on re-takaful received		3,897	3,070
Rebate on re-takaful as at 01 January		1,912	960
Rebate on re-takaful as at 30 June		(2,085)	(1,639)
Net rebate on re-takaful		<u>3,724</u>	<u>2,391</u>
15 Commission expense			
Commission paid or payable		8,841	9,992
Deferred commission at 01 January		8,273	5,710
Deferred commission as at 30 June		(7,242)	(8,177)
Net commission		<u>9,872</u>	<u>7,525</u>
		<u>Six months ended</u>	
		(Unaudited)	(Unaudited)
		30 June 2019	30 June 2018
16 Management expenses		(Rupees in thousand)	
Employee benefit cost	16.1	10,629	8,850
Travelling expenses		750	386
Advertisement and sales promotion		197	49
Printing and stationery		836	719
Depreciation		2,449	1,049
Amortization		79	69
Rent, rates and taxes		201	1,247
Electricity, gas and water		446	282
Vehicle running expenses		1,120	834
Office repairs and maintenance		1,808	1,488
Bank charges		-	-
Fee and Subscription		178	196
Postages, telegrams and telephone		798	597
Training and development		457	392
Miscellaneous		702	364
		<u>20,651</u>	<u>16,542</u>
16.1 Employee benefit cost			
Salaries allowances and other benefits		9,736	8,216
Charges for post employment benefits		894	634
		<u>10,629</u>	<u>8,850</u>

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS

17 Segment Reporting - PTF

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017:

30 June 2019							
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Total
(Rupees in thousand)							
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	8,386	4,827	108,072	32,816	3,534	-	157,434
Federal Excise Duty	1,423	809	19,520	10,439	660	-	32,851
Federal Insurance Fee	95	57	1,289	435	42	-	1,918
Gross Written Contribution (inclusive of Administrative Surcharge)	9,904	5,693	128,881	43,490	4,236	-	192,203
Gross Direct Contribution	9,904	5,693	128,881	43,490	4,236	-	192,204
Facultative inward contribution	-	-	-	-	-	-	-
	9,904	5,693	128,881	43,490	4,236	-	192,204
Contribution earned	11,103	5,683	108,455	21,732	1,692	-	148,665
Retakaful expense	(9,617)	(5,395)	(8,394)	-	(1,487)	-	(24,893)
Net contribution revenue	1,486	288	100,061	21,732	205	-	123,772
Net rebate on re-takaful	2,113	1,239	68	-	304	-	3,724
Net underwriting income	3,599	1,527	100,129	21,732	509	-	127,496
Takaful claims	(76)	(100)	(54,412)	(19,507)	(3,272)	-	(77,367)
Re-takaful and other recoveries	58	90	-	-	2,482	-	2,610
Net claims	(18)	(10)	(54,412)	(19,507)	(810)	-	(74,757)
Wakala expense	(3,331)	(1,705)	(32,536)	(3,260)	(508)	-	(41,340)
Direct expense	-	-	(14,816)	-	-	-	(14,816)
Net insurance claims and expenses	(3,349)	(1,715)	(101,764)	(22,767)	(1,318)	-	(130,913)
Underwriting results	250	(188)	(1,635)	(1,035)	(809)	-	(3,417)
Net investment income	-	-	-	-	-	-	5,920
Profit before tax	-	-	-	-	-	-	2,503
Segment assets	17,981	13,371	71,773	8,717	8,122	-	119,943
Unallocated assets	-	-	-	-	-	-	244,221
	-	-	-	-	-	-	364,164
Segment liabilities	29,211	13,612	188,521	48,446	6,278	-	286,068
Unallocated liabilities	-	-	-	-	-	-	48,048
	-	-	-	-	-	-	334,116
30 June 2018							
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Total
(Rupees in thousand)							
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	9,326	6,411	108,731	33,705	1,080	-	159,253
Federal Excise Duty	(1,106)	(1,673)	(14,250)	-	162	-	(16,847)
Federal Insurance Fee	(79)	(47)	(935)	(334)	12	-	(1,383)
Gross Written Contribution (inclusive of Administrative Surcharge)	8,141	4,691	93,546	33,371	1,274	-	141,023
Gross Direct Contribution	7,738	4,653	93,546	33,371	1,274	-	140,582
Facultative inward contribution	403	38	-	-	-	-	441
	8,141	4,691	93,546	33,371	1,274	-	141,023
Contribution earned	6,342	4,691	73,011	16,908	682	-	101,634
Retakaful expense	(5,435)	(4,221)	(2,451)	-	(594)	-	(12,701)
Net contribution revenue	907	470	70,560	16,908	88	-	88,933
Net rebate on re-takaful	1,097	1,000	162	-	132	-	2,391
Net underwriting income	2,004	1,470	70,722	16,908	220	-	91,324
Takaful claims	(355)	41	(32,470)	(16,135)	(2,277)	-	(51,196)
Re-takaful and other recoveries	266	(37)	13	-	1,706	-	1,948
Net claims	(89)	4	(32,457)	(16,135)	(571)	-	(49,248)
Wakala expense	(1,902)	(1,407)	(21,903)	(203)	(2,536)	-	(27,951)
Direct expense	-	-	(13,470)	-	-	-	(13,470)
Net insurance claims and expenses	(1,991)	(1,403)	(67,830)	(16,338)	(3,107)	-	(90,669)
Underwriting results	13	67	2,892	570	(2,887)	-	655
Net investment income	-	-	-	-	-	-	970
Other Income	-	-	-	-	-	-	1,831
Profit before tax	-	-	-	-	-	-	3,456
Segment assets	13,962	1,182	31,676	430	3,713	-	50,943
Unallocated assets	-	-	-	-	-	-	169,769
	-	-	-	-	-	-	220,712
Segment liabilities	19,526	3,384	139,368	14,980	2,241	-	179,499
Unallocated liabilities	-	-	-	-	-	-	39,665
	-	-	-	-	-	-	219,164

18 Segment Reporting - OPF

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017:

30 June 2019							
Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Total	
(Rupees in thousand)							
Wakala fee	3,331	1,705	32,536	3,260	508	-	41,340
Commission expense	(1,866)	(1,014)	(7,135)	(7)	(50)	-	(9,872)
Management expenses	(1,064)	(612)	(13,847)	(4,673)	(455)	-	(20,651)
	601	79	11,554	(1,420)	3	-	10,817
Profit on bank deposits							4,446
Other expenses							(1,816)
Finance Cost							(604)
Profit before tax							12,843
Segment assets	6,427	1,594	27,862	11,653	1,069	-	48,605
Unallocated assets							110,404
							159,009
Segment liabilities	2,952	52	34,955	4,402	741	-	43,102
Unallocated liabilities							39,025
							82,127
30 June 2018							
Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Total	
(Rupees in thousand)							
Wakala fee	1,902	1,407	21,903	2,536	203	-	27,951
Commission expense	(1,045)	(856)	(5,584)	(6)	(34)	-	(7,525)
Management expenses	(955)	(550)	(10,973)	(3,914)	(150)	-	(16,542)
	(98)	1	5,346	(1,384)	19	-	3,884
Profit on bank deposits							1,331
Other expenses							(1,465)
Profit before tax							3,750
Segment assets	4,512	1,184	26,980	5,628	441	-	38,744
Unallocated assets							78,241
							116,985
Segment liabilities	2,249	15	26,318	2,718	226	-	31,526
Unallocated liabilities							25,413
							56,939

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19 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

	Note	Carrying amount				Fair value						
		Available for sale	Fair value through profit or loss	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
30 June 2019												
Financial assets - not measured at fair value												
Loans and other receivables*		-	-	2,839	-	-	-	2,839	-	-	-	-
Takaful / re-takaful receivables considered good*	8	-	-	39,884	-	-	-	39,884	-	-	-	-
Retakaful recoveries against outstanding claims		-	-	12,938	-	-	-	12,938	-	-	-	-
Cash and bank*	9	-	-	-	313,794	-	-	313,794	-	-	-	-
		-	-	55,661	313,794	-	-	369,455	-	-	-	-

Financial liabilities - not measured at fair value

Underwriting provisions:

Outstanding claims including IBNR*	12	-	-	-	-	68,109	-	68,109	-	-	-	-
Takaful / co-takaful payables		-	-	-	-	33,471	-	33,471	-	-	-	-
Other creditors and accruals*		-	-	-	-	54,409	-	54,409	-	-	-	-
		-	-	-	-	155,989	-	155,989	-	-	-	-

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

SMT

20 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.

	(Unaudited) 30 June 2019	(Unaudited) 30 June 2018
(Rupees in thousand)		
Associated Undertakings and other related parties		
Contribution Written	46,967	33,989
Contribution received	40,264	40,013
Claims paid	18,617	15,360
Profit on bank deposit - PTF	2,581	1,538
Profit on bank deposit - OPF	1,219	320

Key Management Personnel

Contribution written	-	-
Claims paid	-	-
Shariah Advisor Fee	799	726

(Unaudited) 30 June 2019	(Audited) 31 December 2018
(Rupees in thousand)	

Associated Undertakings and other related parties

Contribution receivable	14,838	1,617
Provision for outstanding claims	4,766	3,827

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

21 Reconciliation of movement of liabilities to cash flows arising from financing activities

The Company has not undertaken any financing activities in current financial year. Accordingly, the reconciliation of movement of liabilities to cash flows arising from financing activities has not been disclosed in these condensed interim financial statements.

22 Subsequent events

There are no significant events that need to be disclosed for the period ended 30 June 2019.

23 Date of authorization for issue

This condensed interim financial information was authorized for issue by the Board of Directors of the Operator on 18 August 2019.

24 General

- Figures have been rounded off to the nearest thousand rupees unless other wise stated.
- Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.

Chairman

Director

Director

Chief Executive Officer