

بميشة كالة

Interim Financial Statements
for the Half Year ended
June 30, 2019 (Unaudited)

بمیشہ کالتہ



Premier Insurance Limited

www.pil.com.pk

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Company Information

Board of Directors

Khalid Bashir (Chairman)
Zahid Bashir
Imran Maqbool
Nadeem Maqbool
Shehryar Mazhar
Shams Rafi
Mr. Asadullah Khawaja
Attaullah A. Rasheed

Chief Executive Officer

Zahid Bashir

Chief Financial Officer

Amjed Bahadur Ali

Head of Internal Audit

Oan Ali Mustansir

Company Secretary & Head of Compliance

Zeeshan Sattar

Audit Committee

Nadeem Maqbool (Chairman)
Khalid Bashir (Member)
Imran Maqbool (Member)
Asadullah Khawaja (Member)
Oan Ali (Secretary)

Ethics, Human Resource, Remuneration & Nomination Committee

Nadeem Maqbool (Chairman)
Asadullah Khawaja (Member)
Zahid Bashir (Member)
Attaullah A. Rasheed (Member)
Niina Khan (Secretary)

Investment Committee

Zahid Bashir (Chairman)
Nadeem Maqbool (Member)
Imran Maqbool (Member)
Asadullah Khawaja (Member)
Amjed Bahadur Ali (Member/Secretary)

Claim Settlement Committee

Attaullah A. Rasheed (Chairman)
Muhammad Imran (Member)
Hassan Mustafa (Member/Secretary)

Underwriting Committee

Imran Maqbool (Chairman)
M. K. Baig (Member)
Afzal Ur Rehman (Member)
M. A. Hannan Shadani (Secretary)

Reinsurance & Co-Insurance Committee

Shams Rafi (Chairman)
Afzal Ur Rehman (Member)
Kamran Safi Rizvi (Member/Secretary)

Risk Management & Compliance Committee

Shams Rafi (Chairman)
Zahid Bashir (Member)
Amjed Bahadur Ali (Member)
Zeeshan Sattar (Member/Secretary)

Auditors

EY Ford Rhodes, Chartered Accountants

Legal Advisors

Arfin & Company Advocates

Company Information

Registrar

FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. Phones: (21) 34380101-2 Fax: (21) 34380106 Email: info.shares@famco.com.pk

Registered & Head Office

5th Floor, State Life Building No.2A Wallace Road, Karachi-74000, Pakistan. Phones: (21) 32416331-4 Fax: (21) 32416572 Email: info@pil.com.pk Website: www.pil.com.pk

Report of the Directors to the Members

The Directors are pleased to present the unaudited condensed interim financial statements of the Company for the half year ended June 30, 2019.

Performance Review	Conventional		Takaful	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----			
Premium / contribution written	185,932	190,107	53,185	57,305
Net Premium/ contribution	114,761	171,789	67,562	69,672
Underwriting Result	(63,176)	(86,205)	1,441	(405)
Investment loss	(150,656)	(6,157)	(4,652)	-
Profit / (Loss) before taxation	(198,684)	(79,305)	(20,879)	(10,672)
Profit / (Loss) after taxation	(223,027)	(93,833)	-	-

Company reported a decline of 2.2% in gross written premium during the six months period ended June 30, 2019. The overall claim ratio decrease by 67.9% as compared to last year and underwriting loss decreased by Rs. 23 million.

Company's Window Takaful Operations reported a decline of 7.2% in gross written premium during the six months period ended June 30, 2019. The overall claim ratio decrease by 4.9% as compared to last year and underwriting profit increase by Rs. 1.8 million.

Your company is constantly striving to acquire new business through customization of its products to suit a wider customer base. As a result your company will regain its momentum in the future years to come. The Company has adopted prudent approach in conducting business as those businesses were not renewed during the period under review which were incurring losses regularly.

Appointment of Auditors

M/s. EY Ford Rhodes (Chartered Accountants) has been appointed as statutory auditors of the company for the next term i.e., year ending on December 31, 2019.

Acknowledgment

We would like to thank our valued customers for their continued patronage and support and to the Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

On behalf of the Board

Chairman

CEO/Director

Karachi, Dated: August 24, 2019

Report of the Directors to the Members

ممبران کے لئے ڈائریکٹران کی رپورٹ

ڈائریکٹران غیر آڈٹ شدہ اختصادی عبوری مالیاتی گوشوارے برائے سہ ماہی تختہ 30 جون 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں

مکافل جائزہ		روایتی جائزہ		جائزہ کارکردگی
30 جون 2018	30 جون 2019	30 جون 2018	30 جون 2019	
185,932	190,107	53,185	57,305	تحریری پریمیم
114,761	171,789	67,562	69,672	خالص پریمیم
(63,176)	(86,205)	1,441	(405)	بیمہ داری کے نتائج
(150,656)	(6,157)	(4,652)	-	سرمایا کاری سے حاصل ہونے والی آمدنی
(198,684)	(79,305)	(20,879)	(10,672)	منافع قبل اڈیکس
(223,027)	(93,833)	-	-	منافع بعد ٹیکس

کمپنی نے رپورٹ پیش کی کہ ششماہی تختہ کے دوران مجموعی تحریری پریمیم میں 2.2% فیصد کمی ہوئی۔ مجموعی طور پر دعویٰ کا تناسب 67.9% فیصد تک گھٹا کم ہوا۔ پچھلے سال کے مقابلے میں اور بیمہ کاری نقصان میں 23 ملین کی کمی واقع ہوئی ہے۔ کمپنی میں ونڈ و مکافل آپریشن نے رپورٹ دی کہ مجموعی تحریری پریمیم میں 7.2% فیصد کمی ہوئی ششماہی تختہ کے دوران دعویٰ کا تناسب مجموعی طور پر 4.9% فیصد کم ہوا پچھلے سال کے مقابلے میں اور پاسیداری منافع میں 1.8 ملین کا اضافہ ہوا۔ نئے کاروبار کو حاصل کرنے کے لئے اور اپنی مصنوعات کو گاہک کی عین ضرورت کے مطابق بنانے کے لئے آپ کی کمپنی ہمہ وقت کوشش ہے جس کے نتیجے میں آپ کی کمپنی آنے والے سالوں میں اپنی رفتار دوبارہ حاصل کر لے گا۔ کمپنی نے کاروبار چلانے میں محتاط نقطہ نظر اپنایا ہے چونکہ جو کاروبار زیر جائزہ مدت کے رواں تھے تجدید شدہ نہیں تھے اور باقاعدہ طور پر نقصان میں جارہے تھے۔

تعییناتی محاسب:

M/S ای والے فورڈ رھوڈز کو کمپنی کے قانونی محاسب کے طور پر تعینات کیا گیا ہے 31 دسمبر 2019 کے لئے۔

اعتراف:

ہم شکر ادا کرنا چاہیں گے اپنے محترم گاہکوں کا انکے مسلسل حمایت اور سہارے کے لئے اور پاکستان کی دوہری بیمہ کاری کمپنی کا تحفظاتی ادارے کا اور پاکستان کے ایکٹیو کمپنی کا اور اسٹیٹ بینک آف پاکستان کا ان کے تعاون اور رہنمائی کے لئے یہ بڑے اطمینان کی بات ہے کہ ہمارے ڈائریکٹران کے لیے کہ وہ ہمارے افسران فیلڈ فورس اور اسٹاف کی کوششوں اور جدوجہد کو سراہتے ہیں جو کمپنی کی نشوونما اور اسکے آپریشن کے مسلسل کامیابی کا باعث بنے۔

چیرمین
مخانب
کراچی مورخہ 24 اگست 2019

Independent Auditor's Review Report to the members of Premier Insurance Limited



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi-75530
Pakistan.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Premier Insurance Company Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Premier Insurance Limited** as at **30 June 2019** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended 30 June 2019 and 30 June 2018 in the condensed interim statement of comprehensive income have not been subject to the review and therefore, we do not express a conclusion thereon.

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 the 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Independent Auditor's Review Report to the members of Premier Insurance Limited



Other matter

The condensed interim financial statements for the half year ended 30 June 2018 and the annual financial statements of the Company for the year ended 31 December 2018 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 30 August 2018 and audit report dated 05 April 2019, expressed an modified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date

Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2019

		Unaudited 30 June 2019	Audited 31 December 2018
	Note	----- Rupees in '000 -----	
Assets			
Property and equipment	7	237,342	232,684
Intangible assets	8	3,442	4,038
Investment properties	9	268,348	266,586
Investment in equity securities and mutual fund units	10	680,664	806,620
Investment in associate		204,828	204,828
Loans and other receivables	11	59,405	50,992
Insurance / reinsurance receivables	12	961,996	1,015,797
Reinsurance recoveries against outstanding claims	20	507,173	540,560
Salvage recoveries accrued		3,894	3,080
Deferred commission expense	21	16,008	27,131
Prepayments	13	97,686	116,928
Cash and bank	14	39,623	72,840
		<u>3,080,409</u>	<u>3,342,084</u>
Total Assets of General Takaful Operations - Operator's Fund		<u>100,217</u>	<u>106,312</u>
Total Assets		<u>3,180,626</u>	<u>3,448,396</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		505,650	505,650
Reserves		1,202,564	1,148,897
Accumulated losses		(702,440)	(479,413)
Total Equity		<u>1,005,774</u>	<u>1,175,134</u>
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	20	857,678	923,861
Unearned premium reserves	19	180,398	249,002
Unearned reinsurance commission	21	12,266	18,362
Retirement benefit obligations		6,729	6,561
Liabilities against asset subject to finance lease		13,507	1,614
Insurance / reinsurance payables		703,923	651,593
Other creditors and accruals	16	271,911	300,623
Unclaimed dividends		25,527	26,166
Taxation - provision less payment		52,521	51,517
Total Liabilities		<u>2,124,460</u>	<u>2,229,299</u>
Total Liabilities of General Takaful Operations - Operator's Fund		<u>50,392</u>	<u>43,964</u>
Total Equity and Liabilities		<u>3,180,626</u>	<u>3,448,396</u>
Contingencies and commitments	17		

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

	Note	Aggregate		Aggregate	
		Quarter ended 30 June 2019	30 June 2018	Half year ended 30 June 2019	30 June 2018
		----- Rupees in '000 -----			
Net insurance premium	19	59,179	58,760	114,761	171,789
Net insurance claims	20	(14,804)	(52,268)	(34,542)	(107,703)
Net commission expense and other acquisition costs	21	(6,558)	(18,301)	(21,298)	(30,916)
Insurance claims and acquisition expenses		(21,362)	(70,569)	(55,840)	(138,619)
Management expenses	22	(60,776)	(60,119)	(122,097)	(119,375)
Underwriting results		(22,959)	(71,928)	(63,176)	(86,205)
Investment loss	23	(152,802)	(17,416)	(150,656)	(6,157)
Rental income		930	275	1,560	275
Revaluation gain on investment property		1,762	-	1,762	-
Other income	24	26,786	21,232	20,989	23,057
Other expenses	25	2,869	(4,829)	(8,249)	(10,084)
Results of operating activities		(143,413)	(72,666)	(197,770)	(79,114)
Finance costs		(881)	(191)	(914)	(191)
Loss before tax from General Insurance Operations		(144,294)	(72,857)	(198,684)	(79,305)
Loss before tax from Window Takaful Operations - Operator's Fund		(15,476)	(7,285)	(20,879)	(10,672)
Loss before tax for the period		(159,770)	(80,143)	(219,563)	(89,977)
Income tax expense	26	(1,529)	(377)	(3,465)	(3,856)
Loss after tax		(161,299)	(80,520)	(223,027)	(93,833)
Other comprehensive income:					
Unrealized gains on available-for-sale investments		70,291	63,384	51,211	53,725
Other comprehensive income from Window Takaful Operations - Operator's Fund		1,621	101	2,456	101
Total other comprehensive income for the period		71,912	63,485	53,667	53,826
Total comprehensive loss for the period		(89,387)	(17,035)	(169,361)	(40,007)
Loss (after tax) per share - Rupees	26	(3.19)	(1.59)	(4.41)	(1.86)

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

Condensed Interim Statement of Changes in Equity (unaudited)

FOR THE HALF YEAR
ENDED 30 JUNE 2019

	Share capital			Reserves					Total reserves	Total equity
	Capital reserves			Revenue reserves						
	Issued, subscribed and paid-up	Reserve for exceptional losses	Devaluation reserve	General reserve	Revaluation Reserves - Available for sale investments	Revaluation Reserves - Property and Equipment	Accumulated losses			
Rupees in '000										
Balance as at 01 January 2018	505,650	19,490	185	996,851	151,104	-	(490,060)	677,570	1,183,220	
Loss for the period ended 30 June 2018	-	-	-	-	-	-	(93,833)	(93,833)	(93,833)	
Other comprehensive Income for the period	-	-	-	-	54,138	-	-	54,138	54,138	
Total comprehensive loss for the period ended 30 June 2018	-	-	-	-	54,138	-	(93,833)	(39,695)	(39,695)	
Balance as at 30 June 2018	505,650	19,490	185	996,851	205,242	-	(583,893)	637,875	1,143,525	
Balance as at 01 January 2019	505,650	19,490	185	996,851	96,512	35,859	(479,413)	669,484	1,175,134	
Loss for the period ended 30 June 2019	-	-	-	-	-	-	(223,027)	(223,027)	(223,027)	
Other comprehensive income for the period	-	-	-	-	53,667	-	-	53,667	53,667	
Total comprehensive income / (loss) for the period ended 30 June 2019	-	-	-	-	53,667	-	(223,027)	(169,360)	(169,360)	
Balance as at 30 June 2019	505,650	19,490	185	996,851	150,179	35,859	(702,440)	500,124	1,005,774	

The annexed notes 1 to 31 form an integral part of these condensed interim financial statement

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

Condensed Interim Statement of Cashflows (unaudited)

FOR THE HALF YEAR
ENDED 30 JUNE 2019

	Half year ended	
	30 June 2019	30 June 2018
	----- Rupees in '000 -----	
Operating cash flows		
a) Underwriting activities		
Insurance premium received	253,416	243,887
Reinsurance premium paid	(43,827)	(189,971)
Claims paid	(104,741)	(326,159)
Reinsurance and other recoveries received	37,403	201,616
Commission paid	(28,513)	(38,939)
Commission received	13,144	13,664
Other acquisition costs paid	(11,611)	(11,690)
Management expenses paid	(158,413)	(121,746)
Net cash used in underwriting activities	(43,142)	(229,338)
b) Other operating activities		
Income tax paid	(2,461)	(476)
Other operating payments	(8,877)	(5,326)
Other operating receipts	6,622	20,445
Loans advanced, deposits made	(8,488)	(7,271)
Other liabilities paid	(11,523)	10,487
Total cash (used in) / generated from other operating activities	(24,727)	17,859
Total cash used in all operating activities	(67,869)	(211,479)
Investment activities		
Profit / return received	11,739	5,985
Rental received	1,560	-
Payment for investments	(3,667)	(83,661)
Proceeds from investments	19,028	201,644
Fixed capital expenditure	(1,060)	(818)
Proceeds from sale of property and equipment	10,278	4,828
Total cash flow from investing activities	37,878	127,978
Financing activities		
Interest paid	(914)	(2,113)
Dividend paid	(638)	-
Payment of lease liability	(1,675)	-
Total cash used in financing activities	(3,227)	(2,113)
Net cash used in all activities	(33,218)	(85,614)
Cash and cash equivalents at beginning of the period	72,840	149,275
Cash and cash equivalents at end of the period	39,623	63,661

Condensed Interim Statement of Cashflows (unaudited)

FOR THE HALF YEAR
ENDED 30 JUNE 2019

	Half year ended	
	30 June 2019	30 June 2018
	----- Rs in 000 -----	
Reconciliation to profit or loss account		
Operating cash flows	(67,869)	(211,479)
Depreciation and amortization expense	(6,200)	(7,577)
Financial charges expense	(914)	-
Profit on disposal of property and equipment	6,638	2,267
(Loss) / profit on disposal of investments	(1,249)	33,286
Impairment loss	(162,321)	(38,823)
Rental income	1,560	275
Dividends received	13,742	-
Other income	20,989	20,170
Loss from Window Takaful Operations - Operator's Fund	(20,879)	(10,672)
Decrease in assets other than cash	(234,552)	(377,373)
Decrease in liabilities other than borrowings	226,267	496,093
Gain on revaluation of investment property	1,762	-
Loss after taxation	<u>(223,027)</u>	<u>(93,833)</u>

Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits maturing within 3 months.

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

Cash and other equivalents

Cash	25	57
Stamps in hand	548	906
	573	963

Current and other accounts

Current accounts	22,559	33,098
Savings accounts	16,491	29,600
	39,050	62,698

Total cash and cash equivalents

	<u>39,623</u>	<u>63,661</u>
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The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Company) was incorporated as a public limited Company in Pakistan in May 1952 and is engaged in general insurance business. The shares of the Company are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 5th Floor, State Life Building No. 2A, Wallace Road, Karachi. The Company has been allowed to work as Window Takaful Operator since 02 October 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017 and provisions of and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, Takaful Rules 2012. Where the provisions of and directives issued under Companies Act 2017 and provisions of and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, Takaful Rules 2012 differ with the requirements of IAS 34, the provisions and directives issued under Companies Act, 2017 and provisions of and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017. Takaful Rules 2012 have been followed.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities, 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 statement of comprehensive income of the Company respectively.

Further, a separate set of condensed interim financial statements of the General Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

These condensed interim financial statements is prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

These condensed interim financial statements for the half year ended June 30, 2019 have been prepared under the historical cost convention, except that investments classified as available-for-sale are stated at fair value and obligations under employee benefits are measured at present value.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 New / Revised Standards, Interpretations and Amendments

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

Standard or Interpretation

- IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IFRS 16 - Leases
- IAS 40 - Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on these condensed interim financial statements.

3.2 Accounting for leases under IFRS 16

During the current period, the Company have 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.

The Company has lease contracts for its various branches and head office. 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 Trade and other payables, respectively.

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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 01 January 2019 (increase / (decrease)) is as follows:

	Rs. in '000
Assets	
Right of use assets	14,066
Total Assets	<u>14,066</u>
Liability	
Liabilities against asset subject to finance lease	<u>14,066</u>
Total Liability	<u>14,066</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.

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 machinery 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.

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The Company has the option, under some of its leases to lease the assets for additional terms subject to rental agreement between the parties to the contract. 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).

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 liabilities
	----- Rupees in '000 -----	----- Rupees in '000 -----
As at 01 January 2019	14,066	14,066
Additions	-	-
Depreciation expense	(1,171)	-
Interest expense	-	850
Payments	-	(2,456)
As at 30 June 2019	<u>12,895</u>	<u>12,460</u>

4. ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

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

6. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at June 30, 2019 is considered adequate to meet the expected liability after reinsurance, for claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at the reporting date.

7. PROPERTY AND EQUIPMENT

	Note	Unaudited 30 June 2019	Audited 31 December 2018
		----- Rupees in 000 -----	----- Rupees in 000 -----
Operating fixed assets	7.1	191,022	198,461
Capital work-in-progress		26,109	26,109
Right of use assets / leased vehicles	7.2	20,211	8,114
		<u>237,342</u>	<u>232,684</u>

7.1 Operating fixed assets

Opening written down value	198,461	222,218
Add: Additions during the period / year	1,060	837
Less: Book value of disposals during the period / year	(4,184)	(13,370)
Depreciation charged during the period / year	(4,315)	(11,226)
	<u>(8,499)</u>	<u>(24,595)</u>
	<u>191,022</u>	<u>198,461</u>

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7.2 Right-of-use assets

The Company has recognized right-of-use assets in respect of the following leases:

Vehicles under finance lease	7,316	8,114
Head office and branches	<u>12,895</u>	<u>-</u>
	<u><u>20,211</u></u>	<u><u>8,114</u></u>

8. INTANGIBLE ASSETS

Opening written down value	4,038	5,006
Add: Additions during the period / year	<u>-</u>	<u>680</u>
	<u>4,038</u>	<u>5,686</u>
Less: Amortization charged during the period / year	<u>(596)</u>	<u>(1,649)</u>
	<u><u>3,442</u></u>	<u><u>4,038</u></u>

9. INVESTMENT PROPERTIES

Carrying value at the beginning of the period / year	266,586	162,243
Transfer from property plant and equipment	-	44,954
Unrealized gain on revaluation during the period / year	9.1 <u>1,762</u>	<u>59,389</u>
Carrying value at the end of the period / year	<u><u>268,348</u></u>	<u><u>266,586</u></u>

9.1 The fair value of the investment properties was determined by external, independent property value having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the company's investment properties every year.

10. INVESTMENTS IN EQUITY SECURITIES AND MUTUAL FUND UNITS

	Unaudited 30 June 2019				Audited 31 December 2018			
	Cost - Net of Impairment	Impairment for the period	Revaluation Surplus / (Deficit)	Carrying Value	Cost - Net of Impairment	Impairment for the year	Revaluation Surplus / (Deficit)	Carrying Value
----- Rupees in 000 -----								
Available for sale								
Related parties - Associated Companies:								
Listed shares	204,142	(11,558)	10,477	203,061	214,003	(9,861)	26,316	230,458
Unlisted shares	114,983	-	-	114,983	114,983	-	-	114,983
Other than related parties								
Listed shares	498,582	(150,762)	(24,712)	323,108	581,675	(65,720)	(93,083)	422,872
Mutual funds	26,203	-	13,309	39,512	23,676	-	14,631	38,307
	<u>843,910</u>	<u>(162,320)</u>	<u>(926)</u>	<u>680,664</u>	<u>934,337</u>	<u>(75,581)</u>	<u>(52,136)</u>	<u>806,620</u>

Investments in Mutual funds having carrying cost of Rs.26.203 million (2018: Rs.23.675 million) are placed as statutory deposit with State Bank of Pakistan in compliance of section 29 of Insurance Ordinance, 2000.

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	Unaudited 30 June 2019	Audited 31 December 2018
	----- Rupees in '000 -----	
11. LOANS AND OTHER RECEIVABLES		
Mark-up receivable	15	90
Loans to employees	11.1 5,037	1,638
Deposits	11.2 35,367	35,095
Advance to agents	1,530	2,835
Other receivables	17,456	11,334
	<u>59,405</u>	<u>50,992</u>
11.1	These are short term, unsecured interest free loans and advances provided to permanent employees of the company adjustable against salaries.	
11.2	These include Rs. 24 million (2018: Rs. 24 million) deposited under a court order in respect of a claim where the possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor.	
12. INSURANCE / REINSURANCE RECEIVABLES		
Premium due but unpaid	494,150	565,353
Less: Provision for doubtful receivables from insurance contract holder	(125,077)	(123,218)
	<u>369,073</u>	<u>442,135</u>
Amounts due from other insurers / reinsurers	670,287	649,167
Less: Provision for doubtful receivables from insurers / reinsurers	(77,364)	(75,505)
	<u>592,923</u>	<u>573,662</u>
	<u>961,996</u>	<u>1,015,797</u>
13. PREPAYMENTS		
Prepaid reinsurance premium ceded	73,179	116,797
Other prepaid expense	24,507	131
	<u>97,686</u>	<u>116,928</u>
14. CASH AND BANK		
Cash and other equivalents		
- Cash in hand	25	46
- Policy, revenue stamps & bond papers	548	856
Cash at bank		
- Current accounts	14.1 22,559	26,919
- Savings accounts	14.2 16,491	45,019
	<u>39,623</u>	<u>72,840</u>

Notes To The Condensed Interim Financial Statements (unaudited)

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- 14.1** This includes Rs.20 million (2018: Rs.20 million) placed as statutory deposit with the State Bank of Pakistan in compliance with section 29 of Insurance Ordinance, 2000.
- 14.2** The rate of return on saving accounts held with various banks range from 7.0% to 10.25% per annum (2018: 2.7% to 6.0%).

	Unaudited 30 June 2019	Audited 31 December 2018
Note	----- Rupees in '000 -----	
15. WINDOW TAKAFUL OPERATIONS - Operator's Fund		
ASSETS		
Property and equipment	-	1,040
Intangible assets	-	847
Investments	-	39,465
Loan and other receivables	8,531	19,100
Deferred commission expense	5,869	7,742
Prepayments	1,275	539
Cash and bank	1,522	1,559
	<u>17,197</u>	<u>70,292</u>
Qard-e-Hasna	83,020	36,020
Total Assets	<u>100,217</u>	<u>106,312</u>
Total Liabilities	<u>50,392</u>	<u>43,964</u>
	Unaudited	
	30 June 2019	30 June 2018
	----- Rupees in '000 -----	
Operator's revenue accounts		
Wakala fee	25,477	27,503
Net commission expenses and other acquisition costs	(6,673)	(6,113)
Management expenses	(32,719)	(29,632)
Investment loss	(4,652)	-
Profit on bank deposits	49	1,027
Other expenses	(2,361)	(3,457)
Loss for the period	<u>(20,879)</u>	<u>(10,672)</u>
16. OTHER CREDITORS AND ACCRUALS		
Bonus payable	4,541	11,021
Commissions payable	196,888	207,597
Federal excise duty and sales tax	21,033	16,994
Federal insurance fee	216	117
Deposits and margins	6,027	6,690
Provision for sales tax	-	7,728
Provision for rent	16.1 14,000	14,000
Others	16.2 29,206	36,476
	<u>271,911</u>	<u>300,623</u>

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16.1 This includes provision for rent amounting to Rs.14 million (2018: Rs.14 million) against which the Company is in litigation with the landlord. The possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor. However, the Company has made a provision of the disputed amount as a matter of prudence.

16.2 This includes sundry liabilities, liability for unrepresented cheques, miscellaneous liabilities for day to day expenses and inter branch payables.

17. CONTINGENCIES & COMMITMENTS

	Unaudited 30 June 2019	Audited 31 December 2018
	----- Rupees in '000 -----	
17.1 Commitment for capital expenditure	<u>15,038</u>	<u>15,038</u>

17.2 Contingencies are same as disclosed in the annual financial statements for the year ended 31 December 2018.

18. DEFERRED TAXATION

Deferred tax asset of Rs. 259.188 million (2018: 197.22 million) has not been recognized in the these condensed interim financial statements on account of uncertainty of future profit taxable in accordance with Company's accounting policy.

-----Unaudited-----			
Quarter ended		Half year ended	
30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- Rupees in '000 -----			

19. NET INSURANCE PREMIUM

Written gross premium	74,636	72,238	185,932	190,107
Add: Unearned premium reserve opening	234,578	312,991	249,002	389,884
Less: Unearned premium reserve closing	(180,398)	(198,896)	(180,398)	(198,896)
Premium Earned	<u>128,816</u>	<u>186,333</u>	<u>254,536</u>	<u>381,095</u>
Less: Reinsurance premium ceded	49,803	72,831	96,157	104,731
Add: Prepaid reinsurance premium opening	93,013	151,352	116,797	201,185
Less: Prepaid reinsurance premium closing	(73,179)	(96,610)	(73,179)	(96,610)
Reinsurance expense	<u>69,637</u>	<u>127,573</u>	<u>139,775</u>	<u>209,306</u>
Net insurance premium	<u>59,179</u>	<u>58,760</u>	<u>114,761</u>	<u>171,789</u>

20. NET INSURANCE CLAIMS

Claims paid	52,818	81,424	104,741	326,159
Less: Outstanding claims including IBNR opening	(896,748)	(1,075,775)	(923,861)	(1,221,416)
Add: Outstanding claims including IBNR closing	857,678	1,068,184	857,678	1,068,184
Claims expense	<u>13,748</u>	<u>73,833</u>	<u>38,558</u>	<u>172,927</u>
Less: Reinsurance and other recoveries received	19,081	39,759	37,403	201,616
Less: Reinsurance and other recoveries received in respect of outstanding claims - opening	(527,310)	(733,104)	(540,560)	(851,302)
Add: Reinsurance and other recoveries received in respect of outstanding claims - closing	507,173	714,910	507,173	714,910
Reinsurance and other recoveries revenue	<u>(1,056)</u>	<u>21,565</u>	<u>4,016</u>	<u>65,224</u>
Net insurance claims	<u>14,804</u>	<u>52,268</u>	<u>34,542</u>	<u>107,703</u>

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-----Unaudited-----			
Quarter ended		Half year ended	
30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- Rupees in '000 -----			

21. NET COMMISSION EXPENSE AND OTHER ACQUISITION COSTS

Commission paid or payable	7,391	8,334	17,804	25,334
Add: Deferred commission opening	22,785	40,973	27,131	50,501
Less: Deferred commission closing	(16,008)	(24,037)	(16,008)	(24,037)
Commission expense	14,168	25,270	28,927	51,798
Less: Commission received or recoverable from reinsurers	6,828	5,525	13,144	13,664
Add: Unearned reinsurance commission opening	15,047	24,755	18,362	33,363
Less: Unearned reinsurance commission closing	(12,266)	(14,455)	(12,266)	(14,455)
Commission from reinsurance	9,609	15,825	19,240	32,572
Net Commission expense	4,559	9,445	9,687	19,226
Add: Other acquisition costs				
Tracking device expenses	1,615	8,163	10,516	10,447
Service charges	46	69	237	97
Other costs	338	624	858	1,146
	1,999	8,856	11,611	11,690
Net Commission expense and other acquisition costs	6,558	18,301	21,298	30,916

22. MANAGEMENT EXPENSES

Employee benefit cost	43,760	39,011	88,636	76,913
Depreciation	3,145	4,203	6,200	6,802
Rent, rates and taxes	-	1,208	-	2,213
Legal and professional charges	1,516	5,289	2,478	9,242
Electricity, gas and water	1,861	1,035	2,555	1,786
Entertainment	722	909	1,668	1,606
Vehicle running expenses	990	988	1,634	1,595
Office repairs and maintenance	872	1,357	2,185	2,426
Postages, telegrams and telephone	1,442	1,416	2,698	2,830
Bad and doubtful debts	1,493	1,916	3,719	3,802
Others	4,975	2,787	10,324	10,160
	60,776	60,119	122,097	119,375

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	-----Unaudited-----			
	Quarter ended		Half year ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	----- Rupees in '000 -----			
23. INVESTMENT LOSS				
Income from equity securities and mutual fund units				
- Dividend income	9,500	7,459	13,742	12,178
Net realized gains / (losses) on investments				
Available for sale				
- Equity securities	139	14,905	(1,249)	22,471
Total investment income	9,639	22,364	12,493	34,649
Less: Impairment in value of available for sale securities				
- Equity Securities	(162,320)	(38,823)	(162,320)	(38,823)
Less: Investment related expenses	(121)	(957)	(829)	(1,983)
	(152,802)	(17,416)	(150,656)	(6,157)
24. OTHER INCOME				
Return on bank balances	721	194	1,311	620
Gain on sale of fixed assets	5,297	1,219	6,638	2,267
Reversal of excess provision of sales tax - health insurance	15,456	-	7,728	-
Miscellaneous	5,312	19,820	5,312	20,170
	26,786	21,232	20,989	23,057
25. OTHER EXPENSES				
Auditors' remuneration	871	84	907	421
Subscription	(2,217)	2,383	3,325	5,098
Inadmissible input tax expense	(700)	1,010	1,326	1,999
Sales promotion expense	(1,023)	1,104	2,023	1,904
Others	200	248	668	662
	(2,869)	4,829	8,249	10,084
26. LOSS PER SHARE				
Loss after tax for the period	(161,046)	(80,520)	(223,027)	(93,833)
	----- Number of shares in '000 -----			
Weighted average number of ordinary shares	505,650	505,650	505,650	505,650
	----- Rupees -----			
Loss per share	(3.18)	(1.59)	(4.41)	(1.86)
No figure for diluted earnings per share has been presented as the company has not issued any instrument which would dilute its basic loss per share when exercised.				

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27. RELATED PARTY TRANSACTIONS

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	-----Unaudited-----	
	Half year ended	
	30 June 2019	30 June 2018
	----- Rupees in '000 -----	
Transactions during the period with -		
Associated Companies		
Premium underwritten	41,208	37,125
Claims paid	17,596	31,090
Commission paid	-	1,476
Others		
Premium underwritten	5	20
Meeting fees	710	720
Remuneration and retirement benefits to key management personnel	74,515	46,978
	Unaudited 30 June 2019	Audited 31 December 2018
	----- Rupees in 000 -----	
Period / year end balances with -		
Associated Companies		
Premium receivable	136,368	167,174
Claims outstanding	39,349	54,276
Commission outstanding	-	14,265
Others		
Premium receivable	695	367
Claims outstanding	-	-

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28. SEGMENT REPORTING

28.1 Segment profit or loss

	Unaudited											
	Quarter ended											
	30 June 2019		30 June 2018		2019		2018		Total			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
Premium receivable (inclusive of FED / sales tax, federal insurance fee and administrative surcharge)	28,848	34,179	9,862	20,653	17,455	23,709	21,399	3,886	5,142	1,362	82,706	83,789
Less: FED / sales tax	3,511	4,398	959	3,320	2,192	2,982	-	-	661	129	7,323	10,829
Less: Federal insurance fee	251	294	89	172	151	206	212	39	44	10	747	721
Gross written premium (inclusive of administrative surcharge)	25,086	29,487	8,814	17,161	15,112	20,521	21,187	3,847	4,437	1,223	74,636	72,239
Gross direct premium	24,926	28,867	8,468	15,857	14,587	19,902	21,169	3,827	4,382	862	73,532	68,895
Facultative inward premium	-	129	-	-	-	(1)	-	-	-	88	-	216
Administrative surcharge	160	491	346	1,304	525	1,540	19	20	55	293	1,105	3,648
Insurance premium earned	53,560	79,380	8,689	15,529	33,227	48,835	28,333	27,340	5,007	15,249	128,816	186,333
Insurance premium ceded to reinsurers	(51,327)	(77,511)	(5,461)	(7,392)	(641)	(1,487)	(10,329)	(25,825)	(1,878)	(15,358)	(69,637)	(127,573)
Net insurance premium	2,233	1,869	3,228	8,137	32,586	47,348	18,004	1,515	3,129	(109)	59,160	58,760
Commission income	6,556	10,973	955	1,294	21	(61)	1,758	2,312	319	1,307	9,609	15,825
Net underwriting income	8,789	12,842	4,183	9,431	32,607	47,287	19,762	3,826	3,448	1,199	68,769	74,585
Insurance claims	2,158	(12,970)	2,679	(9,722)	(12,759)	(25,010)	(1,885)	4,192	(4,242)	(30,323)	(13,749)	(73,833)
Insurance claims recovered from reinsurance	(1,952)	8,113	(1,878)	6,385	(5)	(12)	2,150	(9,069)	630	16,148	(1,056)	21,685
Net Claim	206	(4,857)	801	(3,337)	(12,764)	(25,022)	565	(4,877)	(3,612)	(14,175)	(14,804)	(52,288)
Commission expense	(4,024)	(7,767)	(248)	(1,062)	(4,663)	(7,813)	(4,505)	(5,169)	(728)	(3,459)	(14,168)	(25,270)
Management expense	(36,361)	(29,839)	(4,081)	(3,639)	(14,979)	(10,741)	(4,116)	(10,453)	(1,239)	(6,886)	(60,776)	(60,119)
Other acquisition cost	(4,663)	(6,865)	(750)	(938)	5,304	(891)	(2,061)	(1,387)	(223)	(975)	(1,999)	(8,566)
Net insurance claims and expenses	(44,942)	(47,128)	(4,284)	(8,976)	(26,602)	(44,487)	(10,117)	(21,886)	(5,302)	(25,295)	(91,747)	(147,751)
Underwriting result	(36,053)	(34,286)	(101)	455	6,005	2,820	9,645	(18,060)	(2,454)	(24,096)	(22,958)	(73,166)
Net investment loss											(152,802)	(17,416)
Rental income											930	275
Fair value gain on investment property											1,762	-
Other income											26,786	21,232
Other expenses											(2,869)	(3,592)
Finance cost											(465)	(1,791)
Share of loss from WTO - Operator's Fund											(15,648)	(7,285)
Loss before tax											(159,517)	(80,143)

	Unaudited											
	Half year ended											
	30 June 2019		30 June 2018		2019		2018		Total			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
Premium receivable (inclusive of FED / Sales Tax, Federal Insurance fee and Administrative surcharge)	61,522	83,871	19,360	36,819	54,239	74,571	60,216	12,881	10,712	10,397	206,049	218,539
Less: FED / sales tax	8,161	10,898	1,907	5,046	6,744	9,361	-	-	1,463	1,244	18,275	26,549
Less: Federal insurance fee	512	711	173	315	469	641	596	128	92	88	1,842	1,883
Gross written Premium (inclusive of Administrative surcharge)	52,849	72,262	17,280	31,458	47,026	64,569	59,620	12,753	9,157	9,065	185,932	190,107
Gross direct premium	50,821	70,312	16,597	30,154	45,719	62,473	59,585	12,733	9,044	8,704	181,765	184,376
Facultative inward premium	1,728	1,459	-	-	108	556	-	-	-	88	1,836	2,103
Administrative surcharge	300	491	683	1,304	1,200	1,540	35	20	113	293	2,331	3,628
Insurance premium earned	107,692	162,476	18,232	34,082	67,885	103,504	52,724	47,366	8,003	33,667	254,536	381,095
Insurance premium ceded to reinsurers	(104,260)	(125,282)	(11,380)	(16,886)	(1,307)	(635)	(19,788)	(36,872)	(3,040)	(27,631)	(139,775)	(209,306)
Net insurance premium	3,432	37,194	6,852	17,196	66,578	102,869	32,936	8,494	4,963	6,036	114,761	171,789
Commission income	13,337	22,250	1,991	2,951	45	(20)	3,352	4,267	815	3,054	19,240	32,572
Net underwriting income	16,769	59,444	8,843	20,147	66,623	102,849	36,288	12,790	5,478	9,091	134,001	204,361
Insurance claims	(1,583)	(30,430)	4,216	(17,887)	(25,252)	(55,256)	(7,349)	(27,361)	(8,591)	(41,993)	(38,558)	(172,927)
Insurance claims recovered from reinsurance	(172)	21,534	(3,017)	11,725	9	(12)	5,418	1,887	1,778	30,091	4,016	65,225
Net Claim	(1,754)	(8,896)	1,199	(6,162)	(25,243)	(55,268)	(1,931)	(25,474)	(6,813)	(11,902)	(34,542)	(107,703)
Commission expense	(12,238)	(22,084)	(2,072)	(4,632)	(7,715)	(14,068)	(5,992)	(6,438)	(910)	(4,576)	(28,927)	(51,798)
Management expense	(51,658)	(50,894)	(8,748)	(10,676)	(32,563)	(32,422)	(25,291)	(14,837)	(3,839)	(10,546)	(122,097)	(119,375)
Other acquisition cost	(4,912)	(4,394)	(832)	(1,045)	(3,097)	(3,175)	(2,400)	(1,453)	(365)	(1,033)	(11,611)	(11,690)
Net insurance claims and expenses	(70,562)	(88,550)	(10,451)	(22,615)	(68,618)	(104,933)	(35,619)	(48,292)	(11,927)	(26,957)	(197,177)	(290,566)
Underwriting result	(53,793)	(27,374)	(1,608)	(2,368)	(1,995)	(2,084)	669	(35,412)	(6,449)	(16,866)	(63,176)	(86,205)
Net investment loss											(150,656)	(6,157)
Rental income											1,560	275
Fair value gains on investment properties											1,762	-
Other income											20,989	23,057
Other expenses											(6,249)	(10,084)
Finance cost											(914)	(1,811)
Share of loss from associate											-	-
Share of loss from WTO - Operator's Fund											(20,879)	(10,672)
Loss before tax											(219,583)	(89,977)

28.2 Segment assets and liabilities

The following presents segments assets and liabilities as at 30 June 2019 and 31 December 2018:

	Rupees in '000											
	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
Ratios	28%	38%	9%	17%	25%	34%	32%	7%	5%	5%	100%	100%
Segment assets	451,017	647,520	147,469	281,886	401,323	578,585	508,801	114,276	78,146	81,229	1,586,756	1,703,496
Unallocated corporate assets											1,593,871	1,744,901
Total assets											3,180,626	3,448,396
Segment Liabilities	498,629	700,478	163,037	304,841	443,690	625,905	562,514	123,622	86,396	87,872	1,754,264	1,842,816
Unallocated corporate liabilities											370,195	386,481
Total liabilities											2,124,460	2,229,299

Notes To The Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 defines fair value as an exit price. 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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable
- Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

	30 June 2019		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
Available for sale investments (measured at fair value)			
Equity securities	526,169	-	114,983
Mutual fund units	-	39,512	-
Investment properties	-	-	268,348
	526,169	39,512	383,331

	31 December 2018		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
Available for sale investments (measured at fair value)			
Equity securities	653,330	-	114,983
Mutual fund units	-	38,307	-
Investment properties	-	-	266,586
	653,330	38,307	381,569

30. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 24 August, 2019 by the Board of directors of the Company.

31. GENERAL

31.1 There is no individual class of business within the category of 'miscellaneous', where the gross premium of the class of business is 10% or more of the gross premium revenue of the company

31.2 As a result of adoption of Insurance Rules, 2017 and Insurance Regulations, 2017, corresponding figures have been rearranged and reclassified wherever necessary, for purposes of comparison. There were no material reclassification to report except as follow:

Nature	Transfer to	Transfer from	Rs in '000
			30-Jun-19
Reinsurance receivable	Insurance / reinsurance receivable	Insurance / reinsurance payable	129,895
Co insurance payable	Insurance / reinsurance payable	Insurance / reinsurance receivable	359,769

31.3 These interim financial statement unaudited but subject to limited scope review by the auditors. Figures for the quarters ended 30 June 2018 and 30 June 2019 as reported in these interim financial statements have not been subject to limited scope review by the external auditors.

31.4 All amounts have been rounded to the nearest thousand Rupees.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer



FINANCIAL STATEMENTS (WINDOW TAKAFUL)

Interim Financial Statements June 2019

Independent Auditor's Review Report to the members of Premier Insurance Limited Window Takaful Operation



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INDEPENDENT AUDITOR'S REVIEW REPORT

INDEPENDENT AUDITOR'S REVIEW REPORT TO MEMBERS ON REVIEW OF PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Premier Insurance Limited - Window Takaful Operations (the Operator)** as at **30 June 2019** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statements of changes in fund, condensed interim statement of cash flows, and notes forming part thereof (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarter ended 30 June 2019 and 30 June 2018 in the condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Statement Information Performed by the Independent Auditor of the Entity". A review of interim financial statement 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 the 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 interim financial statement is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial statement for the half year ended 30 June 2018 and the annual financial statements of the Company for the year ended 31 December 2018 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 30 August 2018 and audit report dated 05 April 2019, expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date:

Karachi

A member firm of Ernst & Young Global Limited

Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2019

Note	Unaudited 30 June 2019			Audited 31 December 2018		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
Rupees in '000						
Assets						
Property and equipment	7	-	-	1,040	-	1,040
Intangible assets	8	-	-	847	-	847
Investments in mutual funds and term deposits	9	43,144	43,144	39,465	10,242	49,707
Loans and other receivables	10	8,531	60,588	19,100	4,407	23,507
Takaful / retakaful receivables	11	-	72,917	-	90,833	90,833
Retakaful recoveries against outstanding claims	16	-	4,143	-	5,114	5,114
Qard-e-hasna contributed to PTF		83,020	83,020	36,020	-	36,020
Salvage recoveries accrued		-	238	-	1,043	1,043
Deferred wakala expense	19	-	22,168	-	28,989	28,989
Deferred commission expense	20	5,869	5,869	7,742	-	7,742
Prepayments	12	1,275	2,779	539	3,435	3,974
Cash and bank	13	1,522	55,845	1,559	53,593	55,152
Total Assets		100,217	250,494	106,312	197,656	303,968
Equity and Liabilities						
Reserves Attributable to:						
Operator's fund (OPF)						
Statutory fund		50,000	50,000	50,000	-	50,000
Revaluation reserves		-	-	(2,456)	-	(2,456)
Accumulated deficit		(64,017)	(64,017)	(43,138)	-	(43,138)
		(14,017)	(14,017)	4,406	-	4,406
Waqf / participants' takaful fund (PTF)						
Ceded money		-	500	-	500	500
Qard-e-hasna contributed by OPF		-	83,020	-	36,020	36,020
Revaluation reserves		-	(1,066)	-	(468)	(468)
Accumulated deficit		-	(23,104)	-	(24,545)	(24,545)
		-	59,350	-	11,507	11,507
Liabilities						
Underwriting provisions						
Outstanding claims including IBNR	16	-	54,951	-	49,676	49,676
Unearned contribution reserve	15	-	63,277	-	82,824	82,824
Unearned retakaful rebate	18	-	196	-	674	674
Unearned wakala fees	19	22,169	22,169	28,989	-	28,989
Takaful / retakaful payables		-	36,803	-	34,108	34,108
Other creditors and accruals	14	92,065	35,917	72,917	18,867	91,784
		114,234	191,144	101,906	186,149	288,055
Total fund and liabilities		100,217	250,494	106,312	197,656	303,968

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

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

	Note	Aggregate Quarter ended		Aggregate Half year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- Rupees in '000 -----					
Participants' Takaful Fund					
Net takaful contribution	15	34,768	32,893	67,562	69,672
Net takaful claims	16	(22,886)	(21,652)	(39,135)	(41,146)
Direct expenses	17	(3,143)	(527)	(3,876)	(3,090)
Re-takaful rebate	18	378	863	843	1,662
Wakala expense	19	(12,699)	(13,537)	(25,477)	(27,503)
		(38,350)	(34,853)	(67,645)	(70,077)
Investment income	23	567	-	1,524	-
Underwriting result		(3,015)	(1,960)	1,441	(405)
(Loss) / surplus for the period		(3,015)	(1,960)	1,441	(405)
Other Comprehensive income:					
Unrealized (loss) / gain on available for sale securities - net		(669)	413	(598)	413
Total other comprehensive (loss) / income		(669)	413	(598)	413
Total comprehensive (loss) / income for the period		(3,684)	(1,547)	843	8
Operator's Fund					
Wakala fee	19	12,699	13,537	25,477	27,503
Net commission expense	20	(3,410)	(3,099)	(6,673)	(6,113)
Management expenses	21	(18,766)	(15,858)	(32,719)	(29,632)
		(9,477)	(5,420)	(13,915)	(8,242)
Investment loss	22	(4,652)	-	(4,652)	-
Profit on bank accounts		24	520	49	1,027
Other expenses		(1,458)	(2,385)	(2,361)	(3,457)
Loss for the period		(15,476)	(7,285)	(20,879)	(10,672)
Other Comprehensive income:					
Unrealized gain on available for sale securities		1,621	101	2,456	101
Loss transferred to profit and loss on disposal / redemption of investment		-	-	(2,456)	-
Total other comprehensive income		1,621	101	-	101
Total comprehensive loss for the period		(13,855)	(7,184)	(20,879)	(10,571)

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

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

Condensed Interim Statement of Changes in Fund (unaudited)

FOR THE HALF YEAR
ENDED 30 JUNE 2019

	Operator's Fund			
	Statutory fund	Revaluation reserve - Available for sale investment	Accumulated deficit	Total
	Rupees in '000			
Balance as at 01 January 2018	50,000	(542)	(26,684)	22,774
Loss for the period ended 30 June 2018	-	-	(10,672)	(10,672)
Other comprehensive income	-	101	-	101
Qard-e-Hasna contributed to PTF	-	-	-	-
Balance as at 30 June 2018	50,000	(441)	(37,356)	12,203
Balance as at 01 January 2019	50,000	(2,456)	(43,138)	4,406
Loss for the period ended 30 June 2019	-	-	(20,879)	(20,879)
Other comprehensive income for the period	-	2,456	-	2,456
Balance as at 30 June 2019	50,000	-	(64,017)	(14,017)

	Participants' Takaful Fund				
	Ceded Money	Qard-e-Hasna	Revaluation reserve - Available for sale	Accumulated Deficit	Total
	Balance as at 01 January 2018	500	22,610	-	(23,109)
Deficit for the period ended 30 June 2018	-	-	-	(405)	(405)
Other comprehensive income for the period	-	-	413	-	413
Qard-e-Hasna contributed by OPF	-	410	-	-	410
Balance as at 30 June 2018	500	23,020	413	(23,514)	419
Balance as at 01 January 2019	500	36,020	(468)	(24,545)	11,507
Surplus for the period ended 30 June 2019	-	-	-	1,441	1,441
Other comprehensive loss for the period	-	-	(598)	-	(598)
Qard-e-Hasna contributed by OPF	-	47,000	-	-	47,000
Balance as at 30 June 2019	500	83,020	(1,066)	(23,104)	59,350

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

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

Condensed Interim Statement of Cash Flow (unaudited)

FOR THE HALF YEAR
ENDED 30 JUNE 2019

	Half year ended			
	Operator's Fund	Participants' Takaful Fund	30 June 2019 Aggregate	30 June 2018 Aggregate
----- Rupees in '000 -----				
Operating Activities				
a) Takaful activities				
Contribution received	-	71,101	71,101	62,356
Re-takaful contributions paid	-	(544)	(544)	(9,174)
Claims paid	-	(33,926)	(33,926)	(45,502)
Re-takaful and other recoveries	-	1,037	1,037	1,902
(Commissions paid) / re-takaful rebate received	(9,306)	365	(8,941)	(5,276)
Wakala fees received	29,000	-	29,000	33,488
Wakala fees paid	-	(29,000)	(29,000)	(33,488)
Net cash generated from underwriting activities	19,694	9,033	28,727	4,306
b) Other operating activities				
General and administration expenses paid	(33,193)	(3,876)	(37,069)	(35,938)
Other operating payments	(736)	-	(736)	(436)
Amounts due from other takaful / retakaful operators	-	(1,045)	(1,045)	-
Deposits and other receivables	(31)	(45,186)	(45,217)	(648)
Paid to Premier Insurance Limited	(22,117)	24,399	2,282	4,913
Accrued salvage recoveries	805	-	805	151
Other liabilities paid	43,027	2,128	45,155	(762)
Qard-e-hasna contributions	(47,000)	47,000	-	-
Net cash (used in) / generated from other operating activities	(59,245)	23,420	(35,825)	(32,720)
Total cash (used in) / generated from operating activities	(39,551)	32,453	(7,098)	(28,414)
Investment Activities				
Investment income received	-	1,779	1,779	1,298
Bank profit received	49	-	49	-
Sale / (purchase) of investment	39,465	(33,502)	5,963	-
Total cash generated / (used) in investing activities	39,514	(31,723)	7,791	1,298
Total cash generated / (used in) from all activities	(37)	730	693	(27,116)
Cash and cash equivalents at beginning of the period	1,559	53,593	55,152	66,859
Cash and cash equivalents at the end of the period	1,522	54,323	55,845	39,743

Condensed Interim Statement of Cashflow (unaudited)

FOR THE HALF YEAR
ENDED 30 JUNE 2019

	Operator's Fund	Participants' Takaful Fund	Half year ended	
			30 June 2019 Aggregate	30 June 2018 Aggregate
----- Rupees in '000 -----				
Reconciliation to profit and loss account				
Operating cash flows	(39,551)	32,453	(7,098)	(28,414)
Depreciation	-	-	-	(241)
Investment income	(4,652)	1,524	(3,128)	1,027
Increase / (decrease) in assets other than cash	57,996	(84,531)	(26,535)	(31,364)
Increase in liabilities	12,328	4,995	17,323	47,915
Qard-e-hasna contributions	(47,000)	47,000	-	-
(Loss) / profit for the period	(20,879)	1,441	(19,438)	(11,077)

Attributed to

Operator's Fund	(20,879)	-	(20,879)	(10,672)
Participants' Takaful Fund	-	1,441	1,441	(405)
	(20,879)	1,441	(19,438)	(11,077)

Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits having maturity of less than three months.

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

Cash and other equivalents				
Current and saving accounts	7	-	7	1,574
Current and other accounts				
Current and savings accounts	1,515	54,323	55,838	38,169
Total cash and cash equivalents	1,522	54,323	55,845	39,743

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

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on 02 October 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on 31 October 2015 under the Waqf Deed with a Cede money of Rs.500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

2. BASIS OF PRESENTATION

These financial statements have been prepared in line with the format issued by the SECP through Insurance Rules, 2017, and SECP Circular No. 25 of 2015 dated 09 July 2015.

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.

2.1 Statement of Compliance

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

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

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations and Takaful Rules, 2012, shall prevail.

- 2.1.2 In terms of the requirements of the Takaful Rules 2012, read with SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss and other comprehensive income of the Operator's Fund have been presented as a single line item in the balance sheet and statement of comprehensive income of the Operator respectively.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except investments which are carried both at fair value and at amortized cost.

2.3 Functional and Presentation Currency

These condensed interim financial statements are presented in Pak Rupees which is also the Operator's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Thousand Rupees, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

3.1 New / Revised Standards, Interpretations and Amendments

The Operator has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 2	-	Share-based Payments – Classification and Measurement of Share-based Paymen Transactions (Amendments)
IFRS 16	-	Leases
IAS 40	-	Investment Property: Transfers of Investment Property (Amendment)
IFRIC 22	-	Foreign Currency Transactions and Advance Consideratic

The adoption of the above standards and amendments in the accounting standards did not have any material effect on the accounting policies / interim financial statements of the Operator.

4. ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, 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. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Operator's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2018 except in cases enumerated above.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

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

6. CONTRIBUTION DEFICIENCY RESERVE

No provision has been made as the unearned contribution reserve for each class of business as at June 30, 2019 is considered adequate to meet the expected liability after retakaful for claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at the reporting date.

7. PROPERTY AND EQUIPMENT - OPF

	Unaudited June 30, 2019	Audited December 31, 2018
----- Rupees in '000 -----		
Opening balance - net book value	1,040	1,162
Less: Depreciation charged during the period / year	-	(122)
Less: Written of during the period / year	(1,040)	-
	<u>-</u>	<u>1,040</u>

8. INTANGIBLE ASSETS - OPF

Opening balance - net book value	847	1,208
Less: Amortization charged during the period / year	-	(361)
Less: Written of during the period / year	(847)	-
	<u>-</u>	<u>847</u>

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

9. INVESTMENTS IN MUTUAL FUND AND TERM DEPOSIT

	Note	Unaudited 30-Jun-19			Audited 31-Dec-18				
		Cost - net of impairment	Impairment / provision for the period	Revaluation surplus / (deficit)	Carrying value	Cost - net of impairment	Impairment / Provision for the period	Revaluation surplus / (deficit)	Carrying value
----- Rupees in '000 -----									
Mutual fund units - AFS		-	-	-	-	41,921	-	(2,456)	39,465
		-	-	-	-	41,921	-	(2,456)	39,465
PTF									
Mutual fund units - AFS		10,242	-	(1,198)	9,044	10,242	-	(600)	9,642
Term deposit receipt - held to maturity	9.1	34,100	-	-	34,100	600	-	-	600
		44,342	-	(1,198)	43,144	10,842	-	(600)	10,242

9.1 Investments in term deposits

This represents a term deposit with bank having profit at the average rate of 4.5% to 13% per annum (2018 4.5%) having maturity ranging from 29 July 2019 to 30 June 2020.

	Note	Unaudited June 30, 2019			Audited December 31, 2018		
		OPF	PTF	Aggregate	OPF	PTF	Aggregate
----- Rupees in '000 -----							
10. LOANS AND OTHER RECEIVABLES - Considered good							
Mark-up receivable		-	1	1	256	-	256
Federal excise duty		61	3,744	3,805	30	3,373	3,403
Others	10.1	-	48,312	48,312	-	1,034	1,034
Wakala fee receivable		8,470	-	8,470	18,814	-	18,814
		8,531	52,057	60,588	19,100	4,407	23,507

10.1 This includes interfund receivable from OPF amounting to Rs.45.569 million (2018: Nil).

11. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured and considered good

Contribution due but unpaid	-	22,058	22,058	-	41,019	41,019
Amounts due from other takaful / retakaful operators	-	50,859	50,859	-	49,814	49,814
	-	72,917	72,917	-	90,833	90,833

12. PREPAYMENTS

Prepaid retakaful contribution ceded	-	1,504	1,504	-	3,435	3,435
Other prepaid expense	1,275	-	1,275	539	-	539
	1,275	1,504	2,779	539	3,435	3,974

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

Note	Unaudited 30 June 2019			Audited 31 December 2018		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
Rupees in '000						
13. CASH AND BANK						
Cash and cash equivalent						
Policy, revenue stamps and bond papers	7	-	7	-	-	-
Cash at bank						
Current account	15	797	812	15	977	992
Savings account	1,500	53,526	55,026	1,544	52,616	54,160
	1,522	54,323	55,845	1,559	53,593	55,152

13.1 Rate of return on PLS savings account held with Islamic banks ranges from 6.56% to 10.27% per annum (2018: 2.38% to 3.71%).

14. OTHER CREDITORS AND ACCRUALS

Wakala fee payable	-	8,470	8,470	-	18,814	18,814
Payable to Premier Insurance Limited	39,162	25,266	64,428	58,531	-	58,531
Federal insurance fee	-	4	4	-	4	4
Sales tax on services	-	824	824	-	49	49
Commission payable	7,438	-	7,438	11,944	-	11,944
Auditor's fee	338	-	338	183	-	183
Others	45,127	1,353	46,480	2,259	-	2,259
	92,065	35,917	127,982	72,917	18,867	91,784

14.1 This includes interfund payable by OPF amounting to Rs.45.569 million (2018: Nil).

	Unaudited Quarter ended		Unaudited Half year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Rupees in '000				
15. NET TAKAFUL CONTRIBUTION				
Written gross contribution	25,990	27,622	53,185	57,305
Add: Unearned contribution reserve opening	73,512	78,026	82,824	88,245
Less: Unearned contribution reserve closing	(63,277)	(66,969)	(63,277)	(66,969)
Contribution earned	36,225	38,679	72,732	78,581
Less:				
Retakaful contribution ceded	129	3,752	3,239	5,272
Add: Prepaid retakaful contribution opening	2,832	5,174	3,435	6,777
Less: Prepaid retakaful contribution closing	(1,504)	(3,140)	(1,504)	(3,140)
Retakaful expense	1,457	5,786	5,170	8,909
Net contribution	34,768	32,893	67,562	69,672
16. NET CLAIMS EXPENSE				
Claims paid	18,475	26,350	33,926	45,502
Less: Outstanding claims including IBNR opening	(50,051)	(55,127)	(49,676)	(52,949)
Add: Outstanding claims including IBNR closing	54,951	50,860	54,951	50,860
Claims expense	23,375	22,083	39,201	43,413
Less:				
Retakaful and other recoveries received	606	1,134	1,037	1,902
Less: Retakaful recoveries against outstanding claims - opening	(4,260)	(6,664)	(5,114)	(5,596)
Add: Retakaful recoveries against outstanding claims - closing	4,143	5,961	4,143	5,961
Retakaful and other recoveries revenue	489	431	66	2,267
Net claim	22,886	21,652	39,135	41,146

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

	Unaudited Quarter ended		Unaudited Half year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	----- Rupees in '000 -----			
17. DIRECT EXPENSES - PTF				
Tracking services	1,855	1,475	2,558	3,008
Service charges	(7)	(41)	20	75
Others	1,295	(907)	1,298	7
	<u>3,143</u>	<u>527</u>	<u>3,876</u>	<u>3,090</u>
18. RETAKAFUL REBATE - PTF				
Less: Rebate from re-takaful received	83	538	365	994
Add: Deferred rebate opening	491	962	674	1,305
Less: Deferred rebate closing	(196)	(637)	(196)	(637)
Rebate from retakaful earned	<u>378</u>	<u>863</u>	<u>843</u>	<u>1,662</u>
19. WAKALA EXPENSE				
Gross wakala fee	9,139	9,667	18,657	20,056
Add: Deferred wakala opening	25,729	27,309	28,989	30,886
Less: Deferred wakala closing	(22,169)	(23,439)	(22,169)	(23,439)
Net wakala fee	<u>12,699</u>	<u>13,537</u>	<u>25,477</u>	<u>27,503</u>
20. NET COMMISSION EXPENSE - OPF				
Commission paid or payable	1,957	1,881	4,800	4,122
Add: Deferred commission opening	7,322	5,696	7,742	6,469
Less: Deferred commission closing	(5,869)	(4,478)	(5,869)	(4,478)
Commission expense	<u>3,410</u>	<u>3,099</u>	<u>6,673</u>	<u>6,113</u>
21. MANAGEMENT EXPENSES - OPF				
Underwriting Expenses				
Employee benefit cost	13,110	12,030	23,161	21,077
Fuel and power	1,498	1,352	2,351	2,007
Travelling	388	331	830	505
Loss on assets written off	1,887	-	1,887	-
Depreciation and amortization	-	(1,077)	-	241
Repair and maintenance	304	899	975	1,166
Annual supervision fee SECP	43	467	689	907
Miscellaneous	1,449	1,856	2,826	3,729
	<u>18,679</u>	<u>15,858</u>	<u>32,719</u>	<u>29,632</u>

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

Unaudited Quarter ended		Unaudited Half year ended	
30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- Rupees in '000 -----			

22. INVESTMENT LOSS - OPF

Net realized losses on investments

Available for Sale (AFS)

Realized loss on sale of mutual fund units

(4,652)	-	(4,652)	-
(4,652)	-	(4,652)	-

23. INVESTMENT INCOME - PTF

Income from term deposits

Return on term deposits

567	-	1,524	-
567	-	1,524	-

24. RELATED PARTY TRANSACTIONS - PTF

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

Transactions during the period

Associated Companies

Contribution underwritten

Claims paid

Unaudited Half year ended	
30 June 2019	30 June 2018
----- Rupees in '000 -----	

1,077	1,179
669	1,063

Period / year end balances

Associated Companies

Contribution receivable

Claims outstanding

Commission outstanding

Unaudited 30 June 2019	Audited 31 December 2018
----- Rupees in '000 -----	

6,148	5,636
207	480
-	256

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

25. SEGMENT INFORMATION

25.1 Segment profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Unaudited Quarter ended	
	2019	2018	2019	2018	2019	2018	2019	2018	30 June 2019	30 June 2018
	Rupees in '000									
Participants Takaful Fund										
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	(159)	70	590	2,804	22,398	25,031	6,075	3,559	26,904	31,464
Less: Federal excise duty	14	22	71	496	2,571	2,999	1	49	2,557	3,566
Less: Federal insurance fee	(1)	-	5	23	194	218	60	34	258	275
Gross written contribution (inclusive of Administrative surcharge)	(172)	48	514	2,285	19,633	21,814	6,014	3,476	25,989	27,623
Gross direct contribution	(179)	8	483	2,125	18,615	19,941	6,008	3,461	24,927	25,535
Facultative inward contribution	4	13	-	-	241	(1)	-	-	245	12
Administrative surcharge	3	27	31	160	777	1,874	6	15	817	2,076
Takaful contribution earned	850	2,049	975	1,895	32,780	30,262	1,820	4,474	36,225	38,679
Takaful contribution ceded to retakaful operators	(570)	(1,743)	(837)	(1,501)	(1,025)	(1,955)	(975)	(587)	(1,457)	(5,786)
Net takaful contribution	80	306	138	394	31,755	28,307	2,795	3,887	34,768	32,893
Rebate earned	131	404	192	345	2	10	53	104	378	863
Net underwriting income	211	710	330	739	31,757	28,317	2,848	3,991	35,146	33,756
Takaful claims	(630)	(758)	(4)	(122)	(21,678)	(15,355)	(1,063)	(5,848)	(23,375)	(22,063)
Takaful claims recovered from retakaful	587	692	4	114	-	-	(82)	(365)	(23,375)	(22,063)
Net claim	(63)	(76)	-	(8)	(21,678)	(15,355)	(1,145)	(6,213)	(22,866)	(21,652)
Wakala expense	185	(717)	(294)	(663)	(11,564)	(10,592)	(1,034)	(1,565)	(12,689)	(13,537)
Direct expense	(10)	35	(102)	(83)	(2,655)	(266)	(376)	(213)	(3,143)	(527)
Net takaful claims and expense	120	(758)	(396)	(754)	(35,897)	(26,213)	(2,555)	(7,991)	(36,728)	(35,716)
Investment income									567	-
Deficit									(3,015)	(1,960)
Operators Fund										
Wakala fee earned	(193)	717	294	663	11,564	10,592	1,034	1,565	12,689	13,537
Commission expense	(244)	(405)	(402)	(403)	(2,495)	(1,833)	(368)	(458)	(3,409)	(3,099)
Management expense	109	483	(349)	(1,883)	(16,584)	(10,539)	(1,842)	(3,919)	(18,766)	(15,856)
	(328)	795	(457)	(1,623)	(7,515)	(1,780)	(1,176)	(2,812)	(9,476)	(5,420)
Investment income									(4,652)	-
Profit on bank deposits									24	520
Other expenses									(1,543)	(2,385)
Loss before taxation									(15,648)	(7,285)

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Unaudited Half year ended	
	2019	2018	2019	2018	2019	2018	2019	2018	30 June 2019	30 June 2018
	Rupees in '000									
Participants Takaful Fund										
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	246	1,427	1,701	4,204	52,589	57,272	5,521	2,689	60,557	65,592
Less: Federal excise duty	72	200	199	643	6,056	6,856	16	16	6,343	7,715
Less: Federal insurance fee	2	12	15	35	458	498	55	26	530	571
Gross written contribution (inclusive of Administrative surcharge)	172	1,215	1,487	3,526	46,075	49,918	5,450	2,647	53,184	57,306
Gross direct contribution	154	1,120	1,417	3,366	44,032	47,968	5,439	2,632	51,042	55,066
Facultative inward contribution	4	68	-	-	241	76	-	-	245	144
Administrative surcharge	14	27	70	160	1,803	1,874	11	15	1,898	2,076
Takaful contribution earned	1,433	4,395	2,169	3,335	59,931	61,858	9,199	8,993	72,732	78,540
Takaful contribution ceded to retakaful operators	(1,290)	(3,706)	(1,865)	(2,722)	(1,058)	(1,209)	(937)	(1,271)	(5,170)	(6,908)
Net takaful contribution	143	689	304	613	58,873	60,649	8,242	7,722	67,562	69,672
Rebate earned	296	856	429	626	3	20	115	160	843	1,662
Net underwriting income	439	1,545	733	1,239	58,876	60,669	8,357	7,882	68,405	71,334
Takaful claims	(240)	(758)	13	(2,125)	(36,012)	(30,757)	(2,962)	(9,773)	(39,201)	(43,413)
Takaful claims recovered from retakaful	216	682	(5)	1,950	-	-	(145)	(365)	66	2,267
Net claim	(24)	(76)	8	(175)	(36,012)	(30,757)	(3,107)	(10,138)	(39,135)	(41,146)
Wakala expense	(82)	(1,538)	(712)	(1,168)	(22,072)	(21,650)	(2,611)	(3,147)	(25,477)	(27,503)
Direct expense	(13)	(66)	(108)	(190)	(3,368)	(2,693)	(397)	(141)	(3,876)	(3,090)
Net takaful claims and expense	(119)	(1,690)	(812)	(1,333)	(61,442)	(55,100)	(6,115)	(13,426)	(68,468)	(71,739)
Investment income									1,524	-
Surplus/ (deficit)									1,441	(405)
Operators Fund										
Wakala fee earned	82	1,538	712	1,168	22,072	21,650	2,611	3,147	25,477	27,503
Commission expense	(314)	(861)	(409)	(627)	(5,179)	(3,799)	(771)	(826)	(6,673)	(6,113)
Management expense	(105)	(51)	(908)	(2,451)	(28,131)	(23,401)	(3,575)	(3,729)	(32,719)	(29,822)
	(337)	626	(605)	(1,910)	(11,238)	(9,550)	(1,735)	(1,408)	(13,915)	(8,242)
Investment income									(4,652)	-
Profit on bank deposits									49	1,027
Other expenses									(2,361)	(3,457)
Loss before taxation									(20,879)	(10,672)

25.2 Segment assets and liabilities

The following presents segments assets and liabilities as at June 30, 2019 and December 31, 2018:

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees in '000									
Ratio	0%		3%		87%		10%		100%	
Segment assets	350	9,472	3,023	7,511	93,663	102,125	11,079	4,743	108,115	123,851
Unallocated corporate assets									242,596	180,117
Total assets									350,711	303,968
Segment liabilities	572	8,746	4,949	7,635	153,344	163,288	18,138	23,101	177,003	202,770
Unallocated corporate liabilities									128,375	85,285
Total liabilities									305,378	288,055

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE QUARTER AND
HALF YEAR ENDED 30 JUNE 2019

26. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 defines fair value as an exit price. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable
- Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

		June 30, 2019		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
OPF	Available for sale investments (measured at fair value)			
	Mutual fund units	-	-	-
		-	-	-

		June 30, 2019		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
PTF	Available for sale investments (measured at fair value)			
	Mutual fund units	-	9,044	-
		-	9,044	-

		December 31, 2018		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
OPF	Available for sale investments (measured at fair value)			
	Mutual fund units	-	39,465	-
		-	39,465	-

		December 31, 2018		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
		-----Rupees in '000-----		
PTF	Available for sale investments (measured at fair value)			
	Mutual fund units	-	9,642	-
		-	9,642	-

27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24 August, 2019 by the Board of Directors of the Operator.

28. GENERAL

- 28.1** There is no individual class of business within the category of 'miscellaneous', where the gross contribution of the class of business is 10% or more of the gross premium revenue of the Operator
- 28.2** Corresponding figures have been rearranged and reclassified wherever necessary, for purposes of comparison. There were no material reclassification to report except as follows:

				Rs. in '000
Nature	Transfer to	Transfer from		30-Jun-19
Co Takaful payable	Takaful / retakaful payable	Takaful / retakaful payable		7,559
Retakaful receivable	Takaful / retakaful receivable	Takaful / retakaful receivable		574

- 28.3** These interim financial statement unaudited but subject to limited scope review by the auditors. Figures for the quarters ended 30 June 2018 and 30 June 2019 as reported in these interim financial statements have not been subject to limited scope review by the external auditors.
- 28.4** All amounts have been rounded to the nearest thousand Rupees

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer



BRANCH NETWORKS

Interim Financial Statements June 2019

Conventional Branches

KARACHI

South Zone Branches

Head Office:

5th Floor, State Life Building 2-A,
Wallace Road, Off. I.I. Chundrigar Road,
Karachi, Pakistan.
Phone: 021-32416331-4
Fax: 021-32416572

QUETTA BRANCH

43-Regal Plaza, 2nd Floor,
Circular Road, Quetta.
Phone: 081-2842883
Fax: 081-2821383

MULTAN BRANCH

4th Floor, Mehr Fatima Tower,
Opp. High Court,
Old Bahawalpur Road, Multan.
Phone: 061-4515007-9
Fax: 061-4587143

Islamabad Branch

64-E 2nd Floor, Masco Plaza,
Jinnah Avenue, Blue Area,
Islamabad.
Phone: 051-2348167-8
Fax: 051-2348169

LAHORE

North Zone Branches

162 Shadman II Lahore.
Phone: 042-35407001-5
Fax: 042-35407006

CSD North

162 Shadman II Lahore.
Phone: 042-35407001-5
Fax: 042-35407006

Canal Branch

162 Shadman II Lahore.
Phone: 042-35407001-5
Fax: 042-35407006

Mall Branch

23 Shahrah-e-Quaid-e-Azam,
Lahore.
Phone: 042-37324262
042-37230602-03
Fax: 042-37235557

Conventional Branches

Regency Branch Faisalabad

1st Floor Regency Arcade,
949-Mall Road, Faisalabad.
Phone: 041-2632211-3
Fax: 041-2617802

Gujranwala Branch

Block - L, Trust Plaza,
G.T Road, Gujranwala .
Phone: 055-3859719-20
Fax: 055-3256432

Sialkot Branch

Room # 3 & 4, Sahib Plaza,
Saga Chowk, Defence Road,
Sialkot.
Phone: 052-3572192-93
Fax: 052-3572194

Peshawar Branch

1081/A, Rehman Building,
Saddar Road, Peshawar Cantt.
Phone: 091-5273757
Fax: 091-5277809

Dera Ghazi Khan Branch

Mohib Traders, 1st Floor, Block-18,
Opposite Ghazi Medical College,
Jampur Road, Dera Ghazi Khan.
Phone: 064-2403699

Khanpur, Rahim Yar Khan Branch

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