



KPMG Taseer Hadi & Co.
Chartered Accountants

UBL Insurers Limited

**Condensed Interim Financial
Information (Unaudited)
For the half year ended
30 June 2017**

Directors' report for the half year ended 30 June, 2017

On behalf of the Board of Directors, I present the un-audited accounts of UBL Insurers Limited for the half year ended 30 June, 2017.

The financial highlights for the half year under review are as follows:

	'Rupees 000'		
	30-Jun-17	30-Jun-16	%
Gross premium written	1,223,803	1,370,718	-11%
Premium earned	1,095,495	1,019,618	7%
Net premium revenue	449,049	391,449	15%
Net claim expense	(196,307)	(185,738)	6%
Net commission	26,628	29,135	-9%
Management expenses	(142,710)	(126,119)	13%
Underwriting results - Profit	147,566	108,727	36%
Investment and other income	27,733	47,870	-42%
Other expenses	(64,123)	(49,750)	29%
Profit from window Takaful Operations	151	(7,853)	102%
Profit before tax	111,327	98,994	12%

Gross premium written recorded a decrease of Rs. 146 million (-11%) during the half year ended June 30, 2017 and stood at Rs. 1,224 million as compared to Rs. 1,371 million as at June 30, 2016. Net premium revenue increased by Rs. 58 million (15%) compared to same period last year.

Net claim is increased by 6% during the period ended June 30, 2017 as compared to last year June 30, 2016. The net claim ratio over net premium revenue is improved to 44% compared to 47% last year.

Management expenses increased by Rs.17 million for the half year ended June 30, 2017 compared to the half year ended June 30, 2016.

The underwriting results reported a profit Rs. 148 million for the half year ended June 30, 2017 as compared to a profit of Rs. 109 million in June 2016 due to improvement in net premium revenue.

Investments and other income decreased by Rs. 20 million (-42%) during the period ended June 2017 against the position of June 2016.

Other expenses increased by Rs. 14 million (29%) during the period ended June 2017 as compared to last year June 2016.

Profit generated through Window Takaful Operations at the half year ended is amounting to Rs. 0.2 million as compared to the loss of 8 million in the same period of 2016.

The Company has posted pre-tax profit of Rs. 111 million in the current half year ended against a profit of Rs. 99 million for the same period in 2016.

The earning per share in current half year ended reported at Rs. 0.68 against Rs. 0.59 in the same period of 2016.

Company neither declared cash dividend nor issued bonus shares in previous year.

Window Takaful Operations

The participant made contribution of Rs. 91 million for the half year ended June 30, 2017 as compared to Rs. 61 million last year.

The participant Takaful Fund posted profit of Rs. 7 million against the loss of Rs. 2 million for the half year ended on June 30, 2017 and there is a profit from window Takaful Operations of Rs. 0.2 million for the half year ended June 30, 2017 as compared to a loss of Rs. 8 million last year in same period.

Future Outlook

Our strategy for the present year is to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain prominent position in the industry.

We will continue to invest in our people and making UBL Insurers Limited a great place to build career. We will also continue to invest in the systems and processes to better understand our customer's needs, serve them in the way they require, increase collaboration and improve efficiency.

Acknowledgement

The Directors of the Company would like to express their gratitude to the Insurance Division - Securities and Exchange Commission of Pakistan, Insurance Association of Pakistan, other Insurance companies and Re-insurers for their continued guidance, co-operation and support.

We also record appreciation to our valued clients for their continued patronage and support extended to our Company.



Aameer Karachiwalla
Chairman

Dated: August 11, 2017

انتظامی اخراجات میں پچھلے سال کے مقابل اس سال 2017 میں 17 ملین روپے کا اضافہ ہوا۔

ذمہ نویس منافع پچھلے سال کے 109 ملین روپے منافع کی نسبت 2017 میں خالص پریمیم ریونیو میں بہتری کے سبب 148 ملین روپے کا منافع رپورٹ کیا گیا۔

سرمایہ کاری اور دیگر آمدنی میں پچھلے سال کی نسبت اس سال 2017 میں 20 ملین روپے (-42%) کمی ہوئی۔

دیگر اخراجات میں پچھلے سال کی نسبت اس سال 2017 میں 14 ملین روپے اضافہ ہوا۔

وئڈوکافل آپریشنز کے ذریعے پچھلے سال 8 ملین روپے کے نقصان کی نسبت اس سال 2017 میں 0.2 ملین منافع کمایا گیا۔

کمپنی نے قبل از وقت منافع پچھلے سال 99 ملین روپے کی نسبت اس سال 2017 میں 111 ملین روپے پوسٹ کیا۔

کمپنی نے پچھلے سالوں میں ڈیویڈنڈ کا اعلان کیا اور نہ ہی بونس حصص جاری کیئے۔

وئڈوکافل آپریشنز

کمپنی نے پچھلے سال 61 ملین روپے کی نسبت اس سال 2017 میں 91 ملین روپے کا تحریری کنٹریبویشن ریکارڈ کیا گیا

پارٹنیشنٹ کافل فنڈ میں پچھلے سال 2 ملین روپے نقصان کی نسبت اس سال 2017 میں 7 ملین روپے منافع ریکارڈ کیا گیا اور پچھلے سال آپریٹرز فنڈ میں 8 ملین روپے نقصان کی نسبت موجودہ ششماہی میں 0.2 ملین روپے منافع ریکارڈ کیا گیا۔

ششماہی ڈائریکٹرز رپورٹ برائے سال 2017

بورڈ آف ڈائریکٹرز کی جانب سے، میں UBL انٹرنر ڈیپنڈ کے غیر آڈٹ شدہ اکاؤنٹس برائے نصف سال 2017 پیش کرتا ہوں:

نصف سال کی مالیاتی جھلکیاں مندرجہ ذیل ہیں:

-11%	1,370,718	1,223,803	تحریری پر بیم ریونیو
7%	1,019,618	1,095,495	خالص پر بیم ریونیو
15%	391,449	449,049	کلیم کے اخراجات
6%	(185,738)	(196,307)	خالص منافع
-9%	29,135	26,628	پر بیم ڈیفنٹس ریوزرو
13%	(126,119)	(142,710)	انتظامی اخراجات
36%	108,727	147,566	انڈر رائٹنگ منافع
-42%	47,870	27,733	سرمایا کاری و دیگر آمدنی
29%	(49,750)	(64,123)	عام اور انتظامی اخراجات
102%	(7,853)	151	ٹیکس سے قبل نقصان و نڈو مکافل آپریٹنگ کی طرف سے
12%	98,994	111,327	منافع ٹیکس سے قبل

تحریری پر بیم ریونیو نصف سال کے دوران 146 ملین روپے (-11%) کی کمی کے ساتھ جون 2017 میں 1224 ملین روپے ریکارڈ کیا گیا جبکہ جون 2016 میں 1371 ملین روپے ریکارڈ کیا گیا تھا۔ خالص پر بیم ریونیو میں پچھلے سال کی نسبت 58 ملین روپے (15%) اضافہ ہوا۔

خالص کلیم میں پچھلے سال کی نسبت 2017 میں 6 فیصد اضافہ ہوا۔ خالص کلیم کی شرح پچھلے سال کی نسبت بہتر ہو کر 44% رہی جو پچھلے سال ششماہی میں 47% تھی۔



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Independent Auditors' Review Report to the Members of UBL Insurers Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet as at 30 June 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows of **UBL Insurers Limited** ("the Company") together with notes to the accounts for the six-month period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information 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

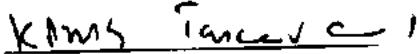
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the quarter ended 30 June 2017 and 30 June 2016 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 11 August 2017

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

UBL Insurers Limited
Condensed Interim Balance Sheet (Unaudited)
As at June 30, 2017

	Note	(Unaudited) June, 30 2017	(Audited) December, 31 2016 (Restated)
Assets			
Property and equipment	6	81,949,621	80,264,230
Intangible assets	7	1,969,422	2,301,169
Investments			
Equity securities	8	140,219,002	239,906,356
Debt securities	9	813,701,757	544,477,390
Loans and other receivables	10	58,527,187	33,068,348
Insurance / Reinsurance receivables	11	806,116,824	954,871,649
Reinsurance recoveries against outstanding claims		1,218,139,222	1,052,577,459
Salvage recoveries accrued		8,221,774	4,835,769
Deferred Commission Expense / Acquisition cost		74,613,299	84,441,012
Deferred taxation	12	9,675,643	6,053,179
Taxation - payment less provisions		15,384,972	8,452,009
Prepayments	13	539,432,895	424,194,914
Cash and bank		55,499,860	30,495,334
Total assets of Window Takaful Operations - Operator's fund		<u>89,852,477</u>	<u>70,675,323</u>
Total assets		<u>3,913,303,955</u>	<u>3,536,614,141</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised share capital:			
[150,000,000 (December 31, 2016):			
150,000,000) Ordinary shares of			
Rs. 10 each]			
		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital [115,217,391			
(2016: 115,217,391) Ordinary shares of Rs. 10 each]			
		1,152,173,910	1,152,173,910
Discount on issue of right shares		(352,173,910)	(352,173,910)
Revaluation reserves		736,666	4,784,369
Unappropriated profit		264,179,886	187,301,615
Total equity		<u>1,064,916,552</u>	<u>992,085,984</u>
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		1,338,368,536	1,177,704,139
Unearned premium reserves		890,649,075	762,340,868
Premium deficiency reserves		-	10,906,982
Unearned reinsurance commission		103,381,791	88,984,496
Retirement benefit obligations		3,956,132	2,301,622
Premium received in advance		11,618,094	-
Reinsurance / Co-Insurance payables	14	328,490,109	319,423,109
Other creditors and accruals	15	126,894,953	156,833,604
Total liabilities of Window Takaful Operations - Operator's fund	16	<u>45,028,713</u>	<u>26,033,337</u>
Total liabilities		<u>2,848,387,403</u>	<u>2,544,528,157</u>
Total equity and liabilities		<u>3,913,303,955</u>	<u>3,536,614,141</u>
Contingencies	17		

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

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 Chief Executive Officer


 Director


 Director


 Chairman

UBL Insurers Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the quarter and half year ended June 30, 2017

	Note	Quarter ended June 30,		Half year ended June 30,	
		2017	2016	2017	2016
(Rupees)					
Net insurance premium	18	231,000,352	201,056,092	449,048,751	391,449,010
Net insurance claims	19	106,667,262	90,447,448	196,307,446	185,738,221
Reversal of premium deficiency reserve		(10,906,982)	-	(10,906,982)	-
Net commission and other acquisition costs	20	(11,715,671)	(18,815,003)	(26,627,951)	(29,135,056)
		84,044,609	71,632,445	158,772,513	156,603,165
Insurance claims and acquisition expenses		146,955,743	129,423,647	290,276,238	234,845,845
Management expenses	21	(72,681,170)	(63,729,771)	(142,710,355)	(126,118,802)
Underwriting results		74,274,573	65,693,876	147,565,883	108,727,043
Investment income	22	12,559,615	22,148,100	24,650,860	46,211,727
Other income	23	2,028,966	1,341,705	3,082,523	1,658,043
Other expenses	24	(33,346,033)	(26,747,551)	(64,123,178)	(49,749,932)
Results of operating activities		(18,757,452)	(3,257,746)	(36,389,795)	(1,880,162)
Profit/(loss) from Window Takaful Operations	16	(1,485,215)	(8,641,254) #	151,067	(7,852,744)
Profit before tax		54,031,906	53,794,876	111,327,155	98,994,137
Provision for taxation - current		(18,865,332)	(18,123,372)	(34,569,978)	(30,313,113)
- deferred		3,784,879	634,833	1,702,442	(1,184,532)
		(15,080,453)	(17,488,539)	(32,867,536)	(31,497,645)
Profit after tax		38,951,453	36,306,337	78,459,619	67,496,492
Earnings per share - Rupees	25	0.34	0.32	0.68	0.59

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

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Sabat Hussain
Chief Executive Officer

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Director

[Signature]
Director

[Signature]
Chairman

[Signature]

UBL Insurers Limited
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter and half year ended June 30, 2017

	Quarter ended June 30,		Half year ended June 30,	
	2017	2016	2017	2016
	Aggregate	Aggregate	Aggregate	Aggregate
Profit after tax	38,951,453	36,306,337	78,459,619	67,496,492
Other comprehensive income for the period				
<i>Items that will be reclassified to profit and loss subsequently</i>				
Unrealised losses on available-for-sale investments	(2,979,235)	(751,520)	(5,925,273)	(9,838,302)
Related tax impact	893,770	232,971	1,846,860	3,049,874
	(2,085,465)	(518,549)	(4,078,413)	(6,788,428)
Other comprehensive income from Window Takaful Operations	(150,074)	6,661	30,710	6,661
<i>Items that will never be reclassified to profit and loss subsequently</i>				
Re-measurement loss on defined benefit obligation	(1,654,510)	(1,366,442)	(1,654,510)	(1,366,442)
Related tax impact	73,162	231,160	73,162	231,160
	(1,581,348)	(1,135,282)	(1,581,348)	(1,135,282)
Total comprehensive income for the period	35,134,566	34,659,167	72,830,568	59,579,443

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

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Kabir Muzaffar
 Chief Executive Officer

[Signature]
 Director

[Signature]

[Signature]
 Director

[Signature]
 Chairman

UBL Insurers Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the half year ended June 30, 2017

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated profit	Revaluation reserve	Total
	(Rupees)				
Balance as at January 01, 2016 - as previously reported	1,152,173,910	(352,173,910)	51,871,337	-	851,871,337
Restatement due to change in accounting policy (refer note 3.1.2) - net of tax	-	-	-	11,484,782	11,484,782
Balance as at January 01, 2016 - restated	1,152,173,910	(352,173,910)	51,871,337	11,484,782	863,356,119
<i>Total comprehensive income</i>					
Profit for the period	-	-	67,496,492	-	67,496,492
Other comprehensive loss - net of tax	-	-	(1,135,282)	(6,781,767)	(7,917,049)
	-	-	66,361,210	(6,781,767)	59,579,443
Balance as at June 30, 2016	1,152,173,910	(352,173,910)	118,232,547	4,703,015	911,450,780
Balance as at January 01, 2017 - as previously reported	1,152,173,910	(352,173,910)	187,301,615	-	987,301,615
Restatement due to change in accounting policy (refer note 3.1.2) - net of tax	-	-	-	4,784,369	4,784,369
Balance as at January 01, 2017 - restated	1,152,173,910	(352,173,910)	187,301,615	4,784,369	992,085,984
<i>Total comprehensive income</i>					
Profit for the period	-	-	78,459,619	-	78,459,619
Other comprehensive loss - net of tax	-	-	(1,581,348)	(4,047,703)	(5,629,051)
	-	-	76,878,271	(4,047,703)	72,830,568
Balance as at June 30, 2017	1,152,173,910	(352,173,910)	264,179,886	736,666	1,064,916,552

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

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Babar Muzaffar
Chief Executive Officer

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Director

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Director

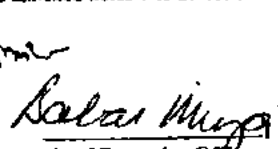
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Chairman

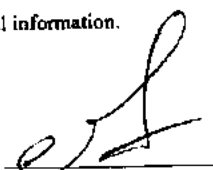
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UBL Insurers Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the half year ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees)	
Operating cash flows		
(a) Underwriting activities		
Insurance premium received	1,384,176,373	1,151,976,174
Reinsurance premium paid	(733,978,817)	(651,716,834)
Claims paid	(554,767,415)	(502,534,476)
Reinsurance and other recoveries received	350,176,598	289,860,872
Commission paid	(135,753,263)	(102,875,301)
Commission received	139,715,807	169,389,834
Management expenses paid	(150,034,800)	(123,623,767)
Net cash inflow from underwriting activities	<u>299,534,483</u>	<u>230,476,502</u>
(b) Other operating activities		
Income tax paid	(41,502,941)	(26,163,969)
General management expenses paid	(65,413,447)	(61,750,927)
Loan advanced	(2,308,596)	(2,745,100)
Loan repayments received	1,805,058	1,704,055
Net cash outflow from other operating activities	<u>(107,419,926)</u>	<u>(88,955,941)</u>
Total cash inflow from all operating activities	<u>192,114,557</u>	<u>141,520,561</u>
Investment activities		
Profit / return received	22,553,539	29,233,323
Dividend received	2,458,650	4,367,500
Payment for investments	(2,047,608,941)	(2,263,164,179)
Proceeds from disposal / redemption of investments	1,869,351,752	2,099,706,685
Proceeds from disposal of fixed assets	2,670,112	161,600
Fixed capital expenditures	(14,472,295)	(11,457,708)
Total cash outflow from investing activities	<u>(165,047,183)</u>	<u>(141,152,779)</u>
Financing activities		
Security deposits paid	(2,062,848)	(9,673,140)
Payment to Operator's fund	-	(50,000,000)
Total cash outflow from financing activities	<u>(2,062,848)</u>	<u>(59,673,140)</u>
Net cash inflow / (outflow) from all activities	<u>25,004,526</u>	<u>(59,305,358)</u>
Cash and cash equivalents at beginning of the period	<u>30,495,334</u>	<u>77,806,638</u>
Cash and cash equivalents at end of the period	<u>55,499,860</u>	<u>18,501,280</u>
Reconciliation to profit and loss account		
Operating cash flows	192,114,557	141,520,561
Depreciation expense	(11,489,643)	(10,569,998)
Amortisation expense	(331,747)	(74,922)
Dividend income	1,752,150	2,930,395
Other investment income	32,009,870	43,281,332
Gain on sale of fixed assets	1,707,594	111,184
Provision for impairment - against listed equity securities	(9,111,160)	-
Income tax expense	(32,867,536)	(31,497,645)
Other income	1,374,929	1,546,859
Increase in assets other than cash	205,341,200	860,326,682
Increase in liabilities	(302,191,662)	(932,225,212)
Profit after tax from conventional insurance operations	<u>78,308,552</u>	<u>75,349,236</u>
Profit / (loss) from Window takaful operations	151,067	(7,852,744)
Profit after taxation	<u>78,459,619</u>	<u>67,496,492</u>

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

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Sabar Muneer
Chief Executive Officer


Director


Chairman

UBL Insurers Limited

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended June 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Insurers Limited (the Company) is an unlisted public limited company incorporated in Pakistan on June 29, 2006. The Company is a subsidiary of Bestway (Holding) Limited which holds 55.6% of the shares. The Company received the Certificate of Commencement of Business on December 27, 2006. The principal objective of the Company is to conduct general insurance business. The Company received the Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 5, 2007. The Company currently operates a network of 18 (2016: 15) branches at various cities. The registered office of the Company is situated at 126-C, Jami Commercial, Street No. 14, Phase VII, Defense Housing Authority, Karachi.

The Company was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on January 1, 2016.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules 2012. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules 2012 shall prevail.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these condensed interim financial information in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015.

A separate set of condensed interim financial information of the General Window Takaful Operations has been reported which is annexed to these condensed interim financial information as per the requirements of the SECP Takaful Rules, 2012.

These condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, these condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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2.1. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value and the obligations under employee benefits that have been measured at fair value of plan assets less the present value of defined benefit obligation.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2016 except for the change in valuation of investments classified as available - for - sale from lower of cost or market value to fair value and change in format for preparation of financial statements as disclosed in note 3.1.1 and 3.1.2 respectively.

3.1. CHANGE IN ACCOUNTING POLICY

- 3.1.1** The SECP vide SRO 89(I)/2017 dated 9th February, 2017 has issued Insurance Rules, 2017 (the Rules), which requires every insurer to prepare their financial statements as per the presentation and disclosure requirements prescribed in Annexure II of the Rules. In view of the applicability of the Rules, the Company has changed its presentation and disclosure format to comply with the requirements of the said Rules.
- 3.1.2** During the period, the Company has changed its accounting policy for the valuation of the available-for-sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(I)/2017 dated 09 February 2017, which requires the valuation of available-for-sale investments at fair value. In line with the requirements provided in the Rules, subsequent to initial recognition, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments is taken to Other Comprehensive Income and transferred to revaluation reserves. On derecognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves is reclassified to Profit and Loss Account for the period. This change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, change in accounting estimates and errors' and comparatives have been restated to conform to the changed policy.

Previously, subsequent to initial recognition, the quoted available-for-sale investments were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.

Had the accounting policy not being changed, available-for-sale investments, revaluation reserves, total assets of Window Takaful Operations - Operator's fund and total liabilities of Window Takaful Operations - Operator's fund would have been lowered by Rs. 1,002,586, Rs. 736,666, Rs. 49,795 and Rs. 15,437 (December 2016: Rs. 6,927,859, Rs. 4,784,369, Rs. 6,009 and Rs. 1,863) respectively and deferred taxation would have been highered by Rs. 300,776 (December 2016: Rs. 2,147,636).

12/11/17

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates and that such estimates and judgments are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2016.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements as at and for the year ended December 31, 2016.

6. PROPERTY AND EQUIPMENTS

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
	(Rupees)	
Opening written down value	80,264,230	76,421,131
Additions during the period / year - at cost		
- Leasehold improvements	1,020,310	1,951,711
- Furnitures and fixtures	746,685	1,031,768
- Office equipments	928,170	1,469,319
- Computer and related equipments	1,231,080	1,437,467
- Motor vehicles	10,241,950	22,966,036
- Mobile phones	304,100	367,000
	14,472,295	29,223,301
Written down value of deletions during the period / year	(965,514)	(3,103,825)
Depreciation for the period / year	(11,821,390)	(22,276,377)
	(12,786,904)	(25,380,202)
Closing written down value	<u>81,949,621</u>	<u>80,264,230</u>

7. INTANGIBLE ASSETS

Opening written down value	2,301,169	222,927
Additions during the period / year	-	2,409,071
Amortisation for the period / year	(331,747)	(330,829)
Closing written down value	<u>1,969,422</u>	<u>2,301,169</u>

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8. INVESTMENTS IN EQUITY SECURITIES

	June 30, 2017			December 31, 2016		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees)						
Available-for-sale						
<i>Listed shares</i>						
8.1						
Saif Power Limited	18,876,835	(3,681,205)	15,195,630	18,876,835	(972,375)	17,904,460
Nishat Chunian Power Limited	28,242,746	(7,259,696)	20,983,050	28,242,745	(2,111,665)	26,131,080
Kot Addu Power Company Limited	17,519,088	(4,195,300)	13,323,788	17,519,000	(2,941,000)	14,578,000
	64,638,581	(15,136,201)	49,502,380	64,638,580	(6,025,040)	58,613,540
<i>Mutual funds</i>						
8.2						
NAFA Income Opportunity Fund	-	-	-	34,051,416	-	34,051,416
NAFA Islamic Aggressive Income Fund	-	-	-	35,314,327	-	35,314,327
Atlas Income Fund	9,999,998	-	9,999,998	19,999,998	-	19,999,998
NAFA Money Market Fund	48,777,148	-	48,777,148	22,000,000	-	22,000,000
Atlas Money Market Fund	31,833,366	-	31,833,366	49,822,086	-	49,822,086
Atlas Islamic Income Fund	-	-	-	20,000,000	-	20,000,000
	90,610,512	-	90,610,512	181,187,827	-	181,187,827
Surplus on revaluation	-	-	106,110	-	-	104,989
	155,249,893	(15,136,201)	140,219,002	245,826,407	(6,025,040)	239,906,356

				(Unaudited)	(Audited)
				June 30, 2017	December 31, 2016
(Rupees)					
8.1	Listed shares				
	Cost			64,638,581	64,638,580
	Provision for impairment			(15,136,201)	(6,025,040)
				49,502,380	58,613,540
8.1.1	Provision for impairment				
	Opening provision			6,025,040	-
	Charge for the period / year			9,111,161	6,025,040
	Closing provision			15,136,201	6,025,040

8.1.1.1 The market value of the above investments is Rs. 49,502 million (2016: Rs. 58,614 million). The Company uses stock exchange quotation, at the balance sheet date to determine the market value of quoted equity securities.

8.2 Market value of the above investment is Rs. 90,716 million (2016: Rs. 181,293 million). The Company uses net assets value issued by the fund manager at the balance sheet date to determine the market value.

9. INVESTMENTS IN DEBT SECURITIES

		June 30, 2017			December 31, 2016		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees)							
Government securities							
9.1	Market treasury bills	291,907,143	-	291,907,143	235,148,636	-	235,148,636
9.2	Pakistan investment bonds	496,549,057	-	496,549,057	253,782,069	-	253,782,069
		788,456,200	-	788,456,200	488,930,705	-	488,930,705
	Term finance certificates						
9.3		24,349,081	-	24,349,081	48,723,815	-	48,723,815
	Surplus on revaluation	-	-	896,476	-	-	6,822,870
		812,805,281	-	813,701,757	537,654,520	-	544,477,390

10/11/17

12. DEFERRED TAXATION

Deferred taxation comprises deductible temporary differences relating to following:

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
	(Rupees)	
Deferred debits arising in respect of:		
- accelerated depreciation	3,054,610	2,176,661
- staff retirement benefits	496,353	423,191
- impairment against listed equity securities	4,540,860	1,807,512
- provision for bad debts	93,925	93,925
- provision for employee bonus	1,790,671	3,699,526
Deferred credits arising in respect of:		
-Surplus on revaluation	(300,776)	(2,147,636)
	<u>9,675,643</u>	<u>6,053,179</u>

13. PREPAYMENTS

Prepaid reinsurance premium ceded	493,532,266	396,932,945
Prepaid rent	5,887,284	4,231,219
Prepaid tracker monitoring charges	35,803,826	20,772,439
Prepaid miscellaneous expenses	4,209,519	2,258,311
	<u>539,432,895</u>	<u>424,194,914</u>

14. REINSURANCE / CO-INSURANCE PAYABLES

Due to reinsurers	305,183,470	289,046,241
Due to other insurers	23,306,639	30,376,868
	<u>328,490,109</u>	<u>319,423,109</u>

15. OTHER CREDITORS AND ACCRUALS

Agents commission payable	47,957,325	80,450,445
Federal excise duty	14,061,325	12,101,541
Federal insurance fee	1,097,860	862,786
Worker's welfare fund	9,253,150	6,983,145
Accrued expenses	32,812,186	37,277,999
Unclaimed insurance benefits	8,623,661	10,355,113
Cash margin against insurance policies	4,720,846	3,534,895
Others	8,368,600	5,267,680
	<u>126,894,953</u>	<u>156,833,604</u>

16. WINDOW TAKAFUL OPERATIONS OPERATOR'S FUND

Assets		
Cash and bank	335,789	2,384,421
Investments	22,183,506	21,682,344
Current assets - other	67,283,388	46,602,549
Total assets	<u>89,802,683</u>	<u>70,669,314</u>
Total liabilities - current	<u>45,013,776</u>	<u>26,031,474</u>
Profit/(loss) before taxation	472,775	(7,237,977)

	(Unaudited) Quarterly ended June 30,		(Unaudited) Half year ended June 30,	
	2017	2016	2017	2016
	(Rupees)		(Rupees)	
Profit / (loss) from Window Takaful Operations	(1,485,215)	(8,641,254)	151,067	(7,852,744)

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed condensed interim financial information for the period ended June 30, 2017.

17. CONTINGENCIES

Section 113(2)(c) of the Income Tax Ordinance 2001, was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. As per the provisions of Income Tax Ordinance 2001, the Company has minimum tax as at June 30, 2017 of Rs. 15,002,983 which has not been recorded as tax expense.

A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan which is pending for hearing. The Company based on tax advisor's advice considers that if tax authorities initiate similar proceedings against the Company, there are reasonable grounds whereby the decision can be challenged before Superior Courts. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in the condensed interim financial information.

18. NET INSURANCE PREMIUM	(Unaudited) Quarterly ended June 30,		(Unaudited) Half year ended June 30,	
	2017	2016	2017	2016
	(Rupees)		(Rupees)	
Written Gross Premium	358,864,445	431,641,583	1,223,803,454	1,370,718,037
Add: Unearned premium reserve opening	1,098,329,147	1,091,604,404	762,340,868	611,958,587
Less: Unearned premium reserve closing	(890,649,075)	(963,058,388)	(890,649,075)	(963,058,388)
Premium earned	566,544,517	560,187,599	1,095,495,247	1,019,618,236
Less: Reinsurance premium ceded	(191,017,040)	(256,524,519)	(743,045,817)	(862,109,833)
Add: Prepaid reinsurance premium opening	(638,059,391)	(647,737,704)	(396,932,945)	(311,190,109)
Less: Prepaid reinsurance premium closing	493,532,266	545,130,716	493,532,266	545,130,716
Reinsurance expense	(335,544,165)	(359,131,507)	(646,446,496)	(628,169,226)
	<u>231,000,352</u>	<u>201,056,092</u>	<u>449,048,751</u>	<u>391,449,010</u>
19. NET INSURANCE CLAIMS				
Claims paid	222,285,353	304,914,594	554,767,415	502,534,476
Add: Outstanding claims including IBNR closing	1,338,368,536	1,032,810,325	1,338,368,536	1,032,810,325
Less: Outstanding claims including IBNR opening	(1,166,389,660)	(852,315,552)	(1,177,704,139)	(766,835,943)
Claim expense	394,184,229	485,409,367	715,431,812	768,508,858
Less: Reinsurance and other recoveries received	(135,772,310)	(170,196,221)	(350,176,598)	(289,860,872)
Add: Reinsurance and other recoveries in respect of outstanding claims - opening	1,074,616,339	682,201,224	1,057,413,228	614,057,157
Less: Reinsurance and other recoveries in respect of outstanding claims - closing	(1,226,360,996)	(906,966,922)	(1,226,360,996)	(906,966,922)
Reinsurance and other recoveries revenue	(287,516,967)	(394,961,919)	(519,124,366)	(582,770,637)
	<u>106,667,262</u>	<u>90,447,448</u>	<u>196,307,446</u>	<u>185,738,221</u>
20. NET COMMISSION AND OTHER ACQUISITION COSTS				
Commission paid or payable	45,503,604	48,441,508	103,260,143	109,318,737
Add: Deferred commission expense opening	89,002,931	85,712,567	84,441,012	69,310,635
Less: Deferred commission expense closing	(74,613,299)	(81,730,028)	(74,613,299)	(81,730,028)
Net Commission	59,893,236	52,424,047	113,087,856	96,899,344
Less: Commission received or recoverable	(43,050,957)	(50,038,119)	(154,113,102)	(169,389,834)
Add: Unearned reinsurance commission closing	103,381,791	112,267,854	103,381,791	112,267,854
Less: Unearned reinsurance commission opening	(131,939,741)	(133,468,785)	(88,984,496)	(68,912,420)
Commission from reinsurance	(71,608,907)	(71,239,050)	(139,715,807)	(126,034,400)
	<u>(11,715,671)</u>	<u>(18,815,003)</u>	<u>(26,627,951)</u>	<u>(29,135,056)</u>

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21. MANAGEMENT EXPENSES	(Unaudited)	(Unaudited)
	June 30, 2017	June 30, 2016
	(Rupees)	
Salaries and benefits	72,344,962	62,326,080
Rent, rates and taxes	6,715,818	5,666,533
Utilities	2,091,522	1,885,630
Communication	3,261,255	2,757,989
Printing and stationery	581,635	446,788
Travel	1,517,600	913,781
Repair and maintenance	588,983	603,856
Vehicle running and maintenance	11,328,817	9,655,726
Advertisement expense	372,331	-
Depreciation expense	6,781,715	6,057,585
Co-insurance service charges	5,761,024	11,512,041
Tracker charges	29,248,491	22,661,135
Other expenses	2,116,202	1,631,658
	<u>142,710,355</u>	<u>126,118,802</u>

22. INVESTMENT INCOME	(Unaudited) Quarter ended June 30,		(Unaudited) Half year ended June 30,	
	2017	2016	2017	2016
	(Rupees)			
<i>Available-for-sale</i>				
Income from equity securities				
Dividend income	-	446,895	1,752,150	2,930,395
Income from debt securities				
Return on government securities	13,676,746	14,385,591	24,136,089	27,450,413
Return on term finance certificates	1,131,909	2,030,424	2,457,386	3,443,065
Amortization of discount / (premium) on government securities / term finance certificates	<u>(884,207)</u>	<u>6,466</u>	<u>(736,683)</u>	<u>251,150</u>
	<u>13,924,448</u>	<u>16,869,376</u>	<u>27,608,942</u>	<u>34,075,023</u>
Realised gains on investments				
- Equity securities	2,843,657	5,278,724	6,153,078	12,136,704
Total investment income	<u>16,768,105</u>	<u>22,148,100</u>	<u>33,762,020</u>	<u>46,211,727</u>
Less: Impairment in value of available for sale securities- equity securities	<u>(4,208,490)</u>	<u>-</u>	<u>(9,111,160)</u>	<u>-</u>
Net investment income	<u>12,559,615</u>	<u>22,148,100</u>	<u>24,650,860</u>	<u>46,211,727</u>

23. OTHER INCOME	(Unaudited) Quarter ended June 30,		(Unaudited) Half year ended June 30,	
	2017	2016	2017	2016
	(Rupees)			
Income from financial assets				
Profit on bank accounts	682,050	800,710	1,624,929	1,117,048
Income from non-financial assets				
Gain on sale of fixed assets	1,346,916	111,184	1,707,594	111,184
Miscellaneous income / (loss)	-	429,811	(250,000)	429,811
	<u>1,346,916</u>	<u>540,995</u>	<u>1,457,594</u>	<u>540,995</u>
	<u>2,028,966</u>	<u>1,341,705</u>	<u>3,082,523</u>	<u>1,658,043</u>

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24. OTHER EXPENSES	(Unaudited)	(Unaudited)
	June 30, 2017	June 30, 2016
	————(Rupees)————	
Salaries and benefits	26,435,988	17,493,085
Rent, rates and taxes	4,877,260	3,511,882
Utilities	1,529,503	1,548,235
Communication	3,212,051	2,776,759
Printing and stationery	1,565,123	1,347,392
Travel	896,404	1,653,989
Repair and maintenance	1,636,223	776,330
Vehicle running and maintenance	4,118,751	3,082,780
Advertisement expense	687,566	243,901
Depreciation expense	5,370,360	4,587,335
Insurance expense	1,194,240	964,768
Legal and professional charges	5,062,876	4,769,751
Auditors remuneration	992,000	1,249,250
Bank charges	1,668,346	1,367,575
Workers' Welfare Fund	2,270,005	2,032,835
Office expense	2,606,482	2,344,065
	<u>64,123,178</u>	<u>49,749,932</u>

25. EARNINGS PER SHARE

The Company's earnings per share has been calculated based on the following:

	(Unaudited)			
	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Profit after tax for the period (Rupees)	<u>38,951,453</u>	<u>36,306,337</u>	<u>78,459,619</u>	<u>67,496,492</u>
Weighted average number of ordinary shares of Rs. 10 each	<u>115,217,391</u>	<u>115,217,391</u>	<u>115,217,391</u>	<u>115,217,391</u>
Basic earnings per share (Rupees)	<u>0.34</u>	<u>0.32</u>	<u>0.68</u>	<u>0.59</u>

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

26. TRANSACTIONS WITH RELATED PARTIES

- 26.1 Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:

	(Unaudited) Half year ended June 30,	
	2017	2016
(Rupees)		
<i>Transactions and balances with related parties</i>		
<i>Transactions during the period with related parties</i>		
Premium underwritten	357,650,074	313,365,532
Insurance claims expense	91,326,835	67,850,257
Bank charges	1,686,480	1,386,710
Profit on bank accounts	1,495,406	1,533,801
Communication charges	1,008,000	1,008,000
Internal audit fees	200,000	175,000
	(Unaudited) June 30, 2017	(Audited) December 31, 2016
	(Rupees)	
<i>Balances with related parties</i>		
Bank balances	31,680,453	29,258,125
Premium due but unpaid	46,488,710	29,644,733
Profit receivable on bank accounts	-	93,409
Communication charges payable	8,556,000	7,548,000
	(Unaudited) Half year ended June 30,	
	2017	2016
(Rupees)		
<i>Transactions during the period with other related parties</i>		
Contribution to the provident fund	3,140,177	2,554,993
Contribution to the gratuity fund	2,668,482	1,828,535

26.2 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged to in the financial statements, including all benefits, to the Chief Executive, Directors and Executives / Key Management Personnel of the Company are as follows:

	Chief executive		Directors		Executives / key management personnel		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Managerial remuneration	3,171,426	2,400,000	274,284	240,000	19,456,318	14,586,054	22,902,028	17,226,054
House rent allowance	1,427,142	1,080,000	123,426	108,000	8,755,348	6,563,724	10,305,916	7,751,724
Utilities allowances	634,284	480,000	54,858	48,000	4,348,907	3,212,688	5,038,049	3,740,688
Medical allowances	317,142	240,000	27,426	24,000	2,387,465	1,868,118	2,732,033	2,132,118
Retirement benefits	462,498	300,000	-	-	2,756,143	1,967,400	3,218,641	2,267,400
Others	643,508	363,240	-	-	7,735,432	6,351,978	8,378,932	6,715,218
	6,655,992	4,863,240	479,994	420,000	45,431,685	34,549,962	52,567,591	39,833,202
Number of persons	1	1	7	7	37	29	45	37

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28. FAIR VALUE 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.

	2017									
	Fair value through profit or loss	Available-for-sale	Held to maturity	Receivables and other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments										
Financial assets measured at fair value										
- Investments										
Ordinary shares of quoted companies	-	49,502,380	-	-	-	-	49,502,380	-	-	49,502,380
Financial assets not measured at fair value										
- Investments										
Units of open end mutual funds	-	90,716,622	-	-	-	-	90,716,622	-	-	90,716,622
Term finance certificates	-	24,284,606	-	-	-	-	24,284,606	-	-	24,284,606
Government Securities	-	789,417,150	-	-	-	-	789,417,150	-	-	789,417,150
Cash and Bank balances*	-	-	-	55,499,860	-	-	55,499,860	-	-	-
Loan to employees*	-	-	-	2,371,234	-	-	2,371,234	-	-	-
Premium due but unpaid-Unsecured*	-	-	-	446,701,278	-	-	446,701,278	-	-	-
Amounts due from other insurers / reinsurers *	-	-	-	359,415,546	-	-	359,415,546	-	-	-
Accrued investment income*	-	-	-	18,581,821	-	-	18,581,821	-	-	-
Reinsurance and other recoveries against outstanding claims *	-	-	-	1,218,139,222	-	-	1,218,139,222	-	-	-
Salvage recoveries accrued*	-	-	-	8,221,774	-	-	8,221,774	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-
- prepaid reinsurance premium coded*	-	-	-	493,532,266	-	-	493,532,266	-	-	-
Other receivables*	-	-	-	37,574,132	-	-	37,574,132	-	-	-
Total Assets of Windows Takaful	-	22,233,301	-	67,619,176	-	-	22,233,301	-	-	22,233,301
Operations - Operator's Fund	-	-	-	-	-	-	-	-	-	-
Investments *	-	-	-	-	-	-	-	-	-	-
Other than investments **	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value										
Provision for outstanding claims (including IBNR)**	-	-	-	-	1,338,368,536	-	1,338,368,536	-	-	-
Amount due to other insurers / reinsurers**	-	-	-	-	328,490,109	-	328,490,109	-	-	-
Accrued expenses**	-	-	-	-	32,812,186	-	32,812,186	-	-	-
Other creditors and accruals **	-	-	-	-	94,082,767	-	94,082,767	-	-	-
Total liabilities of Window Takaful	-	-	-	-	45,028,713	-	45,028,713	-	-	-
Operations-Operator's Fund*	-	-	-	-	-	-	-	-	-	-
	-	976,154,059	-	2,707,656,309	1,838,782,311	-	167,452,393	813,781,756	-	976,154,059

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On balance sheet financial instruments

2016

	Fair value through profit or loss	Available for sale	Held to maturity	Receivables and other financial assets	Other financial liabilities	Total	Fair value			Total	
							Level 1	Level 2	Level 3		
Financial assets not measured at fair value											
- Investments											
Ordinary shares of quoted companies	-	58,613,540	-	-	-	58,613,540	58,613,540	-	-	-	58,613,540
Financial assets not measured at fair value											
- Investments											
Units of open end mutual funds	-	181,187,827	-	-	-	181,187,827	181,292,816	-	-	-	181,292,816
Term finance certificates	-	48,723,815	-	-	-	48,723,815	-	49,399,560	-	-	49,399,560
Government Securities	-	488,930,705	-	-	-	488,930,705	-	495,077,830	-	-	495,077,830
Cash and Bank balances**	-	-	-	29,672,481	-	29,672,481	-	-	-	-	-
Loan to employees**	-	-	-	1,867,696	-	1,867,696	-	-	-	-	-
Premium due but unpaid-Unsecured**	-	-	-	509,634,413	-	509,634,413	-	-	-	-	-
Amounts due from other insurers / reinsurers **	-	-	-	445,237,236	-	445,237,236	-	-	-	-	-
Accrued investment income**	-	-	-	14,566,335	-	14,566,335	-	-	-	-	-
Reinsurance and other recoveries against outstanding claims **	-	-	-	1,052,577,459	-	1,052,577,459	-	-	-	-	-
Salvage recoveries accrued**	-	-	-	4,835,769	-	4,835,769	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
- prepaid reinsurance premium ceded**	-	-	-	396,932,945	-	396,932,945	-	-	-	-	-
Sundry receivables**	-	-	-	2,253,856	-	2,253,856	-	-	-	-	-
Total Assets of Windows Takaful Operations - Operator's Fund*	-	21,682,344	-	40,050,669	-	21,682,344	21,688,353	-	-	-	21,688,353
Investments *	-	-	-	-	-	-	-	-	-	-	-
Other than investments **	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value											
Provision for outstanding claims (including IBNR)**	-	-	-	-	1,177,704,139	1,177,704,139	-	-	-	-	-
Amount due to other insurers / reinsurers**	-	-	-	-	319,423,109	319,423,109	-	-	-	-	-
Accrued expenses**	-	-	-	-	37,277,999	37,277,999	-	-	-	-	-
Other creditors and accruals **	-	-	-	-	119,555,604	119,555,604	-	-	-	-	-
Total liabilities of Window Takaful Operations-Operator's Fund*	-	-	-	-	9,755,225	9,755,225	-	-	-	-	-
	-	799,138,231	-	2,497,628,859	1,663,716,076	4,960,483,166	261,594,709	544,477,390	-	-	806,072,099

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

Fair value measurement of traded investments, debt and government securities are disclosed in the relevant notes. Other financial liabilities are based on the present value of expected payment, discounted using a risk adjusted discount rate.

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

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

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

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

29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors in their meeting held on 11 AUG 2017.

10/11/17

Rabai King

Chief Executive Officer

[Signature]

Director

[Signature]

Director

[Signature]

Chairman

[Signature]

[Name]



KPMG Taseer Hadi & Co.
Chartered Accountants

**UBL Insurers Limited – Window
Takaful Operations**

**Condensed Interim Financial
Information (Unaudited)
For the half year ended
30 June 2017**



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Internet www.kpmg.com.pk

Independent Auditors' Review Report to the Members of UBL Insurers Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet as at 30 June 2017, and the related condensed interim profit and loss account, statement of comprehensive income, condensed interim statement of changes in Fund and condensed interim cash flow statement of **UBL Insurers Limited - Window Takaful Operations** ("the Company") together with notes to the accounts for the six-month period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of the condensed 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 the condensed interim financial information based on our review.

Scope of Review

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

Other matter

The figures for the quarter ended 30 June 2017 and 30 June 2016 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 11 August 2017

Karachi

KPMG Taseer Hadi
KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

UBL Insurers Limited - Window Takaful Operations
Condensed Interim Balance Sheet
As at June 30, 2017

	Note	(Unaudited) June 30, 2017			(Audited) December 31, 2016
		Operator's Fund	Participants' Takaful Fund	Aggregate	(Restated) Aggregate
(Rupees)					
Assets					
Investments					
Equity securities	7	22,233,300	66,390,102	88,623,402	48,521,752
Wakala and Mudarib fee receivable	8	51,667,347	-	51,667,347	32,666,248
Takaful / retakaful receivables	9	-	61,622,869	61,622,869	42,096,410
Retakaful recoveries against outstanding claims		-	16,247,404	16,247,404	5,202,940
Salvage recoveries accrued		-	812,043	812,043	799,160
Qard-e-Hasna		5,000,000	-	5,000,000	5,000,000
Deferred Commission Expense / Acquisition cost		8,473,230	-	8,473,230	6,473,545
Taxation - payment less provisions		2,142,811	19,751	2,162,562	2,474,937
Prepayments	10	-	24,982,213	24,982,213	28,517,053
Cash and bank		335,789	12,832,640	13,168,429	7,033,555
Total assets		89,852,477	182,907,022	272,759,499	178,785,600
Funds and Liabilities					
Funds attributable to Operator and Participants					
Operator's Fund					
Statutory fund		50,000,000	-	50,000,000	50,000,000
Revaluation Reserves		34,856	-	34,856	4,146
Accumulated loss		(5,211,092)	-	(5,211,092)	(5,362,160)
		44,823,764	-	44,823,764	44,641,986
Waqf / Participants' Takaful Fund					
Ceded money		-	500,000	500,000	500,000
Revaluation Reserves		-	104,085	104,085	5,130
Accumulated profit		-	9,506,965	9,506,965	2,487,066
		-	10,111,050	10,111,050	2,992,196
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR		-	26,286,406	26,286,406	9,324,603
Unearned contribution reserves		-	49,638,725	49,638,725	37,977,913
Unearned retakaful rebate		-	5,953,776	5,953,776	5,397,041
Unearned wakala fees	11	21,273,740	-	21,273,740	16,276,248
Deferred taxation		14,939	44,608	59,547	4,168
Contribution received in advance		-	581,087	581,087	-
Wakala and mudarib fee payable		-	51,667,347	51,667,347	32,666,248
Retakaful / co-takaful payables	12	-	28,165,795	28,165,795	13,320,318
Other creditors and accruals	13	23,740,034	5,458,228	29,198,262	11,184,879
Total liabilities		45,028,713	172,795,972	217,824,685	131,151,418
Total fund and liabilities		89,852,477	182,907,022	272,759,499	178,785,600

Contingencies


14

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

15/06/17


Chairman


Director


Director


Chief Executive

UBL Insurers Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the quarter and half year ended June 30, 2017

	Note	Quarter ended June 30,		Half year ended June 30,	
		2017	2016	2017	2016
		Aggregate	Aggregate	Aggregate	Aggregate
(Rupees)					
PTF revenue account					
Net takaful contribution	15	8,266,407	(1,512,735)	12,111,585	(2,008,568)
Net takaful claims	16	9,429,492	718,663	12,882,516	1,540,496
Re-takaful rebate earned and other acquisition costs	17	(4,251,301)	(1,178,649)	(7,845,581)	(1,342,666)
		5,178,191	(459,986)	5,036,935	197,830
Takaful claims and acquisition expenses		3,088,216	(1,052,749)	7,074,650	(2,206,398)
Direct expenses		(898,968)	(33,042)	(927,667)	(33,042)
Surplus / (deficit) before investment income		2,189,248	(1,085,791)	6,146,983	(2,239,440)
Investment income net of mudarib fees	18	843,447	58,158	872,916	58,158
Surplus / (Deficit) for the period		3,032,695	(1,027,633)	7,019,899	(2,181,282)
Operator's Fund - revenue account					
Wakala fee income		12,391,947	(1,110,216)	22,285,379	3,217,781
Commission and other acquisition costs	19	(5,066,298)	(1,178,139)	(8,698,171)	(1,343,132)
Management expenses		(6,570,515)	(1,019,437)	(8,631,139)	(3,834,391)
Ceded money donated to PTF		-	-	-	(500,000)
		755,134	(3,307,792)	4,956,069	(2,459,742)
Mudarib's share of PTF investment income		210,862	14,540	218,229	14,540
Net investment income		508,610	876,239	518,816	1,195,199
		1,474,606	(2,417,013)	5,693,114	(1,250,003)
General and administrative expenses		(3,339,377)	(5,609,473)	(5,220,339)	(5,987,974)
(Loss) / profit before tax		(1,864,771)	(8,026,486)	472,775	(7,237,977)
Taxation		379,556	(614,767)	(321,707)	(614,767)
(Loss) / profit after tax		(1,485,215)	(8,641,253)	151,068	(7,852,744)

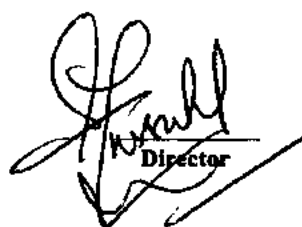
The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

KSMU


 Chairman




 Director


 Director


 Chief Executive

UBL Insurers Limited - Window Takaful Operations
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter and half year ended June 30, 2017

	<u>Quarter ended June 30,</u>		<u>Half year ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>Aggregate</u>	<u>Aggregate</u>	<u>Aggregate</u>	<u>Aggregate</u>
	<u>(Rupees)</u>			
PTF revenue account				
Profit after tax	3,032,695	(1,027,633)	7,019,899	(2,181,282)
Other comprehensive income for the period				
<i>Items that will be reclassified to profit and loss subsequently</i>				
Unrealised (losses) / gains on available-for-sale investments	(274,782)	1,708	141,258	1,708
Related tax impact	82,435	(512)	(42,303)	(512)
	(192,347)	1,196	98,955	1,196
Total comprehensive income	2,840,348	(1,026,437)	7,118,854	(2,180,086)
Operator's Fund - revenue account				
Profit after tax	(1,485,215)	(8,641,253)	151,068	(7,852,744)
Other comprehensive income for the period				
<i>Items that will be reclassified to profit and loss subsequently</i>				
Unrealised (losses) / gains on available-for-sale investments	(214,392)	9,515	43,786	9,515
Related tax impact	64,318	(2,854)	(13,076)	(2,854)
	(150,074)	6,661	30,710	6,661
Total comprehensive income	(1,635,289)	(8,634,592)	181,778	(7,846,083)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Yours


 Chairman



 Director


 Director


 Chief Executive

UBL Insurers Limited - Window Takaful Operations
Condensed Interim Statement of Cash Flows (Unaudited)
For the half year ended June 30, 2017

	2017			2016
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees)				
Operating cash flows				
(a) Takaful activities				
Contributions received	-	71,997,527	71,997,527	14,320,096
Claims Paid	-	(9,187,833)	(9,187,833)	(1,673,486)
Commissions Paid	(9,127,498)	-	(9,127,498)	(1,240,381)
Other underwriting payments	10,878,598	(4,486,188)	6,392,410	(2,736,158)
Net cash (outflows) / inflows from takaful activities	1,751,100	58,323,506	60,074,606	8,670,071
(b) Other operating activities				
Income tax paid	(1,762)	(7,576)	(9,338)	(53,541)
General, administration and management expenses paid	(1,431,203)	(7,158,990)	(8,590,193)	(4,857,539)
Ceded money to participants' takaful fund	-	-	-	(500,000)
Other operating payments	-	-	-	-
Other operating receipts - net	-	-	-	-
Net cash outflows from other operating activities	(1,432,965)	(7,166,566)	(8,599,531)	(5,411,080)
Total cash (outflows) / inflows from operating activities	318,135	51,156,940	51,475,075	3,258,991
Investment activities				
Profit received	518,816	1,091,145	1,609,961	977,355
Payments for Investments	(44,363,288)	(160,373,880)	(204,737,168)	(138,538,503)
Proceeds from disposal / redemption of investments	43,862,126	120,958,435	164,820,561	92,538,503
Total cash outflows from investing activities	17,654	(38,324,300)	(38,306,646)	(45,022,645)
Financing activities				
Contribution to operator's fund	-	-	-	50,000,000
Qard e Hasna	-	-	-	-
Ceded money	-	-	-	500,000
Total cash inflows from financing activities	-	-	-	50,500,000
Cash at end of the period - Net cash inflows from all activities	335,789	12,832,640	13,168,429	8,736,346
Reconciliation to profit and loss account				
Operating cash flows	318,135	51,156,940	51,475,075	3,258,991
Increase in assets other than cash	20,680,839	27,056,536	47,737,375	142,468,634
Increase in liabilities	(21,584,951)	(72,066,493)	(93,651,444)	(157,029,548)
	(585,977)	6,146,983	5,561,006	(11,301,923)
Other adjustments				
Capital gain	501,161	1,015,445	1,516,606	272,273
Mudarib's share of PTF investment income	218,229	(218,229)	-	-
Other income	17,655	75,700	93,355	995,624
	737,045	872,916	1,609,961	1,267,897
Net Profit / (loss) for the period	151,068	7,019,899	7,170,967	(10,034,026)

Definition of cash

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

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.


Chairman


Director


Director


Chief Executive

UBL Insurers Limited - Window Takaful Operations
Condensed Interim Statement of Changes in Fund (Un-audited)
For the half year ended June 30, 2017

	Operator's Fund			Total
	Statutory fund	Revaluation reserve	Accumulated loss	
	(Rupees)			
Contribution made during the period	50,000,000	-	-	50,000,000
Total comprehensive loss for the period	-	-	(7,852,744)	(7,852,744)
Balance as at June 30, 2016 - as previously reported	50,000,000	-	(7,852,744)	42,147,256
Restatement due to change in accounting policy - (refer note 4.1.1) - net of tax	-	6,565	-	6,565
Balance as at June 30, 2016 - restated	50,000,000	6,565	(7,852,744)	42,153,821
Balance as at January 01, 2017 - as previously reported	50,000,000	4,146	-	50,004,146
Restatement due to change in accounting policy - (refer note 4.1.1) - net of tax	-	-	(5,362,160)	(5,362,160)
Balance as at January 01, 2017 - restated	50,000,000	4,146	(5,362,160)	44,641,986
Total comprehensive loss for the period	-	30,710	151,068	181,778
Balance as at June 30, 2017	50,000,000	34,856	(5,211,092)	44,823,764

	Participants' Takaful Fund			Total
	Ceded money	Revaluation reserve	Accumulated surplus	
	(Rupees)			
Contribution received during the period from the Operator	500,000	-	-	500,000
Loss for the period	-	-	(2,181,282)	(2,181,282)
Balance as at June 30, 2016 - as previously reported	500,000	-	(2,181,282)	(1,681,282)
Restatement due to change in accounting policy - (refer note 4.1.1) - net of tax	-	1,178	-	1,178
Balance as at June 30, 2016 - restated	500,000	1,178	(2,181,282)	(1,680,104)
Balance as at January 01, 2017 - as previously reported	500,000	-	2,487,066	2,987,066
Restatement due to change in accounting policy - (refer note 4.1.1) - net of tax	-	5,130	-	5,130
Balance as at January 01, 2017 - restated	500,000	5,130	2,487,066	2,992,196
Total comprehensive loss for the period	-	98,955	7,019,899	7,118,854
Balance as at June 30, 2017	500,000	104,085	9,506,965	10,111,050

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Kam

[Signature]
Chairman

[Signature]
Director

[Signature]
Director

[Signature]
Chief Executive

UBL Insurers Limited - Window Takaful Operations
Notes to the Condensed Interim Financial information (Un-audited)
For the half year ended June 30, 2017

1. STATUS AND NATURE OF BUSINESS

UBL Insurers Limited (the Operator) is a public limited company incorporated in Pakistan on June 29, 2006. The Operator is a subsidiary of Bestway (Holding) Limited which holds 55.6% of the shares. The Operator received the Certificate of Commencement of Business on December 27, 2006. The registered office of the Operator is situated at 126-C, Jami Commercial, Street No. 14, Phase VII, Defense Housing Authority, Karachi.

The Operator was granted license as Window Takaful Operator on December 29, 2015 by Securities and Exchange Commission of Pakistan (SECP) under 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 / Participant Takaful Fund (PTF) on January 1, 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

These condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules 2012. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules 2012 shall prevail.

These condensed interim financial information reflect the financial position and results of operations of both the Operator's Fund and Participants' Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator's Fund and Participants' Takaful Fund remain separately identifiable in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

These condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Operator's annual financial statements for the year ended 31 December 2016.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

3. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value.

1/20/17

4. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2016 except for the change in valuation of investments classified as available-for-sale from lower of cost or market value to fair value and change in format for preparation of financial statements as disclosed in note 4.1.1 and 4.1.2 respectively.

4.1 Change in accounting policies

- 4.1.1** During the period, the Company has changed its accounting policy for the valuation of the available - for - sale investments to comply with the requirements of the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(I)/2017 dated 09 February 2017. In line with the requirements provided in the Rules, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on revaluation of available-for-sale investments is taken to Other Comprehensive Income and transferred to revaluation reserves, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On derecognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves is reclassified to Profit and Loss Account for the period.

Previously, quoted available-for-sale investments were stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.

Had the accounting policy not being changed, available-for-sale investments, revaluation reserves and deferred taxation would have been lowered by Rs. 198,488, Rs. 138,941 and Rs. 59,547 (December 2016: Rs. 13,444, Rs. 9,276 and Rs. 4,168) respectively.

- 4.1.2** During the period, the company has changed format for preparation of its condensed interim financial information to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(I)/2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of condensed interim financial information of the Company for the half year ended June 30, 2017.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates and that such estimates and judgments are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2016.

6. TAKAFUL AND FINANCIAL RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements as at and for the year ended December 31, 2016.

7. INVESTMENTS IN EQUITY SECURITIES

	June 30, 2017			December 31, 2016		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees)						
Units of open end mutual funds						
- Operator's fund	22,183,505	-	22,183,505	21,682,344	-	21,682,344
NAFA Islamic Aggressive Income Fund						
Surplus on revaluation	49,795	-	49,795	6,009	-	6,009
	<u>22,233,300</u>	<u>-</u>	<u>22,233,300</u>	<u>21,688,353</u>	<u>-</u>	<u>21,688,353</u>
- Participants' fund	66,241,409	-	66,241,409	26,825,964	-	26,825,964
NAFA Islamic Aggressive Income Fund						
Surplus on revaluation	148,693	-	148,693	7,435	-	7,435
	<u>66,390,102</u>	<u>-</u>	<u>66,390,102</u>	<u>26,833,399</u>	<u>-</u>	<u>26,833,399</u>
	<u>88,623,402</u>	<u>-</u>	<u>88,623,402</u>	<u>48,521,752</u>	<u>-</u>	<u>48,521,752</u>

The market value of the investments in mutual funds as at June 30, 2016 is Ra. 22.233 million (2016: Ra.21.688 million) in Operator's Fund and Ra. 66.390 million in Participant's Takaful fund (2016: 26.833 million).

8. WAKALA AND MUDARIB FEE RECEIVABLE

	June 30, 2017			December 31, 2016
	Operator's	Participant's	Aggregate	Aggregate
(Rupees)				
Wakala and mudarib fee receivable	51,667,347	-	51,667,347	32,666,248
	<u>51,667,347</u>	<u>-</u>	<u>51,667,347</u>	<u>32,666,248</u>

9. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured and considered

	(Unaudited)	(Audited)
	June 30, 2017	December 31, 2016
(Rupees)		
Due from insurance contract holders	41,809,511	27,144,014
Less: provision for impairment of receivables from insurance contract holders	-	-
Due from other insurers / reinsurers	19,813,358	14,952,396
Less: provision for impairment of due from other insurers / reinsurers	-	-
	<u>61,622,869</u>	<u>42,096,410</u>

10. PREPAYMENTS

	(Unaudited)	(Audited)
	June 30, 2017	December 31, 2016
(Rupees)		
Prepaid reinsurance premium coded	24,797,545	28,517,053
Tracker monitoring charges	184,668	-
	<u>24,982,213</u>	<u>28,517,053</u>

11. WAKALA FEE INCOME

	2017			2016	
	Wakala fee	Provision for unearned wakala fee opening	Provision for unearned wakala fee closing	Net Wakala fee income	Net Wakala fee income
(Rupees)					
Direct and facultative					
Fire and property	6,511,355	4,559,955	5,857,646	5,213,664	926,903
Marine, aviation and transport	2,249,633	485,266	292,901	2,441,998	571,930
Motor	17,226,075	6,280,745	14,225,256	9,281,564	1,319,243
Bankers blanket	677,146	4,091,634	394,199	4,374,581	326,086
Other classes	618,662	858,648	503,738	973,572	73,619
	<u>27,282,871</u>	<u>16,276,248</u>	<u>21,273,740</u>	<u>22,285,379</u>	<u>3,217,781</u>

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12. RETAKAFUL / CO-TAKAFUL PAYABLES

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
	(Rupees)	
Due to retakaful operators	27,045,228	12,721,183
Due to other takaful operators	1,120,567	599,135
	<u>28,165,795</u>	<u>13,320,318</u>

13. OTHER CREDITORS AND ACCRUALS

	2017			2016
	Operator's	Participant's	Aggregate	Aggregate
	(Rupees)			
Federal excise duty and sales tax	-	1,980,438	1,980,438	834,973
Federal insurance fee	-	165,985	165,985	79,779
Commissions payable	9,346,843	-	9,346,843	7,776,485
Tax deducted at source	-	41,314	41,314	9,864
Un Claim Benefits	-	5,279	5,279	-
Others	2,015,997	2,111,633	4,127,630	1,630,504
Payable to UBL Insurers Limited	13.1	1,153,659	13,530,853	853,274
	<u>23,740,034</u>	<u>5,458,228</u>	<u>29,198,262</u>	<u>11,184,879</u>

13.1 This represents payable in respect of expenses incurred by UBL Insurers Limited on behalf of operator.

14. CONTINGENCIES

There is no contingencies as on June 30, 2017.

15. NET TAKAFUL CONTRIBUTION

	(Unaudited) Quarterly ended June 30		(Unaudited) Half year ended June 30	
	2017	2016	2017	2016
	(Rupees)			
Written gross contribution	45,660,803	47,050,053	90,942,899	61,476,709
Less: Wakala fee	(13,698,242)	(14,115,016)	(27,282,871)	(18,443,013)
Net contribution	31,962,561	32,935,037	63,660,028	43,033,696
Add: Unearned contribution reserve opening	46,590,706	9,110,548	37,977,913	-
Less: Unearned contribution reserve closing	(49,638,725)	(35,525,540)	(49,638,725)	(35,525,540)
Premium earned	28,914,542	6,520,045	51,999,216	7,508,156
Less: Reinsurance premium ceded	(20,264,889)	(40,535,445)	(36,168,123)	(47,366,088)
Add: Prepaid reinsurance premium closing	24,797,545	37,849,364	24,797,545	37,849,364
Less: Prepaid reinsurance premium opening	(25,180,791)	(5,346,699)	(28,517,053)	-
Reinsurance expense	(20,648,135)	(8,032,780)	(39,887,631)	(9,516,724)
	<u>8,266,407</u>	<u>(1,512,735)</u>	<u>12,111,585</u>	<u>(2,008,568)</u>

16. NET TAKAFUL CLAIMS

Claims paid	5,402,466	1,673,486	9,187,833	1,673,486
Add: outstanding claims including IBNR closing	26,286,406	6,551,395	26,286,406	6,551,395
Less: outstanding claims including IBNR opening	(10,806,037)	(1,770,426)	(9,324,603)	-
Claim expense	20,882,835	6,454,455	26,149,636	8,224,881
Less: Re-Takaful and other recoveries received	(1,724,896)	(1,638,915)	(2,209,773)	(1,638,915)
Add: Re-Takaful and other recoveries in respect of outstanding claims net of impairment (if any) opening	7,331,000	948,593	6,002,100	-
Less: Re-Takaful and other recoveries in respect of outstanding claims net of impairment (if any) closing	(17,059,447)	(5,045,470)	(17,059,447)	(5,045,470)
Reinsurance and other recoveries revenue	(11,453,343)	(5,735,792)	(13,267,120)	(6,684,385)
	<u>9,429,492</u>	<u>718,663</u>	<u>12,882,516</u>	<u>1,540,496</u>

17. RE-TAKAFUL REBATE EARNED AND OTHER ACQUISITION COSTS

Commission received or recoverable	4,724,710	3,469,871	8,402,316	5,035,848
Add: Unearned reinsurance commission opening	5,480,367	1,401,960	5,397,041	-
Less: Unearned reinsurance commission closing	(5,953,776)	(3,693,182)	(5,953,776)	(3,693,182)
	<u>4,251,301</u>	<u>1,178,649</u>	<u>7,845,581</u>	<u>1,342,666</u>

18 INVESTMENT INCOME NET OF MUDARIB FEES

	(Unaudited) Quarter ended June 30		(Unaudited) Half year ended June 30	
	2017	2016	2017	2016
(Rupees)				
<i>Available-for-sale</i>				
Participant Takafal Fund				
Gain on sale of investments	1,015,445	41,432	1,015,445	31,266
Profit on bank accounts	38,864	31,266	75,700	41,432
	<u>1,054,309</u>	<u>72,698</u>	<u>1,091,145</u>	<u>72,698</u>
Less: Mudarib Fee	(210,862)	(14,540)	(218,229)	(14,540)
Net investment income	<u>843,447</u>	<u>58,158</u>	<u>872,916</u>	<u>58,158</u>
Operator's Fund				
Gain on sale of investments	501,161	230,841	501,161	230,841
Profit on bank accounts	7,449	645,398	17,655	964,358
	<u>508,610</u>	<u>876,239</u>	<u>518,816</u>	<u>1,195,199</u>

19 COMMISSION AND OTHER ACQUISITION COSTS

Commission paid or payable	6,974,921	5,285,593	10,697,856	6,979,742
Add: Deferred commission expense opening	6,564,607	1,529,156	6,473,545	-
Less: Deferred commission expense closing	(8,473,230)	(5,636,610)	(8,473,230)	(5,636,610)
Net Commission	<u>5,066,298</u>	<u>1,178,139</u>	<u>8,698,171</u>	<u>1,343,132</u>

20. MANAGEMENT EXPENSES

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
	(Rupees)	
Salaries and wages	5,919,604	2,783,551
Communication	499,064	126,117
Printing and stationary	69,322	22,285
Travelling expenses	112,775	42,810
Rent, rates and taxes	499,064	256,055
Utilities	155,425	85,737
Vehicle running and maintenance	973,263	435,749
Repair and maintenance	43,768	27,848
Others	358,854	54,239
	<u>8,631,139</u>	<u>3,834,391</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and wages	2,605,679	2,460,864
Rent, rates and taxes	322,047	155,597
Utilities	113,660	68,272
Communication	388,693	1,596,618
Printing and stationary	460,107	479,384
Travelling expenses	66,613	72,354
Repair and maintenance	121,591	34,053
Vehicle running & maintenance	393,671	327,286
Advertisement expense	41,330	10,598
Others	230,949	92,094
Legal and professional fees	192,000	440,854
Audit fees	283,999	250,000
	<u>5,220,339</u>	<u>5,987,974</u>

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22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	2017					Total		
	Available-for-sale	Fair value through profit or loss	Receivables and other financial assets	Other financial liabilities	Level 1		Level 2	Level 3
(Rupees)								
On-balance sheet financial instruments								
Financial assets not measured at fair value								
Cash and bank*	-	-	13,168,429	-	-	-	-	-
Investments - Units of open ended mutual fund	88,623,402	-	-	-	88,623,402	-	-	88,623,402
Takaful / ReTakaful receivables	-	-	61,622,869	-	-	-	-	-
Wakala and Mudarib fee receivable	-	-	51,667,347	-	-	-	-	-
Accrued Salvage recoverable*	-	-	812,043	-	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	-	-	-	-	-	-
Prepayments	-	-	24,982,213	-	24,982,213	-	-	-
Qard-e-Hasna	-	-	5,000,000	-	5,000,000	-	-	-
	88,623,402	-	157,252,901	-	245,876,303	88,623,402	-	88,623,402
Financial liabilities not measured at fair value								
Provision for outstanding claims (including IBNR)*	-	-	-	26,286,406	-	-	-	-
Retakaful / co-takaful payables	-	-	-	28,165,795	-	-	-	-
Other creditors and accruals	-	-	-	29,198,262	-	-	-	-
	-	-	-	83,650,463	-	-	-	83,650,463

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	Available-for-sale	Fair value through profit or loss	Receivables and other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)									
On-balance sheet financial instruments									
Financial assets not measured at fair value									
Cash and bank*	-	-	7,033,555	-	7,033,555	-	-	-	-
Investments - Units of open ended mutual fund *	48,508,308	-	-	-	48,508,308	48,521,752	-	-	48,521,752
Contribution due but unpaid*	-	-	42,096,410	-	42,096,410	-	-	-	-
Loan and other receivables	-	-	32,666,248	-	32,666,248	-	-	-	-
Accrued Salvage recoverable* operators*	-	-	799,160	-	799,160	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	5,202,940	-	5,202,940	-	-	-	-
Prepayments	-	-	28,517,053	-	28,517,053	-	-	-	-
Qard-e-Hasna	-	-	5,000,000	-	5,000,000	-	-	-	-
	48,508,308	-	121,315,366	-	169,823,674	48,521,752	-	-	48,521,752
Financial liabilities net measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	9,324,603	9,324,603	-	-	-	-
Takaful / Retakaful payables	-	-	-	13,320,318	13,320,318	-	-	-	-
Other creditors and accruals*	-	-	-	43,851,127	43,851,127	-	-	-	-
	-	-	-	66,496,048	66,496,048	-	-	-	-

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

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23. SEGMENT INFORMATION

	Half year ended June 30, 2017					2017 Aggregate
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Other classes	
(Rupees)						
Participants' Takaful Fund						
Premium receivable (inclusive of Federal excise duty and Federal insurance fee and Administrative surcharge)	24,891,034	8,269,195	65,691,598	2,573,154	2,358,868	103,783,849
Less: Federal excise duty	(2,971,808)	(696,351)	(7,696,930)	(293,431)	(276,035)	(11,934,555)
Less: Federal insurance fee	(214,710)	(74,069)	(574,417)	(22,571)	(20,628)	(906,395)
Gross written premium (inclusive of Administrative surcharge)	21,704,516	7,498,775	57,420,251	2,257,152	2,062,205	90,942,899
Gross direct premium	21,091,607	7,114,128	55,792,190	2,257,152	2,019,273	88,274,350
Facultative inward premium	246,434	91,106	12,822	-	-	350,362
Administrative surcharge	366,475	293,541	1,615,239	-	42,932	2,318,187
Wakala fee	(6,511,355)	(2,249,633)	(17,226,075)	(677,146)	(618,662)	(27,282,871)
Net Contribution	15,193,161	5,249,142	40,194,176	1,580,006	1,443,543	63,660,028
Insurance premium earned	12,165,217	5,697,994	21,656,979	10,207,355	2,271,671	51,999,216
Insurance premium ceded to reinsurers	(15,092,213)	(7,185,922)	(4,166,154)	(10,570,616)	(2,872,726)	(39,807,631)
Net contribution revenue	(2,926,996)	(1,487,928)	17,490,825	(363,261)	(601,055)	12,111,585
Net claims	26,118	(110,111)	(11,565,303)	(15,728)	(1,217,492)	(12,882,516)
Direct Expenses	(221,712)	(76,069)	(585,358)	(23,192)	(21,336)	(927,667)
Re-takaful rebate earned	4,121,674	2,155,777	266,441	538,251	763,438	7,845,581
Underwriting result	999,034	481,669	5,606,605	136,070	(1,076,445)	6,146,983
Net investment income						872,916
Profit for the period						7,019,899
Operator's Fund - revenue account						
Wakala fee						22,285,379
Management expenses						(8,631,139)
Commission expense						(8,698,171)
Ceded money donated to PTF						-
						4,956,069
Mudarib's share of PTF investment income						218,229
Net investment income						518,816
						5,693,114
General and administrative expenses						(5,220,339)
Profit before tax						472,775
Segment Assets	20,390,041	9,550,370	36,299,121	17,108,481	3,807,533	87,155,546
Unallocated Assets						185,603,953
						272,759,499
Segment Liabilities	24,132,563	11,303,308	42,961,700	20,248,684	4,506,392	103,152,647
Unallocated Liabilities						114,672,038
						217,824,685

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SEGMENT INFORMATION

	Half year ended June 30, 2016					
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Other classes	2016 Aggregate
	(Rupees)					
Participants' Takaful Fund						
Premium receivable (inclusive of Federal excise duty and Federal insurance fee and Administrative surcharge)	18,571,751	3,543,010	16,700,679	29,999,970	1,781,575	70,596,985
Less: Federal excise duty	(2,264,436)	(280,907)	(2,091,339)	(3,652,170)	(217,142)	(8,505,994)
Less: Federal insurance fee	(160,965)	(32,295)	(144,662)	(260,869)	(15,491)	(614,282)
Gross written premium (inclusive of Administrative surcharge)	<u>16,146,350</u>	<u>3,229,808</u>	<u>14,464,678</u>	<u>26,086,931</u>	<u>1,548,942</u>	<u>61,476,709</u>
Gross direct premium	15,919,017	3,134,972	14,291,074	26,083,931	1,509,480	60,938,474
Facultative inward premium	50,036	-	-	-	-	50,036
Administrative surcharge	<u>177,297</u>	<u>94,836</u>	<u>173,604</u>	<u>3,000</u>	<u>39,462</u>	<u>488,199</u>
Wakala fee	(4,843,905)	(968,942)	(4,339,404)	(7,826,079)	(464,683)	(18,443,013)
Net Contribution	<u>11,302,445</u>	<u>2,260,866</u>	<u>10,125,274</u>	<u>18,260,852</u>	<u>1,084,259</u>	<u>43,033,696</u>
Insurance premium earned	2,162,775	1,334,506	3,078,231	760,869	171,775	7,508,156
Insurance premium ceded to reinsurers	(2,579,951)	(1,782,316)	(3,893,250)	(1,041,510)	(219,697)	(9,516,724)
Net contribution revenue	(417,176)	(447,810)	(815,019)	(280,641)	(47,922)	(2,008,568)
Net claims	(78,746)	-	(1,457,405)	-	(4,345)	(1,540,496)
Direct Expenses	(8,678)	(1,736)	(7,774)	(14,021)	(833)	(33,042)
Re-takaful rebate earned	689,527	534,695	63,520	-	54,924	1,342,666
Underwriting result	<u>184,927</u>	<u>85,149</u>	<u>(2,216,678)</u>	<u>(294,662)</u>	<u>1,824</u>	<u>(2,239,440)</u>
Net investment income						58,158
Loss for the period						<u>(2,181,282)</u>
Operator's Fund - revenue account						
Wakala fee						3,217,781
Management expenses						(3,834,391)
Commission expense						(1,343,132)
Ceded money donated to PTF						<u>(500,000)</u>
						(2,459,742)
Mudarib's share of PTF investment income						14,540
Net investment income						<u>1,195,199</u>
						(1,250,003)
General and administrative expenses						<u>(5,987,974)</u>
Loss before tax						<u>(7,237,977)</u>
Segment Assets	15,719,849	9,699,683	22,373,722	5,530,277	1,248,524	54,572,055
Unallocated Assets						<u>124,213,545</u>
						<u>178,785,600</u>
Segment Liabilities	19,868,946	12,259,818	28,279,042	6,989,939	1,578,060	68,975,805
Unallocated Liabilities						<u>62,175,613</u>
						<u>131,151,418</u>

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24. TRANSACTIONS WITH RELATED PARTIES

24.1 Related parties of the Operations comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

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

	<u>(Unaudited)</u> <u>ended June 30</u> <u>2017</u> <u>(Rupees)</u>	<u>(Unaudited)</u> <u>ended June 30</u> <u>2016</u> <u>(Rupees)</u>
<i>Transactions with related parties</i>		
<i>Transactions during the period with related parties</i>		
Contribution underwritten	<u>788,116</u>	<u>1,210,299</u>
Takaful claim expense	<u>72,600</u>	<u>126,861</u>
	<u>(Unaudited)</u> <u>Half year</u> <u>ended June 30</u> <u>2017</u> <u>(Rupees)</u>	<u>(Audited)</u> <u>Year ended</u> <u>December 31,</u> <u>2016</u> <u>(Rupees)</u>
Contribution due but unpaid	<u>88,794</u>	<u>-</u>

25. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 11 AUG 2017

26. GENERAL

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

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Chairman

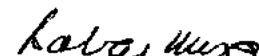




Director



Director



Chief Executive Officer