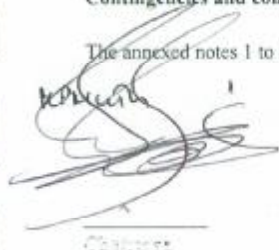


Alfalah Insurance Company Limited
Reviewed Financial Statements
Six months ended 30 June 2018

Alfalah Insurance Company Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 30 June 2018

		(Un-audited) 30 June 2018	(Audited) 31 December 2017
	Note	----- (Rupees in thousand) -----	
ASSETS			
Property and equipment	6	181,599	189,126
Intangible assets	7	2,898	3,436
Investment property	8	1,588	-
Investments			
Equity securities	9	325,979	120,853
Debt securities	10	379,709	453,589
Term deposits	11	-	-
Loans and other receivables		30,000	33,519
Insurance / reinsurance receivables - Unsecured and considered good	12	637,189	648,964
Reinsurance recoveries against outstanding claims	19	406,642	388,434
Salvage recoveries accrued		20,668	10,495
Deferred commission expense / acquisition cost	20	92,405	86,770
Deferred taxation		1,659	1,039
Taxation - payment less provisions		47,674	7,606
Prepayments	13	299,248	334,213
Cash and bank	14	460,711	765,259
		2,887,969	3,043,303
Total assets of 'Window Takaful Operations - Operator's Fund'	15	116,985	107,180
TOTAL ASSETS		3,004,954	3,150,483
EQUITY AND LIABILITIES			
<i>Capital and reserves attributable to Company's equity holders</i>			
Authorized capital			
50,000,000 (2017: 50,000,000) ordinary shares of Rs 10 each		500,000	500,000
Ordinary share capital		500,000	500,000
Reserves	16	142,826	152,332
Unappropriated profit		430,649	402,085
Total Equity		1,073,475	1,054,417
<i>Liabilities</i>			
<i>Underwriting provisions:</i>			
Outstanding claims including IBNR	19	601,714	568,892
Unearned premium reserve	18	723,162	673,331
Unearned commission	20	98,591	82,088
Retirement benefits obligations		-	4,220
Premiums received in advance		17,943	12,541
Insurance / reinsurance payables		135,946	397,347
Other creditors and accruals		297,184	308,001
		1,874,540	2,046,420
Total liabilities of 'Window Takaful Operations - Operator's Fund'	15	56,939	49,646
TOTAL EQUITY AND LIABILITIES		3,004,954	3,150,483
Contingencies and commitments	17		

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.


Chairman


Director


Director


Chief Executive Officer

Alfalah Insurance Company Limited
 Condensed Interim Profit and Loss Account (Un-audited)
 For the three and six months period ended 30 June 2018

	Note	Three months ended		Six months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		------(Rupees in thousand)-----		------(Rupees in thousand)-----	
Revenue account					
Net insurance premium	18	298,946	254,707	574,736	507,551
Net insurance claims	19	(143,132)	(110,497)	(282,987)	(223,497)
Net commission / acquisition expense	20	(59,544)	(28,741)	(94,072)	(50,376)
Insurance claims and acquisition expenses		(202,676)	(139,238)	(377,059)	(273,873)
Management expenses	21	(99,671)	(96,987)	(194,657)	(185,591)
Underwriting result		(3,401)	18,482	3,020	48,087
Investment income	22	7,367	34,382	25,325	55,432
Other income		9,783	6,512	17,442	10,972
Other expenses		(2,834)	(3,052)	(5,375)	(5,567)
Results of operating activities		10,915	56,324	40,412	108,924
Profit from 'Window Takaful Operations'	15	1,912	(2,215)	3,750	2,415
Profit before tax		12,827	54,109	44,162	111,339
Taxation		(6,197)	(16,203)	(15,598)	(33,944)
Profit after tax		6,630	37,906	28,564	77,395
Earnings per share - basic and diluted	23	0.13	0.76	0.57	1.55

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.


Chairman


Director


Director


Chief Executive Officer

Alfalalah Insurance Company Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the three and six months period ended 30 June 2018

	Three months ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	------(Rupees in thousand)-----			
Profit after tax for the period	6,630	37,906	28,564	77,395
<i>Other comprehensive income</i>				
Gain/ (loss) on available for sale investments - net	7,730	(12,604)	(9,506)	(23,699)
Total comprehensive income for the period	14,360	25,302	19,058	53,696

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Wpkuin


 Chairman

 
 Director Director


 Chief Executive Officer

Alfalsh Insurance Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months ended 30 June 2018


	Capital reserve		Revenue reserve		Total	
	Issued, subscribed and paid up	Share deposit money	General reserve	Fair value reserve		Unappropriated profit
(Rupees in thousand)						
Balance as at 31 December 2016 - (Audited)	500,000	1,381	150,000	52,160	281,644	985,185
Comprehensive income for the period ended 30 June 2017						
Profit after tax for the period 01 Jan 2017 to 30 June 2017	-	-	-	-	77,395	77,395
Other comprehensive loss for the period 01 Jan 2017 to 30 June 2017	-	-	-	(23,699)	-	(23,699)
Total comprehensive income for the period	-	-	-	(23,699)	77,395	53,696
Balance as at 30 June 2017 - (Un-audited)	500,000	1,381	150,000	28,461	359,039	1,038,881
Comprehensive income for the period ended 31 December 2017						
Profit after tax for the period 01 July 2017 to 31 December 2017	-	-	-	-	45,645	45,645
Other comprehensive loss for the period 01 July 2017 to 31 December 2017	-	-	-	(27,510)	(2,599)	(30,109)
Total comprehensive income for the period	-	-	-	(27,510)	43,046	15,536
Balance as at 31 December 2017 - (Audited)	500,000	1,381	150,000	951	402,085	1,054,417
Comprehensive income for the year ended 30 June 2018						
Profit after tax for the period 01 Jan 2018 to 30 June 2018	-	-	-	-	28,564	28,564
Other comprehensive loss for the period 01 Jan 2018 to 30 June 2018	-	-	-	(9,506)	-	(9,506)
Total comprehensive income for the period	-	-	-	(9,506)	28,564	19,058
Balance as at 30 June 2018 - (Un-audited)	500,000	1,381	150,000	(8,555)	430,649	1,073,475

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.


Chairman


Director


Director


Chief Executive Officer

Alfalsh Insurance Company Limited
 Condensed Interim Cash Flow Statement (Un-audited)
 For the six months ended 30 June 2018

	Six months ended	
	30 June 2018	30 June 2017
------(Rupees in thousand)-----		
<u>Operating cash flows</u>		
a) <u>Underwriting activities</u>		
Insurance premiums received	1,195,101	1,152,292
Reinsurance premiums paid	(802,823)	(535,309)
Claims paid	(625,775)	(345,238)
Reinsurance and other recoveries received	355,814	120,973
Commissions paid	(230,685)	(168,010)
Commissions received	189,273	146,162
Management expenses paid	(187,390)	(184,528)
Net cash flow from underwriting activities	(106,485)	186,342
b) <u>Other operating activities</u>		
Income tax paid	(56,286)	(48,092)
Other expenses	(43,461)	(51,402)
Loans disbursed	(2,503)	(3,297)
Loans repayments received	3,571	3,850
Other receipts	20	-
Net cash flow from other operating activities	(98,659)	(98,941)
Total cash flow from all operating activities	(205,144)	87,401
<u>Investment activities</u>		
Profit / return received on bank deposits	16,271	10,904
Return on 'Pakistan Investments Bonds'	1,093	1,826
Dividends received	5,065	9,424
Payments for investments	(1,440,153)	(797,699)
Proceeds from disposal of investments	1,320,224	885,223
Fixed capital expenditure - tangible assets	(1,952)	(3,555)
Proceeds from disposal of operating fixed assets	48	127
Total cash flow from investing activities	(99,404)	106,250
<u>Financing activities</u>		
Total cash flow from financing activities	-	-
Net cash flow generated from all activities	(304,548)	193,651
Cash and cash equivalents at the beginning of the period	765,259	374,766
Cash and cash equivalents at end of the period	460,711	568,417

W/Alfah

Alfalah Insurance Company Limited
 Condensed Interim Cash Flow Statement (Un-audited)
 For the six months ended 30 June 2018

Six months ended	
30 June 2018	30 June 2017

------(Rupees in thousand)-----

Reconciliation to profit and loss account

Operating cash flows	(205,144)	87,401
Salvage adjustment	(1,588)	-
Depreciation expense	(9,349)	(9,085)
Amortization of intangibles	(620)	(444)
Gain on disposal of operating fixed assets	-	67
Profit on sale of investments	17,140	42,387
Dividend and other income	23,773	21,950
Decrease/ increase in assets other than cash	25,039	(98,686)
Increase in liabilities other than borrowings	171,880	28,398
Un-realized gain in value of held for trading investment	3,683	2,992
Profit from Window Takaful Operations	3,750	2,415
Profit after tax	28,564	77,395

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

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Chairman



Director



Director



Chief Executive Officer

Alfalah Insurance Company Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months ended 30 June 2018

1 Reporting entity

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

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

2 Basis of preparation

2.1 Statement of compliance

2.1.1 The condensed interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.1.2 These condensed interim financial statements comprise of condensed interim statement of financial position of the Company, as at 30 June 2018 and related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with notes forming part thereof. These condensed interim financial statements are unaudited and being submitted to the shareholders as required under 'Code of Corporate Governance for Insurers, 2016'.

2.1.3 These condensed interim financial statements for the six months ended 30 June 2018 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with annual financial statements of the Company for the year ended 31 December 2017.

2.1.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 31 December 2017, whereas comparatives of condensed interim profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the six months period ended 30 June 2017.

2.1.5 As per the requirements of the SECP Takaful Rules 2012 and SECP Circular No.25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the General Takaful Operations of the Company have been presented as a single line item in the statement of financial position and profit and loss account of the Company respectively. A separate set of condensed interim financial statements of the General Window Takaful Operations have been annexed to these condensed interim financial statements as per the requirements of the Takaful Rules, 2012.

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2.2 Basis of measurement

These condensed interim financial statements for the six months ended 30 June 2018 have been prepared under historical cost convention except for certain foreign currency translation adjustments, certain financial instruments carried at fair value, and defined benefit obligations under employees benefits carried at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

3 Statement of consistency in accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements for the six months ended 30 June 2018 are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2017.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018 and are not likely to have any significant impact on Company's condensed interim financial statements, except sated otherwise:

- Amendment to IFRS 4 - 'Insurance Contracts'- and applying IFRS 9 'Financial Instruments' with IFRS 4
- IFRS 9 - 'Financial Instruments' and amendment to IFRS 9 - 'Prepayment Features with Negative Compensation'. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 15 - 'Revenue from Contract with Customer'
- IFRS 16 - 'Leases'
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures
- IFRIC 23 - 'Uncertainty over Income Tax Treatments'
- Annual Improvements to IFRS Standards 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

For IFRS 9 - 'Financial Instruments, IFRS 15 - 'Revenue from Contracts with Customers' and IFRS 16 - 'Leases', the Company is in process of analyzing the impact upon adoption as at 30 June 2018.

4 Use of estimates and judgments

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.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied in the preceding audited annual financial statements of the Company for the year ended 31 December 2017.

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5 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2017.

		(Un-audited) 30 June 2018	(Audited) 31 December 2017
		--- (Rupees in thousand) ---	
6 Property and equipment	<i>Note</i>		
<u>Operating assets</u>			
Opening balance - net book value		187,902	181,253
Additions during the period / year - cost	6.1	1,749	27,736
Disposals during the period / year - net book value	6.2	(48)	(2,783)
Depreciation charged during the period / year	6.3	(9,349)	(18,304)
Closing balance - net book value		<u>180,254</u>	<u>187,902</u>
Capital work in progress		1,345	1,224
		<u>181,599</u>	<u>189,126</u>

6.1 Additions during the period / year - cost

Furniture, fixtures and office equipment	1,681	2,447
Motor vehicles	68	25,289
	<u>1,749</u>	<u>27,736</u>

6.2 Disposals during the period / year - net book value

Furniture, fixtures and office equipment	48	50
Motor vehicles	-	2,733
	<u>48</u>	<u>2,783</u>

6.3 Depreciation charged during the period includes an amount of Rs. 1.03 million (2017: 1.42 million) allocated to 'Window Takaful Operations - Operator's Fund'.

		(Un-audited) 30 June 2018	(Audited) 31 December 2017
		--- (Rupees in thousand) ---	
7 Intangible assets	<i>Note</i>		
Opening balance - net book value		3,436	1,535
Additions during the period / year - cost		82	2,853
Amortization charged during the period / year	7.1	(620)	(952)
		<u>2,898</u>	<u>3,436</u>

7.1 Amortization charged during the period includes an amount of Rs. 0.07 million (2017: 0.07 million) allocated to 'Window Takaful Operations - Operator's fund'.

8 Investment property

Property not held for own use or for the sale in the ordinary course of business is classified as investment property. During the period, the Company acquired a piece of land measuring 7 marla and 15 square feet as salvage recovery, located at chak number 208 RB, Tehsil Faisalabad, Faisalabad; being valued using the cost method.

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	30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Cost	Impairment/ Provision	Carrying value	Cost	Impairment/ Provision	Carrying value
----- (Rupees in thousand) -----						
9 Investments in equity securities						
Available-for-sale - Quoted						
<i>Related parties</i>						
Listed shares	6,841	-	6,841	6,841	-	6,841
Mutual funds	70,000	-	70,000	-	-	-
<i>Others</i>						
Listed shares	258,065	-	258,065	113,061	-	113,061
	334,906	-	334,906	119,902	-	119,902
Unrealized (loss)/ gain on revaluation	-	-	(8,927)	-	-	951
	334,906	-	325,979	119,902	-	120,853
				(Un-audited)	(Audited)	
				30 June	31 December	
				2018	2017	
				--- (Rupees in thousand) ---		
10 Investments in debt securities						
Available-for-sale - Unquoted						
Sukuk certificates				35,000	-	
Term finance certificate				34,728	-	
				69,728	-	
Unrealized gain on debt securities				372	-	
				70,100	-	
Treasury bills - held for trading				309,609	428,581	
Pakistan Investment Bonds - held to maturity				-	25,008	
Total investment in debt securities				379,709	453,589	
11 Investment in term deposits						
This represent fully impaired term deposits having cost of Rs. 2 million (2017: Rs. 2 million), purchased from Trust Investment Bank and matured in 2013.						
				(Un-audited)	(Audited)	
				30 June	31 December	
				2018	2017	
				--- (Rupees in thousand) ---		
12 Insurance / reinsurance receivables - Unsecured and considered good						
Due from insurance contract holders				493,293	554,808	
Provision for impairment of receivables from insurance contract holders				(18,594)	(18,594)	
				474,699	536,214	
Due from other insurers / reinsurers				162,490	112,750	
				637,189	648,964	

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		(Un-audited) 30 June 2018	(Audited) 31 December 2017
	Note	--- (Rupees in thousand) ---	
13 Prepayments			
Prepaid reinsurance premium ceded	18	285,400	326,253
Others		13,848	7,960
		<u>299,248</u>	<u>334,213</u>
14 Cash and bank			
<u>Cash and cash equivalents</u>			
Cash in hand		642	239
Revenue stamps		1,062	533
		<u>1,704</u>	<u>772</u>
<u>Cash at bank</u>			
Current accounts			
- Local currency		36,939	76,293
- Foreign currency		401	363
		<u>37,340</u>	<u>76,656</u>
Savings accounts		421,667	687,831
	14.1	<u>460,711</u>	<u>765,259</u>

14.1 Cash and bank include an amount of Rs. 394.69 million (2017: Rs. 695.37 million) held with Bank Alfalah limited.

		(Un-audited) 30 June	(Audited) 31 December
		--- (Rupees in thousand) ---	
15 Window Takaful Operations			
<u>Operator's Fund</u>			
Cash and bank deposits		22,935	48,825
Qard e Hasna to 'Participant Takaful Fund'		25,000	25,000
Assets - Others		69,050	33,355
Total assets		<u>116,985</u>	<u>107,180</u>
Total liabilities - Current		<u>56,939</u>	<u>49,646</u>

15.1 Window Takaful Operations

Profit and loss account

	30 June 2018	30 June 2017
	--- (Rupees in thousand) ---	
Wakala fee	27,951	20,484
Commission expense	(7,525)	(4,017)
Management expense	(16,542)	(13,217)
Net investment income	685	417
Mudarib's share of PTF investment income	326	-
Other income	320	-
Other expenses	(1,465)	(1,252)
Profit before tax	<u>3,750</u>	<u>2,415</u>
Taxation	(1,238)	(749)
Profit after tax	<u>2,512</u>	<u>1,666</u>

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

	30 June 2018	(Audited) 31 December 2017
	--- (Rupees in thousand) ---	
16 Reserves		
<u>Capital reserves:</u>		
Share deposit money	1,381	1,381
<u>Revenue reserves:</u>		
General reserves	150,000	150,000
Fair value reserve	(8,555)	951
	<u>142,826</u>	<u>152,332</u>

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17 Contingencies and commitments

17.1 Contingencies

Income tax - Tax Year 2011

The Company's appeal against order passed, raising a tax demand of Rs. 121.55 million under section 122(5A) of the Ordinance, was disposed of by Commissioner Inland Revenue (Appeals - I) [CIR(A)] through order dated 14 September 2017 for tax year 2011. While, a substantial amount of relief was allowed on issues decided in Company's favor by CIR(A) reducing the demand to Rs. 69.37 million, the treatment earlier accorded was repeated in respect of remaining issues. The Company, as well as the Department, assailed the order for cross appeals before Appellate Tribunal Inland Revenue ['Tribunal'] whereby substantial relief was given, by ATIR's order dated 17 May 2018, by reducing demand to Rs. 0.61 million, which stands settled as at 30 June 2018.

17.2 Commitments

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

	30 June 2018	(Audited) 31 December 2017
	--- (Rupees in thousand) ---	
Not later than one year	12,290	7,690
Later than one year and not later than five years	49,441	8,769
Later than five years	1,537	4,763
	<u>63,268</u>	<u>21,222</u>

(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
--- (Rupees in thousand) ---	

18 Net insurance premium

Written gross premium	1,128,184	1,053,615
Unearned premium reserve as at 01 January	673,331	628,930
Unearned premium reserve as at 30 June	(723,162)	(698,081)
Premium earned	<u>1,078,353</u>	<u>984,464</u>
Reinsurance premium ceded	(462,764)	(429,038)
Prepaid reinsurance premium as at 01 January	(326,253)	(306,902)
Prepaid reinsurance premium as at 30 June	<u>285,400</u>	<u>259,027</u>
Reinsurance expense	(503,617)	(476,913)
	<u>574,736</u>	<u>507,551</u>

19 Net insurance claims

Claims paid	624,185	345,238
Outstanding claims including IBNR as at 30 June	601,714	497,128
Outstanding claims including IBNR as at 01 January	(568,890)	(485,892)
Claims expense	<u>657,009</u>	<u>356,474</u>
Reinsurance and other recoveries received	(355,814)	(120,973)
Reinsurance and other recoveries in respect of outstanding claims as at 30 June	(406,642)	(319,501)
Reinsurance and other recoveries in respect of outstanding claims as at 01 January	<u>388,434</u>	<u>307,497</u>
Reinsurance and other recoveries revenue	(374,022)	(132,977)
	<u>282,987</u>	<u>223,497</u>

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	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
	--- (Rupees in thousand) ---	
20 Net commission / acquisition expense		
Commission paid or payable	244,788	198,948
Deferred commission expense as at 01 January	86,770	54,274
Deferred commission expense as at 30 June	<u>(92,405)</u>	<u>(79,793)</u>
Net commission	239,153	173,429
Commission received or recoverable	<u>(161,584)</u>	<u>(140,036)</u>
Unearned reinsurance commission as at 01 January	<u>(82,088)</u>	<u>(66,307)</u>
Unearned reinsurance commission as at 30 June	98,591	83,290
Commission from reinsurance	<u>(145,081)</u>	<u>(123,053)</u>
	<u>94,072</u>	<u>50,376</u>
21 Management expenses		
Employee benefit cost	111,156	104,732
Travelling expenses	2,936	3,546
Advertisement and sales promotion	394	1,419
Printing and stationery	5,328	4,188
Depreciation	8,310	8,331
Amortization	551	407
Rent, rates and taxes	9,973	9,255
Electricity, gas and water	2,255	2,917
Vehicle running expenses	5,859	6,441
Office repairs and maintenance	3,142	4,060
Bank charges	914	558
Postages, telegrams and telephone	4,490	4,187
Annual supervision fee SECP	1,924	1,555
Fee and subscription	1,244	1,150
Tracker expense	30,145	26,838
Training and development	2,811	2,848
Inspection fee	727	676
Miscellaneous	2,498	2,483
	<u>194,657</u>	<u>185,591</u>
	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
	--- (Rupees in thousand) ---	
22 Investment income		
22.1 Income from equity securities		
Dividend income - Available for sale	5,847	9,248

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	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
	--- (Rupees in thousand) ---	
22.2 Income from debt securities		
Return on Pakistan Investment Bonds - Held to maturity	476	1,798
- Available for sale		
Return on Sukuk certificate	13	-
Return on Term finance certificate	15	-
	504	1,798
22.3 Net realized gains on investments		
- Available for sale		
Realized gains on equity securities	9,007	35,050
Realized gains on debt securities	-	-
- Held for trading		
Realized gains on debt securities	8,133	7,337
	17,140	42,387
22.4 Net unrealized gains on investments		
- Held for trading		
Net un-realized gains on investments at fair value through profit or loss	3,683	2,992
Total investment income	27,174	56,425
Investment related expenses	(1,849)	(993)
	25,325	55,432
23 Earnings per share - basic and diluted		
	(Un-audited)	(Un-audited)
	Three months ended	Six months ended
	30 June 2018	30 June 2017
	--- (Rupees in thousand) ---	
There is no dilutive effect on the basic earnings per share which is based on:		
Net profit after tax for the period attributable to ordinary shareholders	6,630	37,906
	28,564	77,395
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding	50,000,000	50,000,000
	50,000,000	50,000,000
	----- (Rupees) -----	----- (Rupees) -----
Earning per share - basic and diluted	0.13	0.76
	0.57	1.55

16/06/18

24 Transactions with related parties

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

Investments and cash deposits with related parties have been disclosed in note 9 and 14 to these condensed interim financial statements, respectively. Other transactions with related parties are summarized as follows:

	(Un-audited) 30 June 2018	(Unaudited) 30 June 2017
	---- (Rupees in thousand) ----	
i) Associated undertakings and other related parties		
Premium written	322,753	337,505
Premium received	412,079	462,685
Claims paid	163,032	160,463
Interest income	15,211	9,440
Dividend Income	472	-
Rent expense	1,234	1,275
License fees and connection charges	1,063	1,270
Expense charged in respect of retirement benefit plans	7,549	5,839
Investment advisory fee	1,579	987
Investments purchased	135,000	-
Investments sold	67,244	-
Rent Paid	2,288	-

Key management personnel

Premium written	81	101
Claims paid	25	104

	(Un-audited) 30 June 2018	(Audited) 31 December 2017
	---- (Rupees in thousand) ----	

ii) Period end balances

Associated undertakings and other related parties

Premium receivable from related parties	76,560	117,182
Provision for outstanding claims	106,850	122,012
Internet charges payable	-	5,614

Key management personnel

Premium receivable	201	140
Provision for outstanding claims	64	46

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

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25 Segment reporting

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2009 and the Insurance Rules, 2017.

30 June 2018 (Un-audited)							
Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	Treaty	Total	
(Rupees in thousand)							
Premium receivable (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	102,301	74,200	257,652	439,113	374,340	-	1,247,705
Federal excise duty	(14,679)	(8,289)	(34,658)	(21,676)	(27,940)	-	(107,242)
Federal insurance fee	(853)	(654)	(2,210)	(4,134)	(4,428)	-	(12,279)
Gross written premium (inclusive of administrative surcharge)	<u>86,769</u>	<u>65,356</u>	<u>220,784</u>	<u>413,303</u>	<u>341,972</u>	-	<u>1,128,184</u>
Gross direct premium	81,675	63,201	211,895	413,211	339,944	-	1,109,926
Facultative inward premium	4,141	-	-	-	789	-	4,930
Administrative surcharge	953	2,155	8,889	92	1,239	-	13,328
	<u>86,769</u>	<u>65,356</u>	<u>220,784</u>	<u>413,303</u>	<u>341,972</u>	-	<u>1,128,184</u>
Insurance premium earned	190,071	64,895	238,236	285,346	299,805	-	1,078,353
Insurance premium ceded to reinsurers	(178,240)	(56,448)	(17,099)	(20,125)	(231,705)	-	(503,617)
Net insurance premium	<u>11,831</u>	<u>8,447</u>	<u>221,137</u>	<u>265,221</u>	<u>68,100</u>	-	<u>574,736</u>
Commission income	43,594	12,935	2,046	2,516	83,990	-	145,081
Net underwriting income	55,425	21,382	223,183	267,737	152,090	-	719,817
Insurance claims	(245,594)	(39,636)	(137,541)	(128,990)	(105,248)	-	(657,009)
Insurance claims recovered from reinsurers	232,141	35,958	13,059	1,294	91,570	-	374,022
Net claims	(13,453)	(3,678)	(124,482)	(127,696)	(13,678)	-	(282,987)
Commission expense	(32,752)	(10,559)	(18,537)	(110,747)	(66,558)	-	(239,153)
Management expense	(12,653)	(9,531)	(62,340)	(60,268)	(49,866)	-	(194,657)
Net insurance claims and expenses	(58,858)	(23,768)	(205,359)	(298,711)	(130,102)	-	(716,797)
Underwriting results	(3,433)	(2,386)	17,824	(30,974)	21,988	-	3,020
Net investment income							25,325
Other income							17,442
Other expenses							(5,375)
Profit from 'Window Takaful Operations'							3,750
Profit before tax							44,162
30 June 2018 (Un-audited)							
Segment assets	383,842	100,009	117,713	206,318	600,261	-	1,408,144
Unallocated assets							1,596,810
							<u>3,004,954</u>
Segment liabilities	194,224	170,852	363,810	245,624	550,745	-	1,525,254
Unallocated liabilities							406,225
							<u>1,931,479</u>

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30 June 2017 (Un-audited)

	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	Treaty	Total
(Rupees in thousand)							
Premium receivable (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	101,621	75,941	223,563	383,188	390,500	-	1,174,813
Federal excise duty	(13,085)	(8,758)	(30,233)	(17,573)	(41,001)	-	(110,650)
Federal insurance fee	(877)	(669)	(1,943)	(3,620)	(3,439)	-	(10,548)
Gross written premium (inclusive of administrative surcharge)	87,659	66,514	191,387	361,995	346,060	-	1,053,615
Gross direct premium	85,756	64,347	184,005	361,884	342,745	-	1,038,737
Facultative inward premium	1,047	61	-	-	2,232	-	3,340
Administrative surcharge	856	2,106	7,382	111	1,083	-	11,538
	87,659	66,514	191,387	361,995	346,060	-	1,053,615
Insurance premium earned	212,802	57,940	195,520	247,914	270,288	-	984,464
Insurance premium ceded to reinsurers	(190,487)	(49,198)	(8,250)	(31,845)	(197,133)	-	(476,913)
Net insurance premium	22,315	8,742	187,270	216,069	73,155	-	507,551
Commission income	45,158	13,565	331	4,324	59,675	-	123,053
Net underwriting income	67,473	22,307	187,601	220,393	132,830	-	630,604
Insurance claims	(36,754)	(11,620)	(86,787)	(123,847)	(87,255)	-	(346,263)
Insurance claims recovered from reinsurers	33,468	10,269	341	3,120	75,568	-	122,766
Net claims	(3,286)	(1,351)	(86,446)	(120,727)	(11,687)	-	(223,497)
Commission expense	(32,538)	(8,948)	(14,553)	(71,087)	(46,303)	-	(173,429)
Management expense	(13,208)	(10,021)	(55,675)	(54,544)	(52,143)	-	(185,591)
Net insurance claims and expenses	(49,032)	(20,320)	(156,674)	(246,358)	(110,133)	-	(582,517)
Underwriting results	18,441	1,987	30,927	(25,965)	22,697	-	48,087
Net investment income							55,432
Other income							10,972
Other expenses							(5,567)
Profit from 'Window Takaful Operations'							2,415
Profit before tax							111,339

31 December 2017 (Audited)

Segment assets	548,289	97,763	110,282	532,486	161,598	-	1,450,418
Unallocated assets							1,700,065
							3,150,483
Segment liabilities	541,433	163,063	366,313	537,802	102,547	-	1,711,158
Unallocated liabilities							384,908
							2,096,066

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26 Fair value measurement of financial instruments

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

	Note	Carrying amount					Total	Fair value		
		Available for sale	Fair value through profit or loss	Hold to maturity	Receivables and other financial assets	Cash and cash equivalents		Other financial liabilities	Level 1	Level 2
30 June 18 - (Un-audited)										
Financial assets - measured at fair value										
Investment - Equity securities	9	325,979	-	-	-	-	325,979	325,979	-	-
Investment - Debt securities	10	70,100	309,609	-	-	-	379,709	379,709	-	-
		396,079	309,609	-	-	-	705,688	705,688	-	-
Financial assets - not measured at fair value										
Loans and other receivables*		-	-	-	27,649	-	27,649	-	-	-
Insurance / reinsurance receivables		-	-	-	-	-	-	-	-	-
- unsecured and considered good*	12	-	-	-	637,189	-	637,189	-	-	-
Reinsurance recoveries against outstanding claims*	19	-	-	-	406,642	-	406,642	-	-	-
Salvage recoveries accrued*		-	-	-	20,668	-	20,668	-	-	-
Cash and bank*	14	-	-	-	-	460,711	460,711	-	-	-
Total assets of Window Takafal Operations - Operator's Fund*		-	-	-	116,985	-	116,985	-	-	-
		-	-	-	1,209,133	460,711	1,669,844	-	-	-
Financial liabilities - not measured at fair value										
Underwriting provisions - Outstanding claims including IBNR*	19	-	-	-	-	-	601,714	601,714	-	-
Insurance / reinsurance payables*		-	-	-	-	-	135,946	135,946	-	-
Other creditors and accounts*		-	-	-	-	-	127,865	127,865	-	-
Total liabilities of Window Takafal Operations - Operator's Fund*		-	-	-	-	-	865,525	865,525	-	-
		-	-	-	-	-	922,464	922,464	-	-

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31 December 2017 - (Audited)

Note

Financial assets - measured at fair value

		Carrying amount					Total	Fair value		
		Available for sale	Fair value through profit or loss	Held to maturity	Receivables and other financial assets	Cash and cash equivalents		Other financial liabilities	Level 1	Level 2
Investment - Equity securities	9	120,853	-	-	-	-	120,853	120,853	-	-
Investment - debt securities	10	-	428,581	-	-	-	428,581	428,581	-	-
		120,853	428,581	-	-	-	549,434	549,434	-	-

Financial assets - not measured at fair value

Investment - Debt Securities	10	-	-	25,008	-	-	25,008	-	-	-
Loans and other receivables*		-	-	-	30,100	-	30,100	-	-	-
Insurance / reinsurance receivables - unsecured and considered good*	12	-	-	-	648,564	-	648,564	-	-	-
Reinsurance recoveries against outstanding claims*	19	-	-	-	388,434	-	388,434	-	-	-
Salvage recoveries accrued*		-	-	-	10,495	-	10,495	-	-	-
Cash and bank*	14	-	-	-	-	765,299	765,299	-	-	-
Total assets of Window Takaful Operations - Operator's Fund*		-	-	-	107,180	-	107,180	-	-	-
		-	-	25,008	1,182,173	765,299	1,973,440	-	-	-

Financial liabilities - not measured at fair value

Underwriting provisions:										
Outstanding claims including IBNR*	19	-	-	-	-	-	568,892	568,892	-	-
Insurance / reinsurance payables*		-	-	-	-	-	397,347	397,347	-	-
Other creditors and accruals*		-	-	-	-	-	258,296	258,296	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*		-	-	-	-	-	1,224,535	1,224,535	-	-
		-	-	-	-	-	1,224,535	1,224,535	-	-

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

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

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

28 Subsequent events - non adjusting event

There are no significant events that need to be disclosed for the six months ended 30 June 2018.

29 Date of authorization for issue

This condensed interim financial statements for the six months ended 30 June 2018 were authorized for issue on ~~30 SEP 2018~~ by the Board of Directors of the Company.

30 General

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

Signature



Chairman



Director

Director



Chief Executive Officer

Alfalah Insurance Company Limited – Window Takaful Operations
Reviewed Financial Statements
Six months ended 30 June 2018

Alfalah Insurance Company Limited
 Window Takaful Operations
 Condensed Interim Statement of Financial Position (Un-audited)
 As at 30 June 2018

		----- (Un-audited) -----			(Audited)
		30 June 2018			31 December 2017
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		----- (Rupees in thousand) -----			
ASSETS					
	Note				
Operating assets	6	52	-	52	62
Investment - Term deposits	7	25,000	50,000	75,000	50,000
Wakala and mudarib fee receivable		30,656	-	30,656	22,583
Loans and other receivables		5,165	653	5,818	5,235
Takaful / re-takaful receivables	8	-	30,727	30,727	18,393
Retakaful recoveries against outstanding claims	12	-	2,319	2,319	587
Salvage recoveries accrued		-	5,169	5,169	4,253
Qard-e-Hasna to Participant Takaful Fund		25,000	-	25,000	25,000
Deferred commission expense / acquisition cost	15	8,177	-	8,177	5,710
Deferred wakala fee	13	-	31,216	31,216	21,866
Taxation - payments less provision		-	760	760	488
Prepaid retakaful contribution ceded	11	-	6,702	6,702	6,649
Cash and bank	9	22,935	112,918	135,853	116,033
Total assets		116,985	240,464	357,449	276,859
FUNDS AND LIABILITIES					
<i>Funds attributable to Operator and Participants</i>					
<i>Operator's Fund:</i>					
Statutory fund		50,000	-	50,000	50,000
Unappropriated profit		10,046	-	10,046	7,534
		60,046	-	60,046	57,534
<i>Waqf / Participants' Takaful Fund:</i>					
Ceded money		-	500	500	500
Accumulated deficit		-	(9,447)	(9,447)	(12,912)
		-	(8,947)	(8,947)	(12,412)
LIABILITIES					
<i>Underwriting provisions:</i>					
Outstanding claims including IBNR	12	-	38,034	38,034	31,074
Unearned contribution reserve	11	-	113,110	113,110	73,721
Unearned retakaful rebate	14	-	1,639	1,639	960
Qard-e-Hasna from Operators' Fund		-	25,000	25,000	25,000
Contribution received in advance		-	1,017	1,017	622
Takaful / co-takaful payables		402	12,843	13,245	12,278
Taxation - payments less provision		823	-	823	-
Wakala and mudarib fee payable		-	30,656	30,656	22,583
Unearned waqala fee	13	31,216	-	31,216	21,866
Other creditors and accruals		24,498	27,112	51,610	43,633
Total liabilities		56,939	249,411	306,350	231,737
TOTAL FUND AND LIABILITIES		116,985	240,464	357,449	276,859
Contingencies and commitments	10				

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

Chairman

Director

Director

Chief Executive Officer

Alfalah Insurance Company Limited
 Window Takaful Operations
 Condensed Interim Profit and Loss Account (Un-audited)
 For the three and six months ended 30 June 2018

	Note	Three months ended		Six months ended	
		2018	2017	2018	2017
		----- (Rupees in thousand) -----		----- (Rupees in thousand) -----	
<u>Participants' revenue account</u>					
Net contribution revenue	11	46,243	32,564	88,933	62,552
Net claims	12	(23,981)	(13,963)	(49,248)	(32,970)
Wakala expense	13	(14,820)	(10,593)	(27,951)	(20,484)
Direct expenses		(7,309)	(6,747)	(13,470)	(10,048)
Net rebate on re-takaful	14	1,236	844	2,391	1,377
Claims and acquisition expenses		(44,874)	(30,459)	(88,278)	(62,125)
Underwriting surplus		1,369	2,105	655	427
Investment income - net		571	-	979	-
Other income		1,134	1,129	1,831	1,849
Surplus for the period		3,074	3,234	3,465	2,276
<u>Operators' revenue account</u>					
Wakala fee	13	14,820	10,593	27,951	20,484
Commission expense / acquisition cost	15	(3,935)	(2,220)	(7,525)	(4,017)
Management expenses	16	(8,894)	(10,654)	(16,542)	(13,217)
		1,991	(2,281)	3,884	3,250
Investment income - net		346	-	685	-
Mudarib's share of PTF investment income		190	-	326	-
Other income		162	165	320	417
Other expenses		(777)	(99)	(1,465)	(1,252)
Profit / (loss) before tax		1,912	(2,215)	3,750	2,415
Taxation		(687)	(749)	(1,238)	(749)
Profit / (loss) after tax		1,225	(2,964)	2,512	1,666

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

10/06/2018


Chairman


Director


Director


Chief Executive Officer

Alfalah Insurance Company Limited
 Window Takaful Operations
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the three and six months ended 30 June 2018

	Three months ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	----- (Rupees in thousand) -----			
Profit / (loss) after tax	1,225	(2,964)	2,512	1,666
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	1,225	(2,964)	2,512	1,666

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

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Chairman




Director

Director



Chief Executive Officer

Alfalah Insurance Company Limited
 Window Takaful Operations
 Condensed Interim Statement of Changes in Fund (Un-audited)
 For the six months ended 30 June 2018

	Operator's Fund		
	Statutory fund	Accumulated profit	Total
	----- (Rupees in thousand) -----		
Balance as at 31 December 2016 - (Audited)	50,000	1,890	51,890
<u>Total comprehensive income for the period ended 30 June 2017</u>			
Profit for the period 01 Jan 2017 to 30 June 2017	-	1,666	1,666
Other comprehensive income for the period 01 Jan 2017 to 30 June 2017	-	-	-
Total comprehensive income for the period	-	1,666	1,666
Balance as at 30 June 2017 - (Un-audited)	50,000	3,556	53,556
<u>Total comprehensive income for the period ended 31 December 2017</u>			
Profit for the period 01 July 2017 to 31 December 2017	-	4,042	4,042
Other comprehensive loss for the period 01 July 2017 to 31 December 2017	-	(64)	(64)
Total comprehensive income for the period	-	3,978	3,978
Balance as at 31 December 2017 - (Audited)	50,000	7,534	57,534
<u>Total comprehensive income for the period ended 30 June 2018</u>			
Profit for the period 01 Jan 2018 to 30 June 2018	-	2,512	2,512
Other comprehensive income for the period 01 Jan 2018 to 30 June 2018	-	-	-
Total comprehensive income for the period	-	2,512	2,512
Balance as at 30 June 2018 - (Un-audited)	50,000	10,046	60,046

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

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Chairman



Director



Director



Chief Executive Officer

Alfalalah Insurance Company Limited
 Window Takaful Operations
 Condensed Interim Statement of Changes in Fund (Un-audited)
 For the six months ended 30 June 2018

	Participants' Takaful Fund		
	Cede money	Accumulated loss	Total
	----- (Rupees in thousand) -----		
Balance as at 31 December 2016 - (Audited)	500	(13,707)	(13,207)
<u>Total comprehensive income for the period ended 30 June 2016</u>			
Surplus for the period 01 Jan 2017 to 30 June 2017	-	2,276	2,276
Other comprehensive income for the period 01 Jan 2017 to 30 June 2017	-	-	-
Total comprehensive income for the period	-	2,276	2,276
Balance as at 30 June 2017 - (Un-audited)	500	(11,431)	(10,931)
<u>Total comprehensive loss for the period ended 31 December 2017</u>			
Deficit for the period 01 July 2017 to 31 December 2017	-	(1,481)	(1,481)
Other comprehensive loss for the period 01 July 2017 to 31 December 2017	-	-	-
Total comprehensive loss for the period	-	(1,481)	(1,481)
Balance as at 31 December 2017 - (Audited)	500	(12,912)	(12,412)
<u>Total comprehensive income for the year ended 30 June 2018</u>			
Surplus for the period 01 Jan 2018 to 30 June 2018	-	3,465	3,465
Other comprehensive income for the period 01 Jan 2018 to 30 June 2018	-	-	-
Total comprehensive income for the period	-	3,465	3,465
Balance as at 30 June 2018 - (Un-audited)	500	(9,447)	(8,947)

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

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Chairman

 
Director Director


Chief Executive Officer

Alfaluh Insurance Company Limited
 Window Takaful Operations
 Condensed Interim Statement of Cash Flows (Unaudited)
 For the six months ended 30 June 2018

	30 June 2018			30 June 2017		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
----- (Rupees in thousand) -----						
Operating cash flows						
(a) Takaful activities						
Contributions received	-	130,939	130,939	-	67,841	67,841
Retakaful contribution paid	-	(13,512)	(13,512)	-	(10,493)	(10,493)
Retakaful rebate received	-	2,813	2,813	-	1,255	1,255
Claims paid	-	(44,236)	(44,236)	-	(24,611)	(24,611)
Commissions paid	(9,466)	-	(9,466)	(4,554)	-	(4,554)
Retakaful recoveries received	-	215	215	-	92	92
Management expenses	(15,924)	(13,473)	(29,397)	(14,559)	(10,827)	(25,386)
Net cash (outflows) / inflows from takaful activities	(25,390)	62,746	37,356	(19,113)	23,257	4,144
(b) Other operating activities						
Income tax paid	(415)	(272)	(687)	(42)	(186)	(228)
Other operating receipts / (payments)	23,747	(19,159)	4,588	43,445	(33,130)	10,315
Loans disbursed	-	-	-	(325)	-	(325)
Loans repayed	(163)	-	(163)	27	-	27
Other receipts	-	-	-	-	-	-
Net cash inflows / (outflows) from other operating activities	23,169	(19,431)	3,738	43,105	(33,316)	9,789
Total cash (outflows) / inflows from operating activities	(2,221)	43,315	41,094	23,992	(10,059)	13,933
Investment activities						
Profit / return received	1,331	2,395	3,726	417	1,849	2,266
Payment for investments	-	(25,000)	(25,000)	-	-	-
Fixed capital expenditure	-	-	-	(82)	-	(82)
Total cash inflows / (outflows) from investing activities	1,331	(22,605)	(21,274)	335	1,849	2,184
Financing activities						
Total cash inflows from financing activities	-	-	-	-	-	-
Net cash (outflows) / inflows from all activities	(890)	20,710	19,820	24,327	(8,210)	16,117
Cash and cash equivalents at the beginning of the period	23,825	92,208	116,033	22,536	91,771	114,307
Cash and cash equivalents at the end of the period	22,935	112,918	135,853	46,863	83,561	130,424
Reconciliation to profit and loss account						
Operating cash flows	(2,221)	43,315	41,094	23,992	(10,059)	13,933
Depreciation	(10)	-	(10)	(10)	-	(10)
Increase in assets other than cash	10,705	24,661	35,366	(7,980)	40,421	32,441
Increase in liabilities	(7,293)	(67,321)	(74,614)	(14,004)	(29,935)	(43,939)
Return on bank deposits	1,331	2,810	4,141	417	1,849	2,266
Net profit / surplus for the period	2,512	3,465	5,977	2,415	2,276	4,691

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



Chairman

Director

Director



Chief Executive Officer

Alfalah Insurance Company Limited
Window Takaful Operations
Notes to the Condensed Interim Financial Statements (Un-audited)
For the six months ended 30 June 2018

1 Reporting entity

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

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

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

2 Basis of preparation

2.1 Statement of compliance

2.1.1 The condensed interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.1.2 These condensed interim financial statements comprise of condensed interim statement of financial position of the Operator, as at 30 June 2018 and related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in fund together with notes forming part thereof.

2.1.2 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.

2.1.3 These condensed interim financial statements for the six months ended 30 June 2018 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with annual financial statements of the Operator for the year ended 31 December 2017.

2.1.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Operator for the year ended 31 December 2017, whereas comparatives of condensed interim profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Operator for the six months period ended 30 June 2017.

2.2 Basis of measurement

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

3 Summary of significant accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements for the six months ended 30 June 2018 are the same as those applied in the preparation of the financial statements of the Operator for the year ended 31 December 2017.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018 and are not likely to have any significant impact on Company's condensed interim financial statements:

- Amendment to IFRS 4 - 'Insurance Contracts'- and applying IFRS 9 'Financial Instruments' with IFRS 4
- IFRS 9 - 'Financial Instruments' and amendment to IFRS 9 - 'Prepayment Features with Negative Compensation'
- IFRS 15 - 'Revenue from Contract with Customer'
- IFRS 16 - 'Leases'
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures
- IFRIC 23 - 'Uncertainty over Income Tax Treatments'
- Annual Improvements to IFRS Standards 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

For IFRS 9 - 'Financial Instruments, IFRS 15 - 'Revenue from Contracts with Customers' and IFRS 16 - 'Leases', the Operator is in process of analyzing the impact upon adoption as at 30 June 2018.

4 Use of estimates and judgments

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.

During preparation of these condensed interim financial statements for the six months ended 30 June 2018, the significant judgments made by the management in applying the Operator's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Operator for the year ended 31 December 2017.

5 Financial risk management

The Operator's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2017.

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	----- (Un-audited) -----			(Audited)
	30 June 2018			31 December 2017
	OTF	PTF	Aggregate	Aggregate
	----- (Rupees in thousand) -----			
6 Operating assets				
Opening balance - net book value	62	-	62	-
Additions during the period / year - cost	-	-	-	82
Depreciation charged during the period / year	(10)	-	(10)	(20)
Closing balance - net book value	52	-	52	62

7 Investment - Term deposits

The term deposits comprises of the deposits maturing within 12 months held with Bank Alfalah limited of Rs. 25 million (2017: 25 million) and Mezan Bank limited of Rs.50 million (2017:25 million).

8 Takaful / re-takaful receivables

Unsecured and considered good

	----- (Un-audited) -----			(Audited)
	30 June 2018			31 December 2017
	OTF	PTF	Aggregate	Aggregate
	----- (Rupees in thousand) -----			
Contribution due from contract holders	-	25,095	25,095	14,616
Provision for impairment of receivables from takaful contract holders	-	(654)	(654)	(654)
	-	24,441	24,441	13,962
Amount due from other takaful / retakaful operator	-	6,286	6,286	4,431
	-	30,727	30,727	18,393

9 Cash and bank

Cash at bank

Cash and other equivalents	46	-	46	27
Savings accounts	22,889	112,918	135,807	116,006
	22,935	112,918	135,853	116,033

9.1 Cash and bank include an amount of Rs. 122.55 million (2017: Rs. 85.30 million) held with Bank Alfalah limited.

10 Contingencies and commitments

There are no significant contingencies and commitments as at 30 June 2018 (2017: Nil).

11 Net contribution revenue

	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
	--- (Rupees in thousand) ---	
Written gross contribution	141,023	95,890
Unearned contribution reserve as at 01 January	73,721	51,476
Unearned contribution reserve as at 30 June	(113,110)	(77,049)
Contribution earned	101,634	70,317
Re-takaful ceded	(12,754)	(12,170)
Prepaid re-takaful contribution ceded as at 01 January	(6,649)	(2,780)
Prepaid re-takaful contribution ceded 30 as at June	6,702	7,185
Re-takaful expense	(12,701)	(7,765)
	88,933	62,552

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	(Un-audited) 2018 30 June --- (Rupees in thousand) ---	(Un-audited) 2017 30 June
12 Net claims		
Claims paid	44,236	24,611
Outstanding claims including IBNR as at 30 June	38,034	21,521
Outstanding claims including IBNR as at 01 January	(31,074)	(13,177)
Claims expense	51,196	32,955
Re-takaful and other recoveries received	(216)	(92)
Re-takaful and other recoveries in respect of outstanding claims as at 30 June	(2,319)	-
Re-takaful and other recoveries in respect of outstanding claims net as at 01 January	587	107
Re-takaful and other recoveries revenue	(1,948)	15
	<u>49,248</u>	<u>32,970</u>
13 Wakala expense / fee		
Gross wakala fee	37,301	23,477
Deferred/ unearned wakala fee as at 01 January	21,866	17,874
Deferred/ unearned wakala fee as at 30 June	(31,216)	(20,867)
Wakala expense	<u>27,951</u>	<u>20,484</u>
14 Net rebate on re-takaful		
Rebate on re-takaful received	3,070	1,347
Rebate on re-takaful as at 01 January	960	686
Rebate on re-takaful as at 30 June	(1,639)	(656)
Net rebate on re-takaful	<u>2,391</u>	<u>1,377</u>
15 Commission expense		
Commission paid or payable	9,992	4,503
Deferred commission expense/ acquisition cost as at 01 January	5,710	3,602
Deferred commission expense/ acquisition cost as at 30 June	(8,177)	(4,088)
Net commission	<u>7,525</u>	<u>4,017</u>

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	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
16 Management expenses	---- (Rupees in thousand) ----	
Employee benefit cost	8,850	6,795
Travelling expenses	386	521
Advertisement and sales promotion	49	129
Printing and stationery	719	418
Depreciation	1,049	769
Amortization	69	37
Rent, rates and taxes	1,247	807
Electricity, gas and water	282	265
Vehicle running expenses	834	659
Office repairs and maintenance	1,488	1,426
Fee and Subscription	196	-
Postages, telegrams and telephone	597	412
Training and development	392	693
Miscellaneous	384	286
	16,542	13,217

17 Transactions with related parties

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

Cash deposits with related parties have been disclosed in note 9 to these condensed interim financial statements. Other transactions with related parties are summarized as follow:

	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
<u>Associated undertakings and other related parties</u>		
---- (Rupees in thousand) ----		
Contribution written	33,989	35,585
Contribution received	40,013	32,561
Claims paid	15,360	10,214
Profit earned	1,538	-
<u>Key management personnel</u>		
Key management personnel compensation	-	1,293
Shariah Advisor Fee	726	660
	1,466	(4,113)
<u>Associated undertakings and other related parties</u>		
---- (Rupees in thousand) ----		
Contribution payable / (receivable) from related parties	1,466	(4,113)
Provision for outstanding claims	3,120	3,805

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

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18 Segment Reporting - OPF

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

30 June 2018 (Un-audited)							
Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	Treaty	Total	
(Rupees in thousand)							
Wakala fee	1,902	1,407	21,903	2,536	203	-	27,951
Commission expense	(1,045)	(856)	(5,584)	(6)	(34)	-	(7,525)
Management expenses	(955)	(550)	(10,973)	(3,914)	(150)	-	(16,542)
	(98)	1	5,346	(1,384)	19	-	3,884
Profit on bank deposits							1,331
Other expenses							(1,465)
Profit before tax							3,750
30 June 2018 (Un-audited)							
Segment assets	4,512	1,184	26,980	5,628	440	-	38,744
Unallocated assets						-	78,241
							116,985
Segment liabilities	2,249	15	26,318	2,718	226	-	31,526
Unallocated liabilities						-	25,413
							56,939
30 June 2017 (Un-audited)							
Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Others including Miscellaneous	Treaty	Total	
(Rupees in thousand)							
Wakala fee	984	751	16,227	2,440	82	-	20,484
Commission expense	(569)	(452)	(2,979)	(12)	(5)	-	(4,017)
Management expenses	(524)	(356)	(7,383)	(4,861)	(93)	-	(13,217)
	(109)	(57)	5,865	(2,433)	(16)	-	3,250
Profit on bank deposits							417
Other expenses							(1,252)
Profit before tax							2,415
31 December 2017 (Audited)							
Segment assets	3,054	815	21,543	2,622	82	-	28,116
Unallocated assets							79,064
							107,180
Segment liabilities	5,395	2,622	25,514	248	91	-	33,870
Unallocated liabilities							15,776
							49,646

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19 Segment Reporting - PTF

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

	30 June 2018						
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	Treaty	Total
	(Rupees in thousand)						
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	9,326	5,411	108,731	33,705	1,080	-	158,253
Federal excise duty	(1,106)	(673)	(14,250)	-	182	-	(15,847)
Federal insurance fee	(79)	(47)	(935)	(334)	12	-	(1,383)
Gross written contribution (inclusive of administrative surcharge)	<u>8,141</u>	<u>4,691</u>	<u>93,546</u>	<u>33,371</u>	<u>1,274</u>	<u>-</u>	<u>141,023</u>
Gross direct contribution	7,738	4,653	93,546	33,371	1,274	-	140,582
Facultative inward contribution	403	38	-	-	-	-	441
	<u>8,141</u>	<u>4,691</u>	<u>93,546</u>	<u>33,371</u>	<u>1,274</u>	<u>-</u>	<u>141,023</u>
Contribution earned	6,342	4,691	73,011	16,908	682	-	101,634
Retakaful expense	(5,435)	(4,221)	(2,451)	-	(594)	-	(12,701)
Net contribution revenue	<u>907</u>	<u>470</u>	<u>70,560</u>	<u>16,908</u>	<u>88</u>	<u>-</u>	<u>88,933</u>
Net rebate on re-takaful	1,097	1,000	162	-	132	-	2,391
Net underwriting income	<u>2,004</u>	<u>1,470</u>	<u>70,722</u>	<u>16,908</u>	<u>220</u>	<u>-</u>	<u>91,324</u>
Takaful claims	(355)	41	(32,470)	(16,135)	(2,277)	-	(51,196)
Re-takaful and other recoveries	266	(37)	13	-	1,706	-	1,948
Net claims	(89)	4	(32,457)	(16,135)	(571)	-	(49,248)
Wakala expense	(1,902)	(1,407)	(21,903)	(203)	(2,536)	-	(27,951)
Direct expense	-	-	(13,470)	-	-	-	(13,470)
Net insurance claims and expenses	<u>(1,991)</u>	<u>(1,403)</u>	<u>(67,830)</u>	<u>(16,338)</u>	<u>(3,107)</u>	<u>-</u>	<u>(90,669)</u>
Underwriting results	<u>13</u>	<u>67</u>	<u>2,892</u>	<u>570</u>	<u>(2,887)</u>	<u>-</u>	<u>655</u>
Investment income - net							979
Other income							1831
Profit before tax							<u>3,465</u>
	30 June 2018 (Un-audited)						
Segment assets	13,962	1,162	51,676	430	3,733		70,963
Unallocated assets						-	169,501
							<u>240,464</u>
Segment liabilities	16,063	4,158	141,986	29,669	4,406		196,281
Unallocated liabilities						-	53,130
							<u>249,411</u>

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	30 June 2017 (Un-audited)						
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	Treaty	Total
	(Rupees in thousand)						
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	4,351	2,984	62,178	35,658	784	-	105,955
Federal excise duty	(517)	(373)	(8,078)	(35)	(102)	-	(9,105)
Federal insurance fee	(35)	(26)	(536)	(353)	(9)	-	(959)
Gross written contribution (inclusive of administrative surcharge)	3,799	2,585	53,564	35,270	673	-	95,891
Gross direct contribution	3,518	2,573	53,563	35,269	675	-	95,598
Facultative inward contribution	281	12	-	-	-	-	293
	3,799	2,585	53,563	35,269	675	-	95,891
Contribution earned	3,280	2,502	47,997	16,268	270	-	70,317
Retakaful expense	(2,785)	(2,303)	(2,438)	-	(239)	-	(7,765)
Net contribution revenue	495	199	45,559	16,268	31	-	62,552
Net rebate on re-takaful	737	521	71	-	48	-	1,377
Net underwriting income	1,232	720	45,630	16,268	79	-	63,929
Takaful claims	-	16	(19,070)	(13,901)	-	-	(32,955)
Re-takaful and other recoveries	-	(15)	-	-	-	-	(15)
Net claims	-	1	(19,070)	(13,901)	-	-	(32,970)
Wakala expense	(984)	(751)	(16,227)	(2,440)	(82)	-	(20,484)
Direct expense	(10)	(6)	(9,942)	(88)	(2)	-	(10,048)
Net insurance claims and expenses	(994)	(756)	(45,239)	(16,429)	(84)	-	(63,502)
Underwriting results	238	(36)	391	(161)	(5)	-	427
Net investment income							1,849
Profit before tax							2,276
	31 December 2017 (Audited)						
Segment assets	14,136	6,477	35,374	4,356	763	-	61,106
Unallocated assets						-	108,573
							169,679
Segment liabilities	12,836	5,258	114,337	8,835	406	-	141,672
Unallocated liabilities						-	40,419
							182,091

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20 Fair value measurement of financial instruments

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

	Note	Carrying amount			Fair value			
		Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3
30 June 18 - (Un-audited)								
<i>Financial assets - not measured at fair value</i>								
Investment - Term deposits*		75,000	-	-	75,000	-	-	-
Loans and other receivables*		5,655	-	-	5,655	-	-	-
Takaful / re-takaful receivables - unsecured and considered good*	8	30,727	-	-	30,727	-	-	-
Retakaful recoveries against outstanding claims		2,319	-	-	2,319	-	-	-
Salvage recoveries accrued*		5,169	-	-	5,169	-	-	-
Cash and bank*	9	-	135,853	-	135,853	-	-	-
		118,870	135,853	-	254,723	-	-	-
<i>Financial liabilities - not measured at fair value</i>								
<i>Underwriting provisions:</i>								
Outstanding claims including IBNR*	12	-	-	38,034	38,034	-	-	-
Takaful / re-takaful payables		-	-	13,245	13,245	-	-	-
Other creditors and accruals*		-	-	46,453	46,453	-	-	-
		-	-	97,732	97,732	-	-	-

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	Note	Carrying amount			Fair value		
		Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2
31 December 2017 - (Audited)							
----- Rupees -----							
<i>Financial assets - not measured at fair value</i>							
Investments - Term deposits*		50,000	-	-	50,000	-	-
Loans and other receivables*		5,235	-	-	5,235	-	-
Takaful / re-takaful receivables - unsecured and considered good*	8	18,393	-	-	18,393	-	-
Retakaful recoveries against outstanding claims		587	-	-	587	-	-
Salvage recoveries accrued*		4,253	-	-	4,253	-	-
Cash and bank*	9	-	116,033	-	116,033	-	-
		<u>78,468</u>	<u>116,033</u>	<u>-</u>	<u>194,501</u>	<u>-</u>	<u>-</u>
<i>Financial liabilities - not measured at fair value</i>							
<i>Underwriting provisions:</i>							
Outstanding claims including IBNR*	12	-	-	31,074	31,074	-	-
Takaful / re-takaful payables		-	-	12,278	12,278	-	-
Other creditors and accruals*		-	-	42,470	42,470	-	-
		<u>-</u>	<u>-</u>	<u>85,822</u>	<u>85,822</u>	<u>-</u>	<u>-</u>

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

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

22 **Subsequent events - non adjusting event**

There are no significant events that need to be disclosed for the six months ended 30 June 2018.

23 **Date of authorization for issue**

This condensed interim financial information was authorized for issue on ~~30 SEP 2018~~ by the Board of Directors of the Operator.

24 **General**

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

KPML 2018




Chairman



Director



Director



Chief Executive Officer