



Half Yearly Report June 30,

2019

تکافل

TAKAFUL

Window Operation



Table of Contents

COMPANY OVERVIEW

| | |
|---------------------|----|
| Company Information | 02 |
|---------------------|----|

CORPORATE GOVERNANCE

| | |
|-----------------------------|----|
| Chairman's Review (English) | 04 |
| Chairman's Review (Urdu) | 07 |
| Directors' Review (English) | 08 |
| Directors' Review (Urdu) | 09 |
| Pattern of Shareholding | 10 |

CONDENSED INTERIM FINANCIAL STATEMENTS

| | |
|---|----|
| Auditor's Review Report | 12 |
| Interim Statement of Financial Position | 13 |
| Interim Profit and Loss Account | 14 |
| Interim Statement of Comprehensive Income | 15 |
| Interim Cash Flow Statement | 16 |
| Interim Statement of Changes in Equity | 18 |
| Notes to and Forming Part of the Condensed Interim Financial Statements | 19 |

CONDENSED INTERIM FINANCIAL STATEMENTS WINDOW TAKAFUL OPERATIONS

| | |
|---|----|
| Independent Auditor's Review Report | 38 |
| Interim Statement of Financial Position | 39 |
| Interim Profit and Loss Account | 40 |
| Interim Statement of Comprehensive Income | 41 |
| Interim Cash Flow Statement | 42 |
| Interim Statement of Changes in Fund | 43 |
| Notes to and Forming Part of the Condensed Interim Financial Statements | 44 |

OTHER INFORMATION

| | |
|-----------------|----|
| Company Offices | 54 |
|-----------------|----|



Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Ali H. Shirazi
Director

Frahim Ali Khan
Director

M. Habib-ur-Rahman
Director

Hasan Reza ur Rahim
Director

Roohi R. Khan
Director

Babar Mahmood Mirza
Chief Executive Officer

Muhammad Afzal
Company Secretary

Audit Committee

Hasan Reza ur Rahim
Chairman

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Muhammad Afzal
Secretary

Saleem Mahmood Akhtar
Chief Internal Auditor

Ethics, Human Resource & Remuneration Committee

Roohi R. Khan
Chairperson

Ali H. Shirazi
Member

Babar Mahmood Mirza
Member

Qudsia Naheed
Secretary

Investment Committee

Ali H. Shirazi
Chairman

Frahim Ali Khan
Member

M. Habib-ur-Rahman
Member

Babar Mahmood Mirza
Member

Rashid Amin
Member

Muhammad Afzal
Secretary

Underwriting, Reinsurance & Co-insurance Committee

Ali H. Shirazi
Chairman

Babar Mahmood Mirza
Member

Rashid Amin
Member

Muhammad Saeed
Member

Syed Irtiza Kazmi
Secretary

Claims Settlement Committee

Frahim Ali Khan
Chairman

Babar Mahmood Mirza
Member

Syed Irtiza Kazmi
Member

Muhammad Saeed
Secretary

Risk Management & Compliance Committee

Babar Mahmood Mirza
Chairman

Rashid Amin
Member

Muhammad Saeed
Member

Muhammad Aasim Gul
Secretary

Information Technology (IT) Committee

Babar Mahmood Mirza
Chairman

Rashid Amin
Member

Muhammad Saeed
Member

Wasim Ahmed
Secretary

Management Committee

Babar Mahmood Mirza
Chief Executive Officer

Rashid Amin
Chief Financial Officer

Abbas Sajjad
General Manager Sales & Marketing

Muhammad Saeed
Head of Claims

Qudsia Naheed
Head of HR & Admin

Abdul Razzaq Ghauri
Head of IT

Syed Irtiza Kazmi
Head of Underwriting

Syed Nasir Hussain
Vice President Reinsurance

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Compliance Officer

Muhammad Aasim Gul

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Agha Faisal Barrister at Law
RIAA Barker Gillette

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7- Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NRSP Microfinance Bank
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
FINCA Microfinance Bank Limited
Mobilink Microfinance Bank Limited

Registered & Head Office

63/A, Block - XX, Phase III (Commercial),
Khyaban-e-Iqbal, DHA, Lahore.
Tel: (92-42) 37132611-18,
Fax: (92-42) 37132622
E mail: info@ail.atlas.pk
Website: www.ail.atlas.pk



Chairman's Review

It gives me great pleasure to present the un-audited accounts of your Company for the half year ended June 30, 2019.

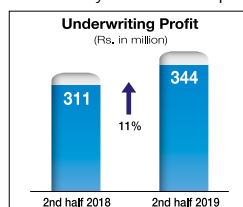
The Economy

The pace of economic growth slowed down considerably during FY19. This was mainly in response to the policy measures taken to curb the budget and trade deficits. These measures affected the performance of the industrial sector and dampened manufacturing activities in the country. The outgoing fiscal year witnessed growth of 3.3%, missing the target of 6.2%. The target was based on sectoral growth projections for agriculture, industry, and services, which lagged behind and as it turned out the agriculture sector registered a growth rate of 0.85% against the target of 3.8%, industrial sector 1.4% against 7.6% and the services sector 4.7% against 6.5%. Major challenges during FY19, were runaway imports and swelling trade and current account deficits. These put pressure on the country's foreign currency reserves, which got some cushion from around USD 9.2 billion in deposits placed with the State Bank of Pakistan by Saudi Arabia, the UAE and China. Reflecting the pressure Pak Rupee continued with its declining trend against USD and closed at Rs. 160. Keeping in view the rising inflation and slow pace of fiscal consolidation, the State Bank of Pakistan raised the benchmark interest rate to eight years high of 13.25% in July 2019. Fundamental policy decisions include Increase in energy tariffs to stop further accumulation of circular debt, reduction in imports through regulatory duties and withdrawal of tax relaxations given in the previous federal budget. Stock market continued its bearish trend during January – June, 2019, where the benchmark 100 index declined by 7.5%.

On the external front the current account deficit showed steady improvement narrowing 29% to USD 12.68 billion in the first 11 months of FY19 mainly due to contraction in imports and growth in remittance inflows. The deficit stood at USD 17.92 billion in the same period of last year. Remittances from overseas Pakistani workers continued to be a key revenue source improving to USD 21.84 billion compared to USD 19.91 billion of FY18, up 9.7%. Towards the end of FY19, the government reached an agreement with the International Monetary Fund (IMF) for a loan of USD 6 billion over a period of 39 months. This, along with the deposits placed with the central bank by friendly countries, is expected to help Pakistan meet its payment obligations, import payments and debt servicing, over the next many months.

The Company

The overall economic slowdown, particularly contraction in import, also affected Company's topline during the period under review. Gross premium for the half year ended June 30, 2019 stood at Rs. 1.278 billion against Rs. 1.404 billion for the same period last year, down 9%. Despite decrease in gross premium a marginal improvement was witnessed in the net premium which stood at Rs. 735.157 million against Rs. 723.428 million of the same period last year. Sound underwriting policies resulted in increase in underwriting profit to Rs. 344.540 million compared to Rs. 310.576 million in the same period last year, up 11%. Investments stood at Rs. 3.025 billion and the Company earned investment income of Rs. 53.610 million against Rs. 168.741 million of the corresponding period last year. This drop in investment income was mainly due to lesser dividend income and realized loss in equity securities. The Company earned profit before tax of Rs. 430.867 million against Rs. 484.150 million in the same period last year, down 12%, mainly due to decline in investment income. After providing for tax, the profit after tax stood flat at Rs. 309.341 million compared to Rs. 308.670 million in the same period last year.



Future Outlook

Faced with a large gap in the external account, the incumbent government has embarked on stabilization policies to reduce current account deficit; expand revenue base and document the economy; and improve governance in the public sector. The IMF package remains critical in reactivating fresh funding lines from multilateral agencies. After short-term jitters, the policy of market-based exchange rate regime, measures to expand the narrow tax base and unflinching drive to document the economy would restore durable macroeconomic stability that in turn will boost investors' confidence.

The size of the country's population and the low level of insurance penetration offer considerable long-term growth potential. Rising income levels and an expanding middle class should increase demand for household insurance going forward. Motor insurance coverage could also be further boosted by government efforts to crack down on compulsory third-party insurance evasion. Once the economy regains its balance, the fundamentals are still strong enough to push it towards the sustainable growth path and the management of your Company is well equipped to avail all the opportunities existing in the market to maintain its growth momentum and generate consistent returns for its shareholders:

ع ایسی صحیح ہے نو رو کو میں نہیں جانتا میں نہیں مانتا

Acknowledgement

I would like to thank the Board of Directors, Mr. Babar Mahmood Mirza, the Chief Executive Officer and his team for their efforts, dedication and sincerity of purpose. I would also express my gratitude to all the reinsurers, our valued clients, banks and SECP for their support and guidance to the Company.



Yusuf H. Shirazi

735.157 ملین روپے رہا۔ بہترین ذمہ نویس پولیسوں پر عمل درآمد کے نتائج ذمہ نویس منافع میں اضافے کی صورت میں ظاہر ہوئے، جہاں ذمہ نویس منافع گزشتہ سال اسی مدت کے 310.576 ملین روپے کے مقابلے میں 11 فیصد اضافے کے ساتھ 344.540 ملین روپے رہا۔ زیر جائزہ مدت کے دوران، سرمایہ کاری کی مارکیٹ قدر 3.025 بلین روپے رہی اور کمپنی نے سرمایہ کاری کے ذریعے آمدنی کی صورت میں 53.610 ملین روپے حاصل کیے جو کہ گزشتہ سال اسی مدت کے دوران 168.741 ملین روپے تھے۔ سرمایہ کاری کے ذریعے آمدنی میں کمی کا سبب کم ڈیویڈنڈ آمدنی اور ایکویٹی سیکیورٹیز میں خسارہ ہے۔ کمپنی کا قبل از ٹیکس منافع سرمایہ کاری کے ذریعے آمدنی میں کمی کے باعث 430.867 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 484.150 ملین روپے تھا۔ ٹیکس ادا کیوں کے بعد، منافع 309.341 ملین روپے پر موجود ہے جو کہ گزشتہ سال اسی مدت کے دوران 308.670 ملین روپے تھا۔

مستقبل کے خدو خال

موجودہ حکومت نے کرنٹ اکاؤنٹ خسارے میں کمی، محصولات بڑھانے اور معیشت کو دستاویز اور پبلک سیکٹر میں گورننس بہتر بنانے کے لیے استحکامی پالیسیاں جاری کی ہیں۔ آئی ایم ایف کا پیکیج کثیر الجہتی ایجنسیوں سے مالی اعانت کو دوبارہ متحرک کرنے کے لیے اہم ہے۔ قلیل المدت میں پیش آنے والی مشکلات، مارکیٹ پر مبنی ایچ بی سی ریٹ کی پالیسی کا نظام، ٹیکس وصولی کے دائرہ کار کو بڑھانے اور معیشت کی کارکردگی کو دستاویزات میں منتقل کرنے کی کاوشوں سے مائیکرو اکنامک استحکام حاصل ہوگا، جس سے سرمایہ کار کا اعتماد بحال ہوگا۔

ملک کی آبادی کا حجم اور انشورنس تک رسائی طویل المدت میں خاطر خواہ ممکنہ ترقی کی نشاندہی کرتی ہے۔ متوسط طبقے میں بڑھتی ہوئی آمدنی اور اخراجات سے گھریلو مقاصد کی انشورنس میں اضافہ ہونا چاہئے۔ حکومت نے گاڑیوں کی خریداری میں تیسرے فریق پر کریک ڈاؤن کیا ہے جس سے گاڑیوں کی انشورنس بڑھنے کی توقع ہے۔ ہماری معیشت کے بنیادی خدو خال اتنے مستحکم ہیں کہ ایک بار معیشت اپنا توازن حاصل کر لے تو وہ اسے ترقی کے مستحکم راستے پر ڈھیل سکتے ہیں۔ آپ کی کمپنی کی انتظامیہ اپنی ترقی کی رفتار کو برقرار رکھتے ہوئے مارکیٹ میں موجود ترقی کے مواقع سے زیادہ سے زیادہ فائدہ اٹھانے اور شیئر ہولڈرز کے لیے مستقل منافع کے حصول کے لیے پوری طرح لیس ہے؛

ع ایسی صحبے نو کو میں نہیں جانتا میں نہیں مانتا

اظہار تشکر

میں اس موقع پر بورڈ آف ڈائریکٹرز، چیف ایگزیکٹو آفیسر جناب بابر محمود مرزا اور ان کی ٹیم کا شکر گزار ہوں جنہوں نے پوری دیانت داری اور خلوص کے ساتھ خدمات انجام دیں ہیں۔ میں اس موقع پر اپنے ری انشوررز، معزز کسٹمرز، بینکوں اور سیکیورٹیز اینڈ ایچ بی سی کمیشن آف پاکستان کا بھی شکریہ ادا کرنا چاہتا ہوں جنہوں نے ہر قدم پر ہماری راہنمائی کی اور ساتھ نبھایا۔



یوسف علی خان شیرازی

چیسر مین کا جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2019 کو مکمل ہونے والے نصف سال کے لیے آپ کی کمپنی کے غیر پڑتا شدہ حسابات پیش کر رہا ہوں۔

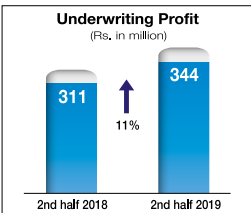
اقتصادیات

مالی سال 2019 کے دوران معاشی ترقی کی رفتار میں خاصی حد تک کمی واقع ہوئی جو کہ بنیادی طور پر بجٹ اور تجارتی خسارے کو روکنے کے لیے اٹھائے گئے پالیسی اقدامات کے نتیجے میں سامنے آئی۔ جس کے باعث صنعتی شعبے کی کارکردگی اور ملک میں مینوفیکچرنگ سرگرمیاں بھی متاثر ہوئیں۔ گزشتہ مالی سال جی ڈی پی کی شرح میں 3.3 فیصد کا اضافہ ہوا جو کہ مقرر کردہ ہدف 6.2 فیصد سے کم ہے۔ یہ ہدف زراعت، صنعت اور سروسز کے شعبوں میں ترقی کے تخمینوں پر مبنی تھا جو مقررہ حد تک نہ پہنچ سکا، جس کے بعد زراعت کے شعبے نے 3.8 فیصد کے ہدف کے مقابلے میں 0.85 فیصد کی ترقی کی ظاہر کی، صنعتی شعبے نے 7.6 فیصد کے مقابلے میں 1.4 فیصد اور سروسز کے شعبے نے 6.5 فیصد کے مقابلے میں 4.7 فیصد کی ترقی درج کی۔ مالی سال 2019 کے دوران، کم ہوتی درآمدات، تجارت میں کمی اور کرنٹ اکاؤنٹ خسارے جیسے بڑے چیلنجز کا سامنا رہا۔ ان چیلنجز نے ملک کے غیر ملکی کرنسی کے ذخائر پر بھی دباؤ ڈالا، جسے سعودی عرب، متحدہ عرب امارات اور چین کی جانب سے اسٹیٹ بینک آف پاکستان کے پاس رکھے جانے والے تقریباً 9.2 بلین امریکی ڈالر کے ذخائر سے کچھ تقویت ملی۔ اس دباؤ کے پیش نظر پاکستانی روپے کی قدر میں بدستوری کا رجحان جاری رہا اور امریکی ڈالر کے مقابلے میں پاکستانی روپیہ 160 روپے کی بلند سطح پر بند ہوا۔ بڑھتی ہوئی افراط زر اور مالی استحکام کی سست روی کو مد نظر رکھتے ہوئے، اسٹیٹ بینک آف پاکستان نے جولائی 2019 میں شرح سود بڑھا کر 13.25 فیصد کر دیا جو کہ آٹھ سالوں میں بلند ترین سطح ہے۔ پالیسی کے بنیادی فیصلوں میں گردش قرضوں میں مزید اضافے کو روکنے کے لیے توانائی کے ٹیرف میں اضافہ، ریگولیٹری ڈیوٹیوں کے ذریعے درآمدات میں کمی اور پچھلے وفاقی بجٹ میں فراہم کی گئی ٹیکس چھوٹ کی واپسی شامل ہے۔ اسٹاک مارکیٹ میں جنوری تا جون 2019 کے دوران مندی کا رجحان جاری رہا، جہاں بیچ مارک 100 اینڈیکس میں 7.5 فیصد کمی دیکھنے میں آئی۔

بیرون محاذ پر کرنٹ اکاؤنٹ خسارے نے کچھ بہتری کے آثار ظاہر کرنے شروع کئے ہیں، جو کہ مالی سال 2019 کے پہلے 11 مہینوں میں 29 فیصد کمی کے ساتھ 12.68 بلین امریکی ڈالر رہا، جس کی بنیادی وجہ درآمدات میں کمی اور ترسیلات زر میں اضافہ ہے۔ جبکہ گزشتہ سال اسی مدت کے دوران خسارہ 17.92 بلین امریکی ڈالر تھا۔ بیرون ملک مقیم پاکستانیوں کی ترسیلات زر ہمیشہ سے آمدنی کا اہم ذریعہ رہا ہے۔ جس نے مالی سال 2018 کے 19.91 بلین امریکی ڈالر کے مقابلے میں 9.7 فیصد کی ترقی کے ساتھ 21.84 بلین امریکی ڈالر کی بہتری ظاہر کی۔ مالی سال 2019 کے اختتام کے قریب حکومت نے بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ 39 ماہ کے مدت کے لیے 6 بلین امریکی ڈالر کے قرضے کا معاہدہ کر لیا۔ اس کے ساتھ ساتھ دوست ممالک کی جانب سے سینٹرل بینک میں رکھے گئے ذخائر کے ذریعے پاکستان کو اپنی ادائیگی کی ذمہ داریوں، درآمدی ادائیگیاں اور قرضوں کی فراہمی کو پورا کرنے کے لیے اگلے کئی ماہ تک مدد ملنے کی توقع ہے۔

کمپنی

مجموعی معاشی صورت حال اور خصوصاً درآمدات میں کمی نے زیر جائزہ مدت کے دوران کمپنی کی ٹاپ لائن کو بھی متاثر کیا ہے۔ 30 جون 2019 کو ختم ہونے والے نصف سال کے لیے مجموعی پریمیوم گزشتہ سال اسی مدت کے دوران 1.404 بلین روپے کے مقابلے میں 9 فیصد کمی کے ساتھ 1.278 بلین روپے رہا۔ مجموعی پریمیوم میں کمی کا وجود نیٹ پریمیوم میں قدرے بہتری دیکھنے میں آئی جو گزشتہ سال اسی مدت کے دوران 723.428 بلین روپے کے مقابلے میں



Directors' Review

The directors have pleasure in submitting the half yearly report of the Company together with the un-audited accounts reviewed by the auditors and the auditors report for the period ended June 30, 2019.

| | <u>June 30,</u> 2019 | <u>June 30,</u> 2018 |
|--|--------------------------------|--------------------------------|
| The overall business figures are: | (Rupees in thousand) | |
| Net premium | 735,157 | 723,428 |
| Net claims | 197,944 | 245,740 |
| Investment and other income | 75,774 | 177,705 |
| Net commission | 70,230 | 74,906 |
| Expenses of management | 262,903 | 242,018 |
| Financial results are as follows: | | |
| Profit before tax | 430,867 | 484,150 |
| Less: Provision for taxation | 121,526 | 175,480 |
| Profit after tax | <u>309,341</u> | <u>308,670</u> |

Contribution of Rs. 153.294 million (2018: Rs. 89.952 million) was written in Participants' Fund account during the period ended June 30, 2019.

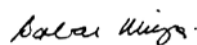
Chairman's Review

The accompanying Chairman's Review deals with the performance of the Company during the period and future outlook. The directors of the Company endorse the contents of the review.

We express our deep appreciation and thanks to our valued clients, bankers, reinsurers and SECP for the cooperation extended to us.

We also commend the dedicated services rendered by the company's officers, staff and field force.

For and on behalf of the
Board of Directors



Babar Mahmood Mirza
Chief Executive

Lahore: August 27, 2019

ڈائریکٹرز کی جانب سے جائزہ

ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2019 کو ختم ہونے والی ششماہی کے لیے کمپنی کی رپورٹ بمعہ آڈیٹرز کی جانب سے جائزہ لیے گئے غیر پڑتال شدہ اکاؤنٹس اور آڈیٹرز کی رپورٹ پیش کر رہے ہیں۔

مجموعی کاروباری اعداد و شمار یہ ہیں:

| 30 جون 2018 | 30 جون 2019 |
|----------------|----------------|
| 723,428 | 735,157 |
| 245,740 | 197,944 |
| 177,705 | 75,774 |
| 74,906 | 70,230 |
| 242,018 | 262,903 |
| 484,150 | 430,867 |
| 175,480 | 121,526 |
| 308,670 | 309,341 |

روپے '000 میں

خالص پربیم

خالص کلیمز

سرمایہ کاری اور دیگر ذرائع سے حاصل آمدنی

خالص کمیشن

انتظامی امور کے اخراجات

مالیاتی نتائج درج ذیل ہیں:

قبل از ٹیکس منافع

کم: ٹیکس تصريفات

بعد از ٹیکس منافع

30 جون 2019 کو ختم ہونے والی مدت کے دوران 153.294 ملین روپے (سال 2018: 89.952 ملین روپے) کی شراکت داری پارٹنر شپ فنڈ اکاؤنٹ میں کی گئی۔

چیئرمین کی جانب سے جائزہ

چیئرمین کا جائزہ اس مدت کے دوران کمپنی کی کارکردگی اور مستقبل کے خدوخال کو غماہر کرتا ہے۔ کمپنی کے ڈائریکٹرز اس رپورٹ کی مندرجات کی توثیق کرتے ہیں۔

ہم اپنے معزز کسٹمرز، بینکلرز، ری انشوررز اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے تعاون پر تہ دل سے شکر گزار ہیں۔

ہم کمپنی کے آفیسرز، اسٹاف اور فیلڈ فورس کی وقف کردہ خدمات کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور جانب سے

Balal Muzia

باہر محمود مرزا

چیئف ایگزیکٹو

لاہور: 27 اگست 2019

Pattern of Shareholding

As at June 30, 2019

| Number of shareholders | Shareholding | | Shares held |
|------------------------|--------------|----------|-------------|
| | From | To | |
| 246 | 1 | 100 | 4,964 |
| 173 | 101 | 500 | 44,407 |
| 100 | 501 | 1000 | 69,491 |
| 286 | 1001 | 5000 | 684,559 |
| 102 | 5001 | 10000 | 722,830 |
| 50 | 10001 | 15000 | 612,905 |
| 42 | 15001 | 20000 | 710,165 |
| 11 | 20001 | 25000 | 236,123 |
| 10 | 25001 | 30000 | 279,224 |
| 20 | 30001 | 35000 | 649,195 |
| 8 | 35001 | 40000 | 295,072 |
| 6 | 40001 | 45000 | 254,420 |
| 6 | 45001 | 50000 | 286,641 |
| 5 | 50001 | 55000 | 262,279 |
| 4 | 55001 | 60000 | 232,579 |
| 6 | 60001 | 65000 | 374,415 |
| 2 | 65001 | 70000 | 137,146 |
| 1 | 70001 | 75000 | 72,129 |
| 4 | 75001 | 80000 | 308,106 |
| 8 | 85001 | 90000 | 698,362 |
| 2 | 90001 | 95000 | 184,217 |
| 1 | 100001 | 105000 | 101,932 |
| 4 | 105001 | 110000 | 436,220 |
| 1 | 110001 | 115000 | 112,750 |
| 1 | 120001 | 125000 | 121,000 |
| 1 | 125001 | 130000 | 128,566 |
| 1 | 135001 | 140000 | 139,500 |
| 1 | 140001 | 145000 | 143,595 |
| 1 | 145001 | 150000 | 150,000 |
| 3 | 150001 | 155000 | 458,712 |
| 1 | 160001 | 165000 | 164,639 |
| 1 | 170001 | 175000 | 173,115 |
| 1 | 175001 | 180000 | 176,000 |
| 1 | 185001 | 190000 | 187,000 |
| 1 | 190001 | 195000 | 194,483 |
| 1 | 195001 | 200000 | 200,000 |
| 1 | 210001 | 215000 | 214,600 |
| 1 | 220001 | 225000 | 224,318 |
| 1 | 280001 | 285000 | 282,700 |
| 1 | 285001 | 290000 | 288,189 |
| 1 | 395001 | 400000 | 400,000 |
| 1 | 400001 | 405000 | 401,500 |
| 1 | 430001 | 435000 | 433,400 |
| 1 | 995001 | 1000000 | 995,500 |
| 1 | 1490001 | 1495000 | 1,494,188 |
| 1 | 2120001 | 2125000 | 2,122,269 |
| 1 | 2175001 | 2180000 | 2,176,806 |
| 1 | 58135001 | 58140000 | 58,137,308 |
| <hr/> <hr/> | | | <hr/> <hr/> |
| 1,124 | | | 77,177,519 |

Shareholders' Information

As at June 30, 2019

| Categories of Shareholders | Shares held | Percentage |
|---|-------------|------------|
| Director, Chief Executive and their spouse and minor children | 1,225 | 0.00% |
| Associated Companies, undertakings and related parties | 60,259,578 | 78.08% |
| NIT and ICP | 582 | 0.00% |
| Banks, Development Finance Institutions Non-Banking Financial Institutions | 1,711,600 | 2.22% |
| Insurance Companies | 2,352,806 | 3.05% |
| Modaraba and Mutual Funds | - | 0.00% |
| Shareholders holding 5% and above | 58,137,308 | 75.33% |
| General Public : | | |
| a. Local | 11,212,805 | 14.53% |
| b. Foreign | - | 0.00% |
| Others : | | |
| Joint Stock Companies | 72,761 | 0.09% |
| Others | 1,566,162 | 2.03% |





Independent Auditor's Review Report

To the members of Atlas Insurance Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Atlas Insurance Limited as at June 30, 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended June 30, 2019 and June 30, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-month period then ended June 30, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.

A. F. Ferguson & Co.

Chartered Accountants

Lahore

Dated: August 27, 2019

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92(21) 32415007/32427938/32424740; <www.pwc.com/pk>

• KARACHI • LAHORE • ISLAMABAD

Condensed Interim Statement of Financial Position (Unaudited)

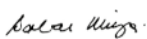
As at June 30, 2019

| | Note | June 30, 2019 (Unaudited) (Rupees in thousand) | December 31, 2018 (Audited) |
|---|------|---|-----------------------------------|
| Assets | | | |
| Property and equipment | 8 | 114,976 | 82,080 |
| Investments | | | |
| Equity securities | 9 | 2,923,252 | 3,638,943 |
| Debt securities | 10 | 101,685 | 73,704 |
| Loan and other receivables | 11 | 27,928 | 14,052 |
| Insurance / reinsurance receivables | 12 | 397,863 | 332,681 |
| Reinsurance recoveries against outstanding claims | 20 | 409,000 | 454,431 |
| Salvage recoveries accrued | | 2,785 | 2,435 |
| Deferred commission expense / acquisition cost | 21 | 74,822 | 80,233 |
| Prepayments | 13 | 486,093 | 550,697 |
| Cash and bank | 14 | 884,480 | 1,327,987 |
| | | 5,422,884 | 6,557,243 |
| Total assets from window takaful operations - Operator's fund | | 122,299 | 108,484 |
| Total assets | | 5,545,183 | 6,665,727 |
| Equity and Liabilities | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Ordinary share capital | 15 | 771,775 | 701,614 |
| Reserves | 16 | 1,808,024 | 2,104,563 |
| Unappropriated profit | | 309,749 | 654,699 |
| Total equity | | 2,889,548 | 3,460,876 |
| Liabilities | | | |
| Underwriting provisions | | | |
| Outstanding claims including IBNR | 20 | 695,208 | 727,887 |
| Unearned premium reserves | 19 | 930,590 | 1,060,806 |
| Unearned reinsurance commission | 21 | 108,999 | 116,648 |
| Retirement benefit obligations | | 11,637 | 9,249 |
| Deferred taxation | | 223,263 | 358,875 |
| Premium received in advance | | 27,333 | 178,520 |
| Borrowings | 17 | 18,389 | - |
| Insurance / reinsurance payable | | 212,467 | 330,450 |
| Other creditors and accruals | 18 | 372,340 | 357,361 |
| Taxation - provision less payment | | 16,862 | 22,218 |
| Total liabilities | | 2,617,088 | 3,162,014 |
| Total liabilities from window takaful operations - Operator's fund | | 38,547 | 42,837 |
| Total equity and liabilities | | 5,545,183 | 6,665,727 |
| Contingencies and commitments | 7 | | |

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahrim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Profit and Loss Account (Unaudited)

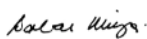
For the Six Months ended June 30, 2019

| | Note | Six months ended | | Three months ended | |
|--|------|------------------|------------------|--------------------|------------------|
| | | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| (Rupees in thousand) | | | | | |
| Net insurance premium | 19 | 735,157 | 723,428 | 363,948 | 367,129 |
| Net insurance claim expense | 20 | (197,944) | (245,740) | (89,483) | (128,478) |
| Net commission and other acquisition income | 21 | 70,230 | 74,906 | 38,621 | 40,334 |
| Insurance claims and acquisition expenses | | (127,714) | (170,834) | (50,862) | (88,144) |
| Management expenses | 22 | (262,903) | (242,018) | (133,161) | (114,649) |
| Underwriting results | | 344,540 | 310,576 | 179,925 | 164,336 |
| Investment income | 23 | 53,610 | 168,741 | 20,926 | 112,395 |
| Rental income | | - | 900 | - | 450 |
| Other income | | 22,164 | 8,064 | 10,095 | 4,008 |
| Other expenses | 24 | (6,050) | (9,003) | (2,978) | (5,415) |
| Results of operating activities | | 414,264 | 479,278 | 207,968 | 275,774 |
| Finance cost | | (1,502) | (84) | (1,109) | - |
| Profit before tax from window takaful operations - Operator's fund | 26 | 18,105 | 4,956 | 9,516 | 3,693 |
| Profit before tax for the period | | 430,867 | 484,150 | 216,375 | 279,467 |
| Income tax expense | | (121,526) | (175,480) | (50,744) | (107,932) |
| Profit after tax for the period | | 309,341 | 308,670 | 165,631 | 171,535 |
| | | Restated | | Restated | |
| | | Rupees | | | |
| Earnings (after tax) per share | 25 | 4.01 | 4.00 | 2.15 | 2.22 |

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahrim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Comprehensive Income (Unaudited)

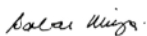
For the Six Months ended June 30, 2019

| | Six months ended | | Three months ended | |
|--|----------------------|------------------|--------------------|------------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| | (Rupees in thousand) | | | |
| Profit after tax for the period | 309,341 | 308,670 | 165,631 | 171,535 |
| Other comprehensive (loss) for the period: | | | | |
| <i>Items that may be subsequently reclassified to profit and loss account:</i> | | | | |
| Un-realized loss on available for sale investments - net of deferred tax | (389,539) | (333,921) | (398,536) | (318,220) |
| Other comprehensive income / (loss) from window takaful operations - Operator's fund | - | 781 | (245) | 809 |
| Other comprehensive loss for the period | (389,539) | (333,140) | (398,781) | (317,411) |
| Total comprehensive loss for the period | <u>(80,198)</u> | <u>(24,470)</u> | <u>(233,150)</u> | <u>(145,876)</u> |

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Cash Flow Statement (Unaudited)

For the Six Months ended June 30, 2019

| | June 30, 2019 | June 30, 2018 |
|---|----------------------|------------------|
| | (Rupees in thousand) | |
| Operating cash flows | | |
| a) Underwriting activities | | |
| Insurance premium received | 1,023,191 | 1,211,967 |
| Reinsurance premiums paid | (736,731) | (524,625) |
| Claims paid | (426,682) | (351,723) |
| Reinsurance and other recoveries received | 259,753 | 158,468 |
| Commissions paid | (76,271) | (60,170) |
| Commissions received | 151,924 | 160,291 |
| Management expenses paid | (273,913) | (203,341) |
| Other underwriting payments | (1,753) | (678) |
| Other underwriting receipts | 14,820 | 14,646 |
| Net cash (used in) / generated from underwriting activities | (65,662) | 404,835 |
| b) Other operating activities | | |
| Income tax paid | (123,116) | (132,825) |
| Other operating payments | (11,729) | (13,325) |
| Other operating receipts | 44,060 | 7,480 |
| Loan repayment received | 8 | 11 |
| Net cash used in other operating activities | (90,777) | (138,659) |
| Total cash (used in) / generated from all operating activities | (156,439) | 266,176 |
| Investment activities | | |
| Profit / return received | 24,893 | 10,231 |
| Dividend received | 86,549 | 139,695 |
| Payments for investments | (1,207,750) | (471,444) |
| Proceeds from investments | 1,320,098 | 610,240 |
| Fixed capital expenditure | (30,103) | (24,175) |
| Proceeds from sale of property and equipment | 4,171 | 4,881 |
| Total cash generated from investing activities | 197,858 | 269,428 |
| Financing activities | | |
| Dividends paid | (481,219) | (443,263) |
| Payment of lease liability against right-of-use assets | (3,707) | - |
| Total cash used in financing activities | (484,926) | (443,263) |
| Net cash generated from all activities | (443,507) | 92,341 |
| Cash and cash equivalents at the beginning of the period | 1,327,987 | 702,252 |
| Cash and cash equivalents at the end of the period | 884,480 | 794,593 |

Condensed Interim Cash Flow Statement (Unaudited)

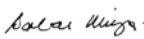
For the Six Months ended June 30, 2019

| | June 30, 2019 | June 30, 2018 |
|--|------------------|------------------|
| Reconciliation to condensed interim profit and loss account | | |
| Operating cash flows | (156,439) | 266,176 |
| Depreciation expense | (10,067) | (9,213) |
| Loss on disposal of property and equipment | (48) | (223) |
| (Loss) / profit on disposal of investments | (47,307) | 36,394 |
| Accrued investment income | 10,751 | - |
| Other investment income | 100,085 | 141,979 |
| Rental and other income | 22,212 | 9,187 |
| Interest expensed on lease liability against right-of-use assets | (1,119) | - |
| Increase in assets other than cash | 31,408 | 477,726 |
| Decrease / (increase) in liabilities other than borrowings | 284,482 | (543,320) |
| Other adjustments | | |
| Provision for impairment of receivable from insurance contract holders | (11,956) | (13,259) |
| Decrease / (increase) in provision for unearned premium | 66,996 | (44,980) |
| Decrease / (increase) in commission income unearned | 7,649 | (17,050) |
| Increase / (decrease) in provision for deferred commission expense | (5,411) | 297 |
| Profit from window takaful operations for the period - Operator's fund | 18,105 | 4,956 |
| Profit after tax for the period | 309,341 | 308,670 |

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Frahim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Changes in Equity (Unaudited)

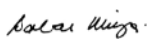
For the Six Months ended June 30, 2019

| | Attributable to equity holders of the Company | | | | | | | Total |
|---|--|--------------------|-------------------------------------|--------------------------------------|---------------------|--------------------------------------|--------------------------|-----------|
| | Issued, subscribed and paid up share capital | Capital reserves | | | Revenue reserves | | Unappropriated profit | |
| | | Capital reserve | Investment fair value reserve | Reserve for exceptional losses | General reserves | Investment fluctuation reserve | | |
| | (Rupees in thousand) | | | | | | | |
| Balance as at December 31, 2017 (audited) | 701,614 | 2,251 | 1,797,580 | 2,164 | 880,649 | 3,000 | 659,785 | 4,047,043 |
| Profit after taxation for the six month ended June 30, 2018 | - | - | - | - | - | - | 308,670 | 308,670 |
| Net unrealised loss on revaluation of available for sale investments - net of deferred tax | - | - | (333,921) | - | - | - | - | (333,921) |
| Other comprehensive income from Window takaful operations (OPF) | - | - | 781 | - | - | - | - | 781 |
| Total comprehensive loss for the six month ended June 30, 2018 | - | - | (333,140) | - | - | - | 308,670 | (24,470) |
| Transferred to general reserve | - | - | - | - | 208,000 | - | (208,000) | - |
| Final dividend for the year ended December 31, 2017 @ 65% (Rs. 6.5 per share) | - | - | - | - | - | - | (456,049) | (456,049) |
| Balance as at June 30, 2018 (unaudited) | 701,614 | 2,251 | 1,464,440 | 2,164 | 1,088,649 | 3,000 | 304,406 | 3,566,524 |
| Profit after taxation for the six month ended December 31, 2018 | - | - | - | - | - | - | 356,898 | 356,898 |
| Re-measurement loss on defined benefit obligation - net of tax | - | - | - | - | - | - | (6,605) | (6,605) |
| Net unrealised loss on revaluation of available for sale investments - net of deferred tax | - | - | (455,089) | - | - | - | - | (455,089) |
| Other comprehensive loss from Window takaful operations (OPF) | - | - | (852) | - | - | - | - | (852) |
| Total comprehensive loss for the six month ended December 31, 2018 | - | - | (455,941) | - | - | - | 350,293 | (105,648) |
| Transferred to general reserve | - | (2,251) | - | (2,164) | 4,415 | - | - | - |
| Balance as at December 31, 2018 (audited) | 701,614 | - | 1,008,499 | - | 1,093,064 | 3,000 | 654,699 | 3,460,876 |
| Profit after taxation for the six month ended June 30, 2019 | - | - | - | - | - | - | 309,341 | 309,341 |
| Net unrealised loss on revaluation of available for sale investments - net of deferred tax | - | - | (389,539) | - | - | - | - | (389,539) |
| Other comprehensive income from Window takaful operations (OPF) | - | - | - | - | - | - | - | - |
| Total comprehensive loss for the six month ended June 30, 2019 | - | - | (389,539) | - | - | - | 309,341 | (80,198) |
| Transferred to general reserve | - | - | - | - | 93,000 | - | (93,000) | - |
| Bonus shares issued for the year ended December 31, 2018 @ 10% per share | 70,161 | - | - | - | - | - | (70,161) | - |
| Final dividend for the year ended December 31, 2018 @ 70% (Rs. 7.0 per share) | - | - | - | - | - | - | (491,130) | (491,130) |
| Balance as at June 30, 2019 (unaudited) | 771,775 | - | 618,960 | - | 1,186,064 | 3,000 | 309,749 | 2,889,548 |

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six Months ended June 30, 2019

1 Legal status and nature of business

Atlas Insurance Limited (the Company) was incorporated as a public limited company on September 06, 1934 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan. The Company is a subsidiary of Shirazi Investments (Private) Limited.

The Company was granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

2 Basis of preparation and statement of compliance

2.1 Statement of compliance

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

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

2.2 Basis of preparation

The disclosures made in these condensed interim financial statements have been limited based on the requirements of the International Accounting Standard 34 'Interim Financial Reporting'. Accordingly these condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2018.

As per the requirements of Takaful Rules, 2012, read with SECP Circular 25 of 2015 dated July 09, 2015, the assets, liabilities and profit / loss of the Operator's Fund (OPF) of the Window Takaful Operations of the Operator have been presented as a single line item in the condensed interim statement of financial position and condensed interim profit and loss account and condensed interim statement of comprehensive income of the Company respectively.

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

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with the requirements of the Code of Corporate Governance for Insurers, 2016 issued by the SECP.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under historical cost convention, except that certain investments that are carried at fair market value and the recognition of certain employee retirement benefits that are measured at present value.

2.4 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani rupees (Rs.), which is the Company's functional and presentation currency.

3 Standards, amendments and interpretations to accounting and reporting standards

3.1 Standards, amendments and interpretations to accounting and reporting standards that are effective in the current period

IFRS 16, the accounting standard for leases, became effective for annual reporting periods commencing on or after January 01, 2019. The impact on the Company's condensed interim financial statements is disclosed in note 4.1.1 below.

3.1.2 Standards, interpretations and amendments effective in the current period but are not relevant

In addition to the above, there are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these condensed interim financial statements.

3.2 Standards, amendments and interpretations to accounting and reporting standards that are not effective in the current period

3.2.1

The following standards, amendments and interpretations to accounting and reporting standards would be effective for the dates mentioned below against the respective standards, amendments and interpretations:

| Standards, amendments and interpretations | Effective date (period beginning on or after) |
|---|--|
| - IAS 1, Presentation of Financial Statements (Amendments) | January 01, 2020 |
| - IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 01, 2020 |
| - IFRS 17, Insurance contracts | January 01, 2022 |
| - IFRS 9, Financial instruments | January 01, 2022* |

* The management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 is given in note 5 to these condensed interim financial statements

The management is in the process of assessing the impact of the above amendments on the financial statements of the Company.

3.2.2

In addition to the above, there are certain new standards, amendments and interpretations to accounting and reporting standards that are mandatory for the Company's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4 Summary of significant accounting policies

The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2018 except for changes in accounting policies as disclosed in note 4.1 below:

4.1 Change in accounting policy

4.1.1 First time adoption of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable on the Company. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from January 01, 2019, and has not restated comparatives for 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company recognised certain lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental weighted average borrowing rate of 11.52% per annum as of January 01, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

| | <u>Note</u> | <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> | <u>January 01,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> |
|----------------------------------|-------------|---|--|
| Total lease liability recognised | 17 | <u>18,389</u> | <u>18,524</u> |

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

| | <u>Note</u> | <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> | <u>January 01,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> |
|--|-------------|---|--|
|--|-------------|---|--|

The recognised right-of-use assets relate to the following types of assets:

| | | | |
|----------|-----|---------------|---------------|
| Property | 8.6 | <u>17,114</u> | <u>21,616</u> |
|----------|-----|---------------|---------------|

The effect of this change in accounting policy is as follows:

Impact on condensed interim statement of financial position

Assets

| | | |
|--|---------|---------|
| Increase in assets - right-of-use assets | 17,114 | 21,616 |
| Decrease in other assets - trade deposits and short term prepayments | (1,267) | (3,092) |
| Increase in deferred tax - net | 370 | - |
| Increase in total assets | 16,217 | 18,524 |

Equity and Liabilities

| | | |
|---|----------------|----------|
| Increase in lease liability against right-of-use assets | 18,389 | 18,524 |
| Decrease in taxation - provision less payment | (367) | - |
| Increase in total liabilities | 18,022 | 18,524 |
| Decrease in net assets | <u>(1,805)</u> | <u>-</u> |

Impact on condensed interim profit and loss account**For the six months ended June 30, 2019 (Rupees in thousand)**

| | |
|--|----------------------|
| (Increase) / decrease in administrative expenses | |
| Increase in depreciation on right-of-use assets | (6,956) |
| Decrease in rent expense | 5,533 |
| | (1,423) |
| Increase in finance cost | (1,119) |
| | <hr/> |
| Decrease in profit before tax for the period | (2,542) |
| Decrease in income tax expense for the period | 737 |
| Decrease in profit after tax for the period | <hr/> <u>(1,805)</u> |

Earnings per share for the six months ended June 30, 2019 are Rs. 0.02 per share lower as a result of the adoption of IFRS 16.

While implementing IFRS 16, the Company has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Company has opted not to recognise right-of-use assets for leases of low value or short term leases, having remaining lease term of less than 12 months as at January 01, 2019. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

5 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosure, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 29.1 to these condensed interim financial statements.

6 Critical accounting estimates and judgments

The preparation of condensed interim financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the annual audited financial statements of the Company as at and for the year ended December 31, 2018.

7 Contingencies and commitments**7.1 Contingencies**

- 7.1.1** The tax authorities had raised demand amounting to Rs. 117,817 (thousand) against the Company for the tax years 2009 to 2014, that primarily pertained to the rate of tax on dividend, rental income and WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] partially upheld the decision and reduced the demand to Rs. 59,722 (thousand). The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has filed a reference application against the decision of ATIR before the Honorable Lahore High Court which is currently pending adjudication. No provision has been recognized in the condensed interim financial statements since the Company, along with its legal counsel, believes that there are meritorious grounds that the case will be decided in favor of the Company.

7.1.2 For tax year 2005, the Tax authorities disputed the Company's treatment on certain issues disallowing expenses, creating a demand of Rs. 70,698 (thousand). The Company filed appeal before CIR(A) which was decided in favor of the Company. Department filed appeal against CIR(A) before ATIR which is pending adjudication. No provision has been recognized in the condensed interim financial statements since the Company, along with its legal counsel, believes that there are meritorious grounds that the case will be decided in favor of the Company.

| | <u>June 30,</u> 2019 (Unaudited) (Rupees in thousand) | <u>December 31,</u> 2018 (Audited) (Rupees in thousand) |
|---|---|---|
| 7.1.3 Other contingencies | | |
| Claims against the Company not acknowledged as debt | <u>103,842</u> | <u>112,526</u> |

7.2 Commitments

7.2.1 Commitments in respect of operating leases

These represent commitments arising from short-term and immaterial leases recognised on a straight-line basis as expense under the practical expedients applied by the Company with respect to IFRS-16. The amount of future payments under these operating leases and the period in which these payments will become due are as follows:

| | <u>Note</u> | <u>June 30,</u> 2019 (Unaudited) (Rupees in thousand) | <u>December 31,</u> 2018 (Audited) (Rupees in thousand) |
|---|-------------|---|---|
| Not later than one year | | 19,831 | 53,323 |
| Later than one year and not later than five years | | <u>12,145</u> | <u>39,253</u> |
| | | <u>31,976</u> | <u>92,576</u> |

8 Property and equipment

| | | | |
|--------------------------|-----|----------------|---------------|
| Operating assets | 8.1 | 97,744 | 82,045 |
| Capital work in progress | 8.5 | 118 | 35 |
| Right-of-use asset | 8.6 | <u>17,114</u> | <u>-</u> |
| | | <u>114,976</u> | <u>82,080</u> |

8.1 The breakup of operating assets as at the period / year end is given below:

| | | |
|-------------------------|---------------|---------------|
| Freehold building | 15,313 | 1,925 |
| Lease hold improvements | - | 14,930 |
| Furniture and fixtures | 6,786 | 6,112 |
| Office equipment | 16,008 | 15,251 |
| Computers equipment | 13,261 | 11,738 |
| Vehicles | <u>46,376</u> | <u>32,089</u> |
| | <u>97,744</u> | <u>82,045</u> |

8.2 Movement of operating assets during the period / year

| | | | |
|---|-----|-----------------|-----------------|
| Opening book value | | 82,045 | 89,078 |
| Add: Additions during the period / year | 8.3 | <u>29,985</u> | <u>32,774</u> |
| | | 112,030 | 121,852 |
| Less: Disposal during the period / year (at book value) | 8.4 | <u>(4,219)</u> | <u>(20,380)</u> |
| Depreciation charged for the period / year | | <u>(10,067)</u> | <u>(19,427)</u> |
| | | (14,286) | (39,807) |
| Closing book value | | <u>97,744</u> | <u>82,045</u> |

| | <u>Note</u> | <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> | <u>December 31,</u> <u>2018</u> <u>(Audited)</u> |
|---|-------------|---|--|
| 8.3 Additions during the period / year | | | |
| Lease hold improvements | | - | 962 |
| Furniture and fixtures | | 1,372 | 222 |
| Office equipment | | 2,334 | 1,692 |
| Computers equipment | | 3,731 | 4,581 |
| Vehicles | | 22,548 | 25,317 |
| | | <u>29,985</u> | <u>32,774</u> |
| 8.4 Disposals during the period / year | | | |
| Freehold land | | - | 1,168 |
| Freehold building | | - | 7,340 |
| Furniture and fixtures | | 57 | 834 |
| Office equipment | | 35 | 703 |
| Computers equipment | | 114 | 609 |
| Vehicles | | 4,013 | 9,726 |
| | | <u>4,219</u> | <u>20,380</u> |
| 8.5 Capital work in progress | | | |
| Advances to suppliers | | <u>118</u> | <u>35</u> |
| 8.6 Right-of-use asset | | | |
| Opening book value | | - | - |
| Impact of initial adoption of IFRS 16 | 4 | 21,616 | - |
| Additions during the period | | 2,454 | - |
| Depreciation charged during the period | 22 | (6,956) | - |
| Closing book value | | <u>17,114</u> | <u>-</u> |

9 Investments in equity securities

| | <u>Note</u> | <u>June 30, 2019 - (Unaudited)</u> | | | <u>December 31, 2018 - (Audited)</u> | | |
|---|-------------|------------------------------------|-----------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------------|
| | | <u>Cost</u> | <u>Impairment / provision</u> | <u>Carrying value</u> | <u>Cost</u> | <u>Impairment / provision</u> | <u>Carrying value</u> |
| Available for sale | | | | | | | |
| Related parties | | | | | | | |
| Listed shares | 9.1 | 643,711 | - | 643,711 | 643,711 | - | 643,711 |
| Mutual funds | | - | - | - | 215,520 | - | 215,520 |
| | | 643,711 | - | 643,711 | 859,231 | - | 859,231 |
| Unrealized gain on revaluation as on | | | | 941,616 | | | 1,282,760 |
| | | | | <u>1,585,327</u> | | | <u>2,141,991</u> |
| Others | | | | | | | |
| Listed shares | 9.1 | 1,419,284 | (71,701) | 1,347,583 | 1,329,964 | (71,701) | 1,258,263 |
| Unlisted shares | | 500 | (500) | - | 500 | (500) | - |
| Mutual funds | 9.2 | 60,184 | - | 60,184 | 121,704 | (947) | 120,757 |
| | | 1,479,968 | (72,201) | 1,407,767 | 1,452,168 | (73,148) | 1,379,020 |
| Unrealized (loss) / gain on revaluation as on | | | | (69,842) | | | 117,932 |
| | | | | <u>1,337,925</u> | | | <u>1,496,952</u> |
| | | | | <u>2,923,252</u> | | | <u>3,638,943</u> |

9.1 Listed securities include an amount of Rs. 1,926,983 thousand (2018: Rs. 2,657,964 thousand) being the fair market value under an arrangement permissible under Shariah. Cost of these securities amounts to Rs. 955,932 thousand (2018: Rs. 1,435,793 thousand).

9.2 Mutual funds include an amount of Rs. 21,565 (2018: Rs. 29,887 thousand) being the fair market value under an arrangement permissible under Shariah. Cost of these securities amounts to Rs. 23,588 (2018: Rs. 28,999 thousand).

| | <u>Note</u> | <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> | <u>December 31,</u> <u>2018</u> <u>(Audited)</u> |
|--|-------------|---|--|
|--|-------------|---|--|

10 Investments in debt securities

Held to maturity

| | | | |
|---------------------------|------|----------------|---------------|
| Pakistan Investment Bonds | 10.1 | 81,685 | 73,704 |
| Term Finance Certificates | | 20,000 | - |
| | | <u>101,685</u> | <u>73,704</u> |

- 10.1 This represents carrying amount of government securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

| | <u>Note</u> | <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> | <u>December 31,</u> <u>2018</u> <u>(Audited)</u> |
|--|-------------|---|--|
|--|-------------|---|--|

11 Loan and other receivables - considered good

| | | | |
|---------------------------|------|---------------|---------------|
| Loan to related parties | 11.1 | 472 | 111 |
| Accrued investment income | | 13,549 | 2,790 |
| Security deposits | | 4,720 | 3,671 |
| Loans to employees | | 8 | 16 |
| Other receivable | | 9,179 | 7,464 |
| | | <u>27,928</u> | <u>14,052</u> |

- 11.1 Included in loan to related parties are amounts due from executives of Rs. 472 thousand (2018: Rs. 111 thousand). Loans and other receivables are carried at amortized cost using the effective interest rate method.

| | <u>Note</u> | <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> | <u>December 31,</u> <u>2018</u> <u>(Audited)</u> |
|--|-------------|---|--|
|--|-------------|---|--|

12 Insurance / reinsurance receivables - unsecured and considered good

| | | |
|--|----------|---------|
| Due from insurance contract holders | 264,065 | 199,944 |
| Less: Provision for impairment of receivable from insurance contract holders | (14,814) | (2,859) |
| | 249,251 | 197,085 |

| | | |
|--|---------|---------|
| Due from other insurers / reinsurers | 150,571 | 137,555 |
| Less: Provision for impairment of due from other insurers / reinsurers | (1,959) | (1,959) |
| | 148,612 | 135,596 |

13 Prepayments

| | | | |
|-----------------------------------|----|----------------|----------------|
| Prepaid reinsurance premium ceded | 19 | 483,099 | 546,319 |
| Prepaid rent | | 2,350 | 3,722 |
| Prepaid miscellaneous expenses | | 644 | 656 |
| | | <u>486,093</u> | <u>550,697</u> |

14 Cash and bank

Cash at bank

| | | | |
|---------------------|------|----------------|------------------|
| Current accounts | | 26,501 | 54,502 |
| Saving accounts | 14.1 | 821,779 | 1,273,485 |
| Short term deposits | 14.2 | 36,200 | - |
| | | <u>884,480</u> | <u>1,327,987</u> |

- 14.1 The balance in savings accounts bears mark-up which ranges from 8.00% to 11% (2018: 3.73% to 9%) per annum.
- 14.2 These represents Term Deposit Receipts placed with commercial banks, having maturity period of 91 days (2018: Nil). The mark-up on these deposits is 10.75% (2018: Nil) per annum.

15 Ordinary share capital

15.1 Authorised share capital

| June 30, 2019 (Unaudited) (Number of shares) | December 31, 2018 (Audited) | | June 30, 2019 (Unaudited) (Rupees in thousand) | December 31, 2018 (Audited) |
|---|-----------------------------------|----------------------------------|---|-----------------------------------|
| 80,000,000 | 80,000,000 | Ordinary shares of Rs. 10/- each | 800,000 | 800,000 |

15.2 Issued, subscribed and paid up share capital

| June 30, 2019 (Unaudited) (Number of shares) | December 31, 2018 (Audited) | | | |
|---|-----------------------------------|--|----------------|----------------|
| 70,161,381 | 70,161,381 | Ordinary shares of Rs. 10/- each fully paid in cash | 701,614 | 701,614 |
| | | Ordinary shares of Rs. 10/- each issued as fully paid bonus shares | 70,161 | - |
| 7,016,138 | - | | 70,161 | - |
| <u>77,177,519</u> | <u>70,161,381</u> | | <u>771,775</u> | <u>701,614</u> |

- 15.2.1 During the period, a 10% issue of bonus shares in the ratio of one bonus share for every ten shares held by the shareholders was proposed in the Board of Directors meeting held on February 27, 2019. The approval of the members for issue of bonus shares was obtained in the Annual General Meeting held on April 26, 2019. The effect of the issue of 7,016,138 bonus shares of Rs. 10 each has been accounted for in these condensed interim financial statements.

| | Note | June 30, 2019 (Unaudited) (Rupees in thousand) | December 31, 2018 (Audited) |
|--|------|---|-----------------------------------|
|--|------|---|-----------------------------------|

16 Reserves

Capital reserves

| | | | |
|-------------------------------|------|---------|-----------|
| Investment fair value reserve | 16.1 | 618,960 | 1,008,499 |
|-------------------------------|------|---------|-----------|

Revenue reserves

| | | |
|--------------------------------|------------------|------------------|
| General reserve | 1,186,064 | 1,093,064 |
| Investment fluctuation reserve | 3,000 | 3,000 |
| | <u>1,189,064</u> | <u>1,096,064</u> |
| | <u>1,808,024</u> | <u>2,104,563</u> |

- 16.1 This represents net unrealised gain on re-measurement of available for sale investments at fair value and is not available for distribution. This shall be transferred to profit and loss account on de-recognition of investments.

| | <u>Note</u> | <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u> <u>(Rupees in thousand)</u> | <u>December 31,</u> <u>2018</u> <u>(Audited)</u> |
|--|-------------|---|--|
|--|-------------|---|--|

17 Borrowings

| | | | |
|--|---|--------|---|
| Lease liabilities against right-of-use asset | 4 | 18,389 | - |
|--|---|--------|---|

18 Other creditors and accruals

| | | |
|-----------------------------------|----------------|----------------|
| Agent commission payable | 49,819 | 42,158 |
| Federal Excise Duty / Sales tax | 14,022 | 23,240 |
| Federal Insurance Fee | 2,062 | 2,336 |
| Payable to related parties | 1,023 | 857 |
| Accrued expenses | 23,316 | 24,025 |
| Other tax payable | 3,021 | 2,164 |
| Unpaid and unclaimed dividend | 89,908 | 79,997 |
| Deposit against performance bonds | 128,098 | 84,038 |
| Donation payable | 4,262 | 9,941 |
| Bonus payable to staff | 10,278 | 41,524 |
| Leave encashment payable | 24,660 | 21,576 |
| Profit commission payable | 4,579 | 9,158 |
| Others | 17,292 | 16,347 |
| | <u>372,340</u> | <u>357,361</u> |

| <u>Six months ended</u> | | <u>Three months ended</u> | |
|-------------------------|-----------------|---------------------------|-----------------|
| <u>June 30,</u> | <u>June 30,</u> | <u>June 30,</u> | <u>June 30,</u> |
| <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |

(Rupees in thousand)

19 Net insurance premium

| | | | | |
|---|------------------|------------------|----------------|----------------|
| Written gross premium | 1,278,212 | 1,403,923 | 537,752 | 736,507 |
| Add: Unearned premium reserve - opening | 1,060,806 | 875,050 | 1,101,728 | 915,854 |
| Less: Unearned premium reserve - closing | (930,590) | (993,967) | (930,590) | (993,967) |
| Premium earned | <u>1,408,428</u> | <u>1,285,006</u> | <u>708,890</u> | <u>658,394</u> |
| Less: Reinsurance premium ceded | 610,051 | 635,515 | 218,585 | 275,769 |
| Add: Prepaid reinsurance premium - opening | 546,319 | 408,367 | 609,456 | 497,800 |
| Less: Prepaid reinsurance premium - closing | (483,099) | (482,304) | (483,099) | (482,304) |
| Reinsurance expense | 673,271 | 561,578 | 344,942 | 291,265 |
| | <u>735,157</u> | <u>723,428</u> | <u>363,948</u> | <u>367,129</u> |

20 Net insurance claims expense

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Claims paid | 426,332 | 352,433 | 177,115 | 207,496 |
| Add: Outstanding claims including IBNR - closing | 695,208 | 724,813 | 695,208 | 724,813 |
| Less: Outstanding claims including IBNR - opening | (727,887) | (324,385) | (680,416) | (408,926) |
| Claims expense | <u>393,653</u> | <u>752,861</u> | <u>191,907</u> | <u>523,383</u> |
| Less: Reinsurance and other recoveries received | 241,140 | 152,549 | 98,210 | 101,036 |
| Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing | 409,000 | 505,240 | 409,000 | 505,240 |
| Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening | (454,431) | (150,668) | (404,786) | (211,371) |
| Reinsurance and other recoveries revenue | 195,709 | 507,121 | 102,424 | 394,905 |
| | <u>197,944</u> | <u>245,740</u> | <u>89,483</u> | <u>128,478</u> |

| Note | Six months ended | | Three months ended | |
|------|------------------|------------------|--------------------|------------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |

(Rupees in thousand)

21 Net commission and other acquisition expense / (income)

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Commission paid or payable | 83,932 | 68,632 | 45,483 | 31,111 |
| Add: Deferred commission expense - opening | 80,233 | 61,735 | 79,070 | 66,270 |
| Less: Deferred commission expense - closing | (74,822) | (62,032) | (74,822) | (62,032) |
| Net Commission expense | 89,343 | 68,335 | 49,731 | 35,349 |
| Less: Commission received or recoverable | 151,924 | 160,291 | 61,371 | 71,331 |
| Add: Unearned Reinsurance commission - opening | 116,648 | 96,212 | 135,980 | 117,614 |
| Less: Unearned Reinsurance commission - closing | (108,999) | (113,262) | (108,999) | (113,262) |
| Commission from reinsurers | 159,573 | 143,241 | 88,352 | 75,683 |
| | (70,230) | (74,906) | (38,621) | (40,334) |

22 Management expenses

| | | | | | |
|------------------------------------|------|---------|---------|---------|---------|
| Employee benefit cost | 22.1 | 147,638 | 142,629 | 75,615 | 72,554 |
| Travelling expenses | | 5,566 | 3,291 | 2,473 | 1,931 |
| Advertisements and sales promotion | | 8,526 | 6,397 | 3,903 | 3,292 |
| Printing and stationery | | 3,932 | 2,984 | 2,783 | 649 |
| Depreciation | | 10,067 | 9,213 | 5,415 | 4,971 |
| Depreciation on right-of-use asset | | 6,956 | - | 6,956 | - |
| Rent, rates and taxes | | 8,300 | 11,781 | 1,488 | 3,667 |
| Electricity, gas and water | | 2,383 | 2,159 | 1,671 | 1,195 |
| Entertainment | | 910 | 659 | 395 | 314 |
| Vehicle running expenses | | 8,915 | 6,457 | 5,366 | 3,797 |
| Office repairs and maintenance | | 2,351 | 1,905 | 1,066 | 626 |
| Bank charges | | 239 | 235 | 137 | 133 |
| Postages, telegrams and telephone | | 4,921 | 3,992 | 2,746 | 2,111 |
| Annual supervision fee of SECP | | 2,849 | 2,334 | 2,842 | 342 |
| Trackers expense | | 15,610 | 19,523 | 7,561 | 7,857 |
| Fee and subscriptions | | 5,044 | 4,033 | (2,660) | (2,301) |
| Service charges | | 1,753 | 678 | 1,533 | 565 |
| Provision for doubtful debts | | 11,956 | 13,259 | 4,900 | 6,987 |
| Miscellaneous | | 14,987 | 10,489 | 8,971 | 5,959 |
| | | 262,903 | 242,018 | 133,161 | 114,649 |

22.1 Employee benefit cost

| | | | | | |
|---|--|---------|---------|--------|--------|
| Salaries, allowances and other benefits | | 139,832 | 135,283 | 71,538 | 68,696 |
| Charges for post employment benefit | | 7,806 | 7,346 | 4,077 | 3,858 |
| | | 147,638 | 142,629 | 75,615 | 72,554 |

| Note | Six months ended | | Three months ended | |
|------|------------------|------------------|--------------------|------------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |

(Rupees in thousand)

23 Investment income

Income from equity securities

Available for sale

| | | | | |
|-----------------|--------|---------|--------|---------|
| Dividend income | 97,486 | 139,932 | 61,444 | 112,743 |
|-----------------|--------|---------|--------|---------|

Income from debt securities

Held to maturity

| | | | | |
|---------------------------|-------|-------|-------|-----|
| Return on debt securities | 2,551 | 2,047 | 1,308 | 974 |
|---------------------------|-------|-------|-------|-----|

Net realised gain on investments

| | | | | |
|--|---------|---------|--------|---------|
| | 100,037 | 141,979 | 62,752 | 113,717 |
|--|---------|---------|--------|---------|

Available for sale financial assets

| | | | | |
|---|----------|--------|----------|-------|
| Realised (loss) / gain on equity securities | (47,307) | 36,567 | (53,259) | 8,338 |
|---|----------|--------|----------|-------|

Total investment income

| | | | | |
|--|--------|---------|-------|---------|
| | 52,730 | 178,546 | 9,493 | 122,055 |
|--|--------|---------|-------|---------|

Add / (less): Reversal / (charge) of impairment
in value of available for sale securities

| | | | | |
|---------------------|-----|---------|--------|---------|
| - Equity securities | 947 | (9,632) | 11,433 | (9,632) |
|---------------------|-----|---------|--------|---------|

Less: Investment related expenses

| | | | | |
|--|------|-------|---|------|
| | (67) | (173) | - | (28) |
|--|------|-------|---|------|

| | | | | |
|--|--------|---------|--------|---------|
| | 53,610 | 168,741 | 20,926 | 112,395 |
|--|--------|---------|--------|---------|

24 Other expenses

Legal and professional fee other than
business related

| | | | | |
|--|-----|-------|----|-------|
| | 105 | 1,725 | 92 | 1,625 |
|--|-----|-------|----|-------|

Auditor's remuneration

| | | | | |
|--|-------|-------|-----|-----|
| | 1,155 | 1,050 | 577 | 525 |
|--|-------|-------|-----|-----|

Donations

| | | | | |
|------|-------|-------|-------|-------|
| 24.1 | 4,211 | 5,650 | 2,011 | 3,150 |
|------|-------|-------|-------|-------|

Director's fee

| | | | | |
|--|-----|-----|-----|-----|
| | 300 | 400 | 150 | 100 |
|--|-----|-----|-----|-----|

Others

| | | | | |
|--|-----|-----|-----|----|
| | 279 | 178 | 148 | 15 |
|--|-----|-----|-----|----|

| | | | | |
|--|-------|-------|-------|-------|
| | 6,050 | 9,003 | 2,978 | 5,415 |
|--|-------|-------|-------|-------|

24.1 This amount represents Rs. 4,211 thousand (2018: Rs. 5,650 thousand) donation to Atlas Foundation situated at 2nd Floor, Federation House, Clifton, Karachi - 74000, in which the following directors of the Company are members of its Board of Directors:

Name of Directors

- Mr. Yusuf H. Shirazi

- Mr. Fahim Ali Khan

With the exception of their directorship, the directors and their spouses have no interest in the donee.

| | Six months ended | | Three months ended | |
|--|------------------|------------------|--------------------|------------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |

(Rupees in thousand)

25 Earnings per share

Profit after tax for the period

| | | | | |
|--|---------|---------|---------|---------|
| | 309,341 | 308,670 | 165,631 | 171,535 |
|--|---------|---------|---------|---------|

(Number of shares)
(thousand)

(Restated)

(Restated)

Weighted average number of ordinary shares

| | | | | |
|--|--------|--------|--------|--------|
| | 77,178 | 77,178 | 77,178 | 77,178 |
|--|--------|--------|--------|--------|

(Restated)

(Restated)

(Rupees)

Earnings per share - (basic / diluted)

| | | | | |
|--|------|------|------|------|
| | 4.01 | 4.00 | 2.15 | 2.22 |
|--|------|------|------|------|

25.1 There is no dilutive effect on the basic earnings per share of the Company. Number of shares in issue and earnings per share for the period ended June 30, 2018 have been restated, taking the effect of bonus shares at the rate of 10% issued during the current period.

| | Six months ended | | Three months ended | |
|---|----------------------|---------------|--------------------|---------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| 26 Window takaful operations - Operator's fund | (Rupees in thousand) | | | |
| Wakala fee | 35,047 | 22,505 | 19,522 | 11,685 |
| Management expenses | (7,193) | (11,052) | (3,748) | (4,846) |
| Net commission and other acquisition costs | (9,185) | (6,796) | (4,783) | (3,354) |
| Investment (loss) / income | (132) | 645 | (1,261) | 357 |
| Other expenses | (432) | (346) | (214) | (149) |
| Profit for the period | 18,105 | 4,956 | 9,516 | 3,693 |

27 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Transactions with related parties are carried out on mutually agreed terms and conditions.

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in this condensed interim financial statements, are as follows:

| | Period / year end balances | June 30, | December 31, |
|-----------------------------|---------------------------------------|-----------------------|--------------|
| | | 2019 | 2018 |
| Parent company | | (Unaudited) | (Audited) |
| | | (Rupees in thousand) | |
| | Provision for outstanding claims | 360 | 927 |
| | Premium received in advance | 428 | - |
| | Due from insurance contract holders | - | 469 |
| | | Six months ended | |
| | | June 30, | June 30, |
| | | 2019 | 2018 |
| | | (Rupees in thousand) | |
| | Transactions during the period | | |
| | Premium underwritten | 217 | 1,259 |
| | Claims paid | 2,077 | 1,302 |
| | Premium collected | 720 | 769 |
| | Rent paid | - | 1,172 |
| | Assets sold | - | 42 |
| | Lease liability paid | 1,289 | - |
| | | June 30, December 31, | |
| | | 2019 | 2018 |
| | | (Unaudited) | (Audited) |
| | | (Rupees in thousand) | |
| Associated companies | Period / year end balances | | |
| | Provision for outstanding claims | 228,412 | 293,409 |
| | Premium received in advance | 8,898 | 105,202 |
| | Due from insurance contract holders | 94,878 | 127,246 |

| | | Six months ended | |
|---------------------------------------|--|----------------------|--------------|
| | | June 30, | June 30, |
| | | 2019 | 2018 |
| | | (Rupees in thousand) | |
| Associated companies | Transactions during the period | | |
| | Premium underwritten | 494,879 | 746,392 |
| | Premium collected | 571,220 | 745,894 |
| | Claims paid | 163,910 | 94,149 |
| | Assets purchased | 21,124 | 13,638 |
| | Assets sold | - | 1,896 |
| | Lease liability paid | 640 | - |
| | Rent paid | - | 582 |
| | Expenses paid | 530 | 974 |
| | Donations paid | 9,890 | 9,889 |
| | Dividends received | 54,644 | 98,494 |
| Investments purchased | 1,110,570 | 272,000 | |
| Investments sold | 1,277,503 | 500,846 | |
| Post employment benefit plans | Transactions during the period | | |
| | Contributions in respect of retirement benefit plans | 5,673 | 4,414 |
| | | June 30, | December 31, |
| | | 2019 | 2018 |
| | | (Unaudited) | (Audited) |
| | | (Rupees in thousand) | |
| Key management personnel | Period / year end balances | | |
| | Due from insurance contract holders | 139 | 4 |
| | | Six months ended | |
| | | June 30, | June 30, |
| | | 2019 | 2018 |
| | | (Rupees in thousand) | |
| Transactions during the period | | | |
| | Compensation paid | 58,389 | 57,417 |
| | Claims paid | 96 | 164 |
| | Premium underwritten | 374 | 386 |
| | Assets sold | 3,883 | 1,430 |
| | Premium collected | 296 | 387 |

28 Segment reporting

The Company has identified four (2018: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

Assets and liabilities, wherever possible, have been assigned to each reportable segment based on specific identification or allocated on the basis of the gross premium written by the segments.

(Unaudited) Six months ended June 30,

| | Fire and property damage | | Marine, aviation and transport | | Motor | | Miscellaneous | | Total | |
|--|--------------------------|-----------|--------------------------------|-----------|-----------|-----------|---------------|-----------|------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in thousand) | | | | | | | | | |
| Premium receivable (inclusive of Federal Insurance Fee and Administrative surcharge) | 320,876 | 352,322 | 475,818 | 545,691 | 366,942 | 336,197 | 301,211 | 362,728 | 1,464,847 | 1,596,938 |
| Less: Federal Excise Duty | 42,901 | 42,711 | 57,773 | 67,620 | 42,927 | 37,409 | 30,653 | 31,849 | 174,254 | 179,589 |
| Federal Insurance Fee | 2,862 | 3,044 | 4,090 | 4,715 | 2,749 | 2,412 | 2,680 | 3,255 | 12,381 | 13,426 |
| Gross written premium (inclusive of Administrative Surcharge) | 275,113 | 306,567 | 413,955 | 473,356 | 321,266 | 296,376 | 267,878 | 327,624 | 1,278,212 | 1,403,923 |
| Gross direct premium | 264,725 | 302,267 | 406,192 | 464,649 | 261,238 | 235,579 | 263,414 | 323,413 | 1,195,569 | 1,325,908 |
| Facultative inward premium | 8,132 | 2,586 | - | 85 | 57,072 | 58,776 | 2,618 | 1,915 | 67,822 | 63,362 |
| Administrative surcharge | 2,256 | 1,714 | 7,763 | 8,622 | 2,956 | 2,021 | 1,846 | 2,296 | 14,821 | 14,653 |
| | 275,113 | 306,567 | 413,955 | 473,356 | 321,266 | 296,376 | 267,878 | 327,624 | 1,278,212 | 1,403,923 |
| Insurance premium earned | 411,323 | 321,104 | 398,212 | 454,927 | 328,751 | 242,940 | 270,142 | 266,035 | 1,408,428 | 1,285,006 |
| Insurance premium ceded to reinsurers | (290,359) | (237,363) | (145,379) | (150,411) | (113,985) | (67,953) | (123,548) | (105,851) | (673,271) | (561,578) |
| Net insurance premium | 120,964 | 83,741 | 252,833 | 304,516 | 214,766 | 174,987 | 146,594 | 160,184 | 735,157 | 723,428 |
| Commission income | 68,852 | 58,417 | 45,458 | 48,544 | 17,399 | 11,076 | 27,864 | 25,204 | 159,573 | 143,241 |
| Net underwriting income | 189,816 | 142,158 | 298,291 | 353,060 | 232,165 | 186,063 | 174,458 | 185,388 | 894,730 | 866,669 |
| Insurance claims | (68,319) | (444,219) | (60,941) | (48,322) | (133,899) | (138,986) | (130,494) | (121,334) | (393,653) | (752,861) |
| Insurance claims recovered from reinsurers | 67,275 | 428,608 | 35,965 | 20,633 | 64,110 | 43,363 | 28,359 | 14,517 | 195,709 | 507,121 |
| Net claims | (1,044) | (15,611) | (24,976) | (27,689) | (69,789) | (95,623) | (102,135) | (106,817) | (197,944) | (245,740) |
| Commission expense | (32,462) | (22,461) | (11,634) | (9,029) | (32,892) | (21,676) | (12,355) | (15,169) | (89,343) | (68,335) |
| Management expenses | (53,558) | (52,848) | (78,982) | (81,600) | (76,719) | (51,091) | (53,644) | (56,479) | (262,903) | (242,018) |
| Net insurance claims and expenses | (87,064) | (90,920) | (115,592) | (118,318) | (179,400) | (168,390) | (168,134) | (178,465) | (550,190) | (556,093) |
| Underwriting results | 102,752 | 51,238 | 182,699 | 234,742 | 52,765 | 17,673 | 6,324 | 6,923 | 344,540 | 310,576 |
| Investment income | | | | | | | | | 53,610 | 168,741 |
| Rental income | | | | | | | | | - | 900 |
| Other income | | | | | | | | | 22,164 | 8,064 |
| Finance cost | | | | | | | | | (1,502) | (84) |
| Other expenses | | | | | | | | | (6,050) | (9,003) |
| Profit before taxation from window takaful operations - Operator's fund | | | | | | | | | 18,105 | 4,956 |
| Profit before tax for the period | | | | | | | | | 430,867 | 484,150 |
| | | | | | | | | | June | December |
| | | | | | | | | | 30, 2019 | 31, 2018 |
| | | | | | | | | | (Unaudited) | (Audited) |
| | | | | | | | | | (Rupees in thousands) | |
| Segment assets - Conventional | 294,299 | 380,033 | 442,956 | 453,333 | 343,671 | 317,596 | 286,643 | 265,136 | 1,367,569 | 1,416,098 |
| Segment assets - Takaful OPF | 5,036 | 4,464 | 3,183 | 2,601 | 39,847 | 32,759 | 1,049 | 1,072 | 49,115 | 40,896 |
| Unallocated assets - Conventional | | | | | | | | | 4,055,315 | 5,141,145 |
| Unallocated assets - Takaful OPF | | | | | | | | | 73,184 | 67,588 |
| | | | | | | | | | 5,545,183 | 6,665,727 |
| Segment liabilities - Conventional | 452,501 | 670,473 | 681,063 | 799,791 | 528,407 | 560,319 | 440,725 | 467,766 | 2,102,696 | 2,498,349 |
| Segment liabilities - Takaful OPF | 2,921 | 4,675 | 1,846 | 2,726 | 23,107 | 34,314 | 608 | 1,122 | 28,482 | 42,837 |
| Unallocated liabilities - Conventional | | | | | | | | | 514,392 | 663,665 |
| Unallocated liabilities - Takaful OPF | | | | | | | | | 10,065 | - |
| | | | | | | | | | 2,655,635 | 3,204,851 |

(Unaudited) Three months ended June 30,

| | Fire and property damage | | Marine, aviation and transport | | Motor | | Miscellaneous | | Total | |
|--|--------------------------|-----------|--------------------------------|----------|----------|----------|---------------|----------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in thousand) | | | | | | | | | |
| Premium receivable (inclusive of Federal Insurance Fee and Administrative surcharge) | 72,124 | 196,236 | 239,129 | 285,910 | 166,423 | 155,358 | 131,074 | 196,166 | 608,750 | 833,670 |
| Less: Federal Excise Duty | 8,813 | 22,943 | 29,128 | 35,682 | 18,596 | 17,108 | 9,407 | 14,362 | 65,944 | 90,095 |
| Federal Insurance Fee | 609 | 1,704 | 2,060 | 2,480 | 1,189 | 1,105 | 1,196 | 1,779 | 5,054 | 7,068 |
| Gross written premium (inclusive of Administrative Surcharge) | 62,702 | 171,589 | 207,941 | 247,748 | 146,638 | 137,145 | 120,471 | 180,025 | 537,752 | 736,507 |
| Gross direct premium | 57,177 | 169,311 | 203,979 | 243,345 | 111,246 | 107,521 | 117,609 | 177,061 | 490,011 | 697,238 |
| Facultative inward premium | 4,455 | 1,398 | - | - | 33,970 | 28,689 | 1,795 | 1,759 | 40,220 | 31,846 |
| Administrative surcharge | 1,070 | 880 | 3,962 | 4,403 | 1,422 | 935 | 1,067 | 1,205 | 7,521 | 7,423 |
| | 62,702 | 171,589 | 207,941 | 247,748 | 146,638 | 137,145 | 120,471 | 180,025 | 537,752 | 736,507 |
| Insurance premium earned | 206,741 | 160,036 | 201,394 | 239,354 | 166,953 | 127,460 | 133,802 | 131,544 | 708,890 | 658,394 |
| Insurance premium ceded to reinsurers | (147,227) | (117,953) | (79,501) | (80,406) | (56,589) | (39,039) | (61,625) | (53,867) | (344,942) | (291,265) |
| Net insurance premium | 59,514 | 42,083 | 121,893 | 158,948 | 110,364 | 88,421 | 72,177 | 77,677 | 363,948 | 367,129 |
| Commission income | 35,754 | 29,208 | 24,857 | 27,037 | 13,627 | 6,608 | 14,114 | 12,830 | 88,352 | 75,683 |
| Net underwriting income | 95,268 | 71,291 | 146,750 | 185,985 | 123,991 | 95,029 | 86,291 | 90,507 | 452,300 | 442,812 |
| Insurance claims | (27,203) | (358,061) | (43,366) | (38,166) | (67,725) | (69,290) | (53,612) | (57,866) | (191,906) | (523,383) |
| Insurance claims recovered from reinsurers | 30,069 | 347,602 | 29,795 | 13,319 | 37,023 | 30,102 | 5,536 | 3,882 | 102,423 | 394,905 |
| Net claims | 2,866 | (10,459) | (13,571) | (24,847) | (30,702) | (39,188) | (48,076) | (53,984) | (89,483) | (128,478) |
| Commission expense | (16,827) | (11,701) | (5,635) | (4,513) | (21,280) | (11,902) | (5,989) | (7,233) | (49,731) | (35,349) |
| Management expenses | (18,829) | (26,711) | (45,020) | (38,566) | (40,057) | (21,349) | (29,255) | (28,023) | (133,161) | (114,649) |
| Net insurance claims and expenses | (32,790) | (48,871) | (64,226) | (67,926) | (92,039) | (72,439) | (83,320) | (89,240) | (272,375) | (278,476) |
| Underwriting results | 62,478 | 22,420 | 82,524 | 118,059 | 31,952 | 22,590 | 2,971 | 1,267 | 179,925 | 164,336 |
| Net investment income | | | | | | | | | 20,926 | 112,395 |
| Rental Income | | | | | | | | | - | 450 |
| Other income | | | | | | | | | 10,095 | 4,008 |
| Other expenses | | | | | | | | | (2,978) | (5,415) |
| Finance Cost | | | | | | | | | (1,109) | - |
| Profit / (loss) before taxation from window takaful operations - OPF | | | | | | | | | 9,516 | 3,693 |
| Profit before tax for the period | | | | | | | | | <u>216,375</u> | <u>279,467</u> |

29 Fair value of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used 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 inputs other than quoted prices included within Level 1 that are observable for the assets 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).

The fair value measurement of available for sale investments is based on quoted market prices i.e. level 1 inputs and is equal to the carrying amount. In case of other financial assets and financial liabilities that are expected to be settled within one year, carrying amounts are considered to be a reasonable approximation of their fair values.

29.1 Fair value measurement of financial instruments

Following is the fair value of financial assets as on June 30, 2019 and the change in their fair value during the period ended June 30, 2019:

| | Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading | | | Other financial instrument* |
|--|---|----------|----------------|-----------------------------|
| | Amortised cost | FVOCI | Total | |
| | (Rupees in thousand) | | | |
| Pakistan Investment Bonds | | | | |
| Opening fair value - December 31, 2018 | 73,704 | - | 73,704 | - |
| Additions | 8,001 | - | 8,001 | - |
| Unwinding on debt securities | (20) | - | (20) | - |
| Closing fair value - June 30, 2019 | 81,685 | - | 81,685 | - |
| Term Finance Certificates | | | | |
| Opening fair value - December 31, 2018 | - | - | - | - |
| Additions | 20,000 | - | 20,000 | - |
| Closing fair value - June 30, 2019 | 20,000 | - | 20,000 | - |
| Shares in listed / unlisted equity securities | | | | |
| Opening fair value - December 31, 2018 | - | - | - | 3,336,471 |
| Additions | - | - | - | 65,713 |
| Increase / (decrease) in fair value | - | - | - | (539,528) |
| Closing fair value - June 30, 2019 | - | - | - | 2,862,656 |
| Mutual fund investments | | | | |
| Opening fair value - December 31, 2018 | - | - | - | 302,472 |
| Additions | - | - | - | 1,114,036 |
| Increase / (decrease) in fair value | - | - | - | 11,560 |
| Disposals | - | - | - | (1,367,472) |
| Closing fair value - June 30, 2019 | - | - | - | 60,596 |
| Total | 101,685 | - | 101,685 | 2,923,252 |

* Other financial instruments are measured at fair value through other comprehensive income.

29.1.1 The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

| 30 | Movement in investments | Held to | Available | Total |
|----|---|----------------------|------------------|------------------|
| | | maturity | for sale | |
| | | (Rupees in thousand) | | |
| | As at beginning of previous year - 2018 | 72,999 | 4,860,698 | 4,933,697 |
| | Additions | 73,758 | 1,236,785 | 1,310,543 |
| | Disposals (Sales and redemptions) | (72,999) | (1,230,818) | (1,303,817) |
| | Fair value net losses (excluding net realised losses) | - | (1,167,177) | (1,167,177) |
| | Unwinding on debt securities | (54) | - | (54) |
| | Impairment | - | (60,545) | (60,545) |
| | As at beginning of current period - 2019 | <u>73,704</u> | <u>3,638,943</u> | <u>3,712,647</u> |
| | Additions | 28,001 | 1,179,749 | 1,207,750 |
| | Disposals (Sales and redemptions) | - | (1,367,472) | (1,367,472) |
| | Fair value net losses (excluding net realised losses) | - | (528,915) | (528,915) |
| | Unwinding on debt securities | (20) | - | (20) |
| | Reversal of impairment | - | 947 | 947 |
| | As at end of current period | <u>101,685</u> | <u>2,923,252</u> | <u>3,024,937</u> |

31 Financial and insurance risk management

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

32 Corresponding figures

Corresponding figures have been restated, rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant rearrangements have been made.

33 Subsequent events

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

34 Date of authorization for issue

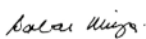
The condensed interim financial statements were authorised for issue on August 27, 2019 by the Board of Directors of the Company.

35 General

Figures in this interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Yusuf H. Shirazi
Chairman

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blank is to maintain sequence of our design
for the Half Yearly Report.

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TAKAFUL



Window Takaful Operations

Half Yearly Report

June 30, 2019

Independent Auditor's Review Report

To the Members of Atlas Insurance Limited – Window Takaful Operations Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Atlas Insurance Limited – Window Takaful Operations as at June 30, 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in fund, and condensed interim cash flow statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended June 30, 2019 and June 30, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-month period then ended June 30, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Dated: August 27, 2019

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92(21) 32415007/32427938/32424740; <www.pwc.com/pk>*

• KARACHI • LAHORE • ISLAMABAD

Window Takaful Operations

Condensed Interim Statement of Financial Position (Unaudited)

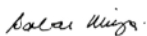
As at June 30, 2019

| | Note | OPF June 30, 2019 | PTF June 30, 2019 (Unaudited) | Total June 30, 2019 (Rupees in thousand) | Total December 31, 2018 (Audited) |
|---|------|-------------------------|--|---|--|
| Assets | | | | | |
| Property and equipment | 7 | 1,391 | - | 1,391 | 2,157 |
| Intangible assets | 8 | 95 | - | 95 | 245 |
| Loans and other receivables | 9 | 1,560 | 1,195 | 2,755 | 3,110 |
| Takaful / retakaful receivables | 10 | - | 22,106 | 22,106 | 8,682 |
| Retakaful recoveries against outstanding claims | | - | 11,632 | 11,632 | 3,519 |
| Deferred commission expense / acquisition cost | 19 | 8,692 | - | 8,692 | 6,997 |
| Wakala fees receivable | | 40,423 | - | 40,423 | 29,610 |
| Deferred wakala expense | 17 | - | 28,482 | 28,482 | 33,715 |
| Prepayments | 11 | 2,350 | 21,481 | 23,831 | 21,418 |
| Cash and bank | 12 | 42,788 | 206,063 | 248,851 | 196,952 |
| | | 97,299 | 290,959 | 388,258 | 306,405 |
| Qard-e-Hasna to Participants' Takaful Fund | | 25,000 | - | 25,000 | 25,000 |
| Total assets | | <u>122,299</u> | <u>290,959</u> | <u>413,258</u> | <u>331,405</u> |
| Fund and liabilities | | | | | |
| Funds | | | | | |
| Statutory fund / cede money | | 50,000 | 500 | 50,500 | 50,500 |
| Accumulated profit | | 33,752 | - | 33,752 | 15,647 |
| Accumulated deficit | | - | (17,893) | (17,893) | (23,347) |
| Total funds | | 83,752 | (17,393) | 66,359 | 42,800 |
| Qard-e-Hasna from Operator's Fund | | - | 25,000 | 25,000 | 25,000 |
| Liabilities | | | | | |
| Underwriting provisions | | | | | |
| Outstanding claims (including IBNR) | 16 | - | 48,410 | 48,410 | 30,434 |
| Unearned contribution reserves | 15 | - | 131,354 | 131,354 | 106,254 |
| Unearned retakaful rebate | 18 | - | 3,943 | 3,943 | 3,695 |
| Retirement benefit obligations | | 378 | - | 378 | 509 |
| Contribution received in advance | | - | 5,590 | 5,590 | 7,972 |
| Takaful / retakaful payables | | - | 47,513 | 47,513 | 37,467 |
| Unearned wakala fee | 17 | 28,482 | - | 28,482 | 33,715 |
| Wakala fee payable | | - | 40,423 | 40,423 | 29,610 |
| Other creditors and accruals | 13 | 9,687 | 6,119 | 15,806 | 13,949 |
| Total liabilities | | 38,547 | 283,352 | 321,899 | 263,605 |
| Total fund and liabilities | | <u>122,299</u> | <u>290,959</u> | <u>413,258</u> | <u>331,405</u> |
| Contingencies and commitments | 14 | | | | |

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



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahrim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Window Takaful Operations

Condensed Interim Profit & Loss Account (Unaudited)

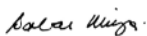
For the Six Months ended June 30, 2019

| | Note | Six months ended | | Three months ended | |
|---|------|------------------|------------------|--------------------|------------------|
| | | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| (Rupees in thousand) | | | | | |
| PTF revenue account | | | | | |
| Net contribution revenue | 15 | 93,760 | 43,333 | 48,524 | 18,252 |
| Net claims expense | 16 | (49,887) | (32,578) | (21,758) | (16,959) |
| Wakala expense | 17 | (35,047) | (22,505) | (19,522) | (11,685) |
| Reversal of contribution deficiency reserve | | - | 1,291 | - | - |
| Retakaful rebate | 18 | 5,348 | 2,978 | 2,746 | 1,536 |
| Takaful claims and acquisition expenses | | (79,586) | (50,814) | (38,534) | (27,108) |
| Direct expenses | | (13,643) | (10,595) | (7,680) | (6,945) |
| Underwriting results | | 531 | (18,076) | 2,310 | (15,801) |
| Investment income | 20 | 4,936 | 1,360 | 2,935 | 728 |
| Results of operating activities | | 5,467 | (16,716) | 5,245 | (15,073) |
| Finance cost | | (13) | - | - | - |
| Surplus / (deficit) for the period | | 5,454 | (16,716) | 5,245 | (15,073) |
| OPF revenue account | | | | | |
| Wakala fee | 17 | 35,047 | 22,505 | 19,522 | 11,685 |
| Net commission and other acquisition costs | 19 | (9,185) | (6,796) | (4,783) | (3,354) |
| Management expenses | | (7,193) | (11,052) | (3,748) | (4,846) |
| | | 18,669 | 4,657 | 10,991 | 3,485 |
| Investment (loss) / income | 20 | (132) | 645 | (1,261) | 357 |
| Other expenses | | (432) | (346) | (214) | (149) |
| Profit for the period | | 18,105 | 4,956 | 9,516 | 3,693 |

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



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Window Takaful Operations
Condensed Interim Statement of Comprehensive Income (Unaudited)
 For the Six Months ended June 30, 2019

| | Six months ended | | Three months ended | |
|--|------------------|----------|--------------------|----------|
| | June 30, | June 30, | June 30, | June 30, |
| | 2019 | 2018 | 2019 | 2018 |

(Rupees in thousand)

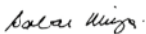
Operator's Fund

| | | | | |
|--|---------------|--------------|--------------|--------------|
| Profit for the period | 18,105 | 4,956 | 9,516 | 3,693 |
| Other comprehensive (loss) / income: | | | | |
| <i>Items that may be subsequently reclassified to profit and loss account:</i> | | | | |
| Un-realized gains / (loss) on available for sale investments - net of deferred tax | - | 781 | (245) | 809 |
| Total comprehensive income for the period | 18,105 | 5,737 | 9,271 | 4,502 |

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



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Window Takaful Operations

Condensed Interim Cash Flow Statement (Unaudited)

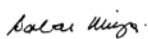
For the Six Months ended June 30, 2019

| | June 30, 2019 OPF | June 30, 2019 PTF | June 30, 2019 Total | June 30, 2018 Total |
|---|-------------------------|-------------------------|---------------------------|---------------------------|
| Operating activities | | | | |
| a) Takaful activities | | | | |
| Contributions received | - | 139,117 | 139,117 | 88,535 |
| Re-takaful contributions paid | - | (35,275) | (35,275) | (24,026) |
| Re-takaful and other recoveries received | - | 15,812 | 15,812 | 7,363 |
| Claims paid | - | (42,653) | (42,653) | (25,872) |
| Commissions paid | (9,850) | - | (9,850) | (6,122) |
| Management expenses paid | (7,556) | (16,083) | (23,639) | (21,649) |
| Other underwriting receipts | - | 3,606 | 3,606 | 1,770 |
| Wakala fees received / (paid) | 19,000 | (19,000) | - | - |
| Net cash generated from takaful activities | 1,594 | 45,524 | 47,118 | 19,999 |
| b) Other operating activities | | | | |
| Income tax paid | (103) | (643) | (746) | (381) |
| Net cash used in other operating activities | (103) | (643) | (746) | (381) |
| Total cash generated from all operating activities | 1,491 | 44,881 | 46,372 | 19,618 |
| Investing activities | | | | |
| Profit / return received | 2,709 | 4,416 | 7,125 | 1,380 |
| Payments for investments | (56,824) | - | (56,824) | - |
| Proceeds from investments | 54,558 | - | 54,558 | - |
| Proceeds from sale of property and equipment | 2,078 | - | 2,078 | - |
| Fixed capital expenditure | (1,410) | - | (1,410) | (154) |
| Total cash generated from investing activities | 1,111 | 4,416 | 5,527 | 1,226 |
| Total cash generated from all activities | 2,602 | 49,297 | 51,899 | 20,844 |
| Cash and cash equivalents at the beginning of the period | 40,186 | 156,766 | 196,952 | 80,331 |
| Cash and cash equivalents at the end of the period | 42,788 | 206,063 | 248,851 | 101,175 |
| Reconciliation to condensed interim profit and loss account | | | | |
| Operating cash flows | 1,491 | 44,881 | 46,372 | 19,618 |
| Depreciation / amortization expense | (248) | - | (248) | (410) |
| Financial charges expense | (13) | - | (13) | - |
| Loss on disposal of investments | (2,266) | - | (2,266) | - |
| Dividend income | 499 | - | 499 | - |
| Other investment income | 1,635 | 4,936 | 6,571 | 2,005 |
| Increase in assets other than cash | 12,126 | 17,820 | 29,946 | 4,910 |
| Decrease / (increase) in liabilities other than borrowings | 4,881 | (62,584) | (57,703) | (37,001) |
| Other adjustments | | | | |
| Reversal / (charge) of impairment of receivable from takaful contract holders | - | 401 | 401 | (882) |
| Profit / (deficit) for the period | 18,105 | 5,454 | 23,559 | (11,760) |

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



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahrim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Window Takaful Operations

Condensed Interim Statement of Changes in Fund (Unaudited)

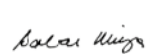
For the Six Months ended June 30, 2019

| | Operator's Fund (OPF) | | | |
|--|-----------------------|---|--------------------------------|--------|
| | Statutory fund | Capital reserve Investment fair value reserve | Accumulated Profit / (loss) | Total |
| | (Rupees in thousand) | | | |
| Balance as at December 31, 2017 (audited) | 50,000 | 71 | (1,460) | 48,611 |
| Profit for the six months ended June 30, 2018 | - | - | 4,956 | 4,956 |
| Net unrealized gain on revaluation of available for sale investments - net of deferred tax | - | 781 | - | 781 |
| Total comprehensive income for the period | - | 781 | 4,956 | 5,737 |
| Balance as at June 30, 2018 (unaudited) | 50,000 | 852 | 3,496 | 54,348 |
| Profit for the six months ended December 31, 2018 | - | - | 12,151 | 12,151 |
| Net unrealized loss on revaluation of available for sale investments - net of deferred tax | - | (852) | - | (852) |
| Total comprehensive income for the period | - | (852) | 12,151 | 11,299 |
| Balance as at December 31, 2018 (audited) | 50,000 | - | 15,647 | 65,647 |
| Profit for the six months ended June 30, 2019 | - | - | 18,105 | 18,105 |
| Net unrealized (loss) / gain on revaluation of available for sale investments - net of deferred tax | - | - | - | - |
| Total comprehensive income for the period | - | - | 18,105 | 18,105 |
| Balance as at June 30, 2019 (unaudited) | 50,000 | - | 33,752 | 83,752 |

| | Participant's Takaful Fund (PTF) | | | |
|--|----------------------------------|---|------------------------------------|----------|
| | Cede Money | Capital reserve Investment fair value reserve | Accumulated (Deficit) / surplus | Total |
| | (Rupees in thousand) | | | |
| Balance as at December 31, 2017 (audited) | 500 | - | 1,650 | 2,150 |
| Deficit for the six months ended June 30, 2018 | - | - | (16,716) | (16,716) |
| Total comprehensive loss for the period | - | - | (16,716) | (16,716) |
| Balance as at June 30, 2018 (unaudited) | 500 | - | (15,066) | (14,566) |
| Deficit for the six months ended December 31, 2018 | - | - | (8,281) | (8,281) |
| Total comprehensive loss for the period | - | - | (8,281) | (8,281) |
| Balance as at December 31, 2018 (audited) | 500 | - | (23,347) | (22,847) |
| Surplus for the six months ended June 30, 2019 | - | - | 5,454 | 5,454 |
| Total comprehensive income for the period | - | - | 5,454 | 5,454 |
| Balance as at June 30, 2019 (unaudited) | 500 | - | (17,893) | (17,393) |

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


Rashid Amin
Chief Financial Officer


Babar Mahmood Mirza
Chief Executive Officer


Ali H. Shirazi
Director


Fahim Ali Khan
Director


Yusuf H. Shirazi
Chairman

Window Takaful Operations

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six Months ended June 30, 2019

1 Legal status and nature of business

Atlas Insurance Limited (the Operator) was granted a license to undertake Window Takaful Operations (WTO) in Pakistan on March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012.

For the purpose of carrying on the takaful business, as per requirement of circular 8 of 2014 the Operator transferred Rs. 50,000 thousand in a separate bank account and thereafter, formed a Waqf / Participants' Takaful Fund (PTF) on March 12, 2016 under a Waqf deed with the ceded money of Rs. 500 thousand. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

2 Basis of preparation and statement of compliance

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

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

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

2.2 Basis of preparation

The disclosures made in these condensed interim financial statements have been limited based on the requirements of the International Accounting Standard 34 'Interim Financial Reporting'. Accordingly, these condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Operator for the year ended December 31, 2018.

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 OPF and PTF remain separately identifiable.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors of the Operator.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under historical cost convention, except that certain investments that are carried at fair market value and the recognition of certain employee retirement benefits that are measured at present value.

2.4 Functional and presentation currency

These condensed interim financial information are presented in Pakistani (Rs.) which is the Operator's functional and presentation currency.

3 Standards, amendments and interpretations to accounting and reporting standards

3.1 Standards, interpretations and amendments effective in the current period but are not relevant

There are certain new and amended standards and interpretations that are mandatory for the Operator's accounting periods beginning on or after January 01, 2019 but are considered not to be relevant or to have any significant effect on the Operator's operations and are therefore not detailed in these condensed interim financial statements.

3.2 Standards, interpretations and amendments to accounting and reporting standards that are not effective in the current period

3.2.1 General Takaful Accounting Regulations, 2018

The Securities and Exchange Commission of Pakistan (SECP) issued the draft General Takaful Accounting Regulations, 2018 (the Regulation), through S.R.O. 992(I)/2018 dated August 8, 2018.

The draft regulations provide the principles based on which accounting and reporting of general takaful business of general takaful operators and window general takaful operators shall be made. The draft regulations also contain the formats for reporting of financial statements and regulatory returns of general takaful /window takaful operators.

However, the draft Regulations are yet to be made effective and the Operator's financial statements will be aligned with the requirements of the Regulation once notified by the SECP.

3.2.2 IFRS 16 - Leases

Effective from January 1, 2019, the Operator has also adopted IFRS 16: 'Leases' which has replaced IAS 17, 'Leases.' The standard addresses recognition and measurement of leases for both lessor and lessee. The adoption of IFRS 16 does not have any impact on recognition and measurement of leases of the Operator.

3.2.3 In addition to above, the following standards, amendments and interpretations to accounting and reporting standards would be effective for the dates mentioned below against the respective standards, amendments and interpretations:

| Standards, amendments and interpretations | Effective date (period beginning on or after) |
|---|---|
| - IAS 1, Presentation of Financial Statements (Amendments) | January 01, 2020 |
| - IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 01, 2020 |
| - IFRS 17, Insurance contracts | January 01, 2022 |
| - IFRS 9, Financial instruments | January 01, 2022* |

* The management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance / takaful. Further details relating to temporary exemption from the application of IFRS 9 are given in note 5 to these condensed interim financial statements.

The management is in the process of assessing the impact of the above amendments on the financial statements of the Operator.

3.2.4 In addition to the above, there are certain new standards, amendments and interpretations to accounting and reporting standards that are mandatory for the Operator's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the Operator's operations and are, therefore, not detailed in these condensed interim financial statements.

4 Summary of significant accounting policies

The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Operator for the year ended December 31, 2018, or otherwise do not have any significant effect on the Operator's operations and are therefore not detailed in these condensed interim financial statements.

5 Temporary exemption from application of IFRS 9

As a takaful operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with takaful. As on reporting dates the fair value of the Operator's financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

6 Critical accounting estimates and judgments

The preparation of condensed interim financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on

historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the annual audited financial statements of the Operator as at and for the year ended December 31, 2018.

| | Note | June 30, 2019 (Unaudited) (Rupees in thousand) | December 31, 2018 (Audited) (Rupees in thousand) | |
|---|--------------|---|---|--------------|
| 7 Property and equipment - OPF | | | | |
| Operating assets - tangible | 7.1 | <u>1,391</u> | <u>2,157</u> | |
| 7.1 The breakup of operating assets as at the period / year end is given below: | | | | |
| Computers equipment | | 51 | 173 | |
| Vehicles | | <u>1,340</u> | <u>1,984</u> | |
| | | <u>1,391</u> | <u>2,157</u> | |
| 7.2 Movement of property and equipment during the period / year: | | | | |
| Opening book value | | 2,157 | 2,480 | |
| Additions during the period / year | 7.3 | <u>1,410</u> | <u>214</u> | |
| | | 3,567 | 2,694 | |
| Disposal during the period / year (at book value) | 7.4 | <u>(2,078)</u> | <u>-</u> | |
| Depreciation charged for the period / year | | <u>(98)</u> | <u>(537)</u> | |
| | | <u>(2,176)</u> | <u>(537)</u> | |
| Closing book value | | <u>1,391</u> | <u>2,157</u> | |
| 7.3 Additions during the period / year | | | | |
| Computers equipment | | - | 214 | |
| Vehicles | | <u>1,410</u> | <u>-</u> | |
| | | <u>1,410</u> | <u>214</u> | |
| 7.4 Disposals during the period / year | | | | |
| Computers equipment | | 114 | - | |
| Vehicles | | <u>1,964</u> | <u>-</u> | |
| | | <u>2,078</u> | <u>-</u> | |
| 8 Intangible assets - OPF | | | | |
| Computer softwares | 8.1 | <u>95</u> | <u>245</u> | |
| 8.1 Movement of intangible assets during the period / year | | | | |
| Opening book value | | 245 | 545 | |
| Amortization charged for the period / year | | <u>(150)</u> | <u>(300)</u> | |
| Closing book value | | <u>95</u> | <u>245</u> | |
| | OPF | PTF | Total | Total |
| | June 30, | June 30, | June 30, | December 31, |
| | 2019 | 2019 | 2019 | 2018 |
| | | (Unaudited) | | (Audited) |
| | | (Rupees in thousand) | | |
| 9 Loans and other receivables - considered good | | | | |
| Accrued investment income | 1,527 | 1,195 | 2,722 | 2,777 |
| Loans to employees | 33 | - | 33 | 333 |
| | <u>1,560</u> | <u>1,195</u> | <u>2,755</u> | <u>3,110</u> |

| June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|---------------------------------|-----------------------------------|
|---------------------------------|-----------------------------------|

(Rupees in thousand)

10 Takaful / retakaful receivables - Unsecured and considered good

| | | |
|--|--------|-------|
| Due from takaful contract holders | 20,050 | 7,826 |
| Less: Provision for impairment of receivable from takaful contract holders | (481) | (882) |
| | 19,569 | 6,944 |
| Amount due from other takaful / retakaful operators | 2,537 | 1,738 |
| Less: Provision for impairment of receivables from other takaful / retakaful operators | - | - |
| | 2,537 | 1,738 |
| | 22,106 | 8,682 |

| | Note | OPF June 30, 2019 | PTF June 30, 2019 (Unaudited) | Total June 30, 2019 | Total December 31, 2018 (Audited) |
|--------------------------------------|------|-------------------------|--|---------------------------|--|
| 11 Prepayments | | | | | |
| Prepaid retakaful contribution ceded | | - | 20,139 | 20,139 | 18,775 |
| Tax deducted at source | | 1,696 | 1,288 | 2,984 | 2,287 |
| Prepaid miscellaneous expenses | | 654 | 54 | 708 | 356 |
| | | 2,350 | 21,481 | 23,831 | 21,418 |

12 Cash and bank

Cash at bank

| | | | | | |
|------------------|------|--------|---------|---------|---------|
| Saving accounts | 12.1 | 42,788 | 201,868 | 244,656 | 190,792 |
| Current accounts | | - | 4,195 | 4,195 | 6,160 |
| | | 42,788 | 206,063 | 248,851 | 196,952 |

12.1 The rate of profit and loss sharing accounts range from 3.85% to 9.22% (2018: 2.66% to 6.66%) per annum, depending on the size of average deposits.

| | OPF June 30, 2019 | PTF June 30, 2019 (Unaudited) | Total June 30, 2019 | Total December 31, 2018 (Audited) |
|--|-------------------------|--|---------------------------|--|
| 13 Other creditors and accruals | | | | |
| Agent commission payable | 4,313 | - | 4,313 | 3,283 |
| Federal Excise Duty / Sales tax | - | 2,157 | 2,157 | 1,336 |
| Federal Takaful Fee | - | 221 | 221 | 163 |
| Other tax payable | 1,209 | 710 | 1,919 | 1,241 |
| Leave encashment | 368 | - | 368 | 1,457 |
| Bonus payable to staff | 104 | - | 104 | 1,724 |
| Tracker fee payable | - | 1,024 | 1,024 | 1,460 |
| Payable to related parties | - | - | - | 83 |
| Provision for long service award | 90 | - | 90 | 207 |
| Modarib share of investment | - | 1,512 | 1,512 | 2,083 |
| Others | 3,603 | 495 | 4,098 | 912 |
| | 9,687 | 6,119 | 15,806 | 13,949 |

14 Contingencies and commitments

14.1 Contingencies

There are no outstanding contingencies of Atlas Insurance Limited - Window Takaful Operations (WTO) as on June 30, 2019.

14.2 Commitments

These represent commitments arising from immaterial leases recognised on a straight-line basis as expense under the practical expedients applied by the Operator with respect to IFRS-16. The amount of future payments under these operating leases and the period in which these payments will become due are as follows:

| | June 30, 2019 (Unaudited) (Rupees in thousand) | December 31, 2018 (Audited) (Rupees in thousand) |
|---|---|---|
| Not later than one year | 6,356 | 3,263 |
| Later than one year and not later than five years | 5,639 | 4,608 |
| | <u>11,995</u> | <u>7,871</u> |

| | Six months ended June 30, 2019 | | Three months ended June 30, 2019 | |
|--|--------------------------------------|---------------|--|---------------|
| | June 30, 2018 | | June 30, 2018 | |
| | (Rupees in thousand) | | | |
| 15 Net takaful contribution - PTF | | | | |
| Written gross contribution | 153,294 | 89,952 | 72,041 | 47,802 |
| Add: Unearned contribution reserve - opening | 106,254 | 62,743 | 126,961 | 70,023 |
| Less: Unearned contribution reserve - closing | (131,354) | (79,599) | (131,354) | (79,599) |
| Contribution earned | 128,194 | 73,096 | 67,648 | 38,226 |
| Less: Retakaful contribution ceded | 35,798 | 29,964 | 20,119 | 20,692 |
| Add: Prepaid retakaful contribution - opening | 18,775 | 14,543 | 19,144 | 14,026 |
| Less: Prepaid retakaful contribution - closing | (20,139) | (14,744) | (20,139) | (14,744) |
| Retakaful expense | 34,434 | 29,763 | 19,124 | 19,974 |
| | <u>93,760</u> | <u>43,333</u> | <u>48,524</u> | <u>18,252</u> |
| | Six months ended June 30, 2019 | | Three months ended June 30, 2019 | |
| | June 30, 2018 | | June 30, 2018 | |
| | (Rupees in thousand) | | | |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| 16 Net takaful claims expense - PTF | | | | |
| Claims paid | 42,653 | 25,872 | 21,071 | 13,739 |
| Add: Outstanding claims including IBNR - closing | 48,410 | 19,133 | 48,410 | 19,133 |
| Less: Outstanding claims including IBNR - opening | (30,434) | (9,049) | (44,455) | (12,478) |
| Claims expense | 60,629 | 35,956 | 25,026 | 20,394 |
| Less: Retakaful and other recoveries received | 2,629 | 2,829 | 1,205 | 2,342 |
| Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing | 11,632 | 1,781 | 11,632 | 1,781 |
| Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening | (3,519) | (1,232) | (9,569) | (688) |
| Retakaful and other recoveries received | 10,742 | 3,378 | 3,268 | 3,435 |
| | <u>49,887</u> | <u>32,578</u> | <u>21,758</u> | <u>16,959</u> |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| 17 Wakala fee / expense | | | | |
| Gross wakala fee | 29,814 | 27,285 | 12,095 | 14,677 |
| Add: Deferred wakala expense / unearned wakala fee - opening | 33,715 | 19,970 | 35,909 | 21,758 |
| Less: Deferred wakala expense / unearned wakala fee - closing | (28,482) | (24,750) | (28,482) | (24,750) |
| | <u>35,047</u> | <u>22,505</u> | <u>19,522</u> | <u>11,685</u> |

| | | | | |
|---|--------------|--------------|--------------|--------------|
| 18 Net rebate on retakaful - PTF | | | | |
| Retakaful rebate received | 5,596 | 3,439 | 2,899 | 1,623 |
| Add: Retakaful rebate - opening | 3,695 | 2,018 | 3,790 | 2,392 |
| Less: Retakaful rebate - closing | (3,943) | (2,479) | (3,943) | (2,479) |
| Net retakaful rebate | <u>5,348</u> | <u>2,978</u> | <u>2,746</u> | <u>1,536</u> |

| | Six months ended June 30, 2019 | June 30, 2018 | Three months ended June 30, 2019 | June 30, 2018 |
|--|--------------------------------------|------------------|--|------------------|
| (Rupees in thousand) | | | | |
| 19 Net commission and other acquisition costs - OPF | | | | |
| Commission paid / payable | 10,880 | 7,613 | 4,517 | 3,647 |
| Add: Deferred commission expense - opening | 6,997 | 6,129 | 8,958 | 6,653 |
| Less: Deferred commission expense - closing | (8,692) | (6,946) | (8,692) | (6,946) |
| Net commission expense | <u>9,185</u> | <u>6,796</u> | <u>4,783</u> | <u>3,354</u> |
| 20 Investment (loss) / income | | | | |
| Operator's Fund | | | | |
| - Dividend income | 499 | - | 425 | - |
| - Profit on bank deposits for the period | 1,635 | 645 | 899 | 357 |
| | <u>2,134</u> | <u>645</u> | <u>1,324</u> | <u>357</u> |
| Available for sale financial assets | | | | |
| Realised losses on | | | | |
| - Equity securities | (2,266) | - | (2,585) | - |
| | <u>(132)</u> | <u>645</u> | <u>(1,261)</u> | <u>357</u> |
| Participant's Takaful Fund | | | | |
| - Profit on bank deposits for the period | 6,582 | 1,814 | 3,914 | 972 |
| - Mudarib's share | (1,646) | (454) | (979) | (244) |
| | <u>4,936</u> | <u>1,360</u> | <u>2,935</u> | <u>728</u> |

21 Transaction with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. The operator in the normal course of business carries out transactions with various related parties. The period end balances and transactions with related parties are as follows:

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in these condensed interim financial statements, are as follows:

| | June 30, 2019 (Unaudited) (Rupees in thousand) | December 31, 2018 (Audited) (Rupees in thousand) |
|--|--|---|
| Associated companies | Period / year end balances | |
| Provision for outstanding claims | 241 | 138 |
| Contribution received in advance | - | 224 |
| Due from takaful contract holder | 90 | 62 |
| | Six months ended June 30, 2019 (Rupees in thousand) | |
| | Transactions during the period | |
| Contribution underwritten | 1,418 | 491 |
| Contribution collected | 1,328 | 561 |
| Claims paid | 773 | 258 |
| Dividend received | 424 | - |
| Investment purchased | 56,824 | - |
| Investment sold | 54,558 | - |
| Post employment benefit plans | Transactions during the period | |
| Contributions in respect of retirement benefit plans | 95 | 94 |
| | June 30, 2019 (Unaudited) (Rupees in thousand) | |
| | December 31, 2018 (Audited) (Rupees in thousand) | |
| Key management personnel | Period / year end balances | |
| Provision for outstanding claims | 28 | 28 |
| Due from takaful contract holder | 34 | - |

| Transactions during the period | Six months ended | |
|--------------------------------|----------------------|---------------|
| | June 30, 2019 | June 30, 2018 |
| | (Rupees in thousand) | |
| Compensation | - | 2,976 |
| Contribution underwritten | 61 | 4 |
| Contribution collected | 27 | 5 |

22 Segment reporting

The Operator has identified four (2018: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, Insurance Accounting Regulations, 2017 and the Insurance Rules, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross contribution written by the segments.

22.1 Operator's Fund (OPF)

| | (Unaudited) Six months ended June 30, | | | | | | | | | |
|--|---------------------------------------|---------|--------------------------------|---------|---------|---------|---------------|-------|----------------------|---------------------|
| | Fire and property damage | | Marine, aviation and transport | | Motor | | Miscellaneous | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in thousand) | | | | | | | | | |
| Wakala fee | 4,441 | 3,152 | 2,980 | 2,468 | 26,786 | 16,353 | 840 | 532 | 35,047 | 22,505 |
| Net commission and other acquisition costs | (1,996) | (1,169) | (1,450) | (1,011) | (5,577) | (4,458) | (162) | (158) | (9,185) | (6,796) |
| Management expenses | (712) | (1,035) | (457) | (755) | (5,870) | (8,648) | (154) | (554) | (7,193) | (11,052) |
| | 1,733 | 888 | 1,073 | 702 | 15,339 | 3,247 | 524 | (180) | 18,669 | 4,657 |
| Investment (loss) / income | | | | | | | | | (132) | 645 |
| Other expenses | | | | | | | | | (432) | (346) |
| Profit before tax | | | | | | | | | 18,105 | 4,956 |
| | | | | | | | | | June 30, 2019 | Dec 31, 2018 |
| | | | | | | | | | (Unaudited) | (Audited) |
| | | | | | | | | | (Rupees in thousand) | |
| Segment assets | 5,036 | 4,464 | 3,183 | 2,601 | 39,847 | 32,759 | 1,049 | 1,072 | 49,115 | 40,896 |
| Unallocated assets | | | | | | | | | 73,184 | 67,588 |
| | | | | | | | | | 122,299 | 108,484 |
| Segment liabilities | 2,921 | 4,675 | 1,846 | 2,726 | 23,107 | 34,314 | 608 | 1,122 | 28,482 | 42,837 |
| Unallocated liabilities | | | | | | | | | 10,065 | - |
| | | | | | | | | | 38,547 | 42,837 |

| | (Unaudited) Three months ended June 30, | | | | | | | | | |
|--|---|-------|--------------------------------|-------|---------|---------|---------------|-------|---------|---------|
| | Fire and property damage | | Marine, aviation and transport | | Motor | | Miscellaneous | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in thousand) | | | | | | | | | |
| Wakala fee | 2,309 | 1,604 | 1,362 | 1,053 | 15,424 | 8,708 | 427 | 320 | 19,522 | 11,685 |
| Net commission and other acquisition costs | (1,058) | (591) | (734) | (433) | (2,909) | (2,237) | (82) | (93) | (4,783) | (3,354) |
| Management expenses | (345) | (327) | (245) | (254) | (3,084) | (4,141) | (74) | (124) | (3,748) | (4,846) |
| | 906 | 686 | 383 | 366 | 9,431 | 2,330 | 271 | 103 | 10,991 | 3,485 |
| Investment income | | | | | | | | | (1,261) | 357 |
| Other expenses | | | | | | | | | (214) | (149) |
| Profit before tax | | | | | | | | | 9,516 | 3,693 |

22.2 Participants' Takaful Fund (PTF)

| (Unaudited) Six months ended June 30, | | | | | | | | | | |
|--|--------------------------|---------|--------------------------------|---------|----------|----------|---------------|---------|-----------------------------|------------------|
| | Fire and property damage | | Marine, aviation and transport | | Motor | | Miscellaneous | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in thousand) | | | | | | | | | |
| Contribution receivable (Inclusive of Federal Excise Duty, Federal Takaful Fee and administrative surcharge) | 18,044 | 10,131 | 11,167 | 7,469 | 143,863 | 81,613 | 3,769 | 4,512 | 176,843 | 103,725 |
| Less: Federal Excise Duty | 2,171 | 1,207 | 1,134 | 795 | 18,248 | 10,589 | 465 | 281 | 22,018 | 12,872 |
| Federal Takaful Fee | 155 | 87 | 99 | 67 | 1,245 | 705 | 32 | 42 | 1,531 | 901 |
| Gross written contribution (Inclusive of administrative surcharge) | 15,718 | 8,837 | 9,934 | 6,607 | 124,370 | 70,319 | 3,272 | 4,189 | 153,294 | 89,952 |
| Gross direct contribution | 14,955 | 8,206 | 9,443 | 6,316 | 121,394 | 69,022 | 3,135 | 4,132 | 148,927 | 87,676 |
| Facultative inward contribution | 471 | 440 | 42 | 11 | 178 | 56 | 69 | - | 760 | 507 |
| Administrative surcharge | 292 | 191 | 449 | 280 | 2,798 | 1,241 | 68 | 57 | 3,607 | 1,769 |
| | 15,718 | 8,837 | 9,934 | 6,607 | 124,370 | 70,319 | 3,272 | 4,189 | 153,294 | 89,952 |
| Contribution earned | 13,370 | 9,071 | 10,190 | 6,903 | 102,181 | 54,827 | 2,453 | 2,295 | 128,194 | 73,096 |
| Prepaid retakaful contribution ceded | (11,757) | (8,564) | (8,773) | (7,156) | (12,977) | (13,808) | (927) | (235) | (34,434) | (29,763) |
| Net contribution revenue | 1,613 | 507 | 1,417 | (253) | 89,204 | 41,019 | 1,526 | 2,060 | 93,760 | 43,333 |
| Rebate from retakaful operators | 2,508 | 1,657 | 1,926 | 1,056 | 734 | 214 | 180 | 51 | 5,348 | 2,978 |
| Net underwriting surplus | 4,121 | 2,164 | 3,343 | 803 | 89,938 | 41,233 | 1,706 | 2,111 | 99,108 | 46,311 |
| Takaful claims | (205) | 341 | (10,235) | (116) | (47,201) | (34,556) | (2,988) | (1,625) | (60,629) | (35,956) |
| Retakaful and other recoveries | 322 | (216) | 8,363 | 209 | 2,068 | 3,398 | (11) | (13) | 10,742 | 3,378 |
| Net claims expense | 117 | 125 | (1,872) | 93 | (45,133) | (31,158) | (2,999) | (1,638) | (49,887) | (32,578) |
| Wakala expense | (4,441) | (3,152) | (2,980) | (2,468) | (26,786) | (16,353) | (840) | (532) | (35,047) | (22,505) |
| Direct expenses | (114) | (92) | (4) | (69) | (13,524) | (10,389) | (1) | (45) | (13,643) | (10,595) |
| Reversal of contribution deficiency reserve | - | - | - | 1,291 | - | - | - | - | - | 1,291 |
| Net takaful claims and expenses | (4,438) | (3,119) | (4,856) | (1,153) | (85,443) | (57,900) | (3,840) | (2,215) | (98,577) | (64,387) |
| Underwriting result | (317) | (955) | (1,513) | (350) | 4,495 | (16,667) | (2,134) | (104) | 531 | (18,076) |
| Investment income | | | | | | | | | 4,936 | 1,360 |
| Finance cost | | | | | | | | | (13) | - |
| Surplus / deficit for the period | | | | | | | | | 5,454 | (16,716) |
| | | | | | | | | | June 30, | Dec 31, |
| | | | | | | | | | 2019 | 2018 |
| | | | | | | | | | (Unaudited) | (Audited) |
| | | | | | | | | | (Rupees in thousand) | |
| Segment assets | 6,380 | 7,220 | 4,031 | 4,210 | 50,479 | 52,992 | 1,329 | 1,733 | 62,219 | 66,155 |
| Unallocated assets | | | | | | | | | 228,740 | 156,766 |
| | | | | | | | | | 290,959 | 222,921 |
| Segment liabilities | 28,426 | 24,092 | 17,966 | 14,047 | 224,921 | 176,841 | 5,920 | 5,788 | 277,233 | 220,768 |
| Unallocated liabilities | | | | | | | | | 6,119 | - |
| | | | | | | | | | 283,352 | 220,768 |

(Unaudited) Three months ended June 30,

| | Fire and property damage | | Marine, aviation and transport | | Motor | | Miscellaneous | | Total | |
|--|--------------------------|---------|--------------------------------|---------|----------|----------|---------------|---------|--------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in thousand) | | | | | | | | | |
| Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and administrative surcharge) | 8,125 | 4,123 | 5,547 | 3,630 | 67,715 | 40,106 | 1,578 | 1,304 | 82,965 | 55,163 |
| Less: Federal Excise Duty | 991 | 531 | 579 | 386 | 8,458 | 5,948 | 180 | 15 | 10,208 | 6,880 |
| Federal Takaful Fee | 69 | 37 | 49 | 33 | 586 | 398 | 12 | 13 | 716 | 481 |
| Gross written contribution (inclusive of administrative surcharge) | 7,065 | 3,555 | 4,919 | 3,211 | 58,671 | 39,760 | 1,386 | 1,276 | 72,041 | 47,802 |
| Gross direct contribution | 6,525 | 3,386 | 4,684 | 3,065 | 57,080 | 39,052 | 1,289 | 1,263 | 69,578 | 46,766 |
| Facultative inward contribution | 405 | 97 | 17 | 11 | 178 | - | 69 | - | 669 | 108 |
| Administrative surcharge | 135 | 72 | 218 | 135 | 1,413 | 708 | 28 | 13 | 1,794 | 928 |
| | 7,065 | 3,555 | 4,919 | 3,211 | 58,671 | 39,760 | 1,386 | 1,276 | 72,041 | 47,802 |
| Contribution earned | 7,077 | 4,606 | 5,108 | 3,014 | 54,240 | 29,223 | 1,223 | 1,383 | 67,648 | 38,226 |
| Prepaid retakaful contribution ceded | (6,228) | (4,353) | (4,390) | (2,422) | (7,985) | (13,074) | (521) | (125) | (19,124) | (19,974) |
| Net contribution revenue | 849 | 253 | 718 | 592 | 46,255 | 16,149 | 702 | 1,258 | 48,524 | 18,252 |
| Rebate from retakaful operators | 1,330 | 841 | 965 | 531 | 349 | 137 | 102 | 27 | 2,746 | 1,536 |
| Net underwriting income | 2,179 | 1,094 | 1,683 | 1,123 | 46,604 | 16,286 | 804 | 1,285 | 51,270 | 19,788 |
| Takaful Claims | (34) | (10) | (4,930) | 5 | (16,762) | (19,354) | (3,299) | (1,035) | (25,025) | (20,394) |
| Retakaful and other recoveries | 67 | 11 | 3,533 | (5) | (301) | 3,403 | (32) | 26 | 3,267 | 3,435 |
| Net claims expense | 33 | 1 | (1,397) | - | (17,063) | (15,951) | (3,331) | (1,009) | (21,758) | (16,959) |
| Wakala expense | (2,309) | (1,604) | (1,362) | (1,053) | (15,424) | (8,708) | (427) | (320) | (19,522) | (11,685) |
| Direct expenses | (37) | (81) | (4) | (62) | (7,638) | (6,762) | (1) | (40) | (7,680) | (6,945) |
| Net takaful claims and expenses | (2,313) | (1,684) | (2,763) | (1,115) | (40,125) | (31,421) | (3,759) | (1,369) | (48,960) | (35,589) |
| Underwriting result | (134) | (590) | (1,080) | 8 | 6,479 | (15,135) | (2,955) | (84) | 2,310 | (15,801) |
| Investment income | | | | | | | | | 2,935 | 728 |
| Surplus / deficit for the period | | | | | | | | | <u>5,245</u> | <u>(15,073)</u> |

23 Fair value measurement of financial instruments

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used 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 inputs other than quoted prices included within Level 1 that are observable for the assets 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).

The fair value measurement of available for sale investments is based on quoted market prices i.e. level 1 inputs and is equal to the carrying amount. In case of other financial assets and financial liabilities that are expected to be settled within one year, carrying amounts are considered to be a reasonable approximation of their fair values.

| | <u>Available for sale</u> |
|---|---------------------------|
| | <u>Rupees in</u> |
| | <u>thousand</u> |
| 24 Movement in investment - OPF | |
| As at beginning of previous year - 2018 | 38,479 |
| Additions | 673 |
| Disposals (sale and redemptions) | (39,051) |
| Fair value net gains (excluding net realize gain) | (101) |
| As at beginning of current period - 2019 | <hr/> - |
| Additions | 56,824 |
| Disposals (sale and redemptions) | (56,824) |
| As at end of current period | <hr/> <hr/> - |

25 Financial risk management

The financial and takaful risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Operator for the year ended December 31, 2018.

26 Subsequent events - non adjusting event

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

27 Date of authorization for issue

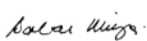
These condensed interim financial statements were authorized for issue on August 27, 2019 by the Board of Directors of the Operator.

28 General

Figures in these interim financial information have been rounded off to the nearest thousand rupees, unless otherwise stated.



Rashid Amin
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive Officer



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Yusuf H. Shirazi
Chairman

Company Offices

HEAD OFFICE

| | | |
|--|-----------------------|---|
| 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore. | UAN: PABX: Fax: | 111-245-000 (042) 37132611-18, (042) 37132622 |
| BABAR MAHMOOD MIRZA Chief Executive Officer | Direct: Fax: | (042) 37132600 - 01 (042) 37132623 |
| RASHID AMIN Chief Financial Officer | Direct: Extension: | (042) 37132607 758 |
| MUHAMMAD SAEED Head of Claims | Direct: Extension: | (042) 37132608 777 |
| QUDSIA NAHEED Head of HR & Admin | Direct: Extension: | (042) 37132606 717 |
| ABDUL RAZZAQ GHAURI Head of IT | Direct: Extension: | (042) 37132605 738 |
| SYED IRTIZA KAZMI Head of Underwriting | Direct: Extension: | (042) 37132604 718 |
| SYED NASIR HUSSAIN Vice President Reinsurance | Extension: | 715 |
| MUHAMMAD AASIM GUL Head of Accounts & Compliance | Extension: | 744 |
| SALEEM MAHMOOD AKHTAR Chief Internal Auditor | Extension: | 737 |

NORTH ZONE OFFICES & BRANCHES

LAHORE

| | | |
|---|--|---|
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