

Habib Insurance Company Limited

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Habib Insurance Company Limited

Company Information

Board of Directors

Chairman	:	Rafiq M. Habib
Directors	:	Abbas D. Habib Mansoor G. Habib Mohamedali R. Habib Qumail R. Habib Aun Mohammad A. Habib Shahid Ghaffar
Chief Executive	:	Shabbir Gulamali
Chief Financial Officer	:	Murtaza Hussain
Company Secretary	:	Muhammad Maaz Akbar
Auditors	:	KPMG Taseer Hadi & Co. Chartered Accountants
Share Registrar	:	M/s. CDC Share Registrar Services Limited CDC House, 99-B, Block-B SMCHS, Main Shahrah-e-Faisal Karachi-74400
Registered Office	:	1st Floor, State Life Bldg. No. 6 Habib Square, M. A. Jinnah Road P.O. Box 5217, Karachi-74000 Pakistan Tel : (92-21) 32424030/38/39 Fax : (92-21) 32421600 UAN : (92-21) 111 03 03 03 Website : www.habibinsurance.net

Habib Insurance Company Limited

DIRECTORS' REVIEW

The Shareholders,

The Directors are pleased to present the unaudited accounts of the Company for the period ended March 31, 2019.

The underwriting results of the Company for the first quarter of the 2019 has been by the Grace of Allah very encouraging, recording a profit of Rs. 13.1 million compared to a loss of Rs. 25.5 million for the corresponding period benefited largely by favourable claims experience. Written Gross Premium for the period was Rs. 312.1 million, a rise of 28% and Net Insurance Premium was Rs. 168.1 million compared to Rs. 114.8 million of last year.

The Investment Income for the period under review was Rs. 30.7 million as compared to Rs. 74.5 million primarily due to decrease in capital gains. This was part of our strategy to be conservative on equity market looking at the current economic situation. As a result, the profit after tax reduced marginally from Rs. 17.0 million to Rs. 19.7 million, resulting in earnings of Rs. 0.14 per share.

The first quarter of the year has been encouraging and we pray to Allah for continued progress for the remaining part of the year.

On behalf of the Board of Directors

Karachi: April 29, 2019

RAFIQ M. HABIB
Chairman

SHABBIR GULAMALI
Chief Executive

Habib Insurance Company Limited

حبیب انشورنس کمپنی لمیٹڈ ڈائریکٹرز کا جائزہ

معزز شیئر ہولڈرز،

ڈائریکٹرز بمسرت ۳۱ مارچ ۲۰۱۹ء کو ختم ہونے والی مدت کے لئے کمپنی کے غیر آڈٹ شدہ حسابات پیش کر رہے ہیں۔

۲۰۱۹ء کی پہلی سہ ماہی کے لئے کمپنی کے انڈر رائٹنگ نتائج اللہ تعالیٰ کے فضل و کرم سے نہایت حوصلہ افزاء رہے اور 13.1 ملین روپے کا منافع حاصل کیا گیا جبکہ اس کے مقابلے میں گزشتہ مدت کیلئے 25.5 ملین روپے کا خسارہ ہوا تھا۔ منافع کا فائدہ موافق گلیمز کے تجربے سے پہنچا۔ مدت کے لئے مجموعی تحریری پریمیئم 312.1 ملین روپے رہا اور 28 فیصد کا اضافہ حاصل ہوا جبکہ خالص پریمیئم 168.1 ملین روپے رہا جو گزشتہ سال اس کے مقابلے میں 114.8 ملین روپے تھا۔

زیر جائزہ مدت کیلئے سرمایہ کاری کی آمدنی 30.7 ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ مدت یہ رقم 74.5 ملین روپے تھی جس کی بنیادی وجہ کیپٹل گین میں کمی تھی۔ یہ ہماری حکمت عملی کا حصہ رہا تھا کہ ایکویٹی مارکیٹ پر موجودہ معاشی صورتحال کو مد نظر رکھتے ہوئے محتاط رہا جائے اس کے نتیجے میں منافع بعد از ٹیکس قدرے کم ہو کر 17.0 ملین روپے سے 19.7 ملین روپے ہو گیا اور نتیجتاً 0.14 روپے فی شیئر کی آمدنی حاصل ہوئی۔

سال کی پہلی سہ ماہی حوصلہ افزاء رہی ہے اور ہم اللہ تعالیٰ سے سال کے باقی ماندہ حصے میں بھی مستقل ترقی کیلئے دعا گو ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

شیر غلام علی
چیف ایگزیکٹو

رفیق ایم حبیب
چیئر مین

کراچی:
۲۹ اپریل ۲۰۱۹ء

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position as at March 31, 2019

	Note	(Unaudited) March 31, 2019 (Rupees in '000)	(Audited) December 31, 2018
Assets			
Property and equipment		130,614	109,076
Intangible assets		4,028	4,443
Investments			
Equity securities and mutual fund units		1,223,610	1,129,856
Government securities		70,678	70,763
Loans and other receivables		113,376	110,522
Insurance/ reinsurance receivables		872,933	932,311
Reinsurance recoveries against outstanding claims		501,745	406,143
Salvage recoveries accrued		24,753	9,616
Deferred commission expense		53,891	61,071
Prepayments		258,321	292,158
Cash and bank		30,816	102,396
		3,284,765	3,228,355
Total Assets of Window Takaful Operations - Operator's Fund		58,927	54,048
Total assets		3,343,692	3,282,403
EQUITIES AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		619,374	619,374
Reserve for exceptional losses		9,122	9,122
General reserves		255,000	255,000
Unappropriated profit		127,629	110,676
Available-for-sale reserve		343,791	344,387
Total Equity		1,354,916	1,338,559
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	7	660,021	543,938
Unearned premium reserves	6	581,749	631,754
Unearned reinsurance commission	8	73,071	77,002
Retirement benefit obligations		93,212	88,470
Deferred taxation - net		131,346	129,519
Finance lease liability		89,359	68,950
Premium received in advance		8,611	424
Insurance/ reinsurance payables		191,235	222,570
Other creditors and accruals		147,366	166,118
Taxation - provision less payment		3,928	9,147
		1,979,898	1,937,892
Total Liabilities of Window Takaful Operations - Operator's Fund		8,878	5,952
Total Liabilities		1,988,776	1,943,844
Total Equity and Liabilities		3,343,692	3,282,403
Contingencies and commitments	5		

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

QUMAIL R. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income for the quarter ended March 31, 2019

	Note	(Unaudited) March 31, 2019 (Rupees in '000)	(Unaudited) March 31, 2018
Net insurance premium	6	168,094	114,779
Net Insurance claims	7	(92,581)	(101,034)
Net commission income	8	10,933	17,827
Insurance claims and commission expense		(81,648)	(83,207)
Management expenses		(73,368)	(57,024)
Underwriting results		13,078	(25,452)
Investment income - net	9	30,742	74,454
Other income		4,264	1,663
Other expenses		(26,068)	(22,515)
Results of operating activities		8,938	53,602
Profit before tax from General Insurance Operations		22,016	28,150
Profit before tax from Window Takaful Operations - Operator's Fund		2,041	-
Profit before tax for the period		24,057	28,150
Income tax expense		(7,104)	(8,474)
Profit after tax for the period		16,953	19,676
Other comprehensive income:			
Unrealised gain on available-for-sale investments during the year		4,793	103,915
Less: Net gain transferred to profit and loss on disposal/redemption/impairment of investments		(974)	36,082
		3,819	139,997
Related tax impact		(4,415)	(41,999)
Other comprehensive income for the period		(596)	97,998
Total comprehensive income for the period		16,357	117,674
Earning (after tax) per share - rupees	10	0.14	0.16

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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Chairman

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Director

QUMAIL R. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the quarter ended March 31, 2019 (Unaudited)

	Capital Reserves		Reserves			Total	Total
	Share capital	Reserve for exceptional losses	General reserve	Unappropriated profit (Rupees in '000)	available-for sale reserves		
Balance as at January 01, 2018	619,374	9,122	255,000	101,584	450,547	807,131	1,435,627
Net profit for the quarter	-	-	-	19,676	-	19,676	19,676
Other comprehensive income for the period	-	-	-	-	97,998	97,998	97,998
Total comprehensive income for the period	-	-	-	19,676	97,998	117,674	117,674
Balance as at March 31, 2018	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>121,260</u>	<u>548,545</u>	<u>924,805</u>	<u>1,553,301</u>
Balance as at January 01, 2019	619,374	9,122	255,000	110,676	344,387	710,063	1,338,559
Net profit for the quarter	-	-	-	16,953	-	16,953	16,953
Other comprehensive income for the period	-	-	-	-	(596)	(596)	(596)
Total comprehensive income for the period	-	-	-	16,953	(596)	16,357	16,357
Balance as at March 31, 2019	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>127,629</u>	<u>343,791</u>	<u>726,420</u>	<u>1,354,916</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

QUMAIL R. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Cash Flow for the quarter ended March 31, 2019

	(Unaudited) March 31 2019	(Unaudited) March 31 2018
Note	(Rupees in '000)	
Operating cash flow		
(a) Underwriting activities		
Insurance premium received	320,922	177,306
Reinsurance premium paid	(174,793)	(165,586)
Claims paid	(117,169)	(226,296)
Reinsurance and other recoveries received	29,932	135,087
Commission paid	(30,107)	(18,440)
Commission received	39,793	41,174
Net cash flows from underwriting activities	68,578	(56,755)
(b) Other operating activities		
Income tax paid	(11,412)	(16,198)
Other operating payments	(88,397)	(54,616)
Other operating receipts	21,101	3,049
Loans advanced	(1,249)	(6,077)
Loan repayment received	6,526	6,740
Net cash flows from other operating activities	(73,431)	(67,102)
Total cash flows from all operating activities	(4,853)	(123,857)
Investment activities		
Profit/ return received	6,897	4,565
Dividend received	16,501	10,565
Payment for investments	(299,295)	(150,364)
Proceeds from investments	211,090	151,007
Fixed capital expenditure	(3,938)	(1,440)
Proceeds from sale of property, plant and equipment	2,148	24
Total cash flows from investing activities	(66,597)	14,357
Financing activities		
Dividends paid	(130)	(3)
Total cash flows from financing activities	(130)	(3)
Net cash flows from all activities	(71,580)	(109,503)
Cash and cash equivalents at beginning of year	102,396	166,460
Cash and cash equivalents at end of the period	30,816	56,957
Reconciliation to profit and loss account		
Operating cash flows	(4,853)	(123,857)
Depreciation and amortisation expense	(5,852)	(2,938)
Income tax paid	11,412	16,198
Provision for gratuity	(4,983)	(3,237)
Gratuity paid	240	6,575
Profit/ return received	6,897	4,565
Dividends received	16,501	10,565
Capital gain	974	36,082
Profit/ (loss) on disposal of property, plant and equipment	390	(4)
Provision for taxation	(7,096)	(8,474)
Profit from window Takaful Operations - Operator's Fund	2,041	-
Decrease in assets other than cash	(83,438)	(32,524)
Increase in liabilities other than borrowings	84,720	116,725
Profit after taxation	16,953	19,676

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

QUMAIL R. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Notes to the Financial Statements for the quarter ended March 31, 2019 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

Habib Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1942 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is engaged in general insurance business. The registered office of the Company is situated at Habib Square, M.A. Jinnah Road, Karachi and the shares of the Company are quoted on the Pakistan Stock Exchange Limited.

2. BASIS OF PREPARATION

These condensed interim financial information has been prepared in accordance with the format prescribed by Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2017, vide SRO 89 (I) / 2017 dated February 09, 2017.

2.1 Statement of Compliance

2.1.1 These condensed interim financial statements for the quarter ended March 31, 2019 are unaudited and have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and Insurance Accounting Regulations, 2017, and Takaful Rules, 2012 shall prevail.

2.1.2 In terms of the requirements of the Takaful Rules, 2012, read with SECP circular 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

2.1.3 Further, a separate set of financial statements of the General Takaful operations for the quarter ended March 31, 2019 has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

2.1.4 The disclosures made in these financial statements have been limited based on the format prescribed by the Securities & Exchange Commission of Pakistan and IAS-34 - Interim Financial Reporting and do not include all the information required for annual financial statements. Accordingly, these financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2018.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain investments which are carried at fair value and obligations under certain employment benefits which are measured at present value.

Habib Insurance Company Limited

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies and methods of computation in the preparation of the financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2018. The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements of the Company as at and for the year ended December 31, 2018.

4. ESTIMATES AND JUDGEMENTS

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

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

5. CONTINGENCIES & COMMITMENTS

5.1 Contingencies

There are no contingencies outstanding as at March 31, 2019 other than those reported in note 29.3 to the annual financial statements for the year ended December 31, 2018.

5.2 Commitments

There were no commitments as at March 31, 2019.

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	(Rupees in '000)	
6. NET INSURANCE PREMIUM		
Written gross premium	293,564	243,802
Add: Unearned premium reserve opening	631,754	481,048
Less: Unearned premium reserve closing	(581,749)	(452,387)
Premium earned	<u>343,569</u>	<u>272,463</u>
Less: Reinsurance premium ceded	143,458	150,204
Add: Prepaid reinsurance premium opening	281,792	273,184
Less: Prepaid reinsurance premium closing	(249,775)	(265,704)
Reinsurance expense	<u>175,475</u>	<u>157,684</u>
Net insurance premium	<u><u>168,094</u></u>	<u><u>114,779</u></u>

Habib Insurance Company Limited

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	(Rupees in '000)	
7. NET INSURANCE CLAIMS		
Claims paid	117,169	213,684
Add: Outstanding claims including IBNR closing	660,021	557,435
Less: Outstanding claims including IBNR opening	(543,938)	(666,850)
Claims expense	233,252	104,269
Reinsurance and other recoveries received	29,932	122,475
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	526,498	425,995
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(415,759)	(545,235)
Reinsurance and other recoveries revenue	140,671	3,235
Net insurance claims	<u>92,581</u>	<u>101,034</u>
8. NET COMMISSION INCOME		
Commissions paid or payable	25,611	22,313
Add: Deferred commission - opening	61,071	37,294
Less: Deferred commission - closing	(53,891)	(36,825)
Commission expense	32,791	22,782
Less: Commission from reinsurers		
Commission received or receivable	39,793	41,174
Add: Unearned reinsurance commission - opening	77,002	73,427
Less: Unearned reinsurance commission - closing	(73,071)	(73,992)
Commission from reinsurers	43,724	40,609
Net commission income	<u>10,933</u>	<u>17,827</u>
9. INVESTMENT INCOME		
Income from equity securities and mutual fund units - 'available-for-sale'		
- Dividend income	28,426	37,703
Income from debt securities - 'held-to-maturity'		
- Return on government securities - PIB's	1,797	1,754
Net realised gain on investments		
- Equity securities	774	35,070
- Mutual funds units	200	1,012
Total investment income	<u>31,197</u>	<u>75,539</u>
Less: Investment related expenses	(455)	(1,085)
	<u>30,742</u>	<u>74,454</u>

Habib Insurance Company Limited

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	(Rupees in '000)	
10. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the period	<u>16,953</u>	<u>19,676</u>
	(Number of Shares)	
Weighted average number of ordinary shares of Rs.5 each	<u>123,874,755</u>	<u>123,874,755</u>
	(Rupees)	
Basic earnings per share	<u>0.14</u>	<u>0.16</u>

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

11. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with related parties at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of balances and transactions with related parties during the quarter ended March 31, 2019 are as follows:

Transactions with associated companies

Premium written	<u>55,673</u>	<u>60,843</u>
Claims paid	<u>49,231</u>	<u>50,254</u>
Dividend received	<u>13,593</u>	<u>31,320</u>
Investment made	<u>8,304</u>	<u>98,388</u>
Investment sold	<u>-</u>	<u>28,177</u>
Gain on sale of investments	<u>-</u>	<u>35,070</u>
Interest received on bank accounts	<u>3,532</u>	<u>1,082</u>
Bank charges	<u>89</u>	<u>98</u>
Investment related expenses paid	<u>140</u>	<u>150</u>
Contribution to the provident fund	<u>2,072</u>	<u>1,697</u>
Fees paid	<u>180</u>	<u>240</u>
Interest paid	<u>1,303</u>	<u>-</u>
Lease rental paid	<u>4,668</u>	<u>-</u>
Remuneration of key management personnel	<u>24,944</u>	<u>26,336</u>

Balances with related parties

Premium due but unpaid	<u>48,473</u>	<u>100,485</u>
Claims outstanding	<u>106,080</u>	<u>101,248</u>
Bank balances	<u>29,969</u>	<u>56,261</u>
Investment held	<u>598,498</u>	<u>89,227</u>
Due to the provident fund	<u>163</u>	<u>2,272</u>

Remuneration to the key management personnel are in accordance with the terms of their employment and the contribution to the provident fund is in accordance with the Company's staff rules.

Habib Insurance Company Limited

12. SEGMENT REPORTING

	March 31, 2019				
	Fire and property	Marine and transport	Motor	Other Classes	Aggregate
			(Rupees in '000)		
Gross Written Premium (inclusive of administrative Surcharge)	101,443	54,970	113,073	24,078	293,564
Insurance premium earned	121,104	58,491	124,449	39,525	343,569
Insurance premium ceded to reinsurers	(102,407)	(22,864)	(28,728)	(21,476)	(175,475)
Net insurance premium	18,697	35,627	95,721	18,049	168,094
Commission income	25,302	7,345	8,297	2,780	43,724
Net underwriting income	43,999	42,972	104,018	20,829	211,818
Insurance claims	106,825	41,780	66,189	18,458	233,252
Insurance claims recovered from reinsurers	(101,695)	(15,197)	(23,853)	74	(140,671)
Net Claims	5,130	26,583	42,336	18,532	92,581
Commission expense	(15,455)	(6,530)	(6,875)	(3,931)	(32,791)
Management expenses	(25,354)	(13,738)	(28,259)	(6,017)	(73,368)
Net insurance claims and expenses	(40,809)	(20,268)	(35,134)	(9,948)	(106,159)
Underwriting result	(1,940)	(3,879)	26,548	(7,651)	13,078
Investment income					30,742
Other income					4,264
Other expenses					(26,068)
Results of operating activities					22,016
Profit from Window Takful Operations - Operators's Fund					2,041
Profit before tax					24,057

Habib Insurance Company Limited

March 31, 2018

	Fire and property	Marine and transport	Motor (Rupees in '000)	Other Classes	Aggregate
Gross Written Premium (inclusive of Administrative surcharge)	<u>81,279</u>	<u>47,564</u>	<u>101,058</u>	<u>13,902</u>	<u>243,803</u>
Insurance premium earned	97,547	47,379	95,740	31,797	272,463
Insurance premium ceded to reinsurers	(88,066)	(24,212)	(36,991)	(8,414)	(157,683)
Net insurance premium	<u>9,481</u>	<u>23,167</u>	<u>58,749</u>	<u>23,383</u>	<u>114,780</u>
Commission income	22,084	6,489	10,660	1,376	40,609
Net underwriting income	<u>31,565</u>	<u>29,656</u>	<u>69,409</u>	<u>24,759</u>	<u>155,389</u>
Insurance claims	17,398	45,787	69,320	(7,986)	124,519
Insurance claims recovered from reinsurers	(7,823)	(30,190)	(18,527)	33,055	(23,485)
Net Claims	<u>9,575</u>	<u>15,597</u>	<u>50,793</u>	<u>25,069</u>	<u>101,034</u>
Commission expense	(12,204)	(5,213)	(2,657)	(2,709)	(22,783)
Management expenses	(19,011)	(11,124)	(23,637)	(3,252)	(57,024)
Net insurance claims and expenses	<u>(31,215)</u>	<u>(16,337)</u>	<u>(26,294)</u>	<u>(5,961)</u>	<u>(79,807)</u>
Underwriting result	<u>(9,225)</u>	<u>(2,278)</u>	<u>(7,678)</u>	<u>(6,271)</u>	<u>25,452</u>
Investment income					74,454
Other income					1,663
Other expenses					(22,515)
Results of operating activities					<u>28,150</u>
Other charges					-
Profit before tax					<u>28,150</u>

Habib Insurance Company Limited

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on April 29, 2019 by the Board of Directors of the Company.

14. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

QUMAIL R. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Financial Statements

Window Takaful Operations

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position as at March 31, 2019

	Note	(Uuaudited) March 31, 2019			(Audited) December 31, 2018		
		Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants Takaful Fund	Aggregate
		(Rupees in '000)			(Rupees in '000)		
ASSETS							
Investments - Mutual funds	5	10,080	–	10,080	20,695	–	20,695
Other receivables including Qard-e-Hasna to PTF	6	8,577	–	8,577	7,652	–	7,652
Takaful / retakaful receivable		–	15,249	15,249	–	14,561	14,561
Retakaful recoveries against outstanding claims	8	–	295	295	–	297	297
Deferred Wakala expense	10	–	6,280	6,280	–	3,922	3,922
Deferred commission expense		–	2,221	2,221	–	1,255	1,255
Taxation - payments less provision		–	107	107	–	21	21
Prepayments		–	14,165	14,165	–	9,088	9,088
Bank Balances		39,370	20,438	59,808	25,401	6,260	31,661
Advances		900	–	900	300	–	300
Total assets		58,927	58,755	117,682	54,048	35,404	89,452
EQUITIES AND LIABILITIES							
RESERVES ATTRIBUTABLE TO OPERATORS' FUND (OPF)							
Statutory Fund		50,000	–	50,000	50,000	–	50,000
Accumulated deficit		(906)	–	(906)	(2,947)	–	(2,947)
Available-for-sale reserve		–	–	–	521	–	521
		49,094	–	49,094	47,574	–	47,574
WAQF / PARTICIPANT'S TAKAFUL FUND (PTF)							
Ceded money		–	500	500	–	500	500
Accumulated deficit		–	(1,714)	(1,714)	–	(1,689)	(1,689)
Balance of WAQF / PTF		–	(1,214)	(1,214)	–	(1,189)	(1,189)
LIABILITIES							
PTF underwriting provisions							
Outstanding claims including IBNR	8	–	2,025	2,025	–	1,614	1,614
Unearned contribution reserve	7	–	25,121	25,121	–	15,687	15,687
Unearned retakaful commission	9	–	2,157	2,157	–	1,568	1,568
Unearned Wakala Fee	10	6,280	–	6,280	3,922	–	3,922
Qard-e-Hasna		–	–	–	–	3,000	3,000
Contribution received in advance		–	504	504	–	50	50
Takaful / retakaful payable		–	19,946	19,946	–	8,239	8,239
Other creditors and accrual		2,598	10,216	12,814	2,030	6,435	8,465
Payable to Habib Insurance Company Limited		955	–	955	522	–	522
Total liabilities		9,833	59,969	69,802	6,474	36,593	43,067
Total fund and liabilities		58,927	58,755	117,682	54,048	35,404	89,452

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

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Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income for the quarter ended March 31, 2019

	Note	March 31, 2019 (Rupees in '000)
Participants' Takaful Fund		
Net takaful contribution	7	3,508
Net takaful claims	8	(1,347)
Wakala fee	10	(2,297)
Underwriting result		(136)
Profit on bank balances		111
Deficit for the period		(25)
Other comprehensive income		–
Total comprehensive loss for the period		(25)
Operator's Fund		
Wakala fee	10	2,297
Net commission income	9	91
Management expenses		(752)
Other expenses		(865)
Investment income		666
Profit on bank balances		604
Profit before taxation		2,041
Taxation		–
Profit after tax for the period		2,041
Other comprehensive income		–
Total comprehensive income for the period		2,041

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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Director

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Director

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Chief Executive

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Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Fund for the Quarter ended March 31, 2019

	Operator's Fund			Total
	Statutory Fund	Accumulated deficit (Rupees in '000)	Available-for-sale reserve	
Balance as at January 01, 2018	–	–	–	–
Statutory capital injected	50,000	–	–	50,000
Profit after tax for the period	–	(2,947)	–	(2,947)
Unrealized gain on revaluations of - available-for-sale investments	–	–	521	521
Balance as at December 31, 2018	<u>50,000</u>	<u>(2,947)</u>	<u>521</u>	<u>47,574</u>
Balance as at January 1, 2019	50,000	(2,947)	521	47,574
Surplus for the period	–	2,041	–	2,041
Less: Transferred to profit and loss	–	–	(521)	(521)
Balance as at March 31, 2019	<u>50,000</u>	<u>(906)</u>	<u>–</u>	<u>49,094</u>

	Participants' Takaful Fund		
	Ceded money	Accumulated deficit (Rupees in '000)	Total
Balance as at January 01, 2018	–	–	–
Waqf money received	500	–	500
Deficit for the period	–	(1,689)	(1,689)
Balance as at December 31, 2018	<u>500</u>	<u>(1,689)</u>	<u>(1,189)</u>
Balance as at January 01, 2019	500	(1,689)	(1,189)
Deficit for the period	–	(25)	(25)
Balance as at March 31, 2019	<u>500</u>	<u>(1,714)</u>	<u>(1,214)</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
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Chief Executive

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Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Cash flow for the Quarter ended March 31, 2019

	Operator's Fund	Participant's Takaful Fund	March 31, 2019 Aggregate
	(Rupees in '000)		
Operating activities			
(a) Takaful activities			
Contribution received	–	17,893	17,893
Retakaful contribution paid	–	(2,041)	(2,041)
Claims paid	–	(955)	(955)
Retakaful and other recoveries received	–	21	21
Commission paid	–	(1,209)	(1,209)
Commission received	–	1,660	1,660
Net cash inflows from takaful activities	–	15,369	15,369
(b) Other operating activities			
Other operating payments	(966)	(1,302)	(2,268)
Other operating receipts	3,000	–	3,000
Net cash flows from other operating activities	2,034	(1,302)	732
Total cash flows from all operating activities	2,034	14,067	16,101
Investment activities			
Profit / return received	1,175	111	1,286
Dividend received	95	–	95
Proceeds from investments	20,745	–	20,745
Payments for investments	(10,080)	–	(10,080)
Total cash flows from investing activities	11,935	111	12,046
Net cash flows from all activities	13,969	14,178	28,147
Cash and cash equivalents at beginning of year	25,401	6,260	31,661
Cash and cash equivalents at end of period	39,370	20,438	59,808
Reconciliation to profit and loss account			
Operating cash flows	2,034	14,067	16,101
Profit / return received	1,175	111	1,286
Dividends received	95	–	95
Capital gain	571	–	571
Increase in assets other than cash	1,525	9,175	10,700
Increase in liabilities	(3,359)	(23,378)	(26,737)
Profit/ (loss) after taxation	2,041	(25)	2,016
Attributed to:			
Operator's Fund			2,041
Participants' Takaful Fund			(25)
			2,016

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

QUMAIL R. HABIB
Director

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Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Notes to the Financial Statements for the quarter ended March 31, 2019 (Unaudited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 Habib Insurance Company Limited (the Operator) was incorporated in Pakistan in 1942 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Operator was allowed to work as Window Takaful Operator on July 18, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations (WTO) in Pakistan. The Operator is listed at Pakistan Stock Exchange Limited. The registered office of the Operator is situated at Habib Square, M.A. Jinnah Road, Karachi.
- 1.2 The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Window Takaful Operations as per the requirement of circular 8 of 2014. The Operator has formed a Waqf for Participants' Fund by executing the Waqf deed dated June 12, 2018 and deposited a cede money of Rs. 0.5 million. The cede money is required to be invested in Shari'ah compliant remunerative instrument which may be used to acquire immovable Waqf property if Shari'ah and law so warrants. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants' funds and investments of the Operator's funds approved by the shari'ah advisor of the Operator. The Operator commenced activities of WTO on October 01, 2018, therefore, no comparative information is given in these financial statements.

2. BASIS OF PREPARATION

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

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

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements for the quarter ended March 31, 2019 are unaudited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

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

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

- 2.1.2 This condensed interim financial statements reflect the financial statements reflect the financial position and results of operations of both the Operator's Fund and Participants' Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator and Participants' Takaful Fund remain separately identifiable.

Habib Insurance Company Limited

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

2.1.4 This condensed interim financial statements does not include all the information and disclosures required in the annual financial statements. Accordingly these condensed interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies and methods of computation in the preparation of the financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2018. The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements of the Company as at and for the year ended December 31, 2018.

4. ESTIMATION AND JUDGMENTS

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

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

Habib Insurance Company Limited

5. INVESTMENT IN MUTUAL FUNDS

	March 31, 2019			December 31, 2018				
	Cost	Impairment / Provision	Revaluation surplus	Carrying Value (Rupees in '000)	Cost	Impairment / Provision	Revaluation surplus	Carrying Value
OPF								
Available-for-sale								
Mutual funds - related party								
Meezan Rozana Amdani Fund	10,080	-	-	10,080	-	-	-	-
First Habib Islamic Income Fund	-	-	-	-	20,174	-	521	20,695

6. OTHER RECEIVABLES INCLUDING QARD-E-HASNA TO PTF

	March 31, 2019			December 31, 2018		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in '000)			(Rupees in '000)		
Wakala fee	8,577	-	8,577	4,652	-	4,652
Qard e Hasna	6.1	-	-	3,000	-	3,000
	8,577	-	8,577	7,652	-	7,652

6.1 In accordance with the Takaful Rules, 2012, if at any point in time, assets in participant takaful fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

Habib Insurance Company Limited

		March 31, 2019 (Rupees in '000)
7. NET TAKAFUL CONTRIBUTION - PTF		
Written gross contribution	18,581	
Add: Unearned contribution reserve opening	15,687	
Less: Unearned contribution reserve closing	(25,121)	
Contribution earned	9,147	
Less: Reinsurance contribution ceded	9,666	
Add: Prepaid retakaful contribution opening	8,788	
Less: Prepaid retakaful contribution closing	(12,815)	
Retakaful expense	5,639	
Net takaful contribution	3,508	
8. NET TAKAFUL CLAIMS - PTF		
Claims paid	955	
Add: Outstanding claims including IBNR closing	2,025	
Less: Outstanding claims including IBNR opening	(1,614)	
Claims expense	1,366	
Less: Retakaful and other recoveries received	21	
Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing	295	
Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening	(297)	
Retakaful and other recoveries revenue	19	
Net Takaful claims	1,347	
9. NET COMMISSION INCOME - PTF		
Commission paid or payable	1,946	
Add: Deferred commission - opening	1,255	
Less: Deferred commission - closing	(2,221)	
Commission expense	980	
Less: Commission from reinsurers		
Commission received or receivable	1,660	
Add: Unearned retakaful commission - opening	1,568	
Less: Unearned retakaful commission - closing	(2,157)	
Commission from reinsurers	1,071	
Net commission income	91	
10. NET WAKALA FEE		
Gross Wakala Fee	4,655	
Add: Deferred wakala fee - opening	3,922	
Less: Deferred wakala fee - closing	(6,280)	
Net wakala fee	2,297	

Habib Insurance Company Limited

11. SEGMENT INFORMATION

	For the quarter ended March 31, 2019				Aggregate
	Fire & property	Marine & Transport	Motor	Other Classes	
	(Rupees in '000)				
11.1 Participants' Takaful Fund					
Gross Written Contribution (inclusive of Administrative Surcharge)	6,207	4,078	8,047	249	18,581
Takaful contribution earned	3,511	2,767	2,756	113	9,147
Takaful contribution ceded to retakaful operators	(2,967)	(2,000)	(580)	(92)	(5,639)
Net takaful contribution	544	767	2,176	21	3,508
Net underwriting income	544	767	2,176	21	3,508
Takaful claims	(47)	(78)	1,498	(7)	1,366
Retakaful claims and other recoveries	(39)	(56)	116	(2)	19
Net claims	(8)	(22)	1,382	(5)	1,347
Wakala expensed during the period	(901)	(700)	(667)	(29)	(2,297)
Underwriting result	552	789	794	26	(136)
Profit on bank balances					111
Loss before taxation					(25)
11.2 Operator's Fund					
Wakala fee	901	700	667	29	2,297
Commission income	529	512	9	21	1,071
Commission expense	(412)	(470)	(77)	(21)	(980)
Management expenses	(251)	(165)	(326)	(10)	(752)
Underwriting result	767	577	273	19	1,636
Investment income					666
Profit on bank balances					604
Other expenses					(865)
Profit before taxation					2,041

Habib Insurance Company Limited

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, major share holders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions. The transactions and balances with related parties are as follows:

**March 31,
2019
(Rupees in '000)**

12.1 Operator's Fund

Wakala fee charged during the period	<u>2,297</u>
--------------------------------------	--------------

12.2 Participants' Takaful Fund

Transactions

Associated companies

- Contribution written	<u>401</u>
- Claim paid	<u>935</u>
- Profit on bank accounts	<u>715</u>

Balances

Associated companies

- Contribution due but unpaid	<u>1,307</u>
- Claim outstanding	<u>1,741</u>
- Bank balance	<u>59,808</u>

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on April 29, 2019 by the Board of Directors of the Company.

14. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

RAFIQ M. HABIB
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