



**CONDENSED INTERIM FINANCIAL INFORMATION  
OF  
SINDH INSURANCE LIMITED  
FOR THE SIX MONTHS PERIOD ENDED  
JUNE 30, 2019**

**BDO Ebrahim & Co. Chartered Accountants**

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **SINDH INSURANCE LIMITED** ("the Company") as at June 30, 2019 and condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period ended June 30, 2019 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

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

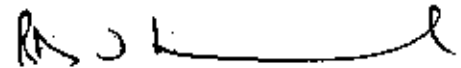
**Conclusion**

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

**Other matters**

The figures for the three months period ended June 30, 2019 and June 30, 2018 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the year ended December 31, 2018 and condensed interim financial information for the half year ended June 30, 2018 were audited and reviewed by another firm of chartered accountants who have expressed an unqualified opinion and conclusion thereon vide their reports dated April 16, 2019 and July 16, 2018, respectively.

**KARACHI****DATED: 29 AUG 2019****CHARTERED ACCOUNTANTS**

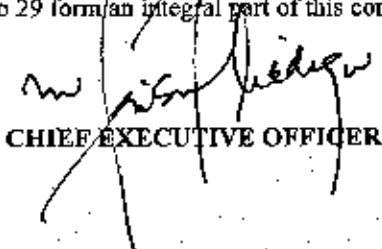
Engagement partner: Zulfikar Ali Causer

**SINDH INSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT JUNE 30, 2019**

		June 30 2019 (Unaudited)	December 31 2018 (Audited)
	Note	Rupees	
<b>ASSETS</b>			
Property and equipment	6	19,325,169	18,229,032
Intangible assets	7	877,621	1,070,781
Investments			
Debt securities	8	302,742,130	279,915,200
Term deposit receipts (TDRs)	9	2,677,101,841	2,827,101,841
Loans and other receivables	10	213,212,651	63,316,123
Insurance / reinsurance receivables	11	486,369,500	409,851,141
Reinsurance recoveries against outstanding claims		14,579,433	56,158,251
Deferred commission expense		93,565	119,779
Deferred taxation		2,352,295	8,231,479
Prepayments	12	153,968,606	79,910,167
Cash and bank	13	199,948,165	53,916,001
		<u>4,070,570,977</u>	<u>3,797,819,795</u>
Total assets of General Takaful Operations - Operator's Fund		<u>63,224,977</u>	<u>62,187,100</u>
<b>TOTAL ASSETS</b>		<u><u>4,133,795,953</u></u>	<u><u>3,860,006,895</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital		1,000,000,000	1,000,000,000
Unappropriated profit		654,069,905	479,355,722
<b>TOTAL EQUITY</b>		<u>1,654,069,905</u>	<u>1,479,355,722</u>
<b>LIABILITIES</b>			
Underwriting provisions			
Outstanding claims including IBNR		1,944,115,517	1,935,311,565
Unearned premium reserves		196,387,735	271,787,924
Premium deficiency reserves		7,977,812	29,176,346
Unearned reinsurance commission		4,119,823	7,157,807
Premium received in advance		1,806,419	1,851,899
Insurance / reinsurance payables	14	252,694,867	88,486,754
Other creditors and accruals	15	10,327,883	27,341,591
Provision for taxation		53,905,619	10,725,322
<b>TOTAL LIABILITIES</b>		<u>2,471,335,674</u>	<u>2,371,839,208</u>
Total liabilities of General Takaful Operations - Operator's Fund		<u>8,390,374</u>	<u>8,871,965</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,133,795,953</u></u>	<u><u>3,860,006,895</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**

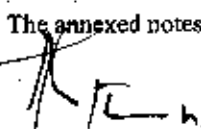
  
**DIRECTOR**

  
**DIRECTOR**

**SINDH INSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019**


	Note	Six months period ended		Three months period ended	
		June 30 2019	June 30 2018	June 30 2019	June 30 2018
		----- Rupees-----		----- Rupees-----	
Net insurance premium	17	182,977,116	179,485,547	91,345,752	90,324,824
Net insurance claims	18	(85,698,805)	(7,662,469)	(10,087,715)	(47,252,200)
Reversal / (deficiency) of Premium		21,198,534	(12,836,506)	21,198,539	(15,119,659)
Net commission	19	(47,894,632)	(133,733,236)	(58,394,058)	(49,302,762)
Insurance claims and acquisition expenses		(112,394,903)	(154,232,211)	(47,283,234)	(111,674,621)
Management expenses	20	(25,917,643)	(41,024,311)	(14,001,370)	(29,245,223)
Underwriting results		44,664,569	(15,770,975)	30,061,149	(50,595,020)
Investment income	21	176,497,405	125,678,092	88,606,938	63,266,495
Other income	22	26,054,575	2,110,061	23,159,872	1,038,137
Other expenses		(1,203,188)	(555,000)	(1,101,094)	(406,980)
<b>General Insurance Operations</b>		<b>246,013,361</b>	<b>111,462,178</b>	<b>140,726,865</b>	<b>13,302,632</b>
Profit before tax from Window Takaful Operations		<u>1,459,468</u>	<u>1,116,290</u>	<u>1,023,701</u>	<u>405,313</u>
<b>Profit before tax</b>		<b>247,472,829</b>	<b>112,578,468</b>	<b>141,750,566</b>	<b>13,707,945</b>
Income tax expense		(72,758,646)	(33,543,192)	(43,155,559)	(3,312,867)
<b>Profit after taxation</b>		<b>174,714,183</b>	<b>79,035,276</b>	<b>98,595,007</b>	<b>10,395,078</b>
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit and loss account					
Window Takaful Operations					
Transferred to profit and loss account on sale of available for sale investments					
			(552,888)		(552,888)
Items that will not be reclassified subsequently to profit and loss account					
<b>Total comprehensive income for the period</b>					
		<u>174,714,183</u>	<u>78,482,388</u>	<u>98,595,007</u>	<u>9,842,190</u>
<b>Earnings per share - basic and diluted</b>	23	<u>1.75</u>	<u>0.79</u>	<u>0.99</u>	<u>0.10</u>

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

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

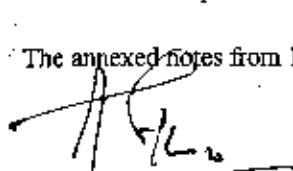
  
DIRECTOR

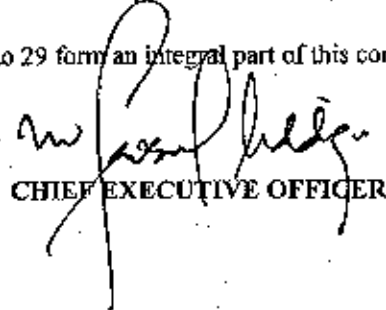
  
DIRECTOR

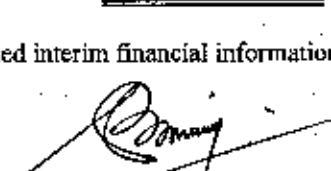
**SINDH INSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019**

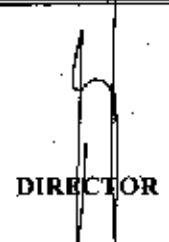
	June 30 2019	June 30 2018
----- Rupees -----		
<b>OPERATING CASH FLOWS</b>		
<b>(a) Underwriting activities</b>		
Insurance premium received	113,331,706	93,779,835
Reinsurance premium paid	(26,488,947)	(31,480,740)
Claims paid	(60,538,965)	(58,790,830)
Reinsurance and other recoveries received	25,222,928	7,549,692
Commission paid	(157,180)	(765,364)
Commission received	5,050,553	4,200,061
Underwriting payments	(41,947,276)	(53,640,622)
Net cash inflows / (outflows) from underwriting activities	14,472,820	(39,147,968)
<b>(b) Other operating activities</b>		
Income tax paid	(23,699,165)	(30,276,375)
Compensated absences paid	-	(221,799)
Other operating payments	(2,407,739)	(2,453,993)
Net cash used in other operating activities	(26,106,904)	(32,952,167)
Total cash used in all operating activities	(11,634,084)	(72,100,134)
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	29,008,616	10,419,096
Other income	3,908,642	1,738,361
Payment against investments	(664,492,015)	(54,454,840)
Proceeds from investment	791,665,085	108,137,511
Proceeds from sale of property and equipment	1,508,400	760,000
Fixed capital expenditure	(3,932,480)	(250,850)
Total cash generated from investing activities	157,666,248	66,349,278
Net cash used in all activities	146,032,164	(5,750,856)
Cash and cash equivalents at beginning of the period	53,916,001	52,347,229
Cash and cash equivalents at end of the period	199,948,165	46,596,373

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

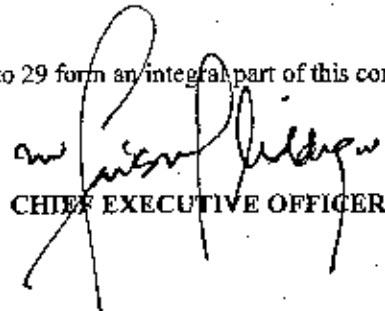
  
**DIRECTOR**

**SINDH INSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019**

	June 30 2019	June 30 2018
	Rupees	
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(11,634,084)	(72,100,136)
Depreciation expense	(2,131,046)	(1,517,789)
Amortization of intangible	(343,160)	(765,623)
Increase/ (decrease) in current assets other than cash	37,583,094	(52,168,936)
(Increase) / decrease in operating liabilities	(3,712,588)	79,950,134
Investment income	176,497,405	125,678,092
Other income	26,054,575	2,110,061
<b>Profit for the period</b>	<u>222,314,196</u>	<u>81,185,803</u>
<b>Other adjustments:</b>		
Income tax paid	23,699,165	30,276,375
Profit before taxation	246,013,361	111,462,178
Provision for taxation	(72,758,646)	(33,543,192)
Profit after taxation from conventional insurance operations	173,254,715	77,918,986
Profit from Window Takaful Operations	1,459,468	1,116,290
Profit after tax	<u>174,714,183</u>	<u>79,035,276</u>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**


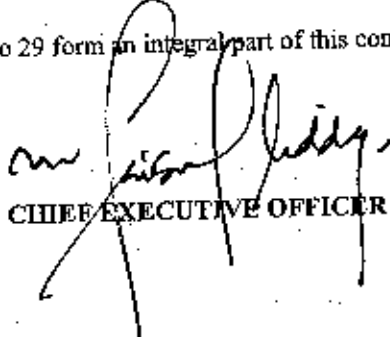


  
**DIRECTOR**

  
**DIRECTOR**

**SINDH INSURANCE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019**

	Share capital Issued subscribed and paid-up	Revaluation reserve on available for sale investments	Unappropri- ated profit	Total
	-----Rupees-----			
Balance as at January 01, 2018 - restated	1,000,000,000	552,888	280,926,295	1,281,479,183
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	79,035,276	79,035,276
Other comprehensive loss	-	(552,888)	-	(552,888)
<b>Total comprehensive income for the period</b>				
Balance as at June 30, 2018 - restated	1,000,000,000	-	359,961,571	1,359,961,571
Balance as at January 01, 2019 - audited	1,000,000,000	-	479,355,722	1,479,355,722
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	174,714,183	174,714,183
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>				
Balance as at June 30, 2019 - unaudited	1,000,000,000	-	654,069,905	1,654,069,905

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

**CHAIRMAN**                      **CHIEF EXECUTIVE OFFICER**                      **DIRECTOR**                      **DIRECTOR**

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## **SINDH INSURANCE LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019**

#### **1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Sindh Insurance Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as an unlisted public company on December 20, 2013 and obtained the certificate of commencement of business on September 22, 2014. All shares of the Company are held beneficially by Government of Sindh, directly and through nominee directors. The Company is engaged in the non-life insurance business comprising of fire, marine, motor, aviation, engineering, transportation, accidental and health etc.
- 1.2 The Company was granted authorization on September 22, 2016 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and, subsequently, the Company commenced Window Takaful Operations.

#### **2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

The registered office and principal place of business of the Company is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi..

#### **3 BASIS OF PREPARATION**

##### **3.1 Statement of compliance**

This condensed interim financial information is unaudited but subject to the limited scope review by the auditors as required under Code of Corporate Governance for Insurers, 2016. This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2018 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial information has been prepared in accordance with the accounting and reporting standard 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 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.



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

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated February 9, 2017 has prescribed the format of the presentation of annual financial statements for the general insurance companies. These condensed interim financial statements have been prepared in accordance with the format prescribed by the SECP.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2018, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2018.

In terms of the requirement of the Takaful Rules 2012, read with SECP circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit and loss of the Operator's fund of the General Takaful Operations of the Company have been presented as single line item in the condensed interim statement of financial position and statement of profit and loss account of the Company respectively.

### **3.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

### **3.3 Functional and presentation currency**

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

## **4 USE OF ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial information in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimate about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2018.

## **5 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted by the Company in the preparation of this condensed interim financial information are same as those applied in the preparation of the preceding annual audited financials statements for the year ended December 31, 2018 except as disclosed below.

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018 and January 01, 2019. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 5.1 below.

### **5.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

## 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 disclosures, as required by the IASB, for the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

As at reporting date, the fair value of the 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.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

### Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (Rupees)	New carrying amount under IFRS 9 (Rupees)
<b>Financial Assets</b>				
Investments				
Debt securities	Held to maturity	Amortised cost	302,742,130	302,742,130
Term deposit receipts	Held to maturity	Amortised cost	2,677,101,841	2,677,101,841
Other receivables	Loans and receivables	Amortised cost	202,822,824	202,822,824
Insurance / reinsurance receivables	Loans and receivables	Amortised cost	486,369,500	486,369,500
Reinsurance recoveries against outstanding claims	Loans and receivables	Amortised cost	14,579,433	14,579,433
Cash at bank	Loans and receivables	Amortised cost	199,123,851	199,123,851
<b>Financial Liabilities</b>				
Outstanding claims including IBNR	Other financial liabilities	Amortised cost	1,944,115,517	1,944,115,517
Insurance / reinsurance payables	Other financial liabilities	Amortised cost	252,694,867	252,694,867
Other creditors and accruals	Other financial liabilities	Amortised cost	10,327,883	10,327,883

## Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Company is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

		June 30 2019 (Unaudited)	December 31 2018 (Audited)
		----- Rupees -----	
<b>6</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Opening balance as at	18,229,032	22,871,854
	Additions during the period / year		
	Furniture and fixtures	-	93,200
	Office equipment	227,480	261,534
	Computers	-	125,750
	Vehicles	3,705,000	-
		3,932,480	480,484
	Less:		
	Written down value of assets disposed off during the period / year	(705,297)	(388,300)
	Deprecation charge for the period / year	(2,131,046)	(4,735,006)
		<u>19,325,169</u>	<u>18,229,032</u>
<b>7</b>	<b>INTANGIBLE ASSETS</b>		
	Intangible assets	7.1 877,621	1,070,781
<b>7.1</b>	Opening balance as at	1,070,781	1,233,052
	Additions during the period / year		
	Computer software	150,000	940,871
	Less: Amortization charge for the period / year	(343,160)	(1,103,142)
		<u>877,621</u>	<u>1,070,781</u>
<b>8</b>	<b>INVESTMENTS IN DEBT SECURITIES</b>		
	<b>Held To Maturity</b>		
	<b>Government Securities</b>		
	Treasury bills	8.1, 8.2 & 8.4 277,742,130	254,915,200
	<b>Others</b>		
	Corporate sukuk	8.1 & 8.3 25,000,000	25,000,000
		<u>302,742,130</u>	<u>279,915,200</u>

8.1 Detail of investments in debt securities is as follows

	Note	At the beginning of the period	Acquired during the period	Matured during the period	At the end of the period
Rupees					
<b>TREASURY BILLS</b>					
T-bills 3 months	8.2	254,915,200	664,492,015	641,665,085	277,742,130
<b>SUKUK</b>					
Sukuk	8.3	25,000,000	50,000,000	50,000,000	25,000,000
		<u>279,915,200</u>	<u>714,492,015</u>	<u>691,665,085</u>	<u>302,742,130</u>

8.2 These represent Market Treasury Bills (MTBs) having a face value of Rs. 285.000 million (December 31, 2018: Rs. 260.000 million) and carrying purchase yield of 10.85% to 12.73% per annum (December 31, 2018: 8.5% to 10.29% per annum).

8.3 These represent Sukuk of TPL Tracker Limited having face value of Rs. 25.000 million (December 31, 2018: Rs. 25.000 million) and carry interest yield of 14.70% per annum (December 31, 2018: 9.80% per annum).

8.4 This includes Treasury Bills having carrying value amounting to Rs. 225.000 million (December 31, 2018: Rs. 107.914 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

	Note	June 30 2019 (Unaudited)	December 31 2018 (Audited)
(Rupees)			
<b>9 TERM DEPOSIT RECEIPTS</b>			
Deposits maturing within 12 months	9.1	<u>2,677,101,841</u>	<u>2,827,101,841</u>
Opening balance		2,827,101,841	2,864,811,730
Add: Purchased during the period / year		-	2,827,101,841
Less: Matured during the period / year		(150,000,000)	(2,864,811,730)
Closing balance		<u>2,677,101,841</u>	<u>2,827,101,841</u>

9.1 These represent term deposit receipts (TDRs) in local currency with different microfinance banks carrying markup ranging from 9.50% to 13.00% (2018: 8% to 9.9%) per annum.

10 LOANS AND OTHER RECEIVABLES

(Unsecured - considered good)

Accrued investment income	200,949,102	52,000,845
Loan to employees	1,286,673	329,423
Other receivables	10,976,876	10,985,855
	<u>213,212,651</u>	<u>63,316,123</u>

	Note	June 30 2019 (Unaudited)	December 31 2018 (Audited)
(Rupees)			
<b>11</b>	<b>INSURANCE / REINSURANCE RECEIVABLES</b>		
	(Unsecured - considered good)		
	Due from insurance contract holders	11.1	445,005,214
	Less: Provision for impairment of receivables from insurance contract holders		(9,340,612)
	Due from other Insurers / reinsurers		50,704,898
	Less: Provision for impairment of receivables from other Insurers / reinsurers		-
		<u>486,369,500</u>	<u>409,851,141</u>
11.1	This includes gross amount of Rs. 5.631 million (2018: Rs. 31.869 million) due from related parties		
<b>12</b>	<b>PREPAYMENTS</b>		
	Prepaid reinsurance premium ceded		152,526,685
	Prepaid rent		882,998
	Others		558,923
		<u>153,968,606</u>	<u>77,784,627</u>
			<u>811,153</u>
			<u>1,314,387</u>
			<u>79,910,167</u>
<b>13</b>	<b>CASH AND BANK</b>		
	Cash and cash equivalents		
	Cash in hand		10,374
	Policy stamps		813,940
	Cash at bank		
	Savings accounts	13.1	199,123,851
		<u>199,948,165</u>	<u>53,056,931</u>
			<u>53,916,001</u>
13.1	These accounts carry interest rates ranging from 8% to 10.25% (December 31, 2018: 5.75% to 8%) per annum.		
<b>14</b>	<b>INSURANCE / REINSURANCE PAYABLES</b>		
	Due to other Insurers / reinsurers		<u>252,694,867</u>
			<u>88,486,754</u>

15	OTHER CREDITORS AND ACCRUALS	Note	June 30	December 31
			2019	2018
			(Unaudited)	(Audited)
			(Rupees)	
	Federal excise duty / sales tax		305,964	17,116,673
	Federal insurance fee		105,482	61,972
	Accrued expenses		5,780,587	6,627,269
	Other tax payables		578,326	433,272
	Provision for compensated leave absences		2,737,140	2,000,592
	Auditors' remuneration		202,188	501,075
			<u>10,327,883</u>	<u>27,341,591</u>

## 16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2019 (December 31, 2018: Nil).

17	NET INSURANCE PREMIUM	Six months period ended		Three months period ended	
		June 30	June 30	June 30	June 30
		2019	2018	2019	2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Rupees)		(Rupees)	
	Written gross premium	213,879,441	37,366,395	184,841,423	15,370,519
	Add: Unearned premium reserve - opening	271,787,924	360,660,322	165,782,457	257,645,877
	Less: Unearned premium reserve - closing	(196,387,735)	(145,607,770)	(196,387,735)	(145,607,770)
	Premium earned	289,279,630	232,418,947	154,236,145	127,408,626
	Less: Reinsurance premium ceded	(181,044,572)	(16,334,284)	(163,934,938)	(8,716,133)
	Less: Prepaid reinsurance premium - opening	(77,784,627)	(159,244,082)	(51,482,140)	(130,982,635)
	Add: Prepaid reinsurance premium - closing	152,526,685	102,644,966	152,526,685	102,644,966
	Reinsurance expense	(106,302,514)	(72,933,400)	(62,890,393)	(37,053,802)
		<u>182,977,116</u>	<u>179,485,547</u>	<u>91,345,752</u>	<u>90,354,824</u>

## 18 NET INSURANCE CLAIMS EXPENSE

	Claims paid	60,538,965	58,790,830	30,302,492	33,118,117
	Add: Outstanding claims (including IBNR) - closing	1,944,115,517	1,198,699,500	1,944,115,517	1,198,699,500
	Less: Outstanding claims (including IBNR) - opening	(1,935,311,565)	(1,191,759,126)	(1,985,142,614)	(1,134,317,221)
	Claims expense	<u>69,342,917</u>	<u>65,731,204</u>	<u>(10,724,605)</u>	<u>97,500,396</u>

	Six months period ended		Three months period ended	
	June 30 2019 (Unaudited)	June 30 2018 (Unaudited)	June 30 2019 (Unaudited)	June 30 2018 (Unaudited)
	(Rupees)		(Rupees)	
Less: Reinsurance and other recoveries received	(25,222,928)	(7,549,692)	(11,708,042)	(4,010,320)
Add: Reinsurance and other recoveries in respect of outstanding claims -	56,158,251	16,932,824	47,099,795	21,213,991
Less: Reinsurance and other recoveries in respect of outstanding claims -	(14,579,434)	(67,451,867)	(14,579,434)	(67,451,867)
Reinsurance and other recoveries revenue	16,355,889	(58,068,735)	20,812,320	(50,248,196)
	85,698,805	7,662,469	10,087,715	47,252,200

18.1 This includes Provision for incurred but not reported claims (IBNR) amounting to 1.883 million (2018: Rs 1.012 million).

## 19 NET COMMISSION

Commission paid or payable	55,956,955	139,057,809	62,140,018	51,998,888
Add: Deferred commission expense - opening	119,779	1,880,048	137,133	1,581,115
Less: Deferred commission expense - closing	(93,565)	(822,694)	(93,565)	(822,694)
Net commission	55,983,169	140,215,163	62,183,586	52,757,309
Less: Commission received or recoverable	(5,050,553)	(4,200,061)	(3,789,528)	(2,112,929)
Add: Unearned reinsurance commission - closing	4,119,823	4,214,864	7,157,807	5,155,112
Less: Unearned reinsurance commission - opening	(7,157,807)	(6,496,730)	(7,157,807)	(6,496,730)
Commission from reinsurers	(8,088,537)	(6,481,927)	(3,789,528)	(3,454,547)
	47,894,632	133,733,236	58,394,058	49,302,763

## 20 MANAGEMENT EXPENSES

Salaries, allowance and other benefits	14,740,964	14,043,440	8,383,093	6,877,798
Travelling expense	284,325	58,142	274,675	40,942
Advertisement and sales promotion	138,724	220,401	133,724	62,000
Printing and stationery	378,171	346,928	158,132	252,522
Depreciation	2,131,046	1,517,789	1,035,355	767,507
Amortization	343,160	765,623	161,440	388,631
Rent, rates and taxes	1,107,467	2,161,717	568,628	1,147,727
Legal and professional charges	1,111,037	1,431,324	492,489	1,372,400
Electricity, gas and water	539,260	692,171	328,914	370,270
Entertainment	425,529	428,396	210,182	189,192
Vehicle running expense	82,922	4,730	32,450	4,730



	Six months period ended		Three months period ended	
	June 30 2019 (Unaudited)	June 30 2018 (Unaudited)	June 30 2019 (Unaudited)	June 30 2018 (Unaudited)
	(Rupees)		(Rupees)	
Office repair, maintenance and insurance	1,112,602	941,606	608,864	454,020
Office expense	202,948	224,784	141,845	111,945
Bank charges	17,764	51,074	8,544	40,134
Postage, telegrams and telephones	499,908	486,697	230,155	213,547
Bad and doubtful debts	-	14,486,464	-	14,486,464
Service charges	2,146,147	2,777,718	726,611	2,351,669
Miscellaneous	655,669	385,306	506,269	113,725
	<u>25,917,643</u>	<u>41,024,311</u>	<u>14,001,370</u>	<u>29,245,224</u>

## 21 INVESTMENT INCOME

Return on investments classified at amortised cost				
Return on Treasury bills	12,950,726	4,593,989	6,401,225	834,305
Return on sukuk	1,226,088	1,175,262	616,431	590,878
Return on term deposits receipt	162,320,591	119,729,843	81,589,282	60,254,939
Discount on purchase of PIBs	-	178,998	-	1,586,373
	<u>176,497,405</u>	<u>125,678,092</u>	<u>88,606,938</u>	<u>63,266,495</u>

## 22 OTHER INCOME

Interest on savings accounts	2,561,572	1,188,656	1,240,313	466,887
Income on generator sharing	218,430	218,430	109,215	109,215
Other	23,274,574	702,975	21,810,345	462,035
	<u>26,054,576</u>	<u>2,110,061</u>	<u>23,159,873</u>	<u>1,038,137</u>

- 22.1 This includes reversal of provision amounting to Rs. 16.325 million against Sindh Sales Tax on group health business in pursuance of notification dated May 8, 2019 issued by the Sindh Revenue Board (SRB) during the period.

## 23 EARNINGS PER SHARE - basic and diluted

	Six months period ended		Three months period ended	
	June 30 2019 (Unaudited)	June 30 2018 (Unaudited)	June 30 2019 (Unaudited)	June 30 2018 (Unaudited)
Profit for the period	<u>174,714,183</u>	<u>79,035,276</u>	<u>98,595,007</u>	<u>10,395,078</u>
Weighted average number of ordinary shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Earnings per share - rupees	<u>1.75</u>	<u>0.79</u>	<u>0.99</u>	<u>0.10</u>

- 23.1 There is no dilutive effect on basic Earnings per share of the Company.

24 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, entities under common control, entities with common Directors, shareholder and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices except for compensation to key management personnel which is carried out on basis of employment terms and conditions. The transactions with related parties are as follows:

Transactions during the period		Six months period ended		Three months period ended	
		June 30	June 30	June 30	June 30
		2019	2018	2019	2018
Nature of relationship	Nature of transaction	(Unaudited) Rupees	(Unaudited) Rupees	(Unaudited) Rupees	(Unaudited) Rupees
<b>Common directorship</b>					
<b>Sindh Bank Limited (SBL)</b>					
	Income on savings accounts	2,452,695	1,188,656	1,131,436	466,888
	Premium written	699,705	751,387	471,177	221,894
	Claim paid	19,044,284	16,331,555	9,167,170	6,502,622
<b>Sindh Modarba Management Limited (SMML)</b>					
	Premium written	23,107	-	-	-
	Claim paid	-	40,779	-	8,099
	Income on sharing of generator	218,430	218,430	109,215	109,215
<b>Sindh Leasing Company Limited (SLCL)</b>					
	Premium written	842,525	409,387	-	106,823
	Claim paid	176,422	375,944	49,169	369,064
<b>Sindh Microfinance Bank Limited</b>					
	Premium written	3,019,397	1,407,148	2,934,364	1,118,293
	Claim paid	693,306	176,192	663,480	61,553
<b>Directors</b>					
	Premium written	386,361	283,649	69,429	143,679
	Claim paid	89,614	141,306	15,060	-
	Meeting Fee	1,000,000	425,000	1,000,000	425,000
<b>Employees' fund</b>					
	Contribution to provident fund	603,234	679,286	332,711	388,938
<b>Government of Sindh</b>					
	Claims Paid	15,810,500	26,866,667	7,898,500	16,046,667
<b>Balances as at</b>				<b>June 30</b>	<b>December 31</b>
				<b>2019</b>	<b>2018</b>
				<b>(Unaudited)</b>	<b>(Audited)</b>
				<b>Rupees</b>	<b>Rupees</b>
<b>Common directorship</b>					
<b>Sindh Bank Limited (SBL)</b>					
	Bank accounts			34,232,684	51,088,754
	Due from insurance contract holder			5,542,460	30,514,149
	Claim payable			11,521,761	15,157,481
	Payable to Sindh Bank Limited			-	143,734
<b>Sindh Modarba Management Limited (SMML)</b>					
	Premium received in advance			-	-
	Claim payable			15,000	-
	Amount receivable for sharing of generator			348,070	218,430
<b>Sindh Leasing Company Limited (SLCL)</b>					
	Due from insurance contract holder			88,229	219
	Claim payable			-	90,130
	Payable to Sindh Leasing Company Limited			-	-
<b>Sindh Micro Finance Bank Limited</b>					
	Due from insurance contract holder			(19,888)	1,354,836
	Claim (receivable) / payable			1,010,080	32,892
<b>Directors</b>					
	Claim payable			50,000	60,000
<b>Receivable From Sindh Insurance Limited - Window Takafat Operations</b>				60,827	5,981,116

25 SEGMENT REPORTING

Following are the segment assets, liabilities, revenue and expenses of the Company:

Segment Current Period	June 30, 2019					TOTAL
	Fire and property damage	Marine, Aviation & Transport	Motor	Accident and health	Miscellaneous	
Premium receivable	12,058,100	45,717,127	29,195,480	4,321,404	129,918,786	221,210,897
Less: Federal excise duty	196,242	630,309	3,331,425	447,639	572,535	5,178,144
Federal insurance fee	117,442	446,404	256,262	52,545	1,280,659	2,133,312
Gross written premium	11,744,416	44,640,420	25,607,793	3,821,220	128,065,592	213,879,441
Direct premium earned	9,120,817	16,533,904	25,503,589	155,607,140	81,859,158	288,624,608
Facultative inward premium earned	26,732		27,179			53,911
Administrative surcharge earned	42,138	17,753	380,001	9,417	151,802	601,111
Insurance premium earned	9,189,687	16,551,657	25,910,769	155,616,557	82,010,960	289,219,530
Insurance premium ceded to reinsurers	8,113,438	14,843,087	13,451,196		69,882,793	106,302,514
Net insurance premium	1,076,249	1,708,570	12,449,573	155,616,557	12,128,167	182,977,116
Commission income	1,025,945	359,722	3,834,257		2,868,593	8,088,587
Net underwriting income	2,100,204	2,068,292	16,283,840	155,616,557	14,996,760	191,065,653
Insurance claims	4,702,817	(15,498,010)	13,777,133	61,607,803	4,753,174	69,342,917
Insurance claims recovered from reinsurers	748,968	(16,486,291)	5,761,898		(6,180,464)	(16,355,889)
Net claims	3,953,849	988,281	8,015,235	61,607,803	11,133,638	85,698,806
Commission expense	140,665	29,857	28,912	55,782,317	1,418	55,983,169
Management expense	1,289,902	4,902,909	2,812,593	2,846,712	14,065,589	25,917,645
Premium deficiency expense				(21,198,534)		(21,198,534)
Net insurance claims and expenses	5,384,416	5,921,047	10,856,680	99,038,298	25,200,645	146,401,085
Underwriting result	(3,284,212)	(3,852,755)	5,427,160	56,578,259	(10,203,885)	44,664,567
Net investment income						176,497,405
Other income						26,054,575
Other expenses						(1,203,187)
Profit from Window Takaful Operation						1,459,168
Profit before tax						297,472,839
Segment assets	45,500,960	172,948,741	99,211,333	14,804,412	486,159,872	828,625,268
Un-allocated assets						3,305,170,685
Segment liabilities	131,995,001	501,704,213	287,800,555	42,945,881	1,439,302,027	1,730,050,277
Un-allocated liabilities						4,133,795,953

Segment Prior Period	June 30, 2018					TOTAL
	Fire and property damage	Marine, Aviation & Transport	Motor	Accident and health	Miscellaneous	
Premium receivable	3,954,640	6,574,515	18,076,922	2,235,623	11,405,484	42,245,184
Less: Federal excise duty	359,763	779,788	2,038,513	384,807	812,956	4,375,607
Federal insurance fee	26,181	57,374	156,309	24,594	103,724	368,182
Gross written premium	3,568,696	5,737,353	15,882,100	1,824,422	10,488,824	37,501,395
Direct premium earned	9,839,892	14,206,892	19,657,989	153,748,397	51,037,459	248,490,629
Facilitative inward premium earned	2,888,133		327,912		82,635	3,298,680
Administrative surcharge earned	53,956	76,546	312,397	12,500	174,239	629,638
Insurance premium ceded	12,781,981	14,283,438	20,298,298	153,760,897	51,294,333	252,418,947
Insurance premium ceded to reinsurers	11,517,922	12,259,590	8,267,053	40,888,835	72,933,400	179,483,547
Net insurance premium	1,264,059	2,023,848	12,031,245	153,760,897	10,405,498	179,483,547
Commission income	2,338,298	367,882	2,803,109	972,658		6,481,927
Net underwriting income	3,602,357	2,391,730	14,834,354	153,760,897	11,378,136	185,967,474
Insurance claims	11,635,800	32,121,404	10,108,642	(12,810,524)	24,675,882	65,731,204
Insurance claims recovered from reinsurers	10,909,657	31,208,774	3,590,800		12,359,504	58,068,735
Net claims	726,143	912,630	6,517,842	(12,810,524)	12,316,378	7,662,469
Commission expense	1,405,627	244,236	178,060	138,294,587	94,653	140,215,163
Management expense	3,686,253	5,926,349	16,405,275	4,311,544	10,694,891	41,024,312
Premium deficiency expense	110,581	6,168,243	5,520,708	(5,382,449)	6,219,423	12,836,506
Net insurance claims and expenses	5,926,604	13,451,458	28,621,885	124,413,158	29,325,343	201,738,450
Underwriting result	(2,324,247)	(11,059,728)	(13,787,531)	29,347,759	(17,947,209)	(15,770,976)
Net investment income						125,678,092
Other income						2,110,061
Other expenses						(555,000)
Profit from Winöw 7aknof Operation						1,116,290
Profit before tax						112,578,467
Segment assets	40,949,839	65,834,602	182,242,880	20,934,758	118,807,387	428,769,467
Un-allocated assets						3,048,790,058
Segment liabilities	198,930,023	310,817,593	885,316,798	101,698,859	577,153,817	2,082,917,090
Un-allocated liabilities						1,394,642,435
						3,477,559,524

## 26 FAIR VALUE OF FINANCIAL INSTRUMENTS

### 26.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at June 30, 2019.

	As at June 30, 2019 (Unaudited)		As at December 31, 2018 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees		Rupees	
<b>Financial Assets</b>				
Investments				
Debt securities	302,742,130	302,742,130	279,915,200	279,915,200
Term deposit receipts	2,677,101,841	2,677,101,841	2,827,101,841	2,827,101,841
Insurance / reinsurance receivables	486,369,500	486,369,500		
Reinsurance recoveries against outstanding claims	14,579,433	14,579,433	56,158,251	56,158,251
Cash at bank	199,123,851	199,123,851	53,916,001	53,916,001
<b>Financial Liabilities</b>				
Outstanding claims including IBNR	1,944,115,517	1,944,115,517	1,935,311,565	1,935,311,565
Insurance / reinsurance payables	252,694,867	252,694,867	88,486,754	88,486,754
Other creditors and accruals	10,327,883	10,327,883	27,341,591	27,341,591

### 26.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

As of June 30, 2019, none of the financial assets of the Company were carried at fair value.

## 27 CORRESPONDING FIGURES

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

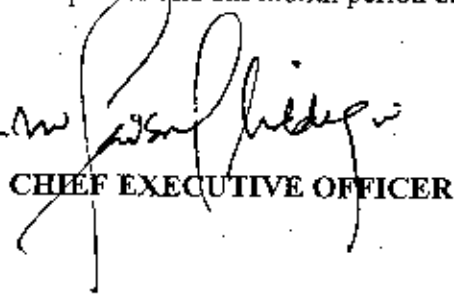
28 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting of the Company held on 29 AUG 2019


29 GENERAL

The figures for the quarter and six month period ended June 30, 2019 have been rounded off to the nearest rupee.

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR



**CONDENSED INTERIM  
FINANCIAL INFORMATION  
OF  
SINDH INSURANCE LIMITED  
(WINDOW TAKAFUL OPERATIONS)  
FOR THE SIX MONTHS PERIOD ENDED  
JUNE 30, 2019**

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**REVIEW REPORT TO THE MEMBERS****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **SINDH INSURANCE LIMITED (WINDOW TAKAFUL OPERATIONS)** ("the Operator") as at June 30, 2019 and condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period ended June 30, 2019 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

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

**Conclusion**

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

**Other matters**

The figures for the three months period ended June 30, 2019 and June 30, 2018 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The financial statements of the **SINDH INSURANCE LIMITED (WINDOW TAKAFUL OPERATIONS)** ("the Operator") for the year ended December 31, 2018 and condensed interim financial information for the half year ended June 30, 2018 were audited and reviewed by another firm of chartered accountants who have expressed an unqualified opinion and conclusion thereon vide their reports dated April 16, 2019 and July 16, 2018, respectively.

KARACHI

DATED: 29 AUG 2019

  
CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer



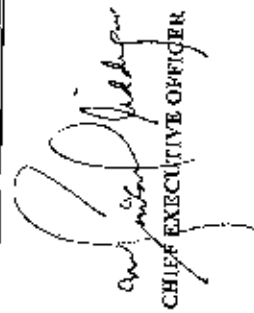
**SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019**

ASSETS	Note	June 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
		Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
		Rupees			Rupees		
Qard-e-Hasna to Participants' Takaful Fund (PTF)		11,000,000	-	11,000,000	11,000,000	-	11,000,000
Property and equipment	7	48,680	-	48,680	58,228	-	58,228
Intangible assets	8	1,077,777	-	1,077,777	1,388,944	-	1,388,944
Investments							
Mutual fund units	9	-	1,601,261	1,601,261	-	1,551,927	1,551,927
Term deposit receipts	10	40,000,000	19,900,000	59,900,000	40,000,000	19,900,000	59,900,000
Loans and other receivables	11	3,744,587	1,078,228	4,822,815	1,969,390	572,771	2,542,167
Takaful / retakaful receivables	12	-	376,407	376,407	-	1,328,310	1,328,310
Deferred commission expense	20	3,410	-	3,410	19,569	-	19,569
Deferred taxation		66,535	-	66,535	-	-	-
Wakala and modarib fee receivable		5,443,256	-	5,443,256	4,397,296	-	4,397,296
Deferred wakala fee expense		-	1,415,567	1,415,567	-	2,830,891	2,830,891
Taxation - net		-	140,958	140,958	-	24,622	24,622
Prepayments	13	36,498	89,541	126,039	76,261	522,208	598,469
Cash and bank	14	1,804,234	2,343,479	4,147,713	3,277,412	1,538,264	4,815,676
<b>TOTAL ASSETS</b>		<b>63,224,977</b>	<b>27,145,441</b>	<b>90,370,418</b>	<b>62,187,100</b>	<b>28,268,993</b>	<b>90,456,093</b>

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

  
CHAIRMAN

  
DIRECTOR

  
CHIEF EXECUTIVE OFFICER


**SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

Note	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Operator's Fund	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund
	Rupees		Rupees	
<b>EQUITY AND LIABILITIES</b>				
Operator's fund				
Statutory fund	50,000,000		50,000,000	
Revenue reserve - accumulated profit	4,834,602		3,375,135	
	<u>54,834,602</u>		<u>53,375,135</u>	
Participants' takaful fund				
Ceded money		500,000		500,000
Unrealized (loss) / gain on remeasurement of available for sale investments		(25,938)		30,074
Revenue reserve - accumulated deficit		(1,883,660)		(3,543,480)
		<u>(1,409,598)</u>		<u>(3,013,406)</u>
<b>LIABILITIES</b>				
Qard-e-Hesna from Operator		11,000,000		11,000,000
Underwriting provisions				
Outstanding claims including ENR	19	1,313,446		907,918
Unearned contribution reserve	18	4,157,455		8,619,640
Unsummed re-takaful rebate	20	17,632		104,883
Provision for unearned wakala fee	21	1,415,567	2,830,891	2,830,891
Deferred taxation		12,284	5,777	12,284
Contribution received in advance		4,943		
Takaful / re-takaful payables	15	4,571,241		3,355,782
Wakala and modarib fee payable		5,443,256		4,397,296
Other debtors and accruals	16	5,452,557	5,254,646	8,239,242
Taxation - net		1,522,251	620,651	620,651
		<u>17,555,039</u>	<u>8,811,965</u>	<u>29,094,364</u>
<b>TOTAL LIABILITIES</b>				
		28,555,039		51,282,399
<b>TOTAL EQUITY AND LIABILITIES</b>				
		<u>90,570,438</u>		<u>90,456,093</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17			

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

  
**CHAIRMAN**

  
**DIRECTOR**

  
**CHIEF EXECUTIVE OFFICER**

**SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)**

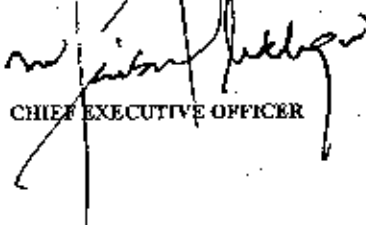
	Note	Six months period ended		Three months period ended	
		June 30 2019	June 30 2018	June 30 2019	June 30 2018
<b>Participants' Takaful Fund - revenue account</b>					
Net contribution revenue	18	5,187,150	(2,840,221)	2,694,909	(3,636,671)
Wakala fee expense	21	(2,215,936)	(856,692)	(1,150,477)	(370,766)
Net claims	19	(2,414,594)	(438,379)	1,788,791	(37,893)
Rebate on retakaful	20	113,226	323,448	65,927	168,627
Underwriting results		669,846	(3,811,844)	3,399,150	(3,876,703)
Direct expense		(116,729)	-	7,196	-
Investment Income	22	1,021,765	-	577,818	-
Other Income		84,938	37,727	22,241	33,944
<b>Surplus / (deficit) for the period</b>		<b>1,659,820</b>	<b>(3,774,117)</b>	<b>4,006,405</b>	<b>(3,842,759)</b>
<b>Other comprehensive (loss) / income:</b>					
Items that may be reclassified subsequently to revenue account					
Unrealized (loss) / gain on remeasurement of available for sale investments		(56,012)	11,853	(56,012)	-
Items that will not be reclassified subsequently to revenue account					
<b>Total comprehensive income / (loss) for the period</b>		<b>1,603,808</b>	<b>(3,762,264)</b>	<b>3,950,393</b>	<b>(3,842,759)</b>
<b>Operator's Fund - revenue account</b>					
Revenue Account					
Wakala fee	21	2,215,936	856,692	1,150,477	370,766
Commission expense	20	(33,469)	(279,886)	21,402	(145,405)
Management expenses	23	(1,770,941)	(1,120,936)	(1,018,014)	(642,392)
Operating results		411,526	(544,130)	153,865	(417,031)
Mudarib's share of PIF investment income	22.1	245,348	10,907	144,455	7,042
Investment income	22.2	2,166,379	820,333	1,206,870	-
Other income		7,000	955,168	7,000	585,996
		2,830,253	1,242,278	1,512,190	176,007
Other expenses	24	(222,450)	(125,988)	(222,450)	(75,399)
<b>Profit before tax</b>		<b>2,607,803</b>	<b>1,116,290</b>	<b>1,289,740</b>	<b>100,608</b>
Taxation		(1,148,336)	(334,887)	(1,136,628)	(30,182)
<b>Profit after tax</b>		<b>1,459,467</b>	<b>781,403</b>	<b>153,112</b>	<b>70,426</b>
<b>Other comprehensive loss:</b>					
Items that may be reclassified subsequently to revenue account					
Transferred to revenue account on disposal of available for sale investments		-	(552,888)	-	(552,888)
Items that will not be reclassified subsequently to revenue account					
		-	(552,888)	-	(552,888)
<b>Total comprehensive income / (loss) for the period</b>		<b>1,459,467</b>	<b>228,515</b>	<b>153,112</b>	<b>(482,462)</b>

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

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

  
CHIEF EXECUTIVE OFFICER

M

**SINDE INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)**

	June 30, 2019 (Unaudited)		June 30, 2018 (Unaudited)	
	Operator's Fund	Participants' Total Fund	Operator's Fund	Participants' Total Fund
<b>OPERATING CASH FLOWS</b>				
(a) Taxable activities:				
Circulation received	-	2,258,659	3,258,659	1,858,882
Rebate/ful contribution paid	-	(22,225)	(22,225)	(4,539,320)
Claims paid	-	(2,069,705)	(2,069,705)	(285,693)
Commission paid	(17,310)	-	(17,310)	(147,282)
Rebate/ful rebate received	-	21,975	21,975	153,346
Waiver fee received	(245,348)	245,348	-	5,334
Other underwriting payments	(2,842,402)	-	(2,842,402)	(18,216,352)
Net cash used in taxable activities	(5,105,061)	1,438,052	(1,507,209)	(18,558,260)
(b) Other operating activities:				
Income tax paid	(319,048)	(319,048)	(638,096)	(95,467)
Direct expenses paid	(116,729)	(116,729)	(116,729)	(4,268)
Other operating payment	(232,448)	(505,457)	(737,905)	(200,662)
Other operating receipts	-	(538,306)	(538,306)	3,084,537
Net cash used in / generated from other operating activities	(547,466)	(1,599,540)	(2,141,036)	2,979,407
<b>Net cash used in operating activities</b>	<b>(5,652,527)</b>	<b>(101,488)</b>	<b>(3,748,045)</b>	<b>(18,719,261)</b>
<b>INVESTMENT ACTIVITIES</b>				
Profit/return received on investments	-	1,106,703	3,280,082	48,634
Addition to investments	-	-	-	(1,500,000)
Proceeds from disposal of investments	-	-	-	51,889,940
Modesty fee received / paid	-	-	-	10,907
Fixed-capital expenditure	-	-	-	(19,907)
Net cash generated from investing activities	2,173,379	1,106,703	3,280,082	49,563,743
Net (decrease) / increase in cash and cash equivalents	(1,479,148)	1,005,215	(467,963)	30,844,480
Cash and cash equivalents at beginning of the period	43,377,412	21,438,264	64,715,874	1,915,885
Cash and cash equivalents at end of the period	41,898,264	22,443,479	64,247,911	2,383,608
<b>Reconciliation to profit and loss account:</b>				
Operating cash flows	(5,645,557)	(101,488)	(3,748,045)	(18,719,261)
Depreciation	(9,548)	-	(9,548)	(7,191)
Amortization	(311,166)	-	(311,166)	(157,296)
Income tax paid	319,048	319,048	638,096	99,735
Other income	232,348	84,938	337,286	37,727
Decrease / (increase) in assets other than cash	2,497,138	(2,751,532)	(254,394)	18,467,796
Increase in liabilities	1,240,161	3,127,451	4,467,612	(2,706,971)
Investment income	2,166,379	581,303	3,147,772	830,333
Profit / (loss) for the period	2,607,893	3,629,830	4,257,623	(3,774,117)

The amount notes from 1 to 29 form an integral part of this condensed interim financial

**SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)**

	Operator's Fund			
	Statutory Fund	Revaluation reserve on available for sale investments	Revenue reserve	
			Accumulated profits	Total
Rupees				
<b>Balance as at January 1, 2018 - restated - audited</b>	50,000,000	552,888	625,584	51,178,472
Total comprehensive income for the period ended June 30, 2018				
Profit for the period	-	-	781,403	781,403
Other comprehensive loss	-	(552,888)	-	(552,888)
	-	(552,888)	781,403	228,515
<b>Balance as at June 30, 2018 - unaudited</b>	50,000,000	-	1,406,987	51,406,987
<b>Balance as at January 1, 2019 - audited</b>	50,000,000	-	3,375,135	53,375,135
Total comprehensive income for the period ended June 30, 2019				
Profit for the period	-	-	1,459,467	1,459,467
Other comprehensive income	-	-	-	-
	-	-	1,459,467	1,459,467
<b>Balance as at June 30, 2019 - unaudited</b>	50,000,000	-	4,834,602	54,834,602

	Participants' Takaful Fund			
	Ceded Money	Revaluation reserve on available for sale investments	Revenue reserve	
			Accumulated deficit	Total
Rupees				
<b>Balance as at January 1, 2018 - audited</b>	500,000	-	(57,353)	442,647
Total comprehensive loss for the period ended June 30, 2018				
Deficit for the period	-	-	(3,774,117)	(3,774,117)
Other comprehensive income	-	11,853	-	11,853
	-	11,853.00	(3,774,117)	(3,762,264)
<b>Balance as at June 30, 2018 - unaudited</b>	500,000	11,853	(3,831,470)	(3,319,617)
<b>Balance as at January 1, 2019 - audited</b>	500,000	30,074	(3,543,480)	(3,013,406)
Total comprehensive income for the period ended June 30, 2019				
Surplus for the period	-	-	1,659,820	1,659,820
Other comprehensive loss	-	(56,012)	-	(56,012)
	-	(56,012)	1,659,820	1,603,808
<b>Balance as at June 30, 2019 - unaudited</b>	500,000	(25,938)	(1,883,660)	(1,409,598)

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

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

  
CHIEF EXECUTIVE OFFICER

**SINDH INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UNAUDITED)**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Sindh Insurance Limited (the Company) was incorporated under the repealed Companies Ordinance, 1984, (now Companies Act, 2017) as an unlisted public company on December 20, 2013 and obtained the certificate of commencement of business on September 22, 2014. All shares of the Company are held beneficially by Government of Sindh, directly and through nominee directors. The Company is engaged in the non-life insurance business comprising of fire, marine, motor, aviation, engineering, transportation, accidental and health etc. The registered office and principal place of business of the Company is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.
- 1.2 The Company was granted authorization on September 22, 2016 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and, subsequently, the Company commenced Window Takaful Operations.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

This condensed interim financial information has been prepared in accordance with the accounting and reporting standard 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 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2018.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 differ with the requirements of IAS 34, provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2018 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Operator as at and for the year ended December 31, 2018 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Operator for the year ended December 31, 2018, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in funds are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2018.

### **3 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost basis except for certain investments that have been measured at fair value. Accrual basis of accounting has been used except for cash flow information.

### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same and are consistent with those followed in the preparation of the annual audited financial statements of the Operator for the year ended December 31, 2018 except as disclosed below.

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Operator's accounting period beginning on or after July 01, 2018 and January 01, 2019. These standards, interpretations and amendments are either not relevant to the Operator's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 4.1 below.

#### **4.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

### Temporary Exemption from Application of IFRS 9

As an insurance 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 insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

### Fair value of financial assets as at June 30, 2019 and change in the fair values during the half year ended June 30, 2019

PARTICIPENTS' TAKAFUL FUND	As at December 31 2018	As at June 30 2019	Change during the half year ended June 30 2019
	(Rupees)		
Financial assets that do not meet the SPPJ criteria			
Equity securities - Available for sale (note 9)	1,551,927	1,601,261	49,334

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.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

### Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.



Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Operator and Participants' financial assets and financial liabilities.

<b>OPERATOR'S FUND</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39 (Rupees)</b>	<b>New carrying amount under IFRS 9 (Rupees)</b>
<b>Financial assets</b>				
Term deposit receipts	Held to maturity	Amortised cost	40,000,000	40,000,000
Other receivables	Loans and receivables	Amortised cost	3,567,491	3,567,491
Qard-e-Hasna to PTP	Loans and receivables	Amortised cost	11,000,000	11,000,000
Wakala and modarib fee receivable	Loans and receivables	Amortised cost	5,443,256	5,443,256
Cash at bank	Loans and receivables	Amortised cost	1,804,234	1,804,234
<b>Financial Liabilities</b>				
Other creditors and accruals	Other financial liabilities	Amortised cost	5,452,557	5,452,557
<b>PARTICIPENTS' TAKAFUL FUND</b>				
<b>Financial assets</b>				
Equity securities	Available for sale	Fair value through profit or loss	1,601,261	1,601,261
Term deposit receipts	Held to maturity	Amortised cost	19,900,000	19,900,000
Takaful / re-takaful receivable	Loans and receivables	Amortised cost	376,407	376,407
Other receivables	Loans and receivables	Amortised cost	1,477,020	1,477,020
Cash at bank	Loans and receivables	Amortised cost	2,543,479	2,543,479
<b>Financial Liabilities</b>				
Qard-e-Hasna from Operator	Other financial liabilities	Amortised cost	11,000,000	11,000,000
Outstanding claims including (IBNR)	Other financial liabilities	Amortised cost	1,313,446	1,313,446
Wakala and modarib fee payable	Other financial liabilities	Amortised cost	5,443,256	5,443,256
Takaful / re-takaful payables	Other financial liabilities	Amortised cost	4,571,241	4,571,241
Other creditors and accruals	Other financial liabilities	Amortised cost	2,034,782	2,034,782

### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Operator is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

## **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying the Operators' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of the Operator as at and for the year ended December 31, 2018.

## **6 INSURANCE AND FINANCIAL RISK MANAGEMENT**

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

7 PROPERTY AND EQUIPMENT - OPERATOR'S FUND

		June 30, 2019 (Unaudited)					
Cost		Accumulated depreciation			Written down value	Depreciation rate %	
As at January 1, 2019	Addition / (disposals)	As at January 1, 2019	For the period / year	As at June 30, 2019			
Tangible							
Furniture and fixtures	56,062	-	12,490	2,811	15,301	10%	
Computer equipments	39,500	-	24,844	6,737	31,581	33%	
<b>Total</b>	<b>95,562</b>	<b>95,562</b>	<b>37,334</b>	<b>9,548</b>	<b>46,882</b>	<b>48,689</b>	
<b>December 31, 2018 - audited</b>	<b>95,562</b>	<b>95,562</b>	<b>18,242</b>	<b>19,092</b>	<b>37,334</b>	<b>58,228</b>	

8 INTANGIBLE ASSETS - OPERATOR'S FUND

		June 30, 2019 (Unaudited)					
Cost		Accumulated amortization			Written down value	Amortization rate %	
As at January 1, 2019	Addition / (disposals)	As at January 1, 2019	For the period / year	As at June 30, 2019			
Computer software	1,867,000	1,867,000	478,056	311,166	789,223	1,077,777	33%
<b>Total</b>	<b>1,867,000</b>	<b>1,867,000</b>	<b>478,056</b>	<b>311,166</b>	<b>789,223</b>	<b>1,077,777</b>	
<b>December 31, 2018 - audited</b>	<b>1,830,000</b>	<b>1,830,000</b>	<b>8,222</b>	<b>469,834</b>	<b>478,056</b>	<b>1,388,944</b>	

9 INVESTMENTS IN EQUITY SECURITIES

June 30, 2019 (Unaudited)					December 31, 2018 (Audited)				
Cost as at January 1, 2019	Dividend received	Carrying value as at June 30, 2019	Unrealized losses on revaluation	Market value	Cost	Dividend received	Carrying value as at December 31, 2018	Unrealized gain on revaluation	Market value
Rupees					Rupees				
Participants' Takaful Fund									
Mutual Fund Units									
Meezan Sovereign Fund									
	1,521,853	210,546	1,632,199	(42,939)	2,401,261	1,209,560	22,284	1,521,853	20,074
									1,511,927

Investments classified available for sale

Participants' Takaful Fund  
Mutual Fund Units  
Meezan Sovereign Fund

10 INVESTMENTS IN TERM DEPOSIT RECEIPTS (TDRs)

June 30, 2019 (Unaudited)			December 31, 2018 (Audited)
Cost	Impairment / provision	Carrying value	Carrying value
Rupees			
At amortised cost			
Deposits maturing within 12 months - local currency			
Operator's Fund			
Participants' Takaful Fund			
40,000,000	-	40,000,000	40,000,000
19,900,000	-	19,900,000	19,900,000
59,900,000	-	59,900,000	59,900,000

At amortised cost  
Deposits maturing within 12 months - local currency  
Operator's Fund  
Participants' Takaful Fund

10 These represent term deposits with different microfinance banks and carry mark-up ranging from 9.50% to 13.00% (December 31, 2018: 9.5% to 13%) per annum.

11 LOANS AND OTHER RECEIVABLES - Considered good

June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
Operator's Fund	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund
Rupees			
Advance salary			
Advance against loans			
Accrued investment income			
Sales tax refundable on services			
Receivable from Participant Takaful Fund			
Receivable from Operator's Fund			
Other receivable			
15,832	-	3,031	-
111,133	-	-	-
2,090,471	1,046,095	1,779,824	572,771
52,131	14,823	52,131	-
1,468,233	-	119,282	-
-	17,310	-	-
8,787	-	15,122	-
3,744,587	1,078,228	1,869,390	572,771

Advance salary  
Advance against loans  
Accrued investment income  
Sales tax refundable on services  
Receivable from Participant Takaful Fund  
Receivable from Operator's Fund  
Other receivable

June 30, 2019 (Unaudited) Rupees  
December 31, 2018 (Audited) Rupees

12 TAKAFUL / RE-TAKAFUL RECEIVABLES - Unsecured and considered good

Due from Takaful contract holders 12.1  
Less: provision for impairment of receivables from Takaful contract holders  
Due from other takaful / re-takaful companies  
Less: provision for impairment of due from other takaful / re-takaful companies

841,622	1,722,247
(630,220)	(536,717)
211,402	1,185,530
165,005	142,780
165,005	142,780
376,407	1,328,310

12.1 Due from takaful contract holders includes an amount of Rs. 188,629 due from related parties (2018: Rs. 0.895 million).

June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
Operator's Fund	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund
Rupees			
Prepaid expenses			
Prepaid re-takaful contribution ceded			
36,498	-	76,261	-
-	89,541	-	522,208
36,498	89,541	76,261	522,208

13 PREPAYMENTS

Prepaid expenses  
Prepaid re-takaful contribution ceded

14 CASH AT BANK

Savings accounts

14.1

1,804,234	2,543,479	3,277,412	1,538,264
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14.1 These accounts carry expected profit ranging from 3.53% to 5.51% (2018: 2.25% to 5.73%) per annum.

June 30, 2019 (Unaudited) Rupees  
December 31, 2018 (Audited)

15 TAKAFUL / RETAKAFUL PAYABLE

Participants' Takaful Fund  
Due to other takaful / re-takaful

4,571,241	3,355,782
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June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
Operator's Fund	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund
Rupees		Rupees	

#### 16 OTHER CREDITORS AND ACCRUALS

Provincial sales tax on services	-	30,025	-	1,128,473
Federal insurance fee	-	1,987	-	13,537
Tax deducted / collected at source	-	21,205	-	-
Commission payable	213,281	-	229,648	-
Payable to Sindh Insurance Limited	4,777,522	420,487	4,727,107	1,254,010
Payable to Operator's Fund	-	1,468,233	-	119,282
Payable to Participant Takaful Fund	17,310	-	-	-
Sundry creditors	48,428	92,845	8,427	369,294
Accrued expenses	396,016	-	389,464	-
	<u>5,452,557</u>	<u>2,034,782</u>	<u>5,354,646</u>	<u>2,884,596</u>

#### 17 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2019 (December 31, 2018: Nil).

#### 18 NET CONTRIBUTION REVENUE

	Six months period ended June 30		Three months period ended June 30	
	2019 (Unaudited) Rupees	2018 (Unaudited) Rupees	2019 (Unaudited) Rupees	2018 (Unaudited) Rupees
Written Gross Contribution	2,373,091	2,638,908	967,086	900,724
Add: Unearned contribution reserve - opening	8,619,640	2,553,329	6,747,802	2,806,977
Less: Unearned contribution reserve - closing	(4,157,455)	(2,124,986)	(4,157,455)	(2,124,986)
Contribution earned	6,835,276	3,067,251	3,557,433	1,582,715
Less: Re-takaful contribution ceded	(1,215,459)	(5,270,661)	(657,998)	(4,634,006)
Less: Prepaid Re-takaful contribution ceded - opening	(522,208)	(1,550,150)	(294,067)	(1,498,719)
Add: Prepaid Re-takaful contribution ceded - closing	89,541	913,339	89,541	913,339
Re-takaful contribution expense	(1,648,126)	(5,907,472)	(862,524)	(5,219,386)
	<u>5,187,150</u>	<u>(2,840,221)</u>	<u>2,664,909</u>	<u>(3,636,671)</u>

	Contribution written	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expense	Net contribution revenue	
		Opening	Closing			Opening	Closing		2019	2018
Fire and property damage	133,821	324,204	67,137	390,888	111,764	291,928	39,413	344,279	46,609	117,871
Marine, aviation and transport	-	12,411	-	12,411	-	11,152	-	11,152	1,299	6,363
Motor	2,207,895	6,967,756	3,848,823	5,331,828	1,102,500	73,194	29,080	1,156,614	4,175,214	(3,266,109)
Accident & health	28,831	1,129,343	232,290	925,784	-	-	-	-	925,784	562,388
Miscellaneous	2,544	186,026	14,205	174,365	1,195	145,934	1,048	136,061	38,284	39,314
	<u>2,373,091</u>	<u>8,619,640</u>	<u>4,157,455</u>	<u>6,835,276</u>	<u>(1,215,459)</u>	<u>(522,208)</u>	<u>89,541</u>	<u>(1,648,126)</u>	<u>5,187,150</u>	<u>(2,840,221)</u>

#### 19 NET TAKAFUL CLAIMS EXPENSE

	Six months period ended June 30		Three months period ended June 30	
	2019 (Unaudited) Rupees	2018 (Unaudited) Rupees	2019 (Unaudited) Rupees	2018 (Unaudited) Rupees
Claims paid	2,009,705	286,693	1,590,062	176,451
Add: Outstanding claims including IBNR - closing	1,313,446	350,856	1,313,446	350,856
Less: Outstanding claims including IBNR - opening	(907,918)	(199,170)	(1,114,717)	(489,414)
Claim expense	2,415,233	438,379	1,788,791	37,893
Re-takaful and other recoveries received	(4,389)	-	-	-
Add: Re-takaful and other recoveries in respect of outstanding claims - closing	-	-	-	-
Less: Re-takaful and other recoveries in respect of outstanding claims - opening	3,750	-	-	-
Re-takaful and other recoveries revenue	(639)	-	-	-
	<u>2,414,594</u>	<u>438,379</u>	<u>1,788,791</u>	<u>37,893</u>

	Total claims paid	Outstanding claims		Claims expenses	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2019	2018
Fire and property damage	-	8,949	4,661	(4,288)	-	-	-	-	(4,288)	2,921
Marine, aviation and transport	-	1,327	126	(1,201)	-	-	-	-	(1,201)	325
Motor	1,737,317	600,921	1,012,223	2,148,649	(4,389)	3,750	-	(639)	2,148,010	313,033
Accident & health	272,388	288,809	292,578	276,157	-	-	-	-	276,157	120,036
Miscellaneous	-	7,912	3,828	(3,084)	-	-	-	-	(3,084)	2,064
	<u>2,009,705</u>	<u>907,918</u>	<u>1,313,446</u>	<u>2,415,233</u>	<u>(4,389)</u>	<u>3,750</u>	<u>-</u>	<u>(639)</u>	<u>2,414,594</u>	<u>438,379</u>

19.1 This includes Provision for incurred but not reported claims (IBNR) amounting to Rs. 0.245 million (June 30, 2018: 0.394 million).

	Note	Six months period ended June 30		Three months period June 30	
		2019 (Unaudited) Rupees	2018 (Unaudited) Rupees	2019 (Unaudited) Rupees	2018 (Unaudited) Rupees
<b>20. NET COMMISSION EXPENSE / ACQUISITION COST</b>					
Commission paid or payable		17,310	147,282	17,310	21,715
Add: Deferred commission expense - opening		19,569	323,237	7,502	314,323
Less: Deferred commission expense - closing		(3,410)	(190,633)	(3,410)	(190,633)
Net commission		33,469	279,886	21,402	145,405
Retakaful rebate received or recoverable		200,477	493,550	107,307	298,800
Add: Unearned retakaful rebate - closing		17,632	196,997	17,632	196,997
Less: Unearned retakaful rebate - opening		(104,883)	(367,099)	(59,012)	(327,170)
Rebate on retakaful		113,226	323,448	65,927	168,627
		(79,757)	(43,562)	(44,525)	(23,222)
<b>21. WAKALA FEE EXPENSE / INCOME</b>					
Gross wakala fee		800,612	774,637	318,867	288,714
Add: Deferred/unearned wakala fee - opening		2,830,891	709,798	2,247,177	779,502
Less: Deferred/unearned wakala fee - closing		(1,415,567)	(627,743)	(1,415,567)	(627,743)
Net wakala expense / income		2,215,936	856,692	1,150,477	440,473
<b>22. INVESTMENT INCOME</b>					
<b>22.1 Participants' Takaful Fund</b>					
Income from equity securities - available for sale					
Dividend Income on Meezan Sovereign Fund		105,346	-	39,434	-
Income on term deposit receipts		1,039,936	-	583,598	-
Profit on savings accounts		121,831	48,634	99,241	40,986
		1,267,113	48,634	722,273	40,986
Less: modarib's fee		245,348	(10,907)	(144,455)	7,042
		1,021,765	59,541	577,818	48,028
<b>22.2 Operator's Fund</b>					
Income from equity securities - available for sale					
Realized gain on equity securities		-	820,333	-	-
Income from term deposits					
Profit on savings accounts		76,056	955,168	33,807	585,996
Income on term deposit receipts		2,090,323	-	1,173,063	-
		2,166,379	1,775,501	1,206,870	585,996
<b>23. MANAGEMENT EXPENSES</b>					
Employee benefit cost	23.1	1,278,712	956,034	718,825	483,484
Depreciation		9,548	7,191	4,774	3,595
Amortization		311,166	157,296	155,583	154,898
Miscellaneous		171,515	415	138,832	-
		1,770,941	1,120,936	1,018,014	641,977

	Note	Six months period ended June 30		Three months period June 30	
		2019	2018	2019	2018
		(Unaudited) Rupees	(Unaudited) Rupees	(Unaudited) Rupees	(Unaudited) Rupees
<b>23.1 Employee benefit cost</b>					
Salaries, allowance and other benefits		1,233,612	891,970	693,333	431,579
Charges for post employment benefit		45,100	64,064	25,492	51,905
		<u>1,278,712</u>	<u>956,034</u>	<u>718,825</u>	<u>483,484</u>
<b>24. OTHER EXPENSES</b>					
Auditors' remuneration	24.1	94,063	125,988	47,032	109,125
Employee health insurance		51,206	-	19,202	-
Compensated leave absences		77,181	-	(165,022)	-
		<u>222,450</u>	<u>125,988</u>	<u>(98,788)</u>	<u>109,125</u>
<b>24.1 Auditor's remuneration</b>					
Annual audit fee		<u>94,063</u>	<u>125,988</u>	<u>47,032</u>	<u>109,125</u>

## 25. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, shareholder, employees' retirement benefit plans, directors and key management personnel of the management. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements.

Nature of relationship	Nature of transaction	Six months period ended June 30		Three months period ended June 30	
		2019 (Unaudited) Rupees	2018 (Unaudited) Rupees	2019 (Unaudited) Rupees	2018 (Unaudited) Rupees
<b>Transactions during the period</b>					
Common directorship Sindh Bank Limited (SBL)	Income on savings accounts	197,882	997,347	133,048	608,849
	Net Contribution	30,331	711,068	15,188	2,580
	Gross Contribution	30,331	708,488	15,188	-
	Claim paid	272,388	86,954	99,206	29,627
Sindh Modarba Management Limited (SMML)	Net Contribution	80,380	104,895	34,810	36,386
	Gross Contribution	76,550	-	33,150	-
	Claim paid	23,050	19,831	-	19,831
<b>Balances as at</b>					
Common directorship Sindh Bank Limited (SBL)	Bank accounts			2,357,111	2,542,161
	Due from takaful contract holder			200,804	889,702
	Claim payable			52,000	148,000
Sindh Modarba Management Limited (SMML)	Due from takaful contract holder			6,411	-
	Claim payable			-	25,000

26. OPERATING SEGMENTS

	Fiscal property change		Mortgage, vacation and		Motor		Arrivment and health		Miscellaneous		Treaty		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah	Rupiah
Segment results														
Contribution receivable	156,400	527,566		1,402,628	2,517,600	1,469,622	32,328	815,802	9,802	2,034			2,096,043	2,654,083
Less: Federal executive duty	4,996	9,569		372	289,026	178,960	1,219	90,041	206	2,326			292,847	420,120
- Federal Executive Duty	116	236		42	28,000	22,757	288	7,157	151	184			24,065	28,154
Gross written contribution fee	33,521	513,331		113,328	2,227,855	1,269,866	28,821	715,203	2,544	18,452			2,172,928	2,625,929
Direct contribution earned	305,603	1,256,169		97,823	5,233,332	1,024,384	915,244	548,909	170,866	176,394			6,223,401	1,027,869
Fee waiver and commission earned	71,375	11,975		316	11,975	11,975							85,350	
Administrative charge earned	11,751	5,174		320	584	22,026	12,000	3,925	0,089	2,965			136,582	29,282
Contribution earned	396,848	1,705,569		12,411	5,331,804	1,061,960	927,144	562,236	174,955	179,363			6,853,775	3,057,252
Revaluation expense	(94,279)	(1,097,521)		(11,152)	(82,042)	(6,628,029)	(62,384)	(8,308,809)	(15,087)	(129,847)			(1,548,126)	(3,507,432)
Net contribution earned	55,609	317,871		1,259	6,165	4,178,214	(85,794)	554,312	159,868	39,314			5,185,150	(2,945,251)
Relates from re valuation operations	33,638	242,051		2,566	11,569	3,337	31,297	36,985					131,226	729,448
Net underwriting income	(20,232)	329,624		3,393	15,334	4,187,921	(54,507)	621,238	69,581	76,605			2,105,175	(2,216,373)
Tax and claims	(4,288)	(2,180)		1,201	(625)	(31,285)	(276,153)	(30,035)	4,084	(5,044)			(2,413,331)	(498,379)
Revaluation and other reserves	4,288	(2,180)		1,201	(625)	(31,285)	(276,153)	(30,035)	4,084	(5,044)			(2,413,331)	(498,379)
Net claims													6,035	
Commission expense									4,084					
Reimbursement expense									4,084					
Contribution of other income														
Net claims and expense														
Unallocated surplus for the period	1,347,130	1,201,923		274,932	22,880,366	5,546,496	260,862	1,643,030	26,374	42,870			24,054,862	6,111,054
Segment assets														
Unallocated assets														
Percepticon Takaful fund														
Operator's fund														
Regional liability														
Un-allocated liabilities														
Demerit fund														



## 27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Operator is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Operator is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Operator to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

27.1 Director's Fund

Note	As at June 30, 2019 (Unaudited)			
	Fair value through profit or loss - Debt for trading	Loans and receivables	Other financial liabilities	Total
27.1.1				
Financial assets not measured at fair value				
Term deposit receipts	40,000,000	-	-	40,000,000
Other receivables	3,583,891	-	-	3,583,891
Warrants and monies for receivable	5,443,236	-	-	5,443,236
Cash at bank	1,955,234	-	-	1,955,234
Financial liabilities not measured at fair value				
Other creditors and accruals	(50,814,981)	-	-	(50,814,981)
		5,452,157	-	5,452,157

Financial assets not measured at fair value  
Term deposit receipts  
Other receivables  
Warrants and monies for receivable  
Cash at bank

Financial liabilities not measured at fair value  
Other creditors and accruals

Financial assets not measured at fair value  
Term deposit receipts  
Other receivables  
Warrants and monies for receivable  
Cash at bank

Financial liabilities not measured at fair value  
Other creditors and accruals

27.2 Particulars Tabular Fund

Note	As at December 31, 2018 (Audited)			
	Fair value through profit or loss - Debt for trading	Loans and receivables	Other financial liabilities	Total
27.2.1				
Financial assets not measured at fair value				
Term deposit receipts	40,000,000	-	-	40,000,000
Other receivables	1,988,390	-	-	1,988,390
Warrants and monies for receivable	4,397,286	-	-	4,397,286
Cash at bank	3,277,412	-	-	3,277,412
Financial liabilities not measured at fair value				
Other creditors and accruals	(49,645,998)	-	-	(49,645,998)
		5,254,645	-	5,254,645

Financial assets not measured at fair value  
Term deposit receipts  
Other receivables  
Warrants and monies for receivable  
Cash at bank

Financial liabilities not measured at fair value  
Other creditors and accruals

Financial assets measured at fair value  
Equity securities

Financial assets not measured at fair value  
Term deposit receipts  
Other receivables  
Tabular / receivable receivables  
Cash at bank

Financial liabilities not measured at fair value  
Outstanding claims including (BNC)  
Warrants and monies for receivable  
Tabular / receivable receivables  
Other creditors and accruals

Note	As at June 30, 2019 (Unaudited)			
	Available for sale	Loans and receivables	Other financial liabilities	Total
27.1.1				
Financial assets measured at fair value				
Equity securities	1,601,261	-	-	1,601,261
Financial assets not measured at fair value				
Term deposit receipts	-	19,200,000	-	19,200,000
Other receivables	-	1,063,405	-	1,063,405
Tabular / receivable receivables	-	376,467	-	376,467
Cash at bank	-	2,343,479	-	2,343,479
Financial liabilities not measured at fair value				
Outstanding claims including (BNC)			(3,333,446)	(3,333,446)
Warrants and monies for receivable			(5,443,236)	(5,443,236)
Tabular / receivable receivables			(4,571,241)	(4,571,241)
Other creditors and accruals			(2,036,262)	(2,036,262)
			(11,380,185)	(11,380,185)

Financial assets measured at fair value  
Equity securities

Financial assets not measured at fair value  
Term deposit receipts  
Other receivables  
Tabular / receivable receivables  
Cash at bank

Financial liabilities not measured at fair value  
Outstanding claims including (BNC)  
Warrants and monies for receivable  
Tabular / receivable receivables  
Other creditors and accruals

	As at December 31, 2011 (in Rupees)			
	Carrying Amount	Fair value		
	Available for sale	Loans and receivables	Other financial liabilities	Total
27.1.2	1,551,927			1,551,927
27.1.3				2,591,987
		19,800,000		19,800,000
		572,773		572,773
		1,348,310		1,348,310
		1,538,284		1,538,284
	1,551,927	33,039,364		34,591,291
			907,918	907,918
			4,397,286	4,397,286
			3,335,732	3,335,732
			2,854,596	2,854,596
			11,545,502	11,545,502

27.1.2 Financial assets measured at fair value  
 Equity securities

27.1.3 Financial assets not measured at fair value  
 Loan receivables  
 Other receivables  
 Trade / receivable receivables  
 Cash at bank

Financial liabilities not measured at fair value  
 Outstanding deposits including BNB  
 Trade / receivable receivables  
 Trade / receivable receivables  
 Other liabilities are accruals

27.1.1 The Operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between the carrying value and the fair value amounts.

27.1.2 Valuation techniques

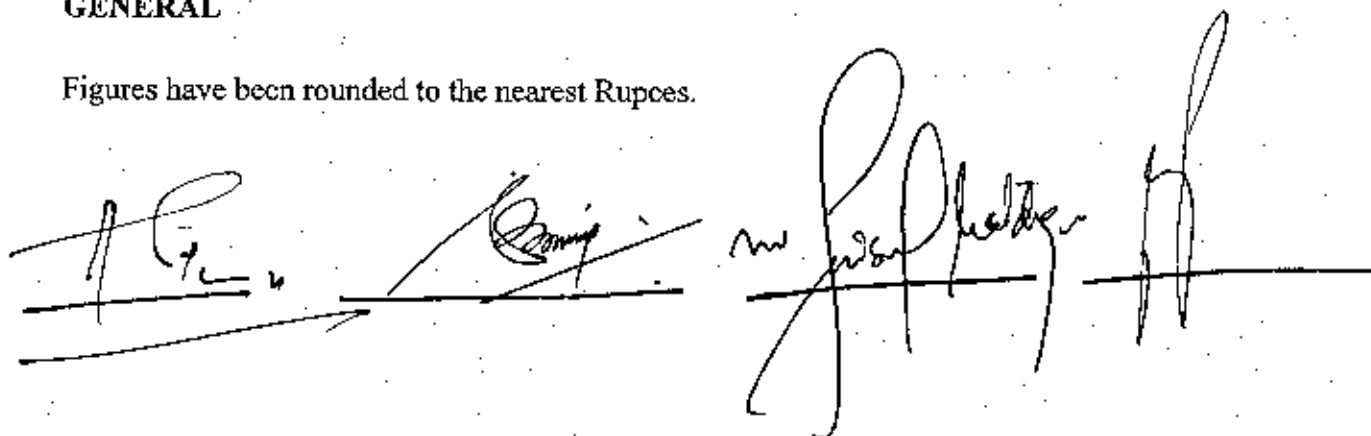
Fair value J investments in units of mutual funds classified as available for sale. Operator uses daily NAVs which are taken from MIFAP as reporting date.

28 **DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was approved and authorized for issue on 29 AUG 2019 by the Board of Directors of the Company.

29 **GENERAL**

Figures have been rounded to the nearest Ruppes.

The image shows four handwritten signatures or scribbles positioned above a horizontal line. From left to right: the first is a stylized signature; the second is a circular scribble; the third is a large, complex signature; and the fourth is a vertical scribble.A small, handwritten mark or signature located at the bottom right of the page.