

CONDENSED INTERIM FINANCIAL  
INFORMATION FOR THE SIX MONTHS  
PERIOD ENDED JUNE 30,

2015  
(Un-Audited)



Year of Continuous Services

55<sup>th</sup>



BIBOJEE GROUP



The Universal Insurance Co. Ltd.

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# vision statement



*We, at Universal Insurance Company Limited recognize the importance of satisfying our customers by consistently providing quality insurance services in accordance with their needs and expectations. We strive to be competent partner of our customers against insured perils.*

# Mission Statement Quality Policy

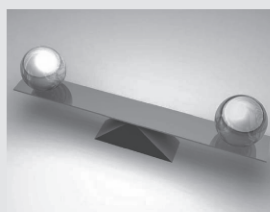


*We strive to provide our customers cost effective insurance cover by continually increasing the productivity of our employees. To increase productivity, we conduct regular training programs during which employees are assessed and allocated a career path in accordance with their performance.*

*We diligently follow the applicable laws and ensure strict compliance by conducting regular internal audits and educating our employees about the law.*

*We try to improve our services by continually assessing our systems and procedures based on customers and team feedback. We strive to maintain a customer focused approach by ensuring that our service is delivered to the customer on time, according to the customer required specifications and within our stipulated cost.*

# Corporate Information



## Board of Directors

**Mr. Raza Kuli Khan Khattak**

**(Chairman)**

**Lt. GEN (R) Ali Kuli Khan Khattak**

**Begum Zeb Gohar Ayub Khan**

**(Chief Executive)**

**Mrs. Shahnaz Sajjad Ahmed**

**Dr. Shaheen Kuli Khan Khattak**

**Mr. Mushtaq Ahmed Khan F.C.A.**

**Ch. Sher Mohammad**

**Mr. Pervez Iftikhar Ahmed Khan**

**Mr. Muhammad Imran Malik**

**Mr. Amir Raza**

**(Principal Officer)**

**Principal Officer**

**Mr. Amir Raza**

**Chief Operating Officer**

**Mr. Omar Ayub Khan**

**Chief Financial Officer**

**Mr. Ashfaq Ahmed**

**Company Secretary**

**Mr. Liaqat Ali Shaukat**

**Internal Auditor**

**Mr. Abdul Waheed Chaudhry**

**Auditors**

**M/S. Hameed Chaudhri & Co.,  
Chartered Accountants**

**Legal Advisor**

**Mr. Abrar Hasan Advocate**

**Share Registrar**

**M/S Hameed Majeed Associates (Pvt) Ltd.  
H.M House, 7-Bank Square, Lahore  
Phone # 042-37235081-82 Fax: # 042-37358817**

**Registered Office:**

**Universal Insurance House  
63-Shahrah-e-Quaid-e-Azam Lahore, 54000  
Pakistan.  
Ph: 042-37353453-37353458  
Fax: 042-37230326  
Web: [www.uic.com.pk](http://www.uic.com.pk)  
Email: [info@uic.com.pk](mailto:info@uic.com.pk)**



## DIRECTOR'S REVIEW

On behalf of the Board of Directors, I feel immense pleasure in presenting the un-audited financial statements of the company for the period ended 30<sup>th</sup> June, 2015.

### FINANCIAL PERFORMANCE

The underwriting results of the company are reflecting a profit of Rs. 45.079 million as compared to a profit of Rs. 2.193 of the corresponding period whereas profit after tax is Rs. 70.296 million as compared to loss of Rs. 29.934 million of the corresponding period. The highlights of results are given below:

	2015	2014
	----- (Rupees in million) -----	
Gross premium	1.050	36.950
Net premium	8.824	19.408
Profit from underwriting business	45.079	2.193
Net claims	(34.258)	(3.091)
Management / administrative expenses	13.281	59.631
Capital and reserves	188.827	132.109
Profit/(Loss) before taxation	71.140	(24.726)
Profit/(Loss) after taxation	<u>70.296</u>	<u>(29.934)</u>
Earning/(Loss) per share	1.90	(0.97)

The external auditor's observation regarding supporting documents of adjusted & reviewed claims which are in line with company's accounting policy for estimates, the management has complied the same for presentation to the auditors.

The accumulated losses of the company have reduced from Rs. 266.854 million to Rs. 195.662 million during the 1<sup>st</sup> half of the current financial year which certainly has a positive impact on the solvency margin as well as company's ability to continue as a going concern and to meet the remaining deficit in the solvency margin. The Board intends to dispose of unused assets/ investment or alternatively will inject the additional capital. The management is confident that forbearance period will be granted by SECP.

### FUTURE OUTLOOK

The company will continue to underwrite selective business during the second half of the current financial year and we are hopeful that this underwriting policy will further improve the company financial position at the end of the current year. We are requesting the rating agency for the revision of our credit rating in the light of speedy improvement in our financial position for the last 6 months.

For & on behalf of the Board of Directors

**Raza Kuli Khan Khattak**  
Chairman

**Dated : August 29, 2015**  
**Place : Lahore**



## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying:

- (i) condensed interim balance sheet;
- (ii) condensed interim profit and loss account;
- (iii) condensed interim statement of comprehensive income;
- (iv) condensed interim statement of changes in equity;
- (v) condensed interim statement of cash flows;
- (vi) condensed interim statement of premiums;
- (vii) condensed interim statement of claims;
- (viii) condensed interim statement of expenses;
- (ix) condensed interim statement of investment income

and the notes to the condensed interim financial information of **The Universal Insurance Company Limited** (the Company) as at and for the half year ended June 30, 2015 (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the interim financial information for the quarters ended June 30, 2014 and June 30, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

Out of total claims adjusted during the current period aggregating Rs. 41.013 million, supporting documents for claims adjusted aggregating Rs. 13.463 million only were made available for our review.

### **Qualified Conclusion**

Based on our review, except for the matter referred in the preceding paragraph and the extent to which this may affect the annexed interim financial information, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



### **Emphasis of Matter**

We draw attention to note 2 to the interim financial information, which indicates that the Company incurred continuous losses in the preceding financial years. As at June 30, 2015, accumulated loss of the Company amounted Rs.195.662 million (December 31, 2014: Rs. 266.854 million). The management has decided to underwrite insurance business only from Group Companies and selected clients where expected loss / claim ratio is minimal. Further, admissible assets of the Company are not sufficient to meet the minimum solvency requirement as specified under section 36 of the Insurance Ordinance, 2000. The management has applied to the Securities and Exchange Commission of Pakistan for forbearance, which has not yet been granted. These conditions indicate the existence of a material uncertainty, which may cast doubt about the Company's ability to continue as a going concern. This interim financial information does not include any adjustment that may be necessary should the Company be unable to continue as a going concern. Our conclusion is not qualified in respect of this matter.

### **Other Matter**

The interim financial information of the Company for the half year ended June 30, 2014 and the financial statements for the year ended December 31, 2014 were reviewed / audited by another Firm of Chartered Accountants, whose review report dated August 31, 2014 and the audit report dated April 06, 2015 expressed a modified conclusion and an unmodified opinion respectively on the aforementioned interim financial information and financial statements.

**LAHORE;**

**HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**  
Engagement Partner: Nafees ud din



## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2015

	Un-audited June 30, 2015 Note	Audited Dec. 31, 2014 (Rupees in thousand)		Un-audited June 30, 2015 Note	Audited Dec. 31, 2014 (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>			<b>ASSETS</b>		
<b>SHARE CAPITAL AND RESERVES</b>			<b>CASH AND BANK DEPOSITS</b>		
Authorised capital			Cash and other equivalents	47	1
50,000,000 (2014: 50,000,000) ordinary shares of Rs. 10 each	500,000	500,000	Current and other accounts	18,885	22,231
			Deposits maturing within 12 months	70,000	100,000
Issued, subscribed and paid-up capital				88,932	122,232
37,000,000 (31 December 2014: 37,000,000) ordinary shares of Rs. 10 each	370,000	370,000	<b>INVESTMENTS</b>	9	159,182
Accumulated loss	(195,662)	(266,854)			157,447
Reserves	14,489	14,489	<b>DEFERRED TAXATION</b>	10	33,191
	(181,173)	(252,365)			33,191
<b>TOTAL EQUITY</b>	188,827	117,635	<b>CURRENT ASSETS - Others</b>		
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>	242,334	242,578	Premiums due but unpaid - unsecured	11	21,771
			Amounts due from other insurers / reinsurers - unsecured	12	144,818
<b>UNDERWRITING PROVISIONS</b>			Accrued investment income		3,116
Provision for outstanding claims (including IBNR)	195,465	272,601	Reinsurance recoveries against outstanding claims		103,129
Premium deficiency reserve	22	825	Taxation - payments less provisions		9,075
Provision for unearned premium	860	19,067	Deferred commission expense		148
Commission income unearned	208	5,269	Prepayments		466
Total underwriting provisions	196,555	297,762	Loans to employees - unsecured		210
<b>DEFERRED LIABILITIES</b>			Sundry receivables		4,339
Staff retirement benefits - gratuity	5,278	4,596		287,072	342,304
<b>CREDITORS AND ACCRUALS</b>			<b>FIXED ASSETS - Tangible</b>	13	
Premiums received in advance	786	786	<b>OWNED</b>		
Amounts due to other insurers / reinsurers	59,335	76,786	Land and buildings		171,226
Accrued expenses	28,533	32,307	Furniture, fixtures and office equipment		5,160
Accrued mark-up on borrowings	0	566	Computer equipment		1,698
Other creditors and accruals	29,109	47,955	Motor vehicles		7,899
	117,763	158,400		185,983	191,585
<b>BORROWINGS</b>			<b>TOTAL ASSETS</b>	754,360	846,759
Short term running finances	7	0			
<b>OTHER LIABILITIES</b>					
Deposits against performance bonds	2,993	2,993			
Unclaimed dividends	610	610			
	3,603	3,603			
<b>TOTAL LIABILITIES</b>	323,199	486,546			
<b>CONTINGENCIES AND COMMITMENTS</b>	8				
<b>TOTAL EQUITY AND LIABILITIES</b>	754,360	846,759			

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

Statement under section 241(2) of the Companies Ordinance, 1984:

These financial statements have been signed by three directors and by other two directors in place of chief executive.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
M. Imran Malik  
DIRECTOR

  
Lt. GEN (R) Ali Kuli Khan Khattak  
DIRECTOR

  
Mr. Pervez Iftikhar Ahmed Khan  
DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Fire and Property Damage	Marine and Transport	Motor	Others	Treaty	Aggregate	
						Half year ended June 30, 2015	Half year ended June 30, 2014
------(Rupees in thousand)-----							
<b>REVENUE ACCOUNT</b>							
Net premium revenue	4,795	71	3,442	516	0	8,824	19,408
Net claims - note 14	1,612	1,224	22,418	8,035	969	34,258	3,091
Change in premium deficiency reserve	0	0	(92)	895	0	803	(539)
Expenses	(38)	(106)	(361)	(1)	0	(506)	(18,279)
Net commission	2,099	26	(467)	42	0	1,700	(1,488)
	2,061	(80)	(828)	41	0	1,194	(19,767)
<b>UNDERWRITING RESULT</b>	<b>8,468</b>	<b>1,215</b>	<b>24,940</b>	<b>9,487</b>	<b>969</b>	<b>45,079</b>	<b>2,193</b>
Investment income						2,436	2,373
Rental income						0	6
Other income - note 15						34,770	9,657
						82,285	14,229
General and administration expenses - note 16						(11,645)	(41,137)
Financial charges						(1,130)	(215)
Share of profits from associates - net of tax						1,630	2,397
<b>PROFIT / (LOSS) BEFORE TAXATION</b>						<b>71,140</b>	<b>(24,726)</b>
Taxation - current						(193)	(403)
- deferred						(651)	(4,805)
<b>PROFIT / (LOSS) AFTER TAXATION</b>						<b>70,296</b>	<b>(29,934)</b>
<b>PROFIT AND LOSS APPROPRIATION ACCOUNT</b>							
Balance of accumulated loss at commencement of the period						(266,854)	(236,603)
Profit / (loss) after taxation for the period						70,296	(29,934)
Items directly recognised in condensed interim statement of changes in equity						896	14,157
Balance of accumulated loss at end of the period						(195,662)	(252,380)
------(Rupees)-----							
Earnings / (loss) per share - basic and diluted						1.90	(0.97)

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

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Mr. Pervez Iftikhar Ahmed Khan  
DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED JUNE 30, 2015**

	Fire and Property Damage	Marine and Transport	Motor	Others	Treaty	Aggregate	
						Quarter ended June 30, 2015	Quarter ended June 30, 2014
----- (Rupees in thousand) -----							
REVENUE ACCOUNT							
Net premium revenue	22	(11)	720	128	0	859	8,945
Net claims	(9,965)	(494)	9,247	5,776	0	4,564	(5,096)
Change in premium deficiency reserve	0	0	(239)	845	0	606	200
Expenses	3	(37)	(118)	2	0	(150)	(8,325)
Net commission	199	87	(318)	35	0	3	(662)
	202	50	(436)	37	0	(147)	(8,987)
UNDERWRITING RESULT	(9,741)	(455)	9,292	6,786	0	5,882	(4,938)
Investment income						1,237	1,265
Rental income						0	3
Other income						22,481	4,746
						29,600	1,076
General and administration expenses						1,621	(29,403)
Financial charges						(385)	(108)
Share of profits from associates - net of tax						1,630	2,397
PROFIT / (LOSS) BEFORE TAXATION						32,466	(26,038)
Taxation - current						145	(403)
- deferred						(651)	(4,805)
PROFIT / (LOSS) AFTER TAXATION						31,960	(31,246)
						----- (Rupees) -----	
Earnings / (loss) per share - basic and diluted						0.86	(1.01)

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CHAIRMAN

  
M. Imran Malik  
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Mr. Pervez Iftikhar Ahmed Khan  
DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	HALF YEAR ENDED		QUARTER ENDED	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
----- (Rupees in thousand) -----				
Profit / (loss) after taxation	70,296	(29,934)	31,960	(31,246)
Other comprehensive income	0	0	0	0
Total comprehensive income / (loss) for the period	<u>70,296</u>	<u>(29,934)</u>	<u>31,960</u>	<u>(31,246)</u>

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

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Mr. Pervez Iftikhar Ahmed Khan  
DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVE	ACCUMU- LATED LOSS	TOTAL EQUITY
		SHARE PREMIUM	CAPITAL RESERVE			
	(Rupees in thousand)					
Balance as at December 31, 2014 - audited	370,000	4	18	14,467	(266,854)	117,635
Transfer of incremental depreciation from surplus on revaluation of buildings	0	0	0	0	894	894
Share of profit of associates accounted for under equity method	0	0	0	0	2	2
Profit for the half year ended June 30, 2015	0	0	0	0	70,296	70,296
Other comprehensive income for the half year ended June 30, 2015	0	0	0	0	0	0
Total comprehensive income for the half year ended June 30, 2015	0	0	0	0	70,296	70,296
Balance as at June 30, 2015 - Un-audited	370,000	4	18	14,467	(195,662)	188,827
Balance as at December 31, 2013 - audited	300,000	4	18	14,467	(236,603)	77,886
Transfer of incremental depreciation from surplus on revaluation of buildings	0	0	0	0	899	899
Surplus on revaluation realised on disposal of buildings	0	0	0	0	13,256	13,256
Share of profit of associates accounted for under equity method	0	0	0	0	2	2
Transaction with owners: Shares issued during the period	70,000	0	0	0	0	70,000
Loss for the half year ended June 30, 2014	0	0	0	0	(29,934)	(29,934)
Other comprehensive income for the half year ended June 30, 2014	0	0	0	0	0	0
Total comprehensive loss for the half year ended June 30, 2014	0	0	0	0	(29,934)	(29,934)
Balance as at June 30, 2014 - Un-audited	370,000	4	18	14,467	(252,380)	132,109

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

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Mr. Pervez Iftikhar Ahmed Khan  
DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	<b>Half-year ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>Rupees in thousand</b>	
<b>OPERATING CASH FLOWS</b>		
<b>a) Underwriting activities</b>		
Premiums received	17,336	37,269
Reinsurance premiums paid	(755)	(20,886)
Claims paid	(36,123)	(38,048)
Reinsurance and other recoveries received	17,264	16,722
Commissions paid	(2,114)	(6,518)
Commissions received	80	5,010
<b>Net cash outflow from underwriting activities</b>	<b>(4,312)</b>	<b>(6,451)</b>
<b>b) Other operating activities</b>		
Income tax paid	(467)	(828)
Management expenses paid	(1,616)	(24,033)
Other operating payments	(17,196)	(28,931)
Other operating receipts	20,932	1,406
Loans to employees - net	(128)	(131)
Other payments / receipts - net	(22,767)	2,224
<b>Net cash outflow from other operating activities</b>	<b>(21,242)</b>	<b>(50,293)</b>
<b>Total cash outflow from all operating activities</b>	<b>(25,554)</b>	<b>(56,744)</b>
<b>INVESTING ACTIVITIES</b>		
Profit / return received	2,844	5,312
Rental income received	1,347	1,116
Payments for purchase of investments	0	(14,776)
Proceeds from disposal of investments	0	1,762
Fixed capital expenditure	0	(327)
Proceeds from disposal of fixed assets	11,378	16,484
<b>Total cash generated from investing activities</b>	<b>15,569</b>	<b>9,571</b>
<b>FINANCING ACTIVITIES</b>		
Financial charges paid	(1,130)	(215)
Repayment of short term running finances	(22,185)	0
<b>Total cash outflow from financing activities</b>	<b>(23,315)</b>	<b>(215)</b>
<b>Net cash outflow from all activities</b>	<b>(33,300)</b>	<b>(47,388)</b>
Cash at beginning of the period	122,232	159,998
<b>Cash at end of the period</b>	<b>88,932</b>	<b>112,610</b>



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2015

	Half year ended	
	June 30, 2015	June 30, 2014
	(Rupees in thousand)	
<b>RECONCILIATION TO CONDENSED PROFIT AND LOSS ACCOUNT</b>		
Operating cash flows	(25,554)	(56,744)
Depreciation	(2,748)	(3,588)
Provision for doubtful receivables	8,981	(11,010)
Financial charges	(1,130)	(215)
Gain on disposal of fixed assets	8,521	1,059
Decrease in assets other than cash	(65,865)	(64,543)
Decrease in liabilities	139,618	95,593
	<b>61,823</b>	<b>(39,448)</b>

### OTHER ADJUSTMENTS

Profit on investments and deposits	2,436	2,373
Share of profits from associates - net of tax	1,630	2,397
Change in premium deficiency reserve	803	(539)
Rental income	0	6
Profit on term deposit receipts	3,604	5,277
	<b>8,473</b>	<b>9,514</b>
<b>Profit / (loss) after taxation</b>	<b>70,296</b>	<b>(29,934)</b>

### Definition of cash:

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

### Cash for the purposes of the condensed interim cash flow statement consists of:

#### Cash and other equivalents

Cash-in-hand	47	179
--------------	----	-----

#### Current and other accounts

Current accounts	17,796	8,590
Saving accounts	1,089	3,841
	<b>18,885</b>	<b>12,431</b>

#### Deposits maturing within 12 months

Fixed and term deposit accounts	70,000	100,000
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#### Total cash and cash equivalents

	<b>88,932</b>	<b>112,610</b>
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The annexed notes form an integral part of this condensed interim financial information.

Statement under section 241(2) of the Companies Ordinance, 1984:

These financial statements have been signed by three directors and by other two directors in place of chief executive.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
M. Imran Malik  
DIRECTOR

  
Lt. GEN (R) Ali Kuli Khan Khattak  
DIRECTOR

  
Mr. Pervez Iftikhar Ahmed Khan  
DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



## CONDENSED INTERIM STATEMENT OF PREMIUMS (UN-AUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2015

Business underwritten inside Pakistan

Class	Premiums				Reinsurance				Net premium revenue	
	Pre-miums written	Unearned premium reserve		Pre-miums earned	Re-insurance ceded	Prepaid reinsurance premium ceded		Re-insurance expense	Half year ended June 30, 2015	Half year ended June 30, 2014
		Opening	Closing			Opening	Closing			
----- (Rupees in thousand) -----										
Direct and facultative										
Fire and property damage	79	12,177	505	11,751	70	7,184	298	6,956	4,795	5,192
Marine and transport	220	166	12	374	184	128	9	303	71	3,124
Motor	751	4,917	315	5,353	500	1,524	113	1,911	3,442	10,398
Others	0	1,808	28	1,780	1	1,283	20	1,264	516	694
Total	1,050	19,068	860	19,258	755	10,119	440	10,434	8,824	19,408
Treaty - Proportional	0	0	0	0	0	0	0	0	0	0
Grand Total	1,050	19,068	860	19,258	755	10,119	440	10,434	8,824	19,408

### FOR THE QUARTER ENDED JUNE 30, 2015

Class	Premiums				Reinsurance				Net premium revenue	
	Pre-miums written	Unearned premium reserve		Pre-miums earned	Re-insurance ceded	Prepaid reinsurance premium ceded		Re-insurance expense	Quarter ended June 30, 2015	Quarter ended June 30, 2014
		Opening	Closing			Opening	Closing			
(Rupees in thousand)										
Direct and facultative										
Fire and property damage	30	551	505	76	27	325	298	54	22	2,853
Marine and transport	138	20	12	146	153	13	9	157	(11)	982
Motor	460	1,079	315	1,224	250	367	113	504	720	4,603
Others	(4)	482	28	450	0	342	20	322	128	507
Total	624	2,132	860	1,896	430	1,047	440	1,037	859	8,945
Treaty - Proportional	0	0	0	0	0	0	0	0	0	0
Grand Total	624	2,132	860	1,896	430	1,047	440	1,037	859	8,945

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

Statement under section 241(2) of the Companies Ordinance, 1984:

These financial statements have been signed by three directors and by other two directors in place of chief executive.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
M. Imran Malik  
DIRECTOR

  
Lt. GEN (R) Ali Kuli Khan Khattak  
DIRECTOR

  
Mr. Pervez Iftikhar Ahmed Khan  
DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



## CONDENSED INTERIM STATEMENT OF CLAIMS (UN-AUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2015

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	Net claims expense	
									Half year ended June 30, 2015	Half year ended June 30, 2014
		Opening	Closing			Opening	Closing			
(Rupees in thousand)										
Direct and facultative										
Fire and property damage	24,016	73,055	44,790	(4,249)	11,226	48,036	34,173	(2,637)	(1,612)	(5,352)
Marine and transport	2,688	76,112	69,438	(3,986)	2,179	61,958	57,017	(2,762)	(1,224)	(1,326)
Motor	5,818	89,048	59,989	(23,241)	1,494	6,919	4,602	(823)	(22,418)	3,499
Others	3,601	33,417	21,248	(8,568)	2,365	10,235	7,337	(533)	(8,035)	88
Total	36,123	271,632	195,465	(40,044)	17,264	127,148	103,129	(6,755)	(33,289)	(3,091)
Treaty - Proportional	0	969	0	(969)	0	0	0	0	(969)	0
Grand Total	36,123	272,601	195,465	(41,013)	17,264	127,148	103,129	(6,755)	(34,258)	(3,091)

### FOR THE QUARTER ENDED JUNE 30, 2015

Class	Claims paid	Outstanding claims		Claims expense	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		Quarter ended June 30, 2015	Quarter ended June 30, 2014
(Rupees in thousand)										
Direct and facultative										
Fire and property damage	23,611	54,358	44,790	14,043	10,932	41,027	34,173	4,078	9,965	(2,351)
Marine and transport	1,070	69,302	69,438	1,206	335	56,640	57,017	712	494	423
Motor	2,307	71,457	59,989	(9,161)	0	4,516	4,602	86	(9,247)	2,016
Others	2,662	29,828	21,248	(5,918)	1,603	9,082	7,337	(142)	(5,776)	5,008
Total	29,650	224,945	195,465	170	12,870	111,265	103,129	4,734	(4,564)	5,096
Treaty - Proportional	0	0	0	0	0	0	0	0	0	0
Grand Total	29,650	224,945	195,465	170	12,870	111,265	103,129	4,734	(4,564)	5,096

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

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DIRECTOR

  
Amir Raza  
PRINCIPAL OFFICER



## CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2015

Business underwritten inside Pakistan

Class	Comm- ission paid or payable	Deferred commission		Net comm- ission expense	Other manage- ment expenses	Under- writing expense	Comm- ission from reinsurers	Net underwriting expense	
		Opening	Closing					Half year ended June 30, 2015	Half year ended June 30, 2014
----- (Rupees in thousand) -----									
Direct and facultative									
Fire and property damage	20	2,788	112	2,696	38	2,734	4,795	(2,061)	7,007
Marine and transport	42	26	2	66	106	172	92	80	3,787
Motor	70	431	30	471	361	832	4	828	7,533
Others	0	212	4	208	1	209	250	(41)	1,440
Total	132	3,457	148	3,441	506	3,947	5,141	(1,194)	19,767
Treaty - Proportional	0	0	0	0	0	0	0	0	0
Grand Total	132	3,457	148	3,441	506	3,947	5,141	(1,194)	19,767

### FOR THE QUARTER ENDED JUNE 30, 2015

Class	Comm- ission paid or payable	Deferred commission		Net comm- ission expense	Other manage- ment expenses	Under- writing expense	Comm- ission from reinsurers	Net underwriting expense	
		Opening	Closing					Quarter ended June 30, 2015	Quarter ended June 30, 2014
----- (Rupees in thousand) -----									
Direct and facultative									
Fire and property damage	7	368	112	263	(3)	260	462	(202)	2,916
Marine and transport	26	209	2	233	37	270	320	(50)	1,542
Motor	44	307	30	321	118	439	3	436	3,869
Others	0	179	4	175	(2)	173	210	(37)	660
Total	77	1,063	148	992	150	1,142	995	147	8,987
Treaty - Proportional	0	0	0	0	0	0	0	0	0
Grand Total	77	1,063	148	992	150	1,142	995	147	8,987

Note: Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.  
The annexed notes form an integral part of this condensed interim financial information.

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**CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

Half year ended		Quarter ended	
June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014

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

**INCOME FROM NON-TRADING INVESTMENTS**

Held to maturity

Return on fixed income securities	2,398	2,263	1,205	1,217
Gain on sale of investments at fair value through profit or loss	0	20	0	0
Gain on revaluation of investments at fair value through profit or loss	38	90	32	48
Net investment income	<u>2,436</u>	<u>2,373</u>	<u>1,237</u>	<u>1,265</u>

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

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## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2015

### 1. LEGAL STATUS AND OPERATIONS

The Universal Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on May 09, 1958 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on Karachi and Lahore Stock Exchanges and is engaged in the non-life insurance business. The registered office of the Company is situated at Universal Insurance House, 63 - Shahrah-e-Quaid-e-Azam, Lahore. Bibojee Services (Pvt.) Ltd. (the Holding Company) holds 31,158,326 ordinary shares i.e. 84.21% of the Company's paid-up capital as at June 30, 2015. Presently, the Company is operating through one branch in Pakistan.

### 2. GOING CONCERN ASSUMPTION

The Company during the preceding financial year ended December 31, 2014 had incurred loss after taxation amounting Rs. 45.839 million. Due to accumulated loss aggregating Rs. 195.662 million as at June 30, 2015, the management has decided to restrict the business for the time being from all loss making Branches and to underwrite business only from the Group Companies and selected Clients. Further, the Company is not in compliance with the minimum solvency requirement as required by section 36 of the Insurance Ordinance, 2000. The management has applied to Securities and Exchange Commission of Pakistan (SECP) for forbearance period upto December 31, 2014 to comply with the minimum solvency requirement, which has not yet been granted. However, the management has decided to meet the minimum solvency requirement through injection of further share capital by the Holding Company during the financial year ending on December 31, 2015. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, this condensed interim financial information has been prepared on going concern basis as the management has plans to inject further share capital and to underwrite insurance business from the Group Companies and those Clients where loss / claim ratio is historically low. The management is confident that these decisions will bring the Company out of existing conditions and the Company will continue as a going concern.

### 3. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, 'Interim Financial Reporting', provisions of and directives issued under the Ordinance and in the format prescribed by the Insurance Division of SECP in its Circular No. 7 of 2003 dated August 27, 2003. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half-year ended June 30, 2015 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all of the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014.

The SECP has allowed insurance companies to defer the application of IAS 39, 'Financial instruments: recognition and measurement' in respect of 'available-for-sale investments' until suitable amendments are made in the law. Accordingly, the requirements of IAS 39, to the extent allowed by SECP, have not been considered in the preparation of this condensed interim financial information.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended December 31, 2014.

### 5. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

#### 5.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on January 01, 2015:

- (a) IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.
- (b) IFRS 13, 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.



## 5.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 01, 2015 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

## 6. ACCOUNTING ESTIMATES AND JUDGMENT

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. 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 estimation, uncertainty were the same as those applied to the financial statements for the year ended December 31, 2014.

## 7. SHORT TERM RUNNING FINANCES - Secured

Running finance facility available from Habib Bank Ltd. amounted Rs. 25 million and was secured against lien on term deposit receipts of Rs. 30 million. The outstanding balance of this finance facility was fully adjusted during May, 2015 and it carried mark-up at the rate of 10.65% per annum during the period.

## 8. CONTINGENCIES AND COMMITMENTS

8.1 There is no significant change in the status of contingencies as disclosed in the Company's financial statements for the year ended December 31, 2014.

8.2 As at June 30, 2015, commitments for revolving letters of credit, other than for capital expenditure, were outstanding for Rs. 747 thousand (2014: Rs. 747 thousand).

8.3 The tax department, during June, 2015, has passed an order under section 161(1)(a)(b) of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2009 creating a demand of Rs. 8.586 million with default surcharge amounting Rs. 8.447 million under section 205 of the Ordinance. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order; the appeal is pending adjudication.

## 9. INVESTMENTS

	Note	Un-audited June 30, 2015 (Rupees in thousand)	Audited Dec. 31, 2014
<b>In related parties - equity method of accounting:</b>			
Bannu Woollen Mills Ltd. (BWM)	9.1	1,365	1,365
Gandhara Industries Ltd. (GIL)	9.1	116,001	114,372
		<b>117,366</b>	<b>115,737</b>
<b>Others</b>			
Held to maturity - Pakistan Investment Bonds (including accrued interest)	9.2	41,286	41,219
Available-for-sale	9.3	159	159
Investments at fair value through profit or loss		371	332
		<b>41,816</b>	<b>41,710</b>
		<b>159,182</b>	<b>157,447</b>

9.1 Market values of investments in BWM and GIL as at June 30, 2015 were Rs. 455 thousand (2014: Rs. 473 thousand) and Rs. 84,347 thousand (2014: Rs. 55,904 thousand) respectively. The recoverable amounts of investments in associates as at June 30, 2015 were higher than their carrying values.

9.2 These Investments, held with State Bank of Pakistan, have been made to meet the statutory requirement of section 29(2)(a) of the Insurance Ordinance, 2000.



9.3 Market values of available-for-sale investments as at June 30, 2015 were Rs. 554 thousand (2014: Rs. 597 thousand).

#### 10. DEFERRED TAXATION

Deferred tax recognised as at June 30, 2015 has been restricted to Rs. 33.191 million (2014: Rs. 33.191 million) and balance deferred tax asset amounting Rs. 38.894 million approximately has not been recognised in this condensed interim financial information as the taxable profits will not probably be available in the foreseeable future against which the temporary differences can be utilised.

#### 11. PREMIUMS DUE BUT UNPAID - Unsecured

	Un-audited June 30, 2015 (Rupees in thousand)	Audited Dec. 31, 2014
Considered good		
Due from associates	0	11,759
Others	21,771	17,315
	<u>21,771</u>	<u>29,074</u>
Considered doubtful		
Due from associates	0	4,758
Others	78,751	82,975
	<u>78,751</u>	<u>87,733</u>
Provision for doubtful receivables	<u>(78,751)</u>	<u>(87,733)</u>
	<u>21,771</u>	<u>29,074</u>

#### 12. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - Unsecured

Amounts due from coinsurers	115,435	124,087
Amounts due from reinsurers	45,943	49,158
	<u>161,378</u>	<u>173,245</u>
Provision for doubtful receivables	<u>(16,560)</u>	<u>(15,342)</u>
Amounts due from other insurers / reinsurers - considered good	<u>144,818</u>	<u>157,903</u>

12.1 The balances as at June 30, 2015 relating to amounts due to / from other insurers and reinsurers and premiums due but unpaid (note 11), commission payable aggregating Rs. 17.389 million grouped under accrued expenses and sundry creditors aggregating Rs. 14.237 million grouped under creditors and accruals are although unconfirmed but are considered to be accurately stated by management.

#### 13. FIXED ASSETS - Tangible

Opening book value	191,585
Book values of assets disposed-off during the period:	
- furniture, fixtures and office equipment	491
- computer equipment	485
- motor vehicles	1,878
	<u>2,854</u>
	<u>188,731</u>
Depreciation charge for the period	<u>2,748</u>
Closing book value	<u>185,983</u>



#### 14. PROVISION FOR OUTSTANDING CLAIMS (Including IBNR)

The summarised movement under the head provision for outstanding claims (including IBNR) during the current period was as follows:

Claims outstanding as at December 31, 2014	272,601
Claims paid during the current period	(36,123)
Claims liabilities adjusted during the current period - net	(41,013)
Claims outstanding as at June 30, 2015	<u>195,465</u>

#### 14.1 NET CLAIMS

Net claims reversed / adjusted during the current period were as follows:

Claims liabilities adjusted during the current period - net	(41,013)
Reinsurance recoveries - net	6,755
Net claims reversed / adjusted during the current period	<u>(34,258)</u>

#### 15. OTHER INCOME

	Un-audited June 30, 2015	Un-audited June 30, 2014
	(Rupees in thousand)	
<b>Income from financial assets</b>		
Profit on term deposit receipts	3,604	5,277
Profit on bank saving accounts	95	492
Payable balances written-back	1,618	1,915
	<u>5,317</u>	<u>7,684</u>
<b>Income from non-financial assets</b>		
Fronting fee	672	835
Gain on disposal of fixed assets	8,521	1,059
Federal excise duty - written-back	20,220	0
Sale of scrap	38	11
Miscellaneous	2	68
	<u>29,453</u>	<u>1,973</u>
	<u>34,770</u>	<u>9,657</u>

- 15.1 The Company, upto the year 2009, was paying Federal Excise Duty (FED) on the basis of insurance premium received and not on receivable balances. Due to this policy, premium receivable and FED payable accounts were shown in the audited financial statements of the Company for the year ended December 31, 2009. Thereafter, changes occurred in FED law and FED was converted in sales tax mode. From the year 2010, the Company is paying sales tax on accrual basis and issuing sales tax invoice on every insurance premium received or receivable on monthly basis. Later on, necessary adjusting entries were incorporated in insurance receivable account but no adjustment was given to FED payable account. As per the Company's tax adviser, M/s A.R. & Co., Cost & Management Accountants, Shadman Market, Lahore, FED outstanding liability of the year 2009 is not payable. The Company, therefore, has written-back FED liability amounting Rs. 20.220 million during the current period. After the eighteenth constitutional amendment, collection of sales tax on insurance services has been made a provincial matter.



#### 16. GENERAL AND ADMINISTRATION EXPENSES

Salaries and other benefits	10,216	15,817
Rent, rates and taxes	121	538
Electricity charges	427	844
Insurance	26	596
Communication	482	695
Printing and stationery	283	526
Travelling and entertainment	764	2,360
Depreciation	2,748	1,196
Repair and maintenance	611	855
Legal and professional	1,082	1,746
Provision for doubtful receivables - (reversed) / made	(7,764)	10,990
Provision for leave encashment	696	1,898
Advertisement	111	252
Auditors' remuneration	245	255
Gratuity	941	965
Provision for advance rent of closed Branches - (reversed) / made	(411)	21
Others	1,067	1,583
	<b>11,645</b>	<b>41,137</b>

#### 17. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of the Holding Company, Associated Companies and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Details of period / year-end balances and significant transactions with related parties were as follows:

	Un-audited June 30, 2015 (Rupees in thousand)	Audited Dec. 31, 2014
<b>Period / year-end balances</b>		
Provision for outstanding claims - Holding Company	0	53
Provision for outstanding claims - Associated Companies	0	15,758
Premiums due but unpaid	0	16,517
Provision for doubtful receivables	0	4,758
Commission payable	5,506	7,680
Recoverable from Holding Company against rent and sale of fixed assets	0	1,347
	<b>Un-audited June 30, 2015 (Rupees in thousand)</b>	<b>Un-audited June 30, 2014</b>
<b>Transactions during the period</b>		
Premium underwritten	0	755
Premium received / adjusted	16,510	605
Claims paid	14,270	365
Rent expense	75	450
Rent adjusted / received	1,347	1,109
Remuneration to key management personnel	6,269	8,719



## 18. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the condensed interim profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002. Following is the schedule of class of business wise assets and liabilities:

Fire and property damage		Marine and Transport		Motor		Others		Total	
June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014

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

### OTHER INFORMATION

Segment assets	114,895	138,446	69,511	104,728	66,892	59,173	19,009	25,355	270,307	327,702
Unallocated assets									484,053	519,057
<b>Total assets</b>									<b>754,360</b>	<b>846,759</b>
Segment liabilities	58,640	127,208	80,600	96,168	93,935	107,842	25,708	46,323	258,883	377,541
Unallocated liabilities									64,316	109,005
<b>Total liabilities</b>									<b>323,199</b>	<b>486,546</b>

## 19. FINANCIAL RISK MANAGEMENT

### 19.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the Company's financial statements for the year ended December 31, 2014. There have been no significant changes in the risk management policies since the year-end.

### 19.2 Fair Value Estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

## 20. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 29, 2015 by the Board of Directors of the Company.


## 21. CORRESPONDING FIGURES

21.1 In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income have been compared with the balances of comparable period of immediately preceding financial year.

21.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.

### Statement under section 241(2) of the Companies Ordinance, 1984:

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**THE UNIVERSAL INSURANCE CO. LTD.**

**UNIVERSAL INSURANCE HOUSE**

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