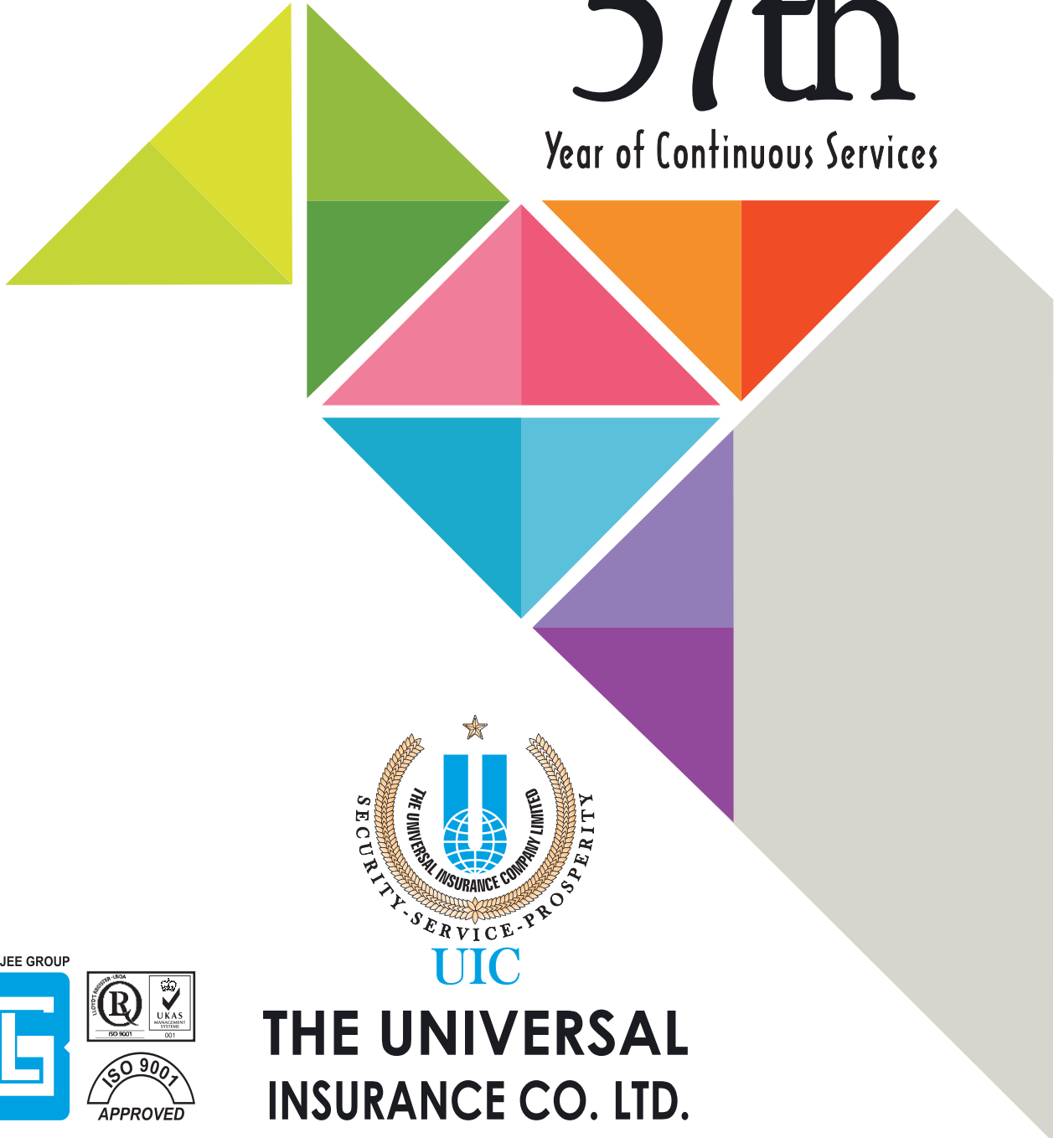


**CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE NINE MONTHS
PERIOD ENDED SEPTEMBER 30,**

2017

57th

Year of Continuous Services



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 with in our stipulated cost.

CORPORATE INFORMATION

Board of Directors	Mr. Raza Kuli Khan Khattak (Chairman)
	Mr. Gohar Ayub Khan (Chief Executive)
	Mr. Mushtaq Ahmed Khan F.C.A.
	Mrs. Shahnaz Sajjad Ahmad
	Dr. Shaheen Kuli Khan Khattak
	Mr. Muhammad Imran Malik
	Mr. Khalid Kuli Khan Khattak
	Mr. Muhammad Kuli Khan Khattak
	Mr. Sikandar Kuli Khan Khattak
Principal Officer	Mr. Amir Raza
Chief Financial Officer	Mr. Ashfaq Ahmed
Company Secretary	Mr. Liaqat Ali Shaukat
Internal Auditor	Mr. Abdul Waheed Chaudhry
Auditors	M/S. Shinewing Hameed Chaudhri & Co. Chartered Accountants
Legal Advisor	Rana Muhammad Aamir Zulfiqar (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 Email: info@uic.com.pk

DIRECTOR'S REVIEW REPORT

I on behalf of the Board of Directors is pleased to present the Un-audited Financial Statements of the Company for the period ended on 30th September, 2017.

FINANCIAL PERFORMANCE

The financial results of the Company for this period are slightly negative primarily due to reduction in investment income and net premium income.

	2017	2016
	----- (Rupees in million) -----	
Gross premium	19.523	28.789
Net premium	8.318	20.743
Profit / (Loss) from underwriting business	(19.963)	2.888
Net claims expense	(5.211)	(6.796)
Management / administrative expenses	53.004	49.529
Capital and reserves	382.054	336.726
Profit before taxation	0.503	25.523
Profit / (Loss) after taxation	<u>(0.935)</u>	<u>24.263</u>
Earning / (Loss) per share	(0.02)	0.58

FUTURE OUTLOOK

In the view of stability in the financial position of Company the Board has been considering to recommence the Underwriting of market business by setting up branch network preferably from Lahore and initially to underwrite prudently the business of selective clients. We are confident that upgraded Credit Rating of the Company will certainly be helpful to fetch the quality business from the market.

For & on behalf of the Board of Directors



Raza Kuli Khan Khattak
Chairman

Dated : October 28, 2017

Place : Lahore

ڈائریکٹرز کی جائزہ رپورٹ (Director's Review Report) (یہ انگریزی رپورٹ کا ترجمہ ہے)

مجھے بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے 30 ستمبر 2017 کو ختم ہونے والی مدت کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

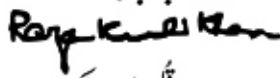
مالیاتی کارکردگی (Financial Performance)

سرمایہ کاری آمدنی اور نیٹ پریمیئم آمدنی میں کمی کی وجہ سے کمپنی کے اس مدت کے مالیاتی نتائج تھوڑے سے منفی رہے ہیں۔

2017	2016	
.....Rupees in million.....		
19.523	28.789	مجموعی پریمیئم
8.318	20.743	نیٹ پریمیئم
(19.963)	2.888	انڈر رائٹنگ کاروبار سے منافع
(5.211)	(6.796)	نیٹ کلیمز
53.004	49.529	انتظامی اخراجات
382.054	336.726	سرمایہ اور ذخائر
0.503	25.523	قبل از ٹیکس منافع
(0.935)	24.263	بعد از ٹیکس منافع
(0.02)	0.58	آمدنی (نقصان) فی شیئر

مستقبل کا نقطہ نظر (Future Outlook)

کمپنی کی مالی حالت میں استحکام کے پیش نظر بورڈ برانچ نیٹ ورک ترجیحاً لاہور سے مارکیٹ بزنس کی انڈر رائٹنگ کو دوبارہ شروع کرنے پر غور کر رہا ہے اور شروع میں محتاط طریقے سے منتخب شدہ کلائنٹس کا بزنس انڈر رائٹ کیا جائے گا۔ ہم پر اعتماد ہیں کہ کمپنی کی اپ گریڈ کریڈٹ ریٹنگ یقیناً مارکیٹ سے معیاری کاروبار حاصل کرنے میں مددگار ہوگی۔

منجانب بورڈ

 رضاقلی خان خشک
 (چیرمین)

تاریخ: 28 اکتوبر 2017
 مقام: لاہور

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	Un-audited September 30, 2017	Audited December 31, 2016
Rupees in thousand			
Assets			
Property and equipment	5	170,800	173,831
Investment property		19,233	19,232
Investments in associates	6	206,508	186,072
Investments			
Equity securities	7	65,488	86,989
Debt securities	8	46,765	47,377
Loans and other receivables		44,717	31,845
Insurance / Reinsurance receivables	9	124,723	148,833
Reinsurance recoveries against outstanding claims		52,059	54,162
Deferred Commission Expense		1,392	1,231
Deferred taxation	10	33,191	33,191
Taxation - payment less provisions		10,531	10,756
Prepayments	11	4,572	4,131
Cash and bank balances	12	10,669	5,916
Total assets		790,648	803,566
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Authorized share capital			
75,000,000 (December 31, 2016: 50,000,000)			
ordinary shares of Rs.10 each			
		750,000	750,000
Ordinary share capital	13	416,180	416,180
Share premium		13,824	13,824
Reserves		14,485	14,485
Accumulated loss		(62,435)	(62,504)
Total Equity		382,054	381,985
Surplus on revaluation of fixed assets		259,861	260,519
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		67,544	78,055
Unearned premium reserves		9,213	7,857
Premium deficiency reserves		51	282
Unearned Reinsurance Commission		1,235	1,448
Retirement benefit obligations		11,258	9,400
Insurance / Reinsurance Payables		38,152	36,910
Other Creditors and Accruals		21,281	27,110
Total Liabilities		148,733	161,062
Total Equity and Liabilities		790,648	803,566
Contingencies and commitments	14		

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Khalid Kuli Khan Khattak
DIRECTOR


Sikandar Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)**

Note	<u>For the quarter ended</u>		<u>Cumulative</u>		
	<u>July to September, 2017</u>	<u>July to September, 2016</u>	<u>Jan to September, 2017</u>	<u>Jan to September, 2016</u>	
----- Rupees in thousand -----					
Net insurance premium	15	1,721	668	8,318	20,743
Net insurance claims	16	275	(1,015)	5,211	6,796
Premium deficiency		(46)	(358)	231	1,841
Net Commission	17	(199)	(30)	176	(299)
Insurance claims		30	(1,403)	5,618	8,338
Management Expenses	18	(17,272)	(12,049)	(48,197)	(47,157)
Underwriting results		(15,521)	(12,785)	(34,261)	(18,076)
Investment income / (loss)	19	(7,093)	7,611	(3,145)	18,190
Rental income		198	180	591	512
Other income	20	2,114	451	21,659	4,634
Other expenses	21	(1,975)	(554)	(4,807)	(2,372)
Results of operating activities		(22,276)	(5,097)	(19,963)	2,888
Finance costs		-	(41)	(45)	(122)
Share of profit of associates - net		9,357	13,445	20,510	22,757
Profit / (loss) before taxation		(12,919)	8,307	503	25,523
Income tax expense		(180)	(239)	(1,438)	(1,260)
Profit / (loss) after taxation		(13,099)	8,068	(935)	24,263
Other comprehensive income:		-	-	-	-
Share of other comprehensive loss of Associates - net of tax		(75)	(28)	(75)	(28)
Total comprehensive income / (loss) for the period		(13,174)	8,040	(1,010)	24,235
Earnings (after taxation) per share		(0.31)	0.19	(0.02)	0.58

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Khalid Kuli Khan Khattak
DIRECTOR



Sikandar Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)**

	Attributable to equity holders of the Company					
	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
		Share Premium	Capital			
(Rupees in thousand)						
Balance as at 31 December 2015 - (audited)	416,180	13,824	18	14,467	(133,578)	310,911
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	1,354	1,354
Share of associates accounted for under equity method	-	-	-	-	226	226
Profit for the nine months ended 30 September 2016	-	-	-	-	24,263	24,263
Other comprehensive income for the nine months ended 30 September 2016	-	-	-	-	(28)	(28)
Total comprehensive loss for the nine months ended 30 September 2016	-	-	-	-	24,235	24,235
Balance as at 30 September 2016 - (un-audited)	416,180	13,824	18	14,467	(107,763)	336,726
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	448	448
Share of associates accounted for under equity method	-	-	-	-	226	226
Profit for the quarter ended 31 December 2016	-	-	-	-	44,950	44,950
Other comprehensive loss for the quarter ended 31 December 2016	-	-	-	-	(365)	(365)
Total comprehensive profit for the quarter ended 31 December 2016	-	-	-	-	44,585	44,585
Balance as at 31 December 2016 - (audited)	416,180	13,824	18	14,467	(62,504)	381,985
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	858	858
Share of associates accounted for under equity method	-	-	-	-	221	221
Loss for the nine months ended 30 September 2017	-	-	-	-	(935)	(935)
Other comprehensive loss for the nine months ended 30 September 2017	-	-	-	-	(75)	(75)
Total comprehensive loss for the nine months ended 30 September 2017	-	-	-	-	(1,010)	(1,010)
Balance as at 30 September 2017 - (un-audited)	416,180	13,824	18	14,467	(62,435)	382,054

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Khalid Kuli Khan Khattak
DIRECTOR


Sikandar Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

	Nine months ended	
	September 30, 2017	September 30, 2016
	Rupees in thousand	
(a) Operating Cash flows		
a) Underwriting activities		
Insurance premium received	20,012	29,038
Reinsurance premium paid	(10,204)	(12,535)
Claims paid	(9,877)	(18,045)
Reinsurance and other recoveries received	6,679	9,733
Commission paid	(556)	(12,962)
Commission received	2,968	2,474
Management expenses paid	(40,100)	(29,553)
Net cash flow from underwriting activities	(31,077)	(31,850)
b) Other operating activities		
Income tax paid	(1,665)	(396)
Other operating payments	(4,932)	(2,372)
Other operating receipts	13,153	691
Loans advanced	(86)	(116)
Other receipts / (payments) - net	8,750	(2,137)
Net cash inflow / (outflow) from other operating activities	15,219	(4,330)
Total cash outflow from all operating activities	(15,858)	(36,180)
Investment activities		
Profit/ return received	3,992	5,134
Rental received	591	512
Payment for investments	-	(65,342)
Proceeds from investments	15,000	-
Fixed capital expenditure	(344)	(2,365)
Proceeds from sale of fixed assets	1,417	161
Total cash generated from / (used in) investing activities	20,656	(61,900)
Financing activities		
Interest paid	(45)	(122)
Total cash outflow from financing activities	(45)	(122)
Net cash inflow / (outflow) from all activities	4,753	(98,202)
Cash and cash equivalents at beginning of year	5,916	108,193
Cash and cash equivalents at end of period	10,669	9,991

CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

	Nine months ended	
	September 30, 2017	September 30, 2016
Rupees in thousand		
Reconciliation to Condensed Statement of Comprehensive Income		
Operating cash flows	(15,858)	(36,180)
Depreciation	(2,794)	(3,569)
Financial charges	(45)	(122)
Gain on disposal of fixed assets	837	93
Rental income	591	512
Dividend income	21	-
Other investment income	(3,124)	18,190
Share of profit from associates - net	20,510	22,757
Decrease in assets other than cash	(6,620)	(17,402)
Decrease in liabilities	13,293	52,830
Other adjustments		
Provision for doubtful receivables	(4,452)	(14,687)
Provision for Gratuity	(2,031)	-
Provision for leave encashment	(1,568)	-
Change in premium deficiency reserve	231	1,841
Sale of scrap	36	-
Profit on bank balances	39	-
Profit / (loss) after taxation	(935)	24,263

The annexed notes 1 to 25 form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Khalid Kuli Khan Khattak
DIRECTOR


Sikandar Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER, 2017

1. Legal status and nature of business

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 Pakistan Stock Exchange and is engaged in 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 35,776,303 ordinary shares i.e. 85.96% of the Company's paid-up capital as at September 30, 2017.

2. Basis of preparation and statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' - as applicable in Pakistan, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the as year ended December 31, 2016.

2.1 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for investments at fair value through profit or loss, which are stated at fair value, available-for-sale investments, which are stated at lower of cost and market value, held to maturity investments, which are stated at amortised cost, land & buildings, which are stated at revalued amounts and the obligation under the employee benefit, which is measured at present value.

3. Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2016.

4. Accounting estimates and judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing this condensed interim financial information, the significant judgments and estimates 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, 2016.

	Un-audited September 30, 2017	Audited December 31, 2016
	Rupees in thousand	
5. Property and equipment		
Opening book value	173,831	184,336
Additions made during the period:		
- motor vehicles	-	2,266
- motor cycles	271	-
- computer equipment	72	99
- Furniture, fixtures and office equipment	-	3
	344	2,368
Book values of assets disposed-off during the period:		
- motor vehicles	447	41
- furniture, fixtures and office equipment	133	28
	580	69
	173,594	186,635
Depreciation charge for the period	2,794	4,838
Transfer to investment property	-	17,282
Surplus on revaluation	-	4,160
Depreciation elimination upon revaluation	-	4,429
Impairment loss reversed	-	727
Closing book value	170,800	173,831
6. Investments in associates		
Bannu Woollen Mills Ltd. (BWM)		
- Carrying value as at December 31, 2016	1,694	1,418
- Share of (loss) profit after taxation	(4)	73
- Changes in comprehensive loss	-	(8)
- Share of items directly recognised in equity	-	7
- Share of surplus on revaluation of fixed assets arisen during the period	-	249
- Dividend received	-	(45)
	1,690	1,694
Gandhara Industries Ltd. (GIL)		
- Carrying value as at December 31, 2016	184,378	138,088
- Share of profit after taxation	20,515	46,501
- Changes in comprehensive loss	(75)	(20)
- Share of surplus on revaluation of fixed assets arisen during the period	-	11,650
- Dividend received	-	(11,841)
	204,818	184,378
	206,508	186,072

6.1 Market values of investments in BWM and GIL as at September 30, 2017 were Rs. 556 thousand (December 31, 2016: Rs. 644 thousand) and Rs. 590.487 million (December 31, 2016: Rs. 858.934 million) respectively.

7. Investments in equity securities

	Un-audited September 30, 2017 (Rupees in thousand)	Audited December 31, 2016
Available-for-sale investments (7.1)	159	159
Investments at fair value through profit or loss (7.2)	65,329	86,830
	<u>65,488</u>	<u>86,989</u>

7.1 Available-for-sale - others	September 30, 2017			December 31, 2016		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Listed shares	----- (Rupees in thousand) -----					
Hamid textile mills limited	490	490	-	490	490	-
Pakistan national shipping corporation	24	-	24	24	-	24
Unlisted shares						
Nowshera engineering works limited	11	11	-	11	11	-
Fawad textile mills limited	267	267	-	267	267	-
Mutual funds						
JS growth fund	134	-	134	134	-	134
	<u>927</u>	<u>768</u>	<u>159</u>	<u>927</u>	<u>768</u>	<u>159</u>

7.1.1 Fair values of available-for-sale investments as at September 30, 2017 were Rs. 683 thousand (December 31, 2016: Rs. 783 thousand).

7.2 Investments at fair value through profit or loss

	September 30, 2017			December 31, 2016		
	Cost	Un-realised	Carrying value	Cost	Un-realised gain / (loss)	Carrying value
Mutual funds	----- (Rupees in thousand) -----					
PICIC growth fund	510	(120)	390	510	(99)	411
NAFA islamic stock fund	49,530	15,408	64,939	60,000	26,419	86,419
	<u>50,040</u>	<u>15,289</u>	<u>65,329</u>	<u>60,510</u>	<u>26,321</u>	<u>86,830</u>

8. Investment in debt securities

	No. of certificates		Face value	Value of certificates	
	September 30, 2017	December 31, 2016		September 30, 2017	December 31, 2016
Held to maturity					
			Million	(Rupees in thousand)	
Pakistan Investment Bonds - PIBs (including accrued interest)	6.00	6.00	45,500	46,765	47,377

- 8.1 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.

	Un-audited September 30, 2017	Audited December 31, 2016
	Rupees in thousand	
9. Insurance / Reinsurance receivables		
Unsecured and considered good		
Due from insurance contract holders	87,511	88,000
Less: provision for impairment of receivables	(87,286)	(84,599)
from Insurance contract holders	225	3,401
Amounts due from coinsurers	111,517	117,824
Amounts due from reinsurers	34,941	47,802
Less: provision for impairment of receivables	(21,959)	(20,194)
from Insurance contract holders	124,498	145,432
	<u>124,723</u>	<u>148,833</u>

- 9.1 The balances as at September 30, 2017 relating to amounts due to / from other insurers and re-insurers and premiums due but unpaid are although unconfirmed but are considered to be accurately stated by the management.

10. Deferred taxation

Deferred tax recognised as at September 30, 2017 has been restricted to Rs.33.191 million (December 31, 2016: Rs.33.191 million) and balance deferred tax asset amounting Rs. 47.715 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. Prepayments

Prepaid reinsurance premium ceded	3,913	3,558
Others	659	573
	<u>4,572</u>	<u>4,131</u>

12. Cash and bank balances

Cash and cash equivalent

Cash in hand	81	72
Policy stamps	1	1

Cash at banks

- Current accounts	10,366	4,200
- Savings accounts	222	1,643
	10,588	5,843

Deposits maturing within 12 months

Term deposit receipts	1,257	1,257
Provision for impairment	(1,257)	(1,257)
	-	-
	<u>10,669</u>	<u>5,916</u>

13. Share capital

The Company, to comply with S.R.O. 828 (I) / 2015 dated August 18, 2015 has obtained the approval of Pakistan Stock Exchange to enhance its share capital from Rs. 416.180 million to Rs. 500.000 million by way of further 8.382 million ordinary shares of Rs. 10 each to be offered in the ratio of 20.1404% as a right issue under section 83 of the Companies Act 2017, to the existing shareholders.

14. Contingencies and commitments

- 14.1 Except for the following, there is no significant change in the status of contingencies as disclosed in the financial statements for the year ended December 31, 2016:

- a) Bibojee Services (Pvt.) Ltd. (the Holding Company) , during the period, has refunded Rs.12.600 million to the Company. The Company had paid this amount to the Holding Company during the year ended December 31, 2012 on account of gratuity benefits of Mr. Sardar Khan (Ex-Managing Director of the Company). The Holding Company was of the view that Ex-Managing Director was required to adjust certain claims against him. Since, no settlement could be succeeded between the Holding Company and Ex-Managing Director, the Holding Company has refunded the aforementioned amount. No provision against the Ex-Managing Director's claim amounting Rs.20.090 million on account of gratuity along with profit, mark-up, costs, etc. has been made in this condensed interim financial information as the management is confident of a favorable outcome of the litigation.
- b) The Deputy Commissioner Inland Revenue, during the year 2016, has passed three orders under the Federal Excise Act, 2005 relating to tax years 2013, 2014 and 2015 creating federal excise duty liability of Rs.15.529 million, Rs.9.497 million and Rs.7.102 million respectively (total Rs.32.128 million). The Sales Tax Department of Federal Board of Revenue on December 30, 2016 has effected forced recoveries aggregating Rs. 23.831 million by attaching the Company's bank accounts. The Company, thereafter, filed appeals before the Appellate Tribunal Inland Revenue, Lahore Bench. Which was decided in company's favour.
- 14.2 No commitments for letters of credit were outstanding as at September 30, 2017; (as at December 31, 2016, commitments for revolving letters of credit, other than for capital expenditure, were outstanding for Rs. 747 thousand).

	For the quarter ended		Cumulative	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in thousand)		(Rupees in thousand)	
15. Net insurance premium				
Written gross premium	11,601	13,736	19,523	28,789
Add: Unearned premium reserve opening	870	2,443	7,858	16,805
Less: Unearned premium reserve closing	9,213	10,902	9,213	10,902
Premium earned	3,258	5,277	18,168	34,692
Less: Reinsurance premium ceded	5,011	8,535	10,204	12,535
Add: Prepaid reinsurance premium opening	439	602	3,559	5,942
Less: Prepaid reinsurance premium closing	3,913	4,528	3,913	4,528
Reinsurance expense	1,537	4,609	9,850	13,949
	1,721	668	8,318	20,743
16. Net insurance claims expense				
Claim paid	4683	3,037	9,877	18,045
Add: Outstanding claims including IBNR closing	67544	82,029	67,544	82,029
Less: Outstanding claims including IBNR opening	70467	83,303	78,056	106,234
Claims expense	1,760	1,763	(635)	(6,160)
Less: Reinsurance and other recoveries received	3,383	1,564	6,679	9,733
Add: Reinsurance and other recoveries in respect of outstanding claims closing	52,059	55,106	52,059	55,106
Less: Reinsurance and other recoveries in respect of outstanding claims opening	53,407	55,922	54,162	64,203
Reinsurance and other recoveries revenue	2,035	748	4,576	636
	(275)	1,015	(5,211)	(6,796)

	For the quarter ended		Cumulative	
	September 30, 2017 (Rupees in thousand)	September 30, 2016	September 30, 2017 (Rupees in thousand)	September 30, 2016
17. Net commission expense / acquisition cost				
Commission paid or payable	1,738	1,224	3,166	3,389
Add: Deferred commission expense opening	147	230	1,231	2,341
Less: Deferred commission expense closing	1,392	1,240	1,392	1,240
Net Commission	493	214	3,005	4,490
Less: Commission received or receivable	1,364	1,281	2,968	2,475
Add: Unearned reinsurance commission opening	165	236	1,448	3,050
Less: Unearned reinsurance commission closing	1,235	1,333	1,235	1,333
Commission from reinsurers	294	184	3,181	4,191
	199	30	(176)	299
18. Management expenses				
Employee benefit cost	11,102	7,751	31,860	23,637
Travelling and entertainment	421	221	867	891
Advertisement and sales promotion	30	-	188	73
Printing and stationery	67	40	326	307
Depreciation	944	1,268	2,794	3,569
Rent, Rates and Taxes	186	180	1,227	237
Legal and professional charges	1,163	421	2,529	1,808
Electricity, gas and water	368	370	815	936
Entertainment	176	111	461	376
Vehicle running expenses	526	243	1,033	579
Office repairs and maintenance	44	85	144	211
Bank charges	19	26	49	48
Postage, telegrams and telephone	243	211	703	690
Annual supervision fee SECP	-	48	50	95
Bad and doubtful debts	1,538	886	4,452	13,424
Miscellaneous	446	188	700	278
	17,272	12,049	48,197	47,157

	For the quarter ended		For the period ended	
	September 30, 2017 (Rupees in thousand)	September 30, 2016	September 30, 2017 (Rupees in thousand)	September 30, 2016
19. Investment income				
Income from equity securities				
- Dividend income	-	-	21	-
Income from debt securities				
- Return on fixed income securities	1,124	1,146	3,336	3,775
Net realised gains/(losses) on investments at fair value through profit and loss				
Available for sale financial assets				
Realised gains on:				
- NAFA Islamic Stock fund	4,530	-	4,530	-
Net unrealised gains/(losses) on investments				
Held-for-trading				
Net unrealised gains / (losses) on investments at fair value through profit or loss	(12,748)	6,465	(11,032)	14,415
Total investment income / (loss)	(7,093)	7,611	(3,145)	18,190
20. Other income				
Income from financial assets				
Profit on bank saving accounts	9	90	39	617
Payable balances written-back	1,923	125	7,630	2,508
	1,932	215	7,669	3,125
Income from non-financial assets				
Fronting fee	181	233	517	669
Gain on disposal of fixed assets	-	3	837	93
Federal excise duty - written-back	-	-	0	0
Sale of scrap	2	-	36	22
Recovery of health insurance claims	-	-	-	725
Receipt from the Holding Company	-	-	12,600	0
	183	236	13,990	1,509
	2,114	451	21,659	4,634
21. OTHER EXPENSES				
Auditors' remuneration	140	148	583	573
Subscription	594	83	1,554	376
Insurance expenses	228	206	696	521
Professional charges	886	-	1,526	349
Others	127	118	449	554
	1,975	554	4,807	2,372
22. Transactions with related parties				

Related parties comprise of the Holding Company, Associated Companies and key management personnel. The Company, during the current period except for remuneration to key management personnel aggregating Rs. 15.084 million (September 30, 2016 Rs.12.522 million), has carried-out no transaction with any related party.

23. SEGMENT INFORMATION

Segment information have been prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017.

Nine months period ended 30 September, 2017	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneo- us	Total
	----- (Rupees in thousand) -----				
Premium receivable (Inclusive of Federal Excise Duty, Federal Insurance Fee, and Administration Surcharge)	5,617	6,248	8,267	789	20,921
Less: Federal Excise Duty	110	208	934	50	1,302
Federal Insurance Fee	7	16	69	4	96
Gross written premium (Inclusive of Administrative Surcharge)	5,500	6,024	7,264	735	19,523
Gross direct premium	685	1,588	6,888	375	9,535
Facultative inward premium	4,814	4,422	321	351	9,908
Administrative surcharge	1	13	55	10	79
	5,500	6,024	7,264	735	19,523
Insurance premium earned	5,244	6,386	4,841	1,696	18,168
Insurance premium ceded to reinsurers	4,112	4,667	314	757	9,850
Net insurance premium	1,132	1,719	4,527	939	8,318
Commission income	1,409	1,557	-	215	3,181
Net underwriting income	2,541	3,276	4,527	1,154	11,498
Insurance claims	598	1,952	(3,992)	807	(635)
Insurance claims recovered from reinsurers	517	1,792	(341)	2,608	4,576
Net claims	81	160	(3,651)	(1,801)	(5,211)
Commission expense	1,087	1,288	479	151	3,005
Management expenses	13,577	14,871	17,933	1,816	48,197
Premium deficiency expense	-	-	-	(231)	(231)
Net insurance claims and expenses	14,745	16,319	14,761	(65)	45,760
Underwriting results	(12,204)	(13,043)	(10,234)	1,219	(34,262)
Net Investment loss					(3,145)
Rental income					591
Other income					21,659
Other expenses					(4,807)
Finance cost					(45)
Share of profit of associates					20,510
Profit before tax					503
Segment assets	72,194	68,156	36,284	5,453	182,087
Unallocated assets					608,561
					790,648
Segment liabilities	51,359	44,253	15,949	4,633	116,194
Unallocated liabilities					32,538
					148,733

Nine months period ended 30 September, 2016	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	------(Rupees in thousand)-----				
Premium receivable (Inclusive of Federal Excise Duty, Federal Insurance Fee and Administration Surcharge)	844	609	5,289	4,708	11,450
Less: Federal Excise Duty	115	80	658	245	1,098
Federal Insurance Fee	7	5	46	44	103
Gross written premium (inclusive of Administrative Surcharge)	721	524	4,585	4,418	10,249
Gross direct premium	719	518	4,533	4,385	10,155
Facultative inward premium	6,347	9,640	1,638	915	18,540
Administrative surcharge	2	6	52	34	94
	7,068	10,164	6,223	5,334	28,789
Insurance premium earned	11,092	9,691	5,427	8,482	34,692
Insurance premium ceded to reinsurers	7,114	3,727	523	2,585	13,949
Net insurance premium	3,978	5,964	4,904	5,897	20,743
Commission income	2,225	1,224	0	742	4,192
Net underwriting income	6,203	7,188	4,904	6,639	24,935
Insurance claims	388	207	(2,585)	(4,170)	(6,160)
Insurance claims recovered from reinsurers	482	1,205	402	(1,453)	636
Net claims	(94)	(998)	(2,987)	(2,717)	(6,796)
Commission expense	1,580	1,929	523	458	4,490
Management expenses	11,578	16,649	10,195	8,736	47,158
Premium deficiency expense	-	-	-	(1,841)	(1,841)
Net insurance claims and expenses	13,064	17,580	7,731	4,636	43,011
Underwriting results	(6,861)	(10,392)	(2,826)	2,003	(18,076)
Net Investment income					18,190
Rental income					512
Other income					4,634
Other expenses					(2,372)
Finance cost					(122)
Share of profit of associates					22,757
Profit before tax					25,523
December 31, 2016					
Segment assets	82,238	75,738	20,372	29,436	207,784
Unallocated assets					595,782
					803,566
Segment liabilities	49,885	43,308	19,096	13,256	125,545
Unallocated liabilities					35,517
					161,062

24. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 28, 2017 by the Board of Directors of the Company.

25. Corresponding figures

25.1 In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of the immediately preceding financial year.

25.2 Corresponding figures, to comply with the requirements of Insurance Accounting Regulations, 2017 and the Insurance Rules, 2017 promulgated by SECP vide S.R.O. Notifications 88 (I) /2017 and 89 (I) / 2017 dated February 09, 2017 respectively, have been re-arranged and re-classified, wherever necessary, for the purposes of comparison.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Khalid Kuli Khan Khattak
DIRECTOR


Sikandar Kuli Khan Khattak
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