

**CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE SIX MONTHS
PERIOD ENDED JUNE 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.



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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. Muhammad Kuli Khan Khattak
	Mr. Khalid Kuli Khan Khattak
	Mr. Sikandar Kuli Khan Khattak
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. 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

On behalf of the Board of Directors, I feel pleasure in presenting the un-audited financial statements of the company for the half year ended on 30th June, 2017.

FINANCIAL PERFORMANCE

The financial performance of the Company for the half year ended 30th June, 2017 remained satisfactory. Although the gross premium & net premium of the company has reduced even than the bottom line is positive. The main reason of deficit in profit after tax during the period over corresponding period was due to decrease in investment income on account of volatility in the stock market.

	2017	2016
	----- (Rupees in million) -----	
Gross premium	7.922	15.053
Net premium	6.597	20.075
Profit from underwriting business	2.314	7.986
Net claims expense	(4.936)	(7.811)
Management / administrative expenses	33.802	37.006
Capital and reserves	394.829	328.117
Profit before taxation	13.422	17.216
Profit after taxation	<u>12.164</u>	<u>16.195</u>
Earning per share	<u>0.29</u>	<u>0.39</u>

Due to reduction in accumulated losses and prudent underwriting policy there is no uncertainty which may cast any doubt about the Company's ability to continue as a Going Concern.

FUTURE OUTLOOK

The company financials have improved significantly during the last two years in response to underwriting strategy to underwrite the group business and business of selected clients. Viewing this improvement in financials the rating agency M/s. PACRA has upgraded Company's IFS rating from BBB (stable) to A- (stable). In the light of this the Board has been considering to commence underwriting the market business through the establishment of branch network. The Board has also decided to enhance its paid-up capital from Rs.416.180 million to Rs.500 million on or before 31st December, 2017 to ensure compliance with the S.R.O number 828(I)/2015 dated 18th August, 2015 issued by SECP.

For & on behalf of the Board of Directors

Raza Kuli Khan

Raza Kuli Khan Khattak
Chairman

Dated : August 29, 2017

Place : Lahore



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

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

مالیاتی کارکردگی (Financial Performance)


نصف سال کے اختتام 30 جون 2017 پر کمپنی کی مالیاتی کارکردگی اطمینان بخش رہی ہے۔ اگرچہ کمپنی کا مجموعی پریمیم اور نیٹ پریمیم کم ہوا ہے پھر بھی بوٹم لائن (نیچے کی لائن) مثبت رہی ہے۔ متعلقہ مدت سے اس مدت کے دوران منافع بعد از ٹیکس میں خسارے کی بنیادی وجہ سٹاک مارکیٹ میں اتار چڑھاؤ سے سرمایہ کاری آمدنی میں کمی کی وجہ سے ہے۔

2017	2016	
(رقم ملین میں)		
7.922	15.053	مجموعی پریمیم
6.597	20.075	نیٹ پریمیم
2.314	7.986	انڈر رائٹنگ کاروبار سے منافع
(4.936)	(7.811)	نیٹ کلیمز
33.802	37.006	انتظامی اخراجات
394.829	328.117	سرمایہ اور ذخائر
13.422	17.216	قبل از ٹیکس منافع
12.164	16.195	بعد از ٹیکس منافع
0.29	0.39	آمدنی فی شیئر

مجموعی نقصان میں کمی اور محتاط اندر رائٹنگ پالیسی کی وجہ سے اب کوئی غیر یقینی صورتحال نہیں رہی جس سے کمپنی کے چلنے کی صلاحیت بارے میں کوئی شبہ ہو۔

مستقبل کا نقطہ نظر (Future Outlook)

کمپنی کے فنانشل پچھلے دو سال کے دوران نمایاں طور پر بہتر ہوئے ہیں جو کہ انڈر رائٹنگ کی حکمت عملی منتخب شدہ کلائنٹس کا کاروبار اور گروپ کاروبار کو انڈرائٹ کرنے کی وجہ سے ہے۔ ریٹنگ ایجنسی PACRA نے فنانشل میں بہتری دیکھتے ہوئے کمپنی کی IFS ریٹنگ کو BBB سے A- پر اپ گریڈ کر دیا ہے۔ اس کی روشنی میں بورڈ برانچ نیٹ ورک کے قیام کے ذریعے مارکیٹ کاروبار کی انڈر رائٹنگ شروع کرنے پر غور کر رہا ہے۔ بورڈ نے 31 دسمبر 2017 یا اس سے پہلے ادا شدہ سرمایہ کو 416.180 ملین روپے سے 500 ملین روپے تک بڑھانے کا بھی فیصلہ کیا ہے تاکہ SECP کے جاری کردہ ایس آر او نمبر 2015 (I)/828 مورخہ 18 اگست 2015 کی تکمیل ہو سکے۔

منجانب بورڈ

 رضا خان خٹک
 (چیرمین)

تاریخ: 29 اگست، 2017

مقام: لاہور



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

Introduction

We have reviewed the accompanying:

- (i) condensed interim statement of financial position;
- (ii) condensed interim statement of comprehensive income;
- (iii) condensed interim statement of changes in equity;
- (iv) condensed interim statement of cash flows;

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, 2017 (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, 2016 and June 30, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2017.

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information 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 the fact that Company's paid-up capital as at June 30, 2017 was less than the minimum paid-up capital requirement of the Insurance Ordinance, 2000 by Rs. 33.820 million as fully detailed in note 15. SECP has not granted extension in time sought by the Company for enhancement of its paid-up capital. This condition indicates the existence of a material uncertainty, which may cast doubt on the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Date: August 29, 2017
LAHORE;


Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Nafees ud din



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2017

		Un-audited June 30, 2017	Audited December 31, 2016
	Note	Rupees in thousand	
Assets			
Property and equipment	7	171,400	173,831
Investment property		19,232	19,232
Investments in Associates	8	197,225	186,072
Investments			
- equity securities	9	88,705	86,989
- debt securities	10	47,345	47,377
Loans and other receivables		31,473	31,845
Insurance / reinsurance receivables	11	131,537	148,833
Reinsurance recoveries against outstanding claims		53,407	54,162
Deferred commission expense		147	1,231
Deferred taxation	12	33,191	33,191
Taxation - payments less provisions		10,412	10,756
Prepayments	13	698	4,131
Cash and bank balances	14	14,432	5,916
Total Assets		799,204	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	500,000
Issued, subscribed and paid-up share capital	15	416,180	416,180
Share premium reserve		13,824	13,824
Reserves		14,485	14,485
Accumulated loss		(49,660)	(62,504)
Total Equity		394,829	381,985
Surplus on revaluation of fixed assets		260,167	260,519
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		70,467	78,056
Unearned premium reserves		870	7,858
Premium deficiency reserves		5	282
Unearned reinsurance commission		165	1,448
Retirement benefit obligations		10,581	9,400
Insurance / reinsurance payables		40,613	36,910
Other creditors and accruals		21,507	27,108
Total Liabilities		144,208	161,062
Total Equity and Liabilities		799,204	803,566
Contingencies and Commitments			
	16		

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Muhammad Kuli Khan Khattak
DIRECTOR


Khalid Kuli Khan Khattak
DIRECTOR



Amir Raza
PRINCIPAL OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2017**

	Note	For the 2nd Quarter		Cumulative	
		April to June, 2017	April to June, 2016	January to June, 2017	January to June, 2016
-----Rupees in thousand-----					
Net insurance premium	17	3,744	11,257	6,597	20,075
Net insurance claims	18	(177)	3,227	4,936	7,811
Premium deficiency		205	1,243	277	2,199
Net commission	19	271	(550)	375	(269)
Insurance claims		299	3,920	5,588	9,741
Management expenses	20	(19,527)	(19,192)	(31,565)	(35,455)
Underwriting results		(15,484)	(4,015)	(19,380)	(5,639)
Investment income	21	(1,181)	7,007	3,948	10,579
Rental income		198	180	393	332
Other income	22	18,243	2,016	19,545	4,183
Other expenses	23	(746)	(690)	(2,192)	(1,469)
Results of operating activities		1,030	4,498	2,314	7,986
Finance cost		(14)	34	(45)	(81)
Share of profit of Associates - net		11,153	9,312	11,153	9,312
Profit before taxation		12,169	13,844	13,422	17,217
Taxation					
- current		18	(98)	(286)	(376)
- prior year		(640)	0	(640)	0
- deferred		(181)	(645)	(332)	(645)
		(803)	(743)	(1,258)	(1,021)
Profit after taxation		11,366	13,101	12,164	16,196
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		11,366	13,101	12,164	16,196
----- Rupee -----					
Earnings (after taxation) per share		0.27	0.31	0.29	0.39

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Muhammad Kuli Khan Khattak
DIRECTOR


Khalid Kuli Khan Khattak
DIRECTOR



Amir Raza
PRINCIPAL OFFICER



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2017**

	Attributable to equity holders of the Company					Total
	Share capital	Capital Reserves		Revenue reserve	Accumulated loss	
		Share premium	Capital reserve			
	----- (Rupees in thousand) -----					
Balance as at December 31, 2016 - audited	416,180	13,824	18	14,467	(62,504)	381,985
Transfer of incremental depreciation from surplus on revaluation of buildings	0	0	0	0	569	569
Share of incremental depreciation of Associates	0	0	0	0	111	111
Profit for the half year ended June 30, 2017	0	0	0	0	12,164	12,164
Other comprehensive income for the half year ended June 30, 2017	0	0	0	0	0	0
Total comprehensive income for the half year ended June 30, 2017	0	0	0	0	12,164	12,164
Balance as at June 30, 2017 - Un-audited	416,180	13,824	18	14,467	(49,660)	394,829
Balance as at December 31, 2015 - audited	416,180	13,824	18	14,467	(133,578)	310,911
Transfer of incremental depreciation from surplus on revaluation of buildings	0	0	0	0	900	900
Share of incremental depreciation of Associates	0	0	0	0	111	111
Profit for the half year ended June 30, 2016	0	0	0	0	16,196	16,196
Other comprehensive income for the half year ended June 30, 2016	0	0	0	0	0	0
Total comprehensive income for the half year ended June 30, 2016	0	0	0	0	16,196	16,196
Balance as at June 30, 2016 - Un-audited	416,180	13,824	18	14,467	(116,371)	328,118

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Muhammad Kuli Khan Khattak
DIRECTOR


Khalid Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER



CONDENSED INTERIM STATEMENT CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2017

	Half-year ended	
	June 30, 2017	June 30, 2016
	Rupees in thousand	
Operating Cash Flows		
a) Underwriting activities		
Insurance premium received	8,389	15,302
Reinsurance premium paid	(5,194)	(4,000)
Claims paid	(5,194)	(15,008)
Reinsurance and other recoveries received	3,296	8,169
Commission paid	(1,466)	(12,422)
Commission received	1,604	1,193
Management expenses paid	(24,993)	(3,102)
Net cash outflow from underwriting activities	(23,558)	(9,868)
b) Other operating activities		
Income tax paid	(914)	(114)
Other operating payments	(2,292)	(20,707)
Other operating receipts	12,970	458
Loans received / (advanced)	89	(29)
Other receipts / (payments) - net	18,214	(304)
Net cash inflow / (outflow) from other operating activities	28,067	(20,696)
Total cash inflow / (outflow) from all operating activities	4,509	(30,564)
Investment Activities		
Profit / return received	2,242	2,586
Rental received	393	332
Payment for investments	0	(60,000)
Fixed capital expenditure	0	(2,316)
Proceeds from sale of fixed assets	1,417	150
Total cash generated from / (used in) investing activities	4,052	(59,248)
Financing Activities		
Interest paid	(45)	(81)
Total cash outflow from financing activities	(45)	(81)
Net cash inflow / (outflow) from all activities	8,516	(89,893)
Cash and cash equivalents at beginning of the period	5,916	108,193
Cash and cash equivalents at end of the period	14,432	18,300



**CONDENSED INTERIM STATEMENT CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2017**

Reconciliation to Condensed Statement of Comprehensive Income

	Half-year ended	
	June 30, 2017	June 30, 2016
	Rupees in thousand	
Operating cash flows	4,509	(30,564)
Depreciation	(1,851)	(2,302)
Financial charges	(45)	(81)
Gain on disposal of fixed assets	837	90
Rental income	393	332
Dividend income	21	0
Other investment income	3,927	10,579
Share of profit of Associates - net	11,153	9,312
Decrease in assets other than cash	(20,939)	(25,911)
Decrease in liabilities	19,239	65,983
	<u>17,244</u>	<u>27,438</u>

Other Adjustments

Provision for doubtful receivables	(2,914)	(12,536)
Provision for gratuity	(1,354)	0
Provision for leave encashment	(1,153)	(906)
Change in premium deficiency reserve	277	2,199
Sale of scrap	34	0
Profit on bank balances	30	0
	<u>(5,080)</u>	<u>(11,243)</u>
Profit after taxation	<u>12,164</u>	<u>16,195</u>

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 cash equivalents

Cash-in-hand and policy stamps 169 15

Current and other accounts

Current accounts	14,104	16,228
Saving accounts	159	2,057
	<u>14,263</u>	<u>18,285</u>

Total cash and cash equivalents

	<u>14,432</u>	<u>18,300</u>
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The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Muhammad Kuli Khan Khattak
DIRECTOR


Khalid Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 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 Act, 2017). 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.) Limited. (the Holding Company) holds 35,776,303 ordinary shares i.e. 85.96% of the Company's paid-up capital as at June 30, 2017.

2. Basis of preparation and statement of compliance

2.1 The Companies Act, 2017, during the year, has been promulgated; however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). As the Company's current period closes on June 30, 2017, 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 Ordinance, the Insurance Ordinance, 2000 , the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 . In case where requirements differ, the provisions of or directives issued under the repealed Ordinance, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 have been followed. This condensed interim financial information of the Company for the half-year ended June 30, 2017 is un-audited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

2.2 The figures of the condensed interim profit and loss account for the quarters ended June 30, 2017 and 2016 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half-year ended June 30, 2017. This condensed interim financial information does not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016.

2.3 This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 245 of the repealed Ordinance.

3. 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 amortized cost, land & buildings, which are stated at revalued amounts and the obligation under the employee benefit, which is measured at present value.

4. 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 financial statements of the Company for the year ended December 31, 2016.



5. Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

5.1 Amendments to published standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning January 01, 2017 are as follows:

- Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative are applicable on accounting periods beginning on or after January 01, 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments do not have a material impact on the Company's financial statements.
- Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax asset for unrealized losses are applicable on accounting periods beginning on or after January 01, 2017. These amendments on the recognition of deferred tax asset for unrealized losses clarify how to account for deferred tax asset related to debt instruments measured at fair value. These amendments do not have a material impact on the Company's financial statements.

5.2 Standards, amendments and interpretations to existing standards that are not yet effective

Standards and interpretations	Effective date (accounting periods beginning on or after)
- Annual improvements 2014-2016	January 01, 2018
- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transaction	January 01, 2018
- IFRS 9, 'Financial instruments'	January 01, 2018
- Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9	January 01, 2018
- Amendments to IAS 40, 'Investment property', relating to transfer of investment property	January 01, 2018
- IFRIC 22- 'Foreign currency transactions and advance consideration'	January 01, 2018
- IFRS 16, 'Leases'	January 01, 2019

6. Accounting estimates, judgments and financial risk management

- 6.1 The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.



- 6.2** Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended December 31, 2016.
- 6.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2016.
- 6.4** The Company follows the practice of conducting actuarial valuation annually at the year-end. Hence, the impact of premeasurement of staff retirement benefits - gratuity has not been incorporated in this condensed interim financial information.

7. Property and equipment

Operating assets

	Un-audited June 30, 2017 (Rs. in thousand)
Book value as at December 31, 2016	173,831
Book values of assets disposed-off during the period:	
- furniture, fixtures and office equipment	133
- motor vehicles	447
	580
	173,251
Depreciation charge for the period	1,851
Book value as at June 30, 2017	171,400

8. Investments in Associates

Bannu Woollen Mills Ltd.(BWM)

- Carrying value as at December 31, 2016	1,694
- Share of loss for the period	(5)
	1,689

Gandhara Industries Ltd.(GIL)

- Carrying value as at December 31, 2016	184,378
- Share of profit for the period	11,158
	195,536
	197,225

- 8.1** Market values of the Company's investments in BWM and GIL as at June 30, 2017 were Rs.612 thousand (December 31, 2016: Rs.644 thousand) and Rs.769.826 million (December 31, 2016: Rs.858.934 million) respectively.

9. Investments in equity securities

	Note	Un-audited June 30, 2017 (Rupees in thousand)	Audited Dec. 31, 2016
Available-for-sale investments	9.1	159	159
Investments at fair value through profit or loss	9.3	88,546	86,830
		88,705	86,989



9.1 Available-for-sale investments

	No. of shares as at June 30, 2017 and December 31, 2016	Cost as at June 30, 2017 and December 31, 2016	Impairment as at June 30, 2017 and December 31, 2016	Carrying value as at June 30, 2017 and December 31, 2016
------(Rupees in thousand)-----				
Listed shares				
Hamid Textile Mills Ltd.	49,000	490	490	0
Pakistan National Shipping Corporation	888	24	0	24
Unlisted shares				
Nowshera Engineering Works Ltd.	1,106	11	11	0
Fawad Textile Mills Ltd.	26,740	268	268	0
Mutual fund				
JS Growth Fund	2,867	135	0	135
		928	769	159

9.2 Fair values of available-for-sale investments as at June 30, 2017 were Rs.746 thousand (December 31, 2016: Rs.783 thousand).

9.3 Investments at fair value through profit or loss

Mutual funds	No. of units	Cost	Un- realized (loss) / gain	Carrying and fair value
------(Rupees in thousand)-----				
June 30, 2017				
PICIC Growth Fund	13,500	509	(90)	419
NAFA Islamic Stock Fund	6,724,956	60,000	28,127	88,127
		60,509	28,037	88,546
December 31, 2016				
PICIC Growth Fund	13,500	509	(98)	411
NAFA Islamic Stock Fund	5,793,917	60,000	26,419	86,419
		60,509	26,321	86,830

10. Investments in debt securities (Held to maturity)

	No. of certificates		Face value	Value of certificates	
	Un-audited June 30, 2017	Audited December 31, 2016		Un-audited June 30, 2017	Audited December 31, 2016
------(Rupees in thousand)-----					
Pakistan Investment Bonds - PIBs (including accrued interest)	6	6	45,500	47,345	47,377



10.1 Investments in PIBs have been made to meet the statutory requirements of section 29(2)(a) of the Insurance Ordinance, 2000.

11. Insurance / reinsurance receivables	Un-audited	Audited
Unsecured and considered good	June 30,	Dec. 31,
	2017	2016
	(Rupees in thousand)	
Due from insurance contract holders	87,533	88,000
Less: Provision for impairment of receivables from insurance contract holders	(86,282)	(84,599)
	1,251	3,401
Due from other insurers	116,774	117,824
Due from reinsurers	34,938	47,802
Less: Provision for impairment of due from other insurers / reinsurers	(21,426)	(20,194)
	130,286	145,432
	131,537	148,833

11.1 The balances as at June 30, 2017 relating to insurance / reinsurance receivables and payables are although unconfirmed but are considered to be accurately stated by the management.

12. Deferred taxation

Deferred tax recognized as at June 30, 2017 has been restricted to Rs.33.191 million (December 31, 2016: Rs.33.191 million) and balance deferred tax asset amounting Rs.56.359 million approximately has not been recognized 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 utilized.

13. Prepayments

Prepaid reinsurance premium ceded	439	3,558
Others	259	573
	698	4,131

14. Cash and bank balances

Cash and cash equivalents

Cash-in-hand	168	72
Policy stamps	1	1
	169	73

Cash at banks

- Current accounts	14,104	4,200
- Savings accounts	159	1,643
	14,263	5,843

Deposits maturing within 12 months

Term deposit receipts	1,257	1,257
Provision for impairment	(1,257)	(1,257)
	0	0
	14,432	5,916



15. Issued, subscribed and paid-up share capital

The Company, to comply with the requirements of S.R.O. 828 (I) / 2015 dated August 18, 2015, was required to enhance its paid-up capital to Rs.450 million by June 30, 2017. Presently, the Company's paid-up capital amounts to Rs.416.180 million. The management intends to enhance the required amount of paid-up capital by December 31, 2017. The management, in this regard, has requested SECP to grant extension upto December 31, 2017. SECP, however vide its letter No.ID/ OSM/ Universal/ 2017-10277 dated July 14, 2017, has declined the Company's request and advised to comply with the requirements of the Insurance Ordinance, 2000 within the stipulated time.

16. Contingencies and commitments

16.1 Except for the following, there is no significant change in the status of contingencies as disclosed in notes 13.1 to 13.9 to the Company's financial statements for the year ended December 31, 2016:

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.

16.2 No commitments for letters of credit were outstanding as at June 30, 2017; (as at December 31, 2016, commitments for revolving letters of credit, other than for capital expenditure, were outstanding for Rs. 747 thousand).

17. Net insurance premium

	For the 2nd Quarter		Cumulative	
	April to June, 2017	April to June, 2016	January to June, 2017	January to June, 2016
------(Rupees in thousand)-----				
Written gross premium	5,710	8,699	7,922	15,053
Add: Unearned premium reserve opening	4,610	9,757	7,858	16,805
Less: Unearned premium reserve closing	870	2,443	870	2,443
Premium earned	9,450	16,013	14,910	29,415
Less: Reinsurance premium ceded	4,032	2,045	5,193	4,000
Add: Prepaid reinsurance premium opening	2,113	3,313	3,559	5,942
Less: Prepaid reinsurance premium closing	439	602	439	602
Reinsurance expense	5,706	4,756	8,313	9,340
	3,744	11,257	6,597	20,075



18. Net insurance claim

	For the 2nd Quarter		Cumulative	
	April to June, 2017	April to June, 2016	January to June, 2017	January to June, 2016
------(Rupees in thousand)-----				
Claims paid	2,248	8,816	5,194	15,008
Add: Outstanding claims including IBNR closing	70,467	83,303	70,467	83,303
Less: Outstanding claims including IBNR opening	72,076	96,254	78,056	106,234
Claims expense	639	(4,135)	(2,395)	(7,923)
Less: Reinsurance and other recoveries received	1,323	5,703	3,296	8,169
Add: Reinsurance and other recoveries in respect of outstanding claims closing	53,407	55,922	53,407	55,922
Less: Reinsurance and other recoveries in respect of outstanding claims opening	54,268	62,533	54,162	64,203
Reinsurance and other recoveries revenue	462	(908)	2,541	(112)
	177	(3,227)	(4,936)	(7,811)

19. Net commission expense

Commission paid or payable	1,066	1,433	1,428	2,165
Add: Deferred commission expense opening	712	1,369	1,231	2,341
Less: Deferred commission expense closing	147	230	147	230
Net commission	1,631	2,572	2,512	4,276
Less: Commission received or recoverable	1,249	646	1,604	1,193
Add: Unearned reinsurance commission opening	818	1,612	1,448	3,050
Less: Unearned reinsurance commission closing	165	236	165	236
Commission from reinsurers	1,902	2,022	2,887	4,007
	(271)	550	(375)	269



	For the 2nd Quarter		Cumulative	
	April to June, 2017	April to June, 2016	January to June, 2017	January to June, 2016
------(Rupees in thousand)-----				
20. Management expenses				
Employee benefit cost	12,829	8,947	20,758	15,885
Traveling expenses	335	344	446	670
Advertisements	158	73	158	73
Printing and stationery	230	232	259	268
Depreciation	691	1,145	1,851	2,302
Rent, rates and taxes	1,026	23	1,040	57
Legal and professional charges	809	597	2,006	1,735
Electricity, gas and water	260	379	447	565
Entertainment	136	99	284	264
Vehicles' running expenses	264	122	507	335
Office repairs and maintenance	53	57	100	126
Bank charges	8	11	31	22
Postage, telegrams and telephone	240	235	460	480
Annual supervision fee SECP	25	26	50	47
Bad and doubtful debts	2,294	6,864	2,914	12,536
Miscellaneous	169	38	254	90
	19,527	19,192	31,565	35,455
21. Investment income				
Income from equity securities (available-for-sale)				
Dividend income	21	0	21	0
Income from debt securities (held to maturity)				
Return on debt securities	1,112	1,315	2,212	2,629
Net unrealized (loss) / gain on investments				
Net unrealized (loss) / gain on investments at fair value through profit or loss (held for trading)	(2,314)	5,692	1,715	7,950
Total investment income	(1,181)	7,007	3,948	10,579



<u>For the 2nd Quarter</u>		<u>Cumulative</u>	
<u>April</u>	<u>April</u>	<u>January</u>	<u>January</u>
<u>to June,</u>	<u>to June,</u>	<u>to June,</u>	<u>to June,</u>
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>

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

22. Other income

Return on bank balances	12	188	30	527
Gain on sale of fixed assets	0	90	837	90
Liabilities written-back (note 22.1)	5,410	2,138	5,708	2,383
Fronting fee	187	313	336	436
Sale of scrap	34	14	34	22
Recovery of health insurance claims	0	0	0	725
Receipt from the Holding Company (note 22.2)	12,600	0	12,600	0
Miscellaneous	0	(727)	0	0
	<u>18,243</u>	<u>2,016</u>	<u>19,545</u>	<u>4,183</u>

22.1 The balance written-back during the half-year includes provident fund balances of ex-employees aggregating Rs.4.790 million, who have resigned or have been terminated at least seven years ago. The Company's legal Advisor has advised that as these cases are time-barred, the Company may write-back these payable balances.

22.2 This represents amount refunded by the Holding Company during the period; the Company has advanced this amount to the Holding Company in prior year for settlement of gratuity benefits of Ex-Managing Director of the Company. Also refer contents of note 16.1.

<u>For the 2nd Quarter</u>		<u>Cumulative</u>	
<u>April</u>	<u>April</u>	<u>January</u>	<u>January</u>
<u>to June,</u>	<u>to June,</u>	<u>to June,</u>	<u>to June,</u>
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>

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

23. Other expenses

Auditors' remuneration	318	125	443	425
Subscription	101	62	960	293
Insurance expenses	234	220	468	315
Donations	0	10	0	10
Others	93	273	321	426
	<u>746</u>	<u>690</u>	<u>2,192</u>	<u>1,469</u>

24. 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 paid to key management personnel aggregating Rs.9.468 million (June 30, 2016 Rs.8.188 million), has carried-out no transaction with any related party.



25. Segment Information

Half year ended June 30, 2017	Fire and property damage	Marine, aviation and transport	Motor	Miscella- neous	Total
	------(Rupees in thousand)-----				
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	885	5,463	1,591	260	8,199
Less:					
Federal Excise Duty	0	105	152	0	257
Federal Insurance Fee	0	8	12	0	20
Gross written premium (inclusive of Administrative Surcharge)	<u>885</u>	<u>5,350</u>	<u>1,427</u>	<u>260</u>	<u>7,922</u>
Gross direct premium	0	803	1,112	0	1,915
Facultative inward premium	885	4,542	290	260	5,977
Administrative surcharge	0	4	25	0	29
	<u>885</u>	<u>5,349</u>	<u>1,427</u>	<u>260</u>	<u>7,921</u>
Insurance premium earned	4,626	5,604	3,202	1,477	14,909
Insurance premium ceded to reinsurers	<u>3,146</u>	<u>4,089</u>	<u>458</u>	<u>619</u>	<u>8,312</u>
Net insurance premium	<u>1,480</u>	<u>1,515</u>	<u>2,744</u>	<u>858</u>	<u>6,597</u>
Commission income	<u>1,352</u>	<u>1,366</u>	<u>0</u>	<u>170</u>	<u>2,888</u>
Net underwriting income	<u>2,832</u>	<u>2,881</u>	<u>2,744</u>	<u>1,028</u>	<u>9,485</u>
Insurance claims	<u>557</u>	<u>1,326</u>	<u>(3,405)</u>	<u>(872)</u>	<u>(2,394)</u>
Insurance claims recovered from reinsurers	<u>481</u>	<u>1,324</u>	<u>(340)</u>	<u>1,078</u>	<u>2,543</u>
Net claims	76	2	(3,065)	(1,950)	(4,937)
Commission expense	961	1,133	313	106	2,513
Management expenses	3,525	21,319	5,684	1,037	31,565
Premium deficiency expense	0	0	0	(277)	(277)
Net insurance claims and expenses	<u>4,562</u>	<u>22,454</u>	<u>2,932</u>	<u>(1,084)</u>	<u>28,864</u>
Underwriting results	<u>(1,730)</u>	<u>(19,573)</u>	<u>(188)</u>	<u>2,113</u>	<u>(19,380)</u>
Net investment income					3,948
Rental income					393
Other income					19,545
Other expenses					(2,192)
Finance cost					(45)
Share of profit of Associates - net					11,153
Profit before taxation					<u><u>13,422</u></u>
Segment assets	61,327	89,014	23,252	11,937	185,530
Unallocated assets					613,674
					<u>799,204</u>
Segment liabilities	38,082	55,683	13,203	5,152	112,120
Unallocated liabilities					32,088
					<u>144,208</u>



Half year ended June 30, 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 Administrative Surcharge)	905	8,654	2,799	2,901	15,259
Less:					
Federal Excise Duty	0	6	155	4	165
Federal Insurance Fee	0	0	12	29	41
Gross written premium (inclusive of Administrative Surcharge)	905	8,648	2,632	2,868	15,053
Gross direct premium	0	41	1,105	2,856	4,002
Facultative inward premium	905	8,605	1,495	0	11,005
Administrative surcharge	0	2	32	12	46
	905	8,648	2,632	2,868	15,053
Insurance premium earned	9,680	8,099	4,488	7,148	29,415
Insurance premium ceded to reinsurers	4,890	2,759	675	1,016	9,340
Net insurance premium	4,790	5,340	3,813	6,132	20,075
Commission income	2,791	913	1	302	4,007
Net underwriting income	7,581	6,253	3,814	6,434	24,082
Insurance claims	(219)	394	(3,866)	(4,232)	(7,923)
Insurance claims recovered from reinsurers	70	922	402	(1,506)	(112)
Net claims	(289)	(528)	(4,268)	(2,726)	(7,811)
Commission expense	2,057	1,625	420	174	4,276
Management expenses	2,131	20,369	6,200	6,755	35,455
Premium deficiency expense	0	0	0	(2,199)	(2,199)
Net insurance claims and expenses	3,899	21,466	2,352	2,004	29,721
Underwriting results	3,682	(15,213)	1,462	4,430	(5,639)
Net investment income					10,579
Rental income					332
Other income					4,183
Other expenses					(1,469)
Finance cost					(81)
Share of profit of Associates					9,312
Profit before taxation					<u>17,217</u>
Segment assets	82,238	75,738	20,372	29,436	207,784
Unallocated assets					595,782
					<u>803,566</u>
Segment liabilities	49,885	43,308	19,096	13,256	125,545
Unallocated liabilities					35,517
					<u>161,062</u>



26. Date of authorization for issue

This condensed interim financial information was authorized for issue on August 29, 2017 by the Board of Directors of the Company.

27. Corresponding figures

27.1 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.

27.2 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


Muhammad Kuli Khan Khattak
DIRECTOR


Khalid Kuli Khan Khattak
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