

58th

Year of Continuous Services



**THE UNIVERSAL
INSURANCE CO. LTD.**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
PERIOD ENDED SEPTEMBER 30, 2018**

BIBOJEE GROUP





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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 ensure strict compliance by conducting regular internal audit 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 Ahmed	
	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	



BOARD AND MANAGEMENT COMMITTEES

Board Committees:

i) Ethics, Human Resource & Remuneration Committee

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Raza Kuli Khan Khattak	Member	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive
Mr. Mushtaq Ahmed Khan F.C.A	Member	Non-Executive
Mrs. Shahnaz Sajjad Ahmad	Member	Non-Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Liaqat Ali Shaukat	Secretary	

ii) Investment Committee

Mr. Mushtaq Ahmed Khan F.C.A	Chairman	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Khalid Kuli Khan Khattak	Member	Non-Executive
Mr. Ashfaq Ahmed	Member	Chief Financial Officer
Mr. Liaqat Ali Shaukat	Secretary	

iii) Audit Committee

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Mushtaq Ahmed Khan F.C.A	Member	Non-Executive
Mrs. Shahnaz Sajjad Ahmad	Member	Non-Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Muhammad Kuli Khan Khattak	Member	Non-Executive
Mr. Abdul Waheed Ch.	Secretary	

Management Committees:

iv) Underwriting, Reinsurance & Co-Insurance Committee;

Mr. Muhammad Kuli Khan Khattak	Chairman	Non-Executive
Mr. Sikandar Kuli Khan Khattak	Member	Non-Executive
Miss. Bushra Hina Mushtaq	Member	
Mr. Muhammad Alyas	Secretary	

v) Claims Settlement Committee;

Mr. Gohar Ayub Khan	Chairman	Executive
Mr. Mushtaq Ahmed Khan F.C.A	Member	Non-Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Amir Raza	Member	
Mr. Abdul Waheed Ch.	Member	
Mr. Ashfaq Ahmed	Secretary	

vi) Risk Management & Compliance Committee

Mr. Sikandar Kuli Khan Khattak	Chairman	Non-Executive
Mr. Amir Raza	Member	
Mr. Ashfaq Ahmed	Member	
Miss. Bushra Hina Mushtaq	Secretary	



DIRECTORS' REVIEW REPORT

On behalf of the Board of Directors, We feel pleasure in presenting the un-audited financial statements of the company for the nine months period ended on 30th September, 2018.

Financial Performance

The financial results of the company for the period ended 30th September, 2018 are showing an increase in gross premium by Rs. 11.25 million and an increase in net premium by Rs. 3.368 million over the corresponding period. The main cause for increase in loss after profit during the period over corresponding period was increase in claim expense and decrease in other income. Whereas net commission expense may also be attributed for such increase.

	2018 ------(Rupees in million)-----	2017 ------(Rupees in million)-----
Gross premium	30.773	19.523
Net premium	11.686	8.318
Loss from operating activities	(42.713)	(19.963)
Net claims expense	2.771	(5.211)
Management / administrative expenses	52.921	53.004
Capital and reserves	760.631	641.915
(Loss) / Profit before taxation	(17.465)	0.503
Loss after taxation	(19.030)	(0.935)
Loss per share	(0.38)	(0.02)

Future Outlook

In order to recover the losses the company has planned to underwrite the Co-insurance business from reputed Co-insurers apart from depending on Group business only. Efforts are also underway for the enlistment on the panel of major banks. To attract the business of banks/corporate clients we are striving hard to secure the re-insurance treaties from the good rated reinsurers of international market.

Acknowledgement


We would like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Co. Ltd., State Bank of Pakistan, other Reinsurers and Co-Insurers for their continued cooperation and guidance through-out the period and our valued clients for their continued patronage extended to us.

For & on behalf of the Board of Directors

Date: October 30, 2018

Place: Lahore


Muhammad Kuli Khan Khattak
Director


Gohar Ayub Khan
Chief Executive Officer



(یہ انگریزی رپورٹ کا ترجمہ ہے) **ڈائریکٹر کی جائزہ رپورٹ (Director's Review Report)**
 بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے نو ماہ کے 30 ستمبر 2018ء کو ختم ہونے والی مدت کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے ہمیں خوشی ہو رہی ہے۔

مالیاتی کارکردگی (Financial Performance)

30 ستمبر 2018ء کو ختم ہونے والی مدت کو کمپنی کے مالیاتی نتائج متعلقہ مدت سے اس مدت کے دوران مجموعی پریمیم میں 11.25 ملین روپے اور نیٹ پریمیم میں 3.368 ملین روپے اضافہ ظاہر کر رہے ہیں۔ متعلقہ مدت سے اس مدت کے دوران منافع کے بعد نقصان میں اضافے کی بنیادی وجہ کلیمز کے اخراجات میں اضافہ اور دیگر آمدنی میں کمی تھی جبکہ نیٹ کمیشن خرچہ بھی اس اضافہ کی وجہ بنا۔

2018	2017	
(روپے '000)		
30.773	19.523	- مجموعی پریمیم
11.686	8.318	- نیٹ پریمیم
(42.713)	(19.963)	- اپریٹنگ سرگرمیوں سے نقصان
2.771	(5.211)	- نیٹ کلیمز اخراجات
52.921	53.004	- میجسٹ / انتظامی اخراجات
760.631	641.915	- سرمایہ اور ذخائر
(17.465)	0.503	- قبل از ٹیکس منافع / (نقصان)
(19.030)	(0.935)	- بعد از ٹیکس نقصان
(0.38)	(0.02)	- نقصان فی شیئر

مستقبل کا جائزہ (Future Outlook)

نقصانات کی وصولی کیلئے صرف گروپ برنس پر انحصار کرنے کی بجائے کمپنی نے اچھی شہرت والے کو انشوررز سے کو انشورنس برنس انڈرائیٹ کرنے کی منصوبہ بندی کی ہے۔ نمایاں بنکوں کے پینل پر اندراج کے لیے کوششیں جاری ہیں۔ بینکوں / کارپوریٹ کلائنٹس کے کاروبار کو اپنی طرف متوجہ کرنے کے لیے بین الاقوامی مارکیٹ کی اچھی شہرت کے حامل ری انشوررز سے معاہدوں کے لیے اپنی تمام تر کوششیں کر رہے ہیں


اعتراف (Acknowledgement)

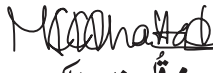
ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، سٹیٹ بینک آف پاکستان اور دوسرے ری انشوررز اور کو انشوررز کی پورے عرصے کے دوران مسلسل مدد اور رہنمائی کے شکرگزار ہیں اور ہم اپنے معزز کلائنٹس کے مسلسل اعتماد پر ان کے بھی شکرگزار ہیں۔

منجانب بورڈ

تاریخ: 30 اکتوبر 2018

مقام: لاہور


 گوہر ایوب خان
 (چیف ایگزیکٹو آفیسر)


 محمد قلی خان خٹک
 (ڈائریکٹر)



STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

		Un-audited September 30, 2018	(Re-stated) Audited December 31, 2017	(Re-stated) Audited December 31, 2016
	Note			
Assets				
		----- Rupees in thousand -----		
Property and equipment	7	177,928	180,459	173,831
Investment property		20,201	20,201	19,232
Investments in associates	8	264,586	240,003	186,829
Investments				
- Equity securities	9	133,865	78,001	87,612
- Debt securities	10	37,721	53,593	47,377
Loans and other receivables		33,026	32,880	31,845
Insurance / reinsurance receivables	11	123,769	125,014	148,833
Reinsurance recoveries against outstanding claims		48,446	54,317	54,162
Deferred commission expense		2,026	845	1,231
Deferred taxation	12	33,191	33,191	33,191
Taxation - payment less provisions		9,080	9,246	10,756
Prepayments	13	7,835	2,779	4,131
Cash & Bank balances	14	18,441	90,165	5,916
Total Assets		910,115	920,694	804,946
Equity and liabilities				
Capital and reserves attributable to Company's equity holders				
Authorized share capital		750,000	750,000	500,000
Issued, subscribed and paid-up share capital		500,000	500,000	416,180
Capital reserves:				
- Share premium		13,824	13,824	13,824
- Other		18	18	18
- Surplus on revaluation of fixed assets		269,300	269,648	261,278
Revenue reserve		14,467	14,467	14,467
Fair value reserve on available-for-sale investments		290	308	429
Accumulated loss		(37,268)	(18,634)	(62,312)
Total Equity		760,631	779,631	643,884
Liabilities				
Underwriting Provisions				
Outstanding claims including IBNR	17	57,828	64,811	78,055
Unearned premium reserves	16	12,291	6,232	7,857
Premium deficiency reserves		-	-	282
Unearned Reinsurance Commission	18	1,169	796	1,448
Long term deposits		266	125	-
Retirement benefit obligations		12,983	10,940	9,400
Insurance / Reinsurance Payables		46,368	39,501	36,910
Unclaimed dividend		557	557	609
Other Creditors and Accruals		18,022	18,101	26,501
Total Liabilities		149,484	141,063	161,062
Total Equity and Liabilities		910,115	920,694	804,946
Contingencies and commitments	15			

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


M. Imran Malik
DIRECTOR


Muhammad Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

		For the 3rd quarter ended		Cumulative	
	Note	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Rupees in thousand)		(Rupees in thousand)	
Net insurance premium	16	4,331	1,721	11,686	8,318
Net insurance claims	17	(1,737)	275	(2,771)	5,211
Premium deficiency		-	(46)	-	231
Net Commission	18	(906)	(199)	(1,911)	176
Insurance claims		(2,643)	30	(4,682)	5,618
Management expenses	19	(16,761)	(17,272)	(49,937)	(48,197)
Underwriting results		(15,073)	(15,521)	(42,933)	(34,261)
Investment loss	20	(1,355)	(7,093)	(853)	(3,145)
Rental income		216	198	650	591
Other income	21	1,450	2,114	3,407	21,659
Other expenses	22	(767)	(1,975)	(2,984)	(4,807)
Results of operating activities		(15,529)	(22,276)	(42,713)	(19,963)
Finance costs		-	-	-	(45)
Share of profit of associates - net		5,564	9,357	25,248	20,510
(Loss) / profit before taxation		(9,965)	(12,919)	(17,465)	503
Taxation					
- current		(157)	(86)	(352)	(372)
- prior year		-	-	(489)	(640)
- deferred		(107)	(94)	(724)	(426)
Income tax expense		(264)	(180)	(1,565)	(1,438)
Loss after taxation		(10,229)	(13,099)	(19,030)	(935)

	----- Rupees -----			
Loss (after taxation) per share	(0.20)	(0.31)	(0.38)	(0.02)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

 Raza Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 M. Imran Malik DIRECTOR	 Muhammad Kuli Khan Khattak DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	For the 3rd quarter ended		Cumulative	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	Rupees in thousand			
Profit after taxation	(10,229)	(13,099)	(19,030)	(935)
Unrealised gains on available-for-sale investments	(23)	-	(26)	-
Related deferred tax asset on available-for-sale investments	7	-	8	-
	(16)	-	(18)	-
Net share of other comprehensive loss of Associates - net of taxation	(666)	(75)	(666)	(75)
Total comprehensive loss for the period	(10,911)	(13,174)	(19,714)	(1,010)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


M. Imran Malik
DIRECTOR


Muhammad Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Attributable to equity holders of the Company							
	Share capital	Capital reserves			Revenue reserve	Fair value reserve on available-for-sale investments	Accumulated loss	Total
		Share Premium reserve	Capital reserve	Surplus on revaluation of fixed assets				
(Rupees in thousand)								
Balance as at 31 December 2016 - (reported)	416,180	13,824	18	-	14,467	429	(62,310)	382,608
Impact of re-statement - note-4	-	-	-	260,519	-	-	-	260,519
Impact of re-statement of associates - note-4	-	-	-	759	-	-	(2)	757
Balance as at 31 December 2016 - (Re-stated)	416,180	13,824	18	261,278	14,467	429	(62,312)	643,884
Transfer from surplus on revaluation of buildings on account of incremental depreciation	-	-	-	(858)	-	-	858	-
Deferred tax adjustment	-	-	-	421	-	-	-	421
Share of incremental depreciation of Associates	-	-	-	(221)	-	-	221	-
Loss for the nine months period 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 - (Re-stated)	416,180	13,824	18	260,620	14,467	429	(62,243)	643,295
Surplus arisen during the period upon revaluation of fixed assets	-	-	-	10,829	-	-	-	10,829
Transfer from surplus on revaluation of buildings on account of incremental depreciation	-	-	-	(283)	-	-	283	-
Deferred tax adjustment	-	-	-	(1,280)	-	-	-	(1,280)
Share of incremental depreciation of Associates	-	-	-	(232)	-	-	232	-
Miscellaneous items of associates accounted for under equity method	-	-	-	(6)	-	-	7	1
Transaction with owners:								
Shares issued during the period	83,820	-	-	-	-	-	-	83,820
Profit for the quarter ended 31 December 2017	-	-	-	-	-	-	42,387	42,387
Other comprehensive (loss) / income for the quarter ended 31 December 2017	-	-	-	-	-	(121)	700	579
Total comprehensive (loss) / profit for the quarter ended 31 December 2017	-	-	-	-	-	(121)	43,087	42,966
Balance as at 31 December 2017 - (Re-stated)	500,000	13,824	18	269,648	14,467	308	(18,634)	779,631
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	(691)	-	-	691	-
Deferred tax adjustment	-	-	-	417	-	-	296	713
Share of incremental depreciation of Associates	-	-	-	(232)	-	-	232	-
Miscellaneous items of associates accounted for under equity method	-	-	-	158	-	-	(157)	1
Loss for the nine months period ended 30 September 2018	-	-	-	-	-	-	(19,030)	(19,030)
Other comprehensive loss for the nine months ended 30 September 2018	-	-	-	-	-	(18)	(666)	(684)
Total comprehensive loss for the nine months ended 30 September 2018	-	-	-	-	-	(18)	(19,696)	(19,714)
Balance as at 30 September 2018-(un-audited)	500,000	13,824	18	269,300	14,467	290	(37,268)	760,631

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


M. Imran Malik
DIRECTOR


Muhammad Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	September 30, 2018	September 30, 2017
	Rupees in thousand	
Operating Cash flows		
(a) Underwriting activities		
Insurance premium received	30,773	20,012
Reinsurance premium paid	(17,113)	(10,204)
Claims paid	(12,268)	(9,877)
Reinsurance and other recoveries received	8,385	6,679
Commission paid	(5,732)	(556)
Commission received	2,747	2,968
Management expenses paid	(41,281)	(40,100)
Others		
Net cash flow from underwriting activities	(34,489)	(31,077)
(b) Other operating activities		
Income tax paid	(675)	(1,665)
Other operating payments	(3,029)	(4,932)
Other operating receipts	749	13,153
Loans advanced	(167)	(86)
Other receipts - net	5,924	8,750
Net cash flow from other operating activities	2,802	15,219
Total cash flow from all operating activities	(31,687)	(15,858)
Investment activities		
Profit / return received	4,538	3,992
Rental received	650	591
Payment for investments	(75,063)	-
Proceeds from investments	30,000	15,000
Fixed capital expenditure	(255)	(344)
Proceeds from sale of property and equipment	93	1,417
Total cash flow from investing activities	(40,038)	20,656
Financing activities		
Interest paid	-	(45)
Total cash flow from financing activities	-	(45)
Net cash flow from all activities	(71,725)	4,753
Cash and cash equivalents at beginning of year	90,165	5,916
Cash and cash equivalents at end of period	18,441	10,669



Reconciliation to Condensed Interim Statement of Profit and Loss

	September 30, 2018	September 30, 2017
	Rupees in thousand	
Operating cash flows	(31,687)	(15,858)
Depreciation expense	(2,654)	(2,794)
Provision for doubtful receivables	(1,802)	(4,452)
Provision for retirement benefit obligations - gratuity	(2,077)	(2,031)
Financial charges	-	(45)
(Loss) / profit on disposal of fixed assets	(35)	837
Increase/(decrease) in assets other than cash	902	(6,620)
(Increase)/ decrease in liabilities other than borrowings	(5,176)	13,293
	(42,529)	(17,670)
Other adjustments		
Other investment income	(853)	(3,124)
Share of profit from associates	25,248	20,510
Change in premium deficiency reserve	-	231
Dividend income	-	21
Assets written-off	(5)	-
Rental income	650	591
Profit on savings account	353	39
Provision for leave encashment	(1,926)	(1,568)
Sale of scrap	32	34
	23,499	16,735
Loss after taxation	(19,030)	(935)

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 cash flow statement consists of:

Cash and cash equivalents

Cash-in hand and policy stamps	148	82
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Bank accounts

Current accounts	18,137	10,366
Savings accounts	156	222
	18,293	10,588

Total cash and cash equivalents

	18,441	10,669
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The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


M. Imran Malik
DIRECTOR


Muhammad Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

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. Presently, the Company is operating through one (2017: one) branch in Pakistan.

The Company is a Subsidiary of Bibojee Services (Pvt.) Limited (the Holding Company), which holds 42,981,788 (December 31, 2017: 42,981,788) ordinary shares of the Company at the period-end.

2. Basis of preparation and statement of compliance

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the Insurance Rules, 2017.

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

- 2.2 These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2017.
- 2.3 These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

3. Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for investments at fair value through profit or loss and available-for-sale investments, which are stated at fair value, held to maturity investments, which are stated at amortised cost, land & buildings, which are stated at revalued amounts and the retirement benefit obligations, which are measured at present value.

4. Accounting policies

The accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements of the Company for the year ended December 31, 2017 except for the following:

Section 235 (Treatment of surplus arising out of revaluation of fixed assets) of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of IAS 16, Property, plant and equipment, surplus on revaluation of fixed assets will now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of fixed assets stands amended as follows:

Increases in the carrying amounts arising on revaluation of freehold land and buildings on freehold land are recognised, net of tax, in statement of other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit and loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in statement of other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on fixed assets to retained earnings.

The change in accounting policy of the Company and the effect of restatement of financial statements of the Associated Companies have been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.



The effect of change in accounting policy is summarised below:

	As at December 31, 2017			As at December 31, 2016		
	As previously reported	Restate-ment	As restated	As previously reported	Restate-ment	As restated
----- Rupees in thousand -----						
Effect on statement of financial position						
Investments in associates	239,245	758	240,003	186,072	757	186,829
Surplus on revaluation of fixed assets	268,895	753	(269,648)	260,519	759	(261,278)
Shareholder's equity	509,978	269,653	779,631	382,608	261,276	643,884
Effect on statement of changes in equity						
Surplus on revaluation of fixed assets	-	269,648	269,648	-	261,278	261,278
Accumulated losses	(18,639)	5	(18,634)	(62,310)	(2)	(62,312)

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 Standards, amendments and interpretations to approved accounting standards that are effective in current period

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on January 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following:

- Amendments to IAS 28 'Investments in associates and joint ventures' are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- Transfers of investment property; amendments to IAS 40 'Investment property' are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after January 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements, except for the following:

Standards and interpretations

Effective date
(accounting periods beginning on or after)

'- Amendments to IFRS 4, 'Insurance contracts' regarding application of IFRS 9, 'Financial instruments'	July 01, 2018
'- IFRS 9, 'Financial instruments'	July 01, 2018
'- Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	July 01, 2018
'- IFRS 16, 'Leases'	'January 01, 2019
'- IFRIC 23, 'Uncertainty over income tax treatments'	'January 01, 2019
- IFRS 17, 'Insurance contracts'	'January 01, 2021



6. Accounting estimates, judgments and financial risk management

- 6.1 The preparation of condensed interim financial statements 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 recognised prospectively commencing from the period of revision.
- 6.2 Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended December 31, 2017.
- 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, 2017.
- 6.4 The Company follows the practice of conducting actuarial valuation annually at the year-end. Hence, the impact of remeasurement of staff retirement benefits - gratuity has not been incorporated in these condensed interim financial statements.

	Un-audited September 30, 2018 (Rupees in thousand)	Audited December 31, 2017
7. Property and equipment		
Opening book value	180,459	173,831
Additions made during the period:		
- motor vehicles	54	489
- computer equipment	51	199
- Office equipment	150	72
	255	760
Book values of assets disposed-off during the period:		
- motor vehicles	(31)	(448)
- furniture, fixtures	-	(25)
- Office equipment	(96)	(108)
	(127)	(581)
	180,587	174,010
Depreciation charge for the period	(2,654)	(3,897)
Surplus on revaluation	-	10,829
Written-off	(5)	(483)
Closing book value	177,928	180,459

8. Investment in associates

Bannu Woollen Mills Ltd. (BWM)

	Un-audited September 30, 2018	Re-stated December 31, 2017	Re-stated December 31, 2016
Beginning of year - (Re-stated)	2,451	2,451	1,418
Share of profit after taxation	1	33	73
Less: dividend received	-	(45)	(45)
Changes in comprehensive income / (loss)	(7)	3	(8)
Share of items directly recognised in equity	-	9	5
Share of surplus on revaluation of fixed assets- (Re-stated)	-	-	1,008
	2,445	2,451	2,451

Ghandhara Industries Ltd. (GIL)

	Un-audited September 30, 2018	Re-stated December 31, 2017	Re-stated December 31, 2016
Beginning of year	237,552	184,378	138,088
Share of profit after taxation	25,247	71,011	46,501
Less: dividend received	-	(17,762)	(11,841)
Changes in comprehensive loss	(658)	(75)	(20)
Share of surplus on revaluation of fixed assets	-	-	11,650
	262,141	237,552	184,378
	264,586	240,003	186,829

- 8.1. Market values of investments in BWM and GIL as at September 30, 2018 were Rs.420 thousand (December 31, 2017: Rs. 492 thousand) and Rs. 802.864 million (December 31, 2017: Rs. 653.744 million) respectively.



9. Investments in equity securities

9.1 Available-for-sale - others

Listed shares

Hamid textile mills limited

Pakistan national shipping corporation

Unlisted shares

Nowshera engineering works limited. *

Fawad textile mills limited. *

Mutual funds

JS growth fund

September 30, 2018				December 31, 2017			
Number of shares	Cost	Unrealized gain / (impairment)	Carrying value	Number of shares	Cost	Unrealized gain / (impairment)	Carrying value
----- (Rupees in thousand) -----				----- (Rupees in thousand) -----			
49,000	490	(490)	-	49,000	490	(490)	-
888	24	33	57	888	24	68	92
-	-	-	-	1,106	11	(11)	-
-	-	-	-	26,740	268	(268)	-
2,867	135	383	518	2,867	135	382	517
	649	(74)	575		928	(319)	609

9.2 * These investments having nil carrying values have been written-off as approved by the Investment Committee in its meeting held on April 02, 2018.

9.3 Investments at fair value through profit or loss

Mutual funds

PICIC growth fund

NAFA islamic stock fund

No. of Units	September 30, 2018			No. of units	December 31, 2017		
	Cost	Un-realised gain / (loss)	Carrying value		Cost	Un-realised gain / (loss)	Carrying value
----- (Rupees in thousand) -----				----- (Rupees in thousand) -----			
13,500	510	(279)	231	13,500	509	(126)	383
11,817,196	125,036	8,023	133,059	6,898,329	64,691	12,318	77,009
	125,546	7,744	133,290		65,200	12,192	77,392
	126,195	7,670	133,865		66,128	11,873	78,001

10. Investment in debt securities

Held to maturity - others

Pakistan Investment

(including accrued interest)

No. of certificates		Face value		Value of certificates	
September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
----- (Rupees in thousand) -----					
6.00	7.00	36,500	37,721	53,593	

10.1 Investments in PIBs have been made to meet the statutory requirements of section 29(2)(a) of the Insurance Ordinance, 2000. Further refer to note : 14.1.

11. Insurance / Reinsurance receivables

Unsecured and considered good

Due from insurance contract holders

Less: provision for impairment of receivables from Insurance contract holders

Amounts due from coinsurers

Amounts due from reinsurers

Provision for doubtful receivables

Amounts due from other insurers / reinsurers - considered good

Un-audited September 30, 2018 (Rupees in thousand)	Audited December 31, 2017 (Rupees in thousand)
87,511	87,511
(87,511)	(87,501)
-	10
113,187	112,634
34,944	34,941
(24,362)	(22,571)
123,769	125,004
123,769	125,014

11.1 The balances as at September 30, 2018 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.

11.2 No balance was due from Associated Companies as at September 30, 2018 and December 31, 2017.

12. Deferred taxation

Deferred tax recognised as at September 30, 2018 has been restricted to Rs.33.191 million (December 31, 2017: Rs.33.191 million) and balance deferred tax asset amounting Rs. 41.527 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.



	Un-audited September 30, 2018	Audited December 31, 2017
	(Rupees in thousand)	
13. Prepayments		
Prepaid reinsurance premium ceded	6,500	2,415
Other	1,335	364
	<u>7,835</u>	<u>2,779</u>
14. Cash and bank		
Cash and cash equivalent		
Cash in hand	147	-
Policy stamps	1	1
	<u>148</u>	<u>1</u>
Cash at bank		
- Current accounts	3,137	24,126
- Deposit with state Bank of Pakistan (14.1)	15,000	-
- Savings accounts	156	66,038
	<u>18,293</u>	<u>90,164</u>
Deposits maturing within 12 months		
Term deposit receipts	1,257	1,257
Provision for impairment	(1,257)	(1,257)
	<u>18,441</u>	<u>90,165</u>

14.1 This deposit is made to meet the statutory requirement as required by section 29(2)(a) of the Insurance Ordinance, 2000.

15. Contingencies and commitments

15.1 There is no significant change in the status of contingencies as disclosed in notes 24.1 to 24.9 to the Company's financial statements for the year ended December 31, 2017.

15.2 No commitments for letters of credit were outstanding as at September 30, 2018 and December 31, 2017.

	For the 3rd quarter ended		Cumulative	
	June to September 30, 2018	June to September 30, 2017	January to September 30, 2018	January to September 30, 2017
	(Rupees in thousand)			
16. Net insurance premium				
Written gross premium	17,961	11,601	30,773	19,523
Add: Unearned premium reserve opening	3,475	870	6,232	7,858
Less: Unearned premium reserve closing	12,291	9,213	12,291	9,213
Premium earned	9,145	3,258	24,714	18,168
Less: Reinsurance premium ceded	8,957	5,011	17,113	10,204
Add: Prepaid reinsurance premium opening	2,357	439	2,415	3,559
Less: Prepaid reinsurance premium closing	6,500	3,913	6,500	3,913
Reinsurance expense	4,814	1,537	13,028	9,850
	<u>4,331</u>	<u>1,721</u>	<u>11,686</u>	<u>8,318</u>
17. Net insurance claims expense				
Claim paid	9,415	4,683	12,268	9,877
Add: Outstanding claims including IBNR closing	57,828	67,544	57,828	67,544
Less: Outstanding claims including IBNR opening	63,153	70,467	64,811	78,056
Claims expense	4,090	1,760	5,285	(635)
Less: Reinsurance and other recoveries received	7,290	3,383	8,385	6,679
Add: Reinsurance and other recoveries in respect of outstanding claims closing	48,446	52,059	48,446	52,059
Less: Reinsurance and other recoveries in respect of outstanding claims opening	53,383	53,407	54,317	54,162
Reinsurance and other recoveries revenue	2,353	2,035	2,514	4,576
	<u>1,737</u>	<u>(275)</u>	<u>2,771</u>	<u>(5,211)</u>



	For the 3rd quarter ended		Cumulative	
	June to September 30, 2018	June to September 30, 2017	January to September 30, 2018	January to September 30, 2017
	------(Rupees in thousand)-----			
18. Net commission expense / acquisition cost				
Commission paid or payable	3,034	1,738	5,466	3,166
Add: Deferred commission expense opening	647	147	845	1,231
Less: Deferred commission expense closing	2,026	1,392	2,026	1,392
Net Commission	1,655	493	4,285	3,005
Less: Commission received or receivable	1,413	1,364	2,747	2,968
Add: Unearned reinsurance commission opening	505	165	796	1,448
Less: Unearned reinsurance commission closing	1,169	1,235	1,169	1,235
Commission from reinsurers	749	294	2,374	3,181
	906	199	1,911	(176)
19. Management expenses				
Employees' benefit cost	12,362	11,102	36,863	30,847
Travelling	187	421	559	867
Advertisements and business promotion	23	30	67	188
Printing and stationery	31	67	300	326
Depreciation	896	944	2,654	2,794
Rent, rates and taxes	79	186	162	1,227
Legal and professional charges - business related	488	1,163	2,608	2,529
Electricity, gas and water	443	368	997	815
Entertainment	169	176	444	461
Vehicles' running	885	526	1,914	2,046
Office repairs and maintenance	43	44	328	144
Bank charges	24	18	40	49
Postage, telegrams and telephone	223	243	696	703
Annual supervision fee SECP	25	-	75	50
Provision for doubtful insurance receivables	627	1,538	1,802	4,452
Miscellaneous	256	446	428	700
	16,761	17,272	49,937	48,197
20. Investment income				
Income from equity securities (available-for-sale)				
- Dividend income	-	-	-	21
Income from debt securities (held to maturity)				
- Return on fixed income securities and deposits	810	1,124	3,249	3,336
Net realised gains / (losses) on investments at fair value through profit and loss				
- NAFA Islamic stock fund	346	4,530	346	4,530
Net unrealised gains / (losses) on investments				
Net unrealised gains / (losses) on investments at fair value through profit or loss (held-for-trading)	(2,511)	(12,747)	(4,448)	(11,032)
Total investment income	(1,355)	(7,093)	(853)	(3,145)
21. Other income				
Income from financial assets				
Profit on bank saving accounts	14	9	353	39
Payable balances written-back	1,212	1,922	2,340	7,630
	1,226	1,931	2,693	7,669
Income from non-financial assets				
Fronting fee	246	181	717	517
Loss / (gain) on disposal of fixed assets	(33)	-	(35)	837
Sale of scrap	11	2	32	36
Receipt from the Holding Company (note 21.1)	-	-	-	12,600
	224	183	714	13,990
	1,450	2,114	3,407	21,659
21.1 This represented amount refunded by the Holding Company during the preceding period; the Company had advanced this amount to the Holding Company in prior year for settlement of gratuity benefits of Ex-Managing Director of the Company.				
22. OTHER EXPENSES				
Legal & professional fees other than business related	21	886	408	1395
Auditors' remuneration	173	140	905	714
Assets written-off	-	-	5	-
Subscription	228	594	550	1554
Insurance	223	228	607	695
Office expenses	68	66	196	178
Repair and maintenance of computer equipment	21	21	157	98
Others	33	40	156	173
	767	1,975	2,984	4807



23. Transactions with related parties

Related parties 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. There were no transactions with key management personnel other than under the terms of employment. Details of significant transactions with related parties during the period of nine months ended are as follows:

Related parties

Transactions during the period

Associated Companies

Janana De Malucho Textile Mills Ltd. (an Associated Company)	Salaries & benefits paid
Key management personnel	Salaries & benefits paid

--- Un-audited ---
Period ended
September 30, September 30,
2018 2017
(Rupees in thousand)

1,161 -
17,890 14,055

24. SEGMENT INFORMATION

September 30, 2018

Premium receivable (Inclusive of
Federal Excise Duty, Federal Insurance
Fee, and Administration Surcharge)

Less: Federal Excise Duty

Federal Insurance Fee

Gross written premium
(inclusive of Administrative Surcharge)

Gross direct premium

Facultative inward premium

Administrative surcharge

Insurance premium earned

Insurance premium ceded to reinsurers

Net insurance premium

Commission income

Net underwriting income

Insurance claims

Insurance claims recovered from reinsurers

Net claims

Commission expense

Management expenses

Net insurance claims and expenses

Underwriting results

Net Investment income

Rental income

Other income

Other expenses

Share of profit of associates

Profit before tax

Segment assets

Unallocated assets

Segment liabilities

Unallocated liabilities

	Fire and property damage	Marine, aviation and transport	Motor	Miscellane- ous	Total
	(Rupees in thousand)				
Premium receivable (Inclusive of Federal Excise Duty, Federal Insurance Fee, and Administration Surcharge)	11,944	12,115	7,330	850	32,239
Less: Federal Excise Duty	105	366	836	56	1,363
Federal Insurance Fee	6	28	64	5	103
Gross written premium (inclusive of Administrative Surcharge)	11,833	11,721	6,430	789	30,773
Gross direct premium	650	2,795	6,304	420	10,169
Facultative inward premium	11,181	8,898	82	359	20,520
Administrative surcharge	2	28	44	10	84
	11,833	11,721	6,430	789	30,773
Insurance premium earned	6,693	11,243	5,698	1,080	24,714
Insurance premium ceded to reinsurers	5,221	6,764	343	699	13,027
Net insurance premium	1,472	4,479	5,355	381	11,687
Commission income	972	1,251	-	150	2,373
Net underwriting income	2,444	5,730	5,355	531	14,060
Insurance claims	(617)	3,107	2,696	99	5,285
Insurance claims recovered from reinsurers	(674)	2,379	475	334	2,514
Net claims	57	728	2,221	(235)	2,771
Commission expense	1,356	2,241	560	128	4,285
Management expenses	19,203	19,020	10,434	1,280	49,937
Net insurance claims and expenses	20,616	21,989	13,215	1,173	56,993
Underwriting results	(18,172)	(16,259)	(7,860)	(642)	(42,933)
Net Investment income					(853)
Rental income					650
Other income					3,407
Other expenses					(2,984)
Share of profit of associates					25,248
Profit before tax					(17,465)
Segment assets	74,105	78,161	23,078	5,397	180,741
Unallocated assets					729,374
					910,115
Segment liabilities	57,732	46,029	11,389	2,506	117,656
Unallocated liabilities					31,828
					149,484



September 30, 2017

	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)	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	9,536
Facultative inward premium	4,814	4,422	321	351	9,908
Administrative surcharge	1	14	55	9	79
Insurance premium earned	5,500	6,024	7,264	735	19,523
Insurance premium ceded to reinsurers	5,244	6,386	4,841	1,697	18,168
Net insurance premium	4,112	4,667	314	757	9,850
Commission income	1,132	1,719	4,527	940	8,318
Commission income	1,409	1,557	-	215	3,181
Net underwriting income	2,541	3,276	4,527	1,155	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	(66)	45,759
Underwriting results	(12,204)	(13,043)	(10,234)	1,221	(34,261)
Net Investment income					(3,145)
Rental income					591
Other income					21,660
Other expenses					(4,807)
Finance cost					(45)
Share of profit of associates					20,510
Profit before tax					503
December 31, 2017					
Segment assets	68,382	74,975	27,355	11,879	182,591
Unallocated assets					738,103
					920,694
Segment liabilities	45,331	46,234	14,135	5,639	111,339
Unallocated liabilities					29,724
					141,063

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, condensed interim statement of profit and loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

25.2 As required by provisions of the Companies Act, 2017, unclaimed dividend has been disclosed as a separate line item on the face of statement of financial position whereas surplus on revaluation of fixed assets has been reclassified and made part of equity.

26. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on October 30, 2018 by the Board of Directors of the Company.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


M. Imran Malik
DIRECTOR


Muhammad Kuli Khan Khattak
DIRECTOR


Amir Raza
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