

Condensed Interim
Financial Information
For The Nine Months Period Ended

**September 30,
2019**

59th

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 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.
	Dr. Shaheen Kuli Khan Khattak
	Mr. Muhammad Imran Malik
	Mr. Pervez Iftikhar Ahmed Khan
	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
Mr. Pervez I. Khan	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
Mr. Pervez I. Khan	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

We on behalf of the Board of Directors feel pleasure in presenting the financial statements of the company for the period ended on 30th September, 2019.

Financial Performance

The gross premium of the company has enhanced remarkably during the period over the corresponding period and similarly net premium also registered appreciable improvement. However, the loss after taxation has increased over corresponding period on account of loss in investment and share of loss of associate.

	2019	2018
	-----Rupees in million-----	
Gross premium	82.619	30.773
Net premium	34.889	11.686
Loss from operating activities	(24.615)	(42.713)
Net claims expense	(16.037)	2.771
Management / administrative expenses	55.569	52.921
Capital and reserves	775.553	760.631
Loss before taxation	(42.608)	(17.465)
Loss after taxation	(43.720)	(19.030)
Loss per share	(0.87)	(0.38)

Future Outlook

The volume of premium income will further increase in the four quarter of current financial year and we are very much confident that as the result of this increase the company would be in a position to recover its losses.

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.

Dated: October 21, 2019

For & on behalf of the Board of Directors

Place: Lahore

M. Imran Malik
Director

Gohar Ayub Khan
Chief Executive Officer



(یہ انگریزی رپورٹ کا ترجمہ ہے) (Director's Review Report) رپورٹ
ہمیں بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے 30 ستمبر 2019ء کو ختم ہونے والی مدت کے لیے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مالیاتی کارکردگی (Financial Performance)

اس مدت کے دوران کمپنی کے مجموعی پریمیم میں گزشتہ مدت کی نسبت نمایاں اضافہ ہوا ہے اور اس طرح نیٹ پریمیم میں بھی قابل قدر بہتری آئی ہے۔ تاہم پچھلے عرصے کی نسبت اس بار بعد از ٹیکس نقصان میں اضافہ ہوا ہے جس کا سبب سرمایہ کاری میں نقصان اور ایسوی ایٹس کے حصے کا نقصان ہے۔

2019	2018	
(رقم ملین میں)		
82.619	30.773	- مجموعی پریمیم
34.889	11.686	- نیٹ پریمیم
(24.615)	(42.713)	- اپریٹنگ سرگرمیوں سے نقصان
(16.037)	2.771	- نیٹ کلیم اخراجات
55.569	52.921	- منجمنت انتظامی اخراجات
775.553	760.631	- سرمایہ اور ذخائر
(42.608)	(17.465)	- قبل از ٹیکس نقصان
(43.720)	(19.030)	- بعد از ٹیکس نقصان
(0.87)	(0.38)	- فی شیئر نقصان


مستقبل کا جائزہ (Future Outlook)

موجودہ مالی سال کی چوتھی سہ ماہی میں پریمیم کی آمدنی کے حجم میں مزید اضافہ ہوگا اور ہم بہت زیادہ پُر امید ہیں کہ اس اضافہ کے نتیجے میں کمپنی اس پوزیشن میں ہوگی کہ وہ اپنے نقصانات کی وصولی کر پائے۔


اعتراف (Acknowledgement)

ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، سٹیٹ بینک آف پاکستان اور دوسری ری انشوررز اور کوالٹیز 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۔

تاریخ: 21 اکتوبر 2019
مقام: لاہور


گوہر ایوب خان
(چیف ایگزیکٹو آفیسر)

بورڈ آف ڈائریکٹرز کی طرف سے


محمد عمران ملک
(ڈائریکٹر)



Condensed Interim Statement of Financial Position as at September 30, 2019

		Un-audited Sept. 30, 2019	Audited Dec. 31, 2018
Assets	Note	Rupees in thousand	
Property and equipment	8	189,129	191,519
Investment property		21,694	21,694
Investments in associates	9	260,454	267,554
Investments			
- equity securities	10	102,074	121,780
- debt securities	11	53,658	53,713
Loans and other receivables		31,312	32,140
Insurance / reinsurance receivables	12	125,951	123,349
Reinsurance recoveries against outstanding claims		35,843	34,747
Deferred commission expense		5,493	2,436
Deferred taxation	13	33,191	33,191
Taxation - payments less provisions		9,335	9,411
Prepayments	14	14,817	8,929
Cash and bank balances	15	56,608	26,464
Total Assets		939,559	926,927
Equity and Liabilities			
Capital and reserves attributable to			
Company's equity holders			
Authorised share capital		750,000	750,000
Issued, subscribed and paid-up share capital		500,000	500,000
Capital reserves:			
- share premium		13,824	13,824
- others		18	18
- revaluation surplus on fixed assets		291,930	282,051
Fair value reserve on available-for-sale investments		185	235
(Accumulated loss) / unappropriated profit		(30,404)	11,981
Total Equity		775,553	808,109
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		43,299	41,365
Unearned premium reserves		33,984	14,331
Unearned reinsurance commission		1,762	1,849
Long term deposits		352	278
Insurance / reinsurance payables	12	72,099	32,843
Unclaimed dividends		555	555
Other creditors and accruals		11,955	27,597
Total Liabilities		164,006	118,818
Contingencies and commitments	16		
Total Equity and Liabilities		939,559	926,927

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Sikandar Kuli Khan Khattak
DIRECTOR


M. Imran Malik
DIRECTOR


Amir Raza
PRINCIPAL OFFICER



Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Profit or Loss (Un-audited)
For the Quarter and Nine Months Period Ended September 30, 2019

		For the 3rd Quarter		Cumulative	
		July to Sept., 2019	July to Sept., 2018	January to Sept., 2019	January to Sept., 2018
Note		----- (Rupees in thousand) -----			
Net insurance premium	17	10,515	4,331	34,889	11,686
Net insurance claims	18	22,107	(1,737)	16,037	(2,771)
Net commission	19	(2,252)	(906)	(7,182)	(1,911)
Insurance claims and acquisition costs		19,855	(2,643)	8,855	(4,682)
Management expenses	20	(17,594)	(16,761)	(52,403)	(49,937)
Underwriting results		12,776	(15,073)	(8,659)	(42,933)
Loss on investments	21	(4,994)	(1,355)	(16,345)	(853)
Rental income		239	216	715	650
Other income	22	373	1,450	2,840	3,407
Other expenses	23	(976)	(767)	(3,166)	(2,984)
Results of operating activities		7,418	(15,529)	(24,615)	(42,713)
Share of (loss) / profit of associates - net	9	(18,622)	5,564	(17,993)	25,248
Loss before taxation		(11,204)	(9,965)	(42,608)	(17,465)
Taxation					
- current		(216)	(157)	(787)	(352)
- prior year		11	0	11	(489)
- deferred		(114)	(107)	(336)	(724)
		(319)	(264)	(1,112)	(1,565)
Loss after taxation		(11,523)	(10,229)	(43,720)	(19,030)
		----- Rupee -----			
Loss per share (after taxation)		(0.23)	(0.20)	(0.87)	(0.38)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Sikandar Kuli Khan Khattak
DIRECTOR


M. Imran Malik
DIRECTOR


Amir Raza
PRINCIPAL OFFICER



Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Other Comprehensive Income (Un-audited)
For the Quarter and Nine Months Period Ended September 30, 2019

	For the 3rd Quarter		Cumulative	
	July	July	January	January
	to Sept.,	to Sept.,	to Sept.,	to Sept.,
	2019	2018	2019	2018
	----- (Rupees in thousand) -----			
Loss for the period after taxation	(11,523)	(10,229)	(43,720)	(19,030)
Other comprehensive loss				
Unrealised loss on available-for-sale investments	(27)	(23)	(70)	(26)
Deferred tax asset on remeasurement of available-for-sale investments	8	7	20	8
	(19)	(16)	(50)	(18)
Net Share of other comprehensive loss of Associates - net of taxation	(50)	(666)	(50)	(666)
Total comprehensive loss for the period	<u>(11,592)</u>	<u>(10,911)</u>	<u>(43,820)</u>	<u>(19,714)</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Sikandar Kuli Khan Khattak
DIRECTOR


M. Imran Malik
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, 2019

	Attributable to equity holders of the Company							
	Share capital	Capital Reserves			Revenue reserve	Fair value reserve on available-for-sale investments	(Accumulated loss) / unappropriated profit	Total
		Share premium	Others	Revaluation surplus on fixed assets				
	(Rupees in thousand)							
Balance as at December 31, 2017 - re-stated	500,000	13,824	18	269,644	14,467	308	(18,640)	779,621
Transfer from revaluation surplus on buildings on account of incremental depreciation	0	0	0	(691)	0	0	691	0
Deferred tax adjustment	0	0	0	417	0	0	0	417
Miscellaneous items of Associates accounted for under equity method	0	0	0	(74)	0	0	75	1
Loss for the nine months period ended September 30, 2018	0	0	0	0	0	0	(19,030)	(19,030)
Other comprehensive loss for the nine months period ended September 30, 2018	0	0	0	0	0	(18)	(666)	(684)
Total comprehensive loss for the nine months period ended September 30, 2018	0	0	0	0	0	(18)	(19,696)	(19,714)
Balance as at September 30, 2018 - un-audited	500,000	13,824	18	269,296	14,467	290	(37,570)	760,325
Transfer to accumulated loss	0	0	0	0	(14,467)	0	14,467	0
Profit for the quarter ended December 31, 2018	0	0	0	0	0	0	35,019	35,019
Other comprehensive income / (loss) for the quarter ended December 31, 2018	0	0	0	13,282	0	(55)	(1,023)	12,204
Total comprehensive income / (loss) for the quarter ended December 31, 2018	0	0	0	13,282	0	(55)	33,996	47,223
Transfer from revaluation surplus on buildings on account of incremental depreciation	0	0	0	(628)	0	0	628	0
Deferred tax adjustment	0	0	0	392	0	0	0	392
Miscellaneous items of Associates accounted for under equity method	0	0	0	(291)	0	0	460	169
Balance as at December 31, 2018 - audited	500,000	13,824	18	282,051	0	235	11,981	808,109
Transfer from revaluation surplus on buildings on account of incremental depreciation	0	0	0	(1,089)	0	0	1,089	0
Deferred tax adjustment	0	0	0	316	0	0	0	316
Miscellaneous items of Associates accounted for under equity method	0	0	0	10,652	0	0	296	10,948
Loss for the nine months period ended September 30, 2019	0	0	0	0	0	0	(43,720)	(43,720)
Other comprehensive loss for the nine months period ended September 30, 2019	0	0	0	0	0	(50)	(50)	(100)
Total comprehensive loss for the nine months period ended September 30, 2019	0	0	0	0	0	(50)	(43,770)	(43,820)
Balance as at September 30, 2019 - Un-audited	500,000	13,824	18	291,930	0	185	(30,404)	775,553

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Sikandar Kuli Khan Khattak
DIRECTOR


M. Imran Malik
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Cash Flows (Un-audited)
For the Nine Months Period Ended September 30, 2019

	Nine months period ended	
	Sept. 30, 2019	Sept. 30, 2018
	Rupees in thousand	
Operating Cash Flows		
a) Underwriting activities		
Insurance premium received	82,619	30,773
Reinsurance premium paid	(32,759)	(17,113)
Claims paid	31,133	(12,268)
Reinsurance and other recoveries (paid)/ received	(14,258)	8,385
Commission paid	(13,822)	(5,732)
Commission received	3,569	2,747
Management expenses paid	(44,409)	(41,281)
Net cash inflow / (outflows) from underwriting activities	12,073	(34,489)
b) Other operating activities		
Income tax paid	(700)	(675)
Other operating payments	(3,316)	(3,029)
Other operating receipts	709	749
Loans and other receivables	(267)	(167)
Other receipts - net	17,076	5,924
Net cash inflows from other operating activities	13,502	2,802
Total cash inflows / (outflows) from all operating activities	25,575	(31,687)
Investment activities		
Profit / return received	4,842	4,538
Rental received	715	650
Payment for investments	(15,914)	(75,063)
Proceeds from of investments	15,000	30,000
Fixed capital expenditure	(137)	(255)
Proceeds from sale of fixed assets	63	93
Total cash inflows / (outflows) from investing activities	4,569	(40,037)
Cash flows from financing activities	0	0
Net cash inflows / (outflows) from all activities	30,144	(71,724)
Cash and cash equivalents at beginning of the period	26,464	90,165
Cash and cash equivalents at end of the period	56,608	18,441



Reconciliation to Condensed Interim Statement of Profit or Loss

	Nine months period ended	
	Sept. 30, 2019	Sept. 30, 2018
	Rupees in thousand	
Operating cash flows	25,575	(31,687)
Depreciation expense	(2,490)	(2,654)
Provision for doubtful insurance / reinsurance receivables	(2,883)	(1,802)
Provision for retirement benefit obligations	0	(2,077)
Gain / (loss) on disposal of fixed assets	26	(35)
Decrease in assets other than cash	14,622	902
Increase in liabilities	(43,336)	(5,176)
	(8,486)	(42,529)
Other adjustments		
Loss on investments	(16,345)	(853)
Share of (loss) / profit of Associates - net	(17,993)	25,248
Assets written-off	0	(5)
Rental income	715	650
Provision for leave encashment	(2,204)	(1,926)
Sale of scrap	10	32
Profit on savings accounts	583	353
	(35,234)	23,499
Loss after taxation	(43,720)	(19,030)

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 Statement of Cash Flows consists of:

Cash and cash equivalents

Cash-in-hand and policy stamps 166 148

Deposit with State Bank of Pakistan 7,000 0

Current and other accounts

Current accounts 1,365 18,137

Saving accounts 48,077 156


49,442 18,293

Total cash and cash equivalents 56,608 18,441

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Sikandar Kuli Khan Khattak
DIRECTOR


M. Imran Malik
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



Notes to the Condensed Interim Financial Statements (Un-audited) **For the Nine Months Period Ended September 30, 2019**

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 Limited 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 (2018: one) branch in Pakistan.

The Company is a Subsidiary of Bibojee Services (Pvt.) Limited (the Holding Company), which holds 42,981,788 (December 31, 2018: 42,981,788) ordinary shares of the Company at the period-end.

2. Basis of preparation

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, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

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

- ### **3.**
- These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2018.

4. 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 and land & buildings, which are stated at revalued amounts.

5. Accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended December 31, 2018.



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

6.1 Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on January 01, 2019 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:

- (a) Amendments to IAS 28 'Investments in associates and joint ventures' are effective for annual periods beginning on or after January 01, 2019. 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. The amendments do not have any impact on the Company's condensed interim financial statements.
- (b) Amendments to IFRS 4 'Insurance contracts' - Applying IFRS 9 'Financial instruments' with IFRS 4 are effective for annual period beginning on or after July 01, 2018. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.
- (c) IFRIC 23, 'Uncertainty over income tax treatments' is applicable to accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC does not have any significant impact on the Company's condensed interim financial statements.

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

The following new standards and amendments to existing standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (accounting period beginning on or after)
- IAS 1, Presentation of financial statements (Amendments)	January 01, 2020
- IAS 8, Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2020



(accounting period
ending on or after)

June 30, 2019

- IFRS 9, Financial instruments

IFRS 9 addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'Incurred Credit Losses' approach as currently followed. The ECL approach has an impact on all assets of the Company which are exposed to credit risk. The Company is in the process of assessing the full impact of this standard on its financial statements.

7. Accounting estimates, judgments and financial risk management

7.1 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.

7.2 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, 2018.

7.3 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, 2018.

8. Property and equipment - Operating assets

	Un-audited Sept. 30, 2019	Audited Dec. 31, 2018
	Rupees in thousand	
Opening book value	191,519	180,459
Additions / revaluation made during the period / year:		
- freehold land	0	10,400
- buildings on freehold land	0	4,059
- office equipment	87	150
- computer equipment	49	120
- vehicles	0	54
	136	14,783
Book values of assets disposed-off during the period / year:		
- office equipment	0	97
- vehicles	37	73
	37	170
Book values of assets written-off during the period / year:		
- furniture and fixtures	0	3
- vehicles	0	2
	0	5
	191,618	195,067
Depreciation charge for the period / year	2,489	3,548
Closing book value	189,129	191,519



9. Investments in Associates - Quoted

Bannu Woollen Mills Ltd. (BWM)

	Un-audited Sept. 30, 2019 Rupees in thousand
Carrying value as at December 31, 2018	2,428
Share of loss for the period	(31)
Changes in comprehensive loss	(1)
Share of items directly recognised in equity	(37)
	<u>2,359</u>

Ghandhara Industries Ltd. (GIL)

Carrying value as at December 31, 2018	265,126
Share of loss for the period	(17,962)
Changes in comprehensive loss	(49)
Share of surplus on revaluation of property, plant and equipment	10,980
	<u>258,095</u>
	<u>260,454</u>

9.1 Market values of the Company's investments in BWM and GIL as at September 30, 2019 were Rs.274 thousand (December 31, 2018: Rs.431 thousand) and Rs.187.640 million (December 31, 2018: Rs.650.689 million) respectively.

9.2 The Company, as at 30th June 2019, had carried out internal impairment testing of its investments in BWM and GIL as required under IAS 36, 'Impairment of Assets', as fully disclosed in half yearly accounts for the period ending on 30th June 2019. The Company has opted not to carry out impairment testing during 3rd quarter 2019, being these accounts are condensed in nature. The Company therefore, has decided to carry out impairment testing again on closing of current financial year i.e. 31st December, 2019."

10. Investments in equity securities

	Note	Un-audited Sept. 30, 2019 Rupees in thousand	Audited Dec. 31, 2018
Available-for-sale investments	10.1	436	506
Investments at fair value through profit or loss	10.2	101,638	121,274
		<u>102,074</u>	<u>121,780</u>

10.1 Available-for-sale investments

	No. of shares / units as at Sept. 30, 2019	September, 30, 2019			No. of shares / units as at Dec. 31, 2018	December 31, 2018		
		Cost	Unrealised gain / (impairment)	Carrying value		Cost	Unrealised gain / (impairment)	Carrying value
		----- (Rupees in thousand) -----				----- (Rupees in thousand) -----		
Listed shares								
Hamid Textile Mills Ltd.	49,000	490	(490)	0	49,000	490	(490)	0
Pakistan National Shipping Corporation	888	24	32	56	888	24	27	51
Mutual fund								
JS Growth Fund	2,867	135	245	380	2,867	135	320	455
		<u>649</u>	<u>(213)</u>	<u>436</u>		<u>649</u>	<u>(143)</u>	<u>506</u>



10.2 Investments at fair value through profit or loss

Mutual funds	No. of units	Cost	Un-realised loss	Carrying and fair value
September 30, 2019				
------(Rupees in thousand)-----				
HBL Growth and Cash Fund	13,606	520	(304)	216
NAFA Islamic Stock Fund	11,817,196	125,036	(23,614)	101,422
			<u>(23,918)</u>	<u>101,638</u>
December 31, 2018				
HBL Growth and Cash Fund	13,600	520	(280)	240
NAFA Islamic Stock Fund	11,817,196	125,036	(4,002)	121,034
			<u>(4,282)</u>	<u>121,274</u>

11. Investments in debt securities (Held to maturity)

No. of certificates		Face value	Value of certificates	
Un-audited September 30, 2019	Audited Dec. 31, 2018		Un-audited September 30, 2019	Audited Dec. 31, 2018
------(Rupees in thousand)-----				
Pakistan Investment Bonds - PIBs (including accrued interest)	8	8	54,500	53,658
			<u>53,713</u>	<u>53,713</u>

11.1 Profit on PIBs is received bi-annually. Market value of these PIBs as at September 30, 2019 was Rs.51.627 million (December 31, 2018: Rs.50.930 million).

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

12. Insurance / reinsurance receivables

	Un-audited Sept. 30, 2019	Audited Dec. 31, 2018
Rupees in thousand		
Due from insurance contract holders	87,511	87,511
Less: provision for impairment of receivables from insurance contract holders	(87,511)	(87,511)
	0	0
Due from other insurers	119,874	111,147
Due from reinsurers	33,876	37,118
Less: provision for impairment of due from other insurers / reinsurers	(27,799)	(24,916)
	<u>125,951</u>	<u>123,349</u>
	<u>125,951</u>	<u>123,349</u>

12.1 The balances as at September 30, 2019 relating to insurance / reinsurance receivables and payables are although unconfirmed but are considered to be accurately stated by the management.

12.2 No balance was due from Associated Companies as at September 30, 2019 and December 31, 2018.



13. Deferred taxation

Deferred tax recognised as at September 30, 2019 has been restricted to Rs.33.191 million (December 31, 2018: Rs.33.191 million) and balance deferred tax asset amounting Rs.24.582 million (December 31, 2018: Rs.38.500 million) approximately has not been recognised in these condensed interim financial statements as the taxable profits will not probably be available in the foreseeable future against which the temporary differences can be utilised.

14. Prepayments

	Un-audited Sept. 30, 2019	Audited Dec. 31, 2018
	Note	Rupees in thousand
Prepaid reinsurance premium ceded	13,011	8,329
Others	1,806	600
	14,817	8,929

15. Cash and bank balances Cash and cash equivalents

Cash-in-hand	165	35
Policy stamps	1	1
	166	36

Deposit with State Bank of Pakistan	15.1	7,000	0
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Cash at commercial banks

- Current accounts	1,365	3,348
- Savings accounts	48,077	22,678
	49,442	26,026

Deposits maturing within 12 months

Term deposit receipts	855	1,257
Provision for impairment	(855)	(855)
	0	402
	56,608	26,464

15.1 This amount is deposited with State Bank of Pakistan to meet the statutory requirements of section 29(2)(a) of the Insurance Ordinance, 2000.

16. Contingencies and commitments

16.1 There has been no significant change in the status of contingencies as disclosed in notes 24.1 to 24.9 to the Company's audited financial statements for the year ended December 31, 2018.

16.2 No commitments were outstanding as at September 30, 2019 and December 31, 2018.



17. Net insurance premium

	For the 3rd Quarter		Cumulative	
	July to Sept., 2019	July to Sept., 2018	January to Sept., 2019	January to Sept., 2018
	(Rupees in thousand)			
Written gross premium	31,252	17,961	82,619	30,773
Add: unearned premium reserve opening	19,986	3,475	14,331	6,232
Less: unearned premium reserve closing	33,984	12,291	33,984	12,291
Premium earned	17,254	9,145	62,966	24,714
Less: reinsurance premium ceded	15,061	8,957	32,760	17,113
Add: prepaid reinsurance premium opening	4,689	2,357	8,328	2,415
Less: prepaid reinsurance premium closing	13,011	6,500	13,011	6,500
Reinsurance expense	6,739	4,814	28,077	13,028
	10,515	4,331	34,889	11,686

18. Net insurance claims expense

Claims paid	(36,791)	9,415	(31,133)	12,268
Add: outstanding claims including IBNR closing	43,299	57,828	43,299	57,828
Less: outstanding claims including IBNR opening	45,007	63,153	41,365	64,811
Claims expense	(38,499)	4,090	(29,199)	5,285
Less: reinsurance and other recoveries received	(16,829)	7,290	(14,258)	8,385
Add: reinsurance and other recoveries in respect of outstanding claims closing	35,843	48,446	35,843	48,446
Less: reinsurance and other recoveries in respect of outstanding claims opening	35,406	53,383	34,747	54,317
Reinsurance and other recoveries revenue	(16,392)	2,353	(13,162)	2,514
	(22,107)	1,737	(16,037)	2,771

19. Net commission expense

Commission paid or payable	5,185	3,034	13,895	5,466
Add: deferred commission expense opening	3,082	647	2,436	845
Less: deferred commission expense closing	5,493	2,026	5,493	2,026
Net commission	2,774	1,655	10,838	4,285
Less: commission received or recoverable	1,555	1,413	3,569	2,747
Add: unearned reinsurance commission opening	729	505	1,849	796
Less: unearned reinsurance commission closing	1,762	1,169	1,762	1,169
Commission from reinsurers	522	749	3,656	2,374
	2,252	906	7,182	1,911



20. Management expenses

	For the 3rd Quarter		Cumulative	
	July to Sept., 2019	July to Sept., 2018	January to Sept., 2019	January to Sept., 2018
	----- Rupees in thousand -----			
Employees' benefit cost	12,600	12,362	38,736	36,863
Travelling	273	187	798	559
Advertisements and business promotion	25	23	105	67
Printing and stationery	49	31	246	300
Depreciation	841	896	2,490	2,654
Rent, rates and taxes	144	79	247	162
Legal and professional charges - business related	414	488	1,287	2,608
Electricity, gas and water	532	443	1,213	997
Entertainment	193	169	589	444
Vehicles' running	822	885	2,333	1,914
Office repairs and maintenance	65	43	207	328
Bank charges	43	24	58	40
Postage, telegrams and telephone	223	223	681	696
Annual supervision fee SECP	25	25	75	75
Provision for doubtful insurance / reinsurance receivables	1,053	627	2,883	1,802
Miscellaneous	292	256	455	428
	17,594	16,761	52,403	49,937

21. Loss on investments

Income from equity securities (available-for-sale)

- Realised gain on investments at fair value through profit or loss	0	346	0	346
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Income from debt securities (held to maturity)

- Return on fixed income securities and deposits	1,223	810	3,291	3,249
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Net unrealised loss on investments at

fair value through profit or loss	(6,217)	(2,511)	(19,636)	(4,448)
	(4,994)	(1,355)	(16,345)	(853)

22. Other income

Income from financial assets

Profit on savings accounts	365	14	583	353
Payable balances written-back	-	1,212	1,522	2,340
	365	1,226	2,105	2,693

Income from non-financial assets

Fronting fee	-	246	699	717
Gain / (loss) on disposal of fixed assets	-	(33)	26	(35)
Sale of scrap	8	11	10	32
	8	224	735	714
	373	1,450	2,840	3,407



23. Other expenses

	For the 3rd Quarter		Cumulative	
	July to Sept., 2019	July to Sept., 2018	January to Sept., 2019	January to Sept., 2018
----- Rupees in thousand -----				
Legal & professional fees other than business related	25	21	390	408
Auditors' remuneration	170	173	863	905
Assets written-off	0	0	0	5
Subscription	250	228	623	550
Insurance	373	223	893	607
Office expenses	72	68	213	196
Repair and maintenance of computer equipment	22	21	56	157
Others	64	33	128	156
	976	767	3,166	2,984

24. 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 six months ended are as follows:

	Nature of transaction	Sept. 30, 2019	Sept. 30, 2018
		Rupees In thousand	
Janana De Malucho Textile Mills Ltd. (an Associated Company)	Salaries & benefits - shared expenses charged	1,519	1161
Key management personnel	Salaries and other benefits	21,378	18,585



25. Segment Information

Nine months period ended September 30, 2019	Fire and property damage	Marine and transport	Motor	Others	Total
	----- (Rupees in thousand) -----				
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	29,103	14,492	36,823	3,709	84,127
Less: Federal excise duty	115	345	856	88	1,404
Federal insurance fee	7	27	63	7	104
Gross written premium (inclusive of administrative surcharge)	28,981	14,120	35,904	3,614	82,619
Gross direct premium	711	2,612	6,299	658	10,280
Facultative inward premium	28,268	11,467	29,557	2,943	72,235
Administrative surcharge	2	41	47	14	104
	28,981	14,120	35,903	3,615	82,619
Insurance premium earned	23,302	13,827	22,486	3,351	62,966
Insurance premium ceded to reinsurers	18,366	7,630	256	1,825	28,077
Net insurance premium	4,936	6,197	22,230	1,526	34,889
Commission income	2,519	884	-	253	3,656
Net underwriting income	7,455	7,081	22,230	1,779	38,545
Insurance claims	3,010	(40,920)	8,838	(127)	(29,199)
Insurance claims recovered from reinsurers	2,493	(16,322)	603	64	(13,162)
Net claims	517	(24,598)	8,235	(191)	(16,037)
Commission expense	4,669	2,760	2,839	570	10,838
Management expenses	18,382	8,956	22,772	2,293	52,403
Net insurance claims and expenses	23,568	(12,882)	33,846	2,672	47,204
Underwriting result	(16,113)	19,963	(11,616)	(893)	(8,659)
Net loss on investments					(16,345)
Rental income					715
Other income					2,840
Other expenses					(3,166)
Share of profit of Associates - net					(17,993)
Loss before taxation					(42,608)
As at September 30, 2019 (Un-audited)					
Segment assets	95,273	37,837	39,336	7,852	180,298
Unallocated assets					759,261
					939,559
Segment liabilities	90,212	28,502	26,862	5,568	151,144
Unallocated liabilities					12,862
					164,006



Nine months period ended September 30, 2018

	Fire and property damage	Marine and transport	Motor	Others	Total
----- (Rupees in thousand) -----					
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative 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	11,833	11,721	6,430	789	30,773
(inclusive of administrative surcharge)	650	2,795	6,304	420	10,169
Gross direct premium	11,181	8,898	82	359	20,520
Facultative inward premium	2	28	44	10	84
Administrative surcharge	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	6,765	343	699	13,028
Net insurance premium	1,472	4,478	5,355	381	11,686
Commission income	972	1,252	0	150	2,374
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 result	(18,172)	(16,259)	(7,860)	(642)	(42,933)
Net income on investments					(853)
Rental income					650
Other income					3,407
Other expenses					(2,984)
Share of profit of Associates - net					25,248
Loss before taxation					(17,465)
As at December 31, 2018 (Audited)					
Segment assets	76,373	43,369	41,684	7,434	168,860
Unallocated assets					758,067
					926,927
Segment liabilities	54,081	19,620	12,731	3,956	90,388
Unallocated liabilities					28,430
					118,818




26. Corresponding figures


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 or loss, condensed interim statement of other 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. 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 21, 2019.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Sikandar Kuli Khan Khattak
DIRECTOR


M. Imran Malik
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
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