

58th

Year of Continuous Services



**THE UNIVERSAL
INSURANCE CO. LTD.**

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



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, 2018.

Financial Performance

The financial results of the company for the half year ended 30th June, 2018 are showing an increase in gross premium by Rs. 4.89 million and an increase in net premium by Rs. 0.758 million over the corresponding period. The main reason of loss after tax during the period was on account of decrease in investment and other income.

	2018 ------(Rupees in million)-----	2017
Gross premium	12.812	7.922
Net premium	7.355	6.597
Loss from underwriting business	(27.860)	(19.381)
Net claims expense	1.034	(4.935)
Management / administrative expenses	35.393	33.802
Capital and reserves	770.686	654.996
(Loss) / Profit before taxation	(7.500)	13.421
(Loss) / Profit after taxation	(8.801)	12.163
(Loss) / Earning per share	(0.18)	0.29

Future Outlook

The company has been endeavoring to restart the market business by setting up a branch network after the enlistment on the panel of all the leading banks of the country. In this respect some banks have enlisted us and other are processing our request and hopefully grant us approval soon.

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: August 25, 2018

Place: Lahore


Muhammad Kuli Khan Khattak
Director


Gohar Ayub Khan
Chief Executive Officer



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

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے 30 جون 2018ء کو ختم ہونے والی مدت کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے مجھے خوشی ہو رہی ہے۔

مالیاتی کارکردگی (Financial Performance)

نصف سال کے اختتام 30 جون 2018ء کو کمپنی کے مالیاتی نتائج متعلقہ مدت سے اس مدت کے دوران مجموعی پریمیم میں 4.89 ملین روپے اور نیٹ پریمیم میں 0.758 ملین روپے اضافہ ظاہر کر رہے ہیں۔ اس مدت کے دوران بعد از ٹیکس نقصان کی بنیادی وجہ سرمایہ کاری اور دیگر آمدنی میں کمی ہے۔

2018	2017	
(روپے '000)		
12.812	7.922	- مجموعی پریمیم
7.355	6.597	- نیٹ پریمیم
(27.860)	(19.381)	- انڈر رائٹنگ کاروبار سے نقصان
1.034	(4.935)	- نیٹ کلیمز اخراجات
35.393	33.802	- مینجمنٹ انتظامی اخراجات
770.686	654.996	- سرمایہ اور ذخائر
7.500)	13.421	- قبل از ٹیکس منافع/(نقصان)
(8.801)	12.163	- بعد از ٹیکس منافع/(نقصان)
(0.18)	0.29	- فی شیئر آمدنی/(نقصان)

مستقبل کا جائزہ (Future Outlook)

کمپنی ملک بھر کے تمام اہم بینکوں کے پینل پر اندراج کے بعد ملک بھر میں برانچ نیٹ ورک کے ذریعے مارکیٹ کے کاروبار کو دوبارہ شروع کرنے کے لیے کوشاں ہے۔ اس لحاظ سے کچھ بینکس ہمیں اندراج کر چکے ہیں اور دیگر ہماری درخواست پر عمل درآمد کر رہے ہیں اور امید ہے ہمیں جلد منظوری دے دیں گے۔


اعتراف (Acknowledgement)


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

منجانب بورڈ

بتاریخ: اگست، 25، 2018

مقام: لاہور


گوہر ایوب خان
(چیف ایگزیکٹو آفیسر)


محمد قلی خان خٹک
(ڈائریکٹر)



INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF THE UNIVERSAL INSURANCE COMPANY LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **The Universal Insurance Company Limited** as at June 30, 2018 and the related condensed interim statement of profit and loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit and loss and condensed interim statement of other comprehensive income for the quarters ended June 30, 2017 and June 30, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended June 30, 2018.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

DATE: August 25, 2018
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, 2018

		(Re-stated) Un-audited June 30, 2018	(Re-stated) Audited Dec. 31, 2017	(Re-stated) Audited Dec. 31, 2016
	Note	----- Rupees in thousand -----		
Assets				
Property and equipment	7	178,899	180,459	173,831
Investment property		20,201	20,201	19,232
Investments in Associates	8	258,929	239,245	186,072
Investments				
- equity securities	9	146,061	78,001	87,612
- debt securities	10	53,552	53,593	47,377
Loans and other receivables		33,648	32,880	31,845
Insurance / reinsurance receivables	11	121,536	125,014	148,833
Reinsurance recoveries against outstanding claims		53,383	54,317	54,162
Deferred commission expense		647	845	1,231
Deferred taxation	12	33,191	33,191	33,191
Taxation - payments less provisions		8,935	9,246	10,756
Prepayments	13	3,524	2,779	4,131
Cash and bank balances	14	5,645	90,165	5,916
Total Assets		918,151	919,936	804,189
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Authorised 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		268,749	268,895	260,519
Revenue reserve		14,467	14,467	14,467
Fair value reserve on available-for-sale investments		306	308	429
Accumulated loss		(26,678)	(18,639)	(62,310)
Total Equity		770,686	778,873	643,127
Liabilities				
Underwriting Provisions				
Outstanding claims including IBNR		63,153	64,811	78,055
Unearned premium reserves		3,475	6,232	7,857
Premium deficiency reserves		0	0	282
Unearned reinsurance commission		505	796	1,448
Long term deposits		221	125	0
Retirement benefit obligations		12,323	10,940	9,400
Insurance / reinsurance payables		46,642	39,501	36,910
Unclaimed dividends		557	557	609
Other creditors and accruals		20,589	18,101	26,501
Total Liabilities		147,465	141,063	161,062
Total Equity and Liabilities		918,151	919,936	804,189
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



**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED JUNE 30, 2018**

		For the 2nd Quarter		Cumulative	
		April	April	January	January
		to June,	to June,	to June,	to June,
		2018	2017	2018	2017
Note		----- (Rupees in thousand) -----			
Net insurance premium	16	4,904	3,744	7,355	6,597
Net insurance claims	17	(916)	(177)	(1,034)	4,935
Premium deficiency		0	205	0	277
Net commission	18	(794)	271	(1,005)	375
Insurance claims		(1,710)	299	(2,039)	5,587
Management expenses	19	(18,469)	(19,527)	(33,176)	(31,565)
Underwriting results		(15,275)	(15,484)	(27,860)	(19,381)
Investment (loss) / income	20	(8,854)	(1,181)	502	3,948
Rental income		225	198	434	393
Other income	21	909	18,243	1,957	19,545
Other expenses	22	(1,089)	(746)	(2,217)	(2,192)
Results of operating activities		(24,084)	1,030	(27,184)	2,313
Finance cost		0	(14)	0	(45)
Share of profit of Associates - net		19,693	11,153	19,684	11,153
(Loss) / profit before taxation		(4,391)	12,169	(7,500)	13,421
Taxation					
- current		(138)	18	(195)	(286)
- prior year		(489)	(640)	(489)	(640)
- deferred		(43)	(181)	(617)	(332)
		(670)	(803)	(1,301)	(1,258)
(Loss) / profit after taxation		(5,061)	11,366	(8,801)	12,163
		----- Rupee -----			
(Loss) / earnings (after taxation) per share		(0.10)	0.27	(0.18)	0.29

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 OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED JUNE 30, 2018**

	For the 2nd Quarter		Cumulative	
	April	April	January	January
	to June,	to June,	to June,	to June,
	2018	2017	2018	2017
	----- (Rupees in thousand) -----			
(Loss) / profit for the period after taxation	(5,061)	11,366	(8,801)	12,163
Other comprehensive income / (loss)				
Unrealised loss on available-for-sale investments	(47)	0	(3)	0
Deferred tax asset on remeasurement of available-for-sale investments	14	0	1	0
	(33)	0	(2)	0
Total comprehensive (loss) / income for the period	(5,094)	11,366	(8,803)	12,163

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 SIX MONTHS PERIOD ENDED JUNE 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	Other	Surplus on revaluation of fixed assets				
	(Rupees in thousand)							
Balance as at December 31, 2016 - reported	416,180	13,824	18	0	14,467	429	(62,310)	382,608
Impact of re-statement - note 4	0	0	0	260,519	0	0	0	260,519
Balance as at December 31, 2016 re-stated	416,180	13,824	18	260,519	14,467	429	(62,310)	643,127
Transfer from surplus on revaluation of buildings on account of incremental depreciation	0	0	0	(569)	0	0	569	0
Deferred tax adjustment	0	0	0	328	0	0	0	328
Share of incremental depreciation of Associates	0	0	0	(111)	0	0	111	0
Profit for the six months period ended June 30, 2017	0	0	0	0	0	0	12,163	12,163
Other comprehensive income for the six months period ended June 30, 2017	0	0	0	0	0	0	0	0
Total comprehensive income for the six months period ended June 30, 2017	0	0	0	0	0	0	12,163	12,163
Balance as at June 30, 2017 - re-stated	416,180	13,824	18	260,167	14,467	429	(49,467)	655,618
Profit for the six months period ended December 31, 2017	0	0	0	0	0	0	29,289	29,289
Other comprehensive (loss) / income for the six months period ended December 31, 2017	0	0	0	0	0	(121)	625	504
Total comprehensive (loss) / income for the six months period ended December 31, 2017	0	0	0	0	0	(121)	29,914	29,793
Surplus arisen during the period upon revaluation of fixed assets	0	0	0	10,829	0	0	0	10,829
Transfer from surplus on revaluation of buildings on account of incremental depreciation	0	0	0	(572)	0	0	572	0
Deferred tax adjustment	0	0	0	(1,187)	0	0	0	(1,187)
Miscellaneous items of Associates accounted for under equity method	0	0	0	(342)	0	0	342	0
Transaction with owners: Shares issued during the period	83,820	0	0	0	0	0	0	83,820
Balance as at December 31, 2017 - re-stated	500,000	13,824	18	268,895	14,467	308	(18,639)	778,873
Transfer from surplus on revaluation of buildings on account of incremental depreciation	0	0	0	(651)	0	0	651	0
Deferred tax adjustment	0	0	0	616	0	0	0	616
Miscellaneous items of Associates accounted for under equity method	0	0	0	(111)	0	0	111	0
Loss for the six months period ended June 30, 2018	0	0	0	0	0	0	(8,801)	(8,801)
Other comprehensive loss for the six months period ended June 30, 2018	0	0	0	0	0	(2)	0	(2)
Total comprehensive loss for the six months period ended June 30, 2018	0	0	0	0	0	(2)	(8,801)	(8,803)
Balance as at June 30, 2018 - Un-audited	500,000	13,824	18	268,749	14,467	306	(26,678)	770,686

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 CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Six months period ended	
	June 30, 2018	June 30, 2017
	Rupees in thousand	
Operating Cash Flows		
a) Underwriting activities		
Insurance premium received	12,812	8,389
Reinsurance premium paid	(8,156)	(5,194)
Claims paid	(2,853)	(5,194)
Reinsurance and other recoveries received	1,095	3,296
Commission paid	(2,494)	(1,466)
Commission received	1,334	1,604
Management expenses paid	(25,542)	(24,993)
Net cash outflow from underwriting activities	(23,804)	(23,558)
b) Other operating activities		
Income tax paid	(373)	(914)
Other operating payments	(2,262)	(2,292)
Other operating receipts	491	12,970
Loans and other receivables	(731)	89
Other receipts - net	9,110	18,214
Net cash inflow from other operating activities	6,235	28,067
Total cash (outflow) / inflow from all operating activities	(17,569)	4,509
Investment activities		
Profit / return received	2,820	2,242
Rental received	434	393
Payment for investments	(70,000)	0
Fixed capital expenditure	(255)	0
Proceeds from sale of fixed assets	50	1,417
Total cash (used in) / generated from investing activities	(66,951)	4,052
Financing activities		
Financial charges paid	0	(45)
Net cash (outflow) / inflow from all activities	(84,520)	8,516
Cash and cash equivalents at beginning of the period	90,165	5,916
Cash and cash equivalents at end of the period	5,645	14,432



**Reconciliation to Condensed Interim
Statement of Profit and Loss**

	Six months period ended	
	June 30, 2018	June 30, 2017
	Rupees in thousand	
Operating cash flows	(17,569)	4,509
Depreciation expense	(1,758)	(1,851)
Provision for doubtful insurance / reinsurance receivables	(1,174)	(2,914)
Provision for retirement benefit obligations	(1,383)	(1,354)
Financial charges	0	(45)
(Loss) / gain on disposal of fixed assets	(2)	837
Decrease in assets other than cash	(2,234)	(20,939)
(Increase) / decrease in liabilities	(4,283)	19,238
	(28,403)	(2,519)
Other adjustments		
Other investment income	502	3,927
Share of profit of Associates - net	19,684	11,153
Change in premium deficiency reserve	0	277
Dividend income	0	21
Assets written-off	(5)	0
Rental income	434	393
Provision for leave encashment	(1,373)	(1,153)
Sale of scrap	21	34
Profit on savings accounts	339	30
	19,602	14,682
(Loss) / profit after taxation	(8,801)	12,163

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	82	169
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Current and other accounts

Current accounts	2,737	14,104
Saving accounts	2,826	159
	5,563	14,263
Total cash and cash equivalents	5,645	14,432

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 STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 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 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 (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

2.1 Statement of compliance

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** The figures of condensed interim statement of profit and loss and statement of other comprehensive income for the quarters ended June 30, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the six months period ended June 30, 2018.
- 2.4** 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 has 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	As restated	Restate- ment	As previously reported	As restated	Restate- ment
	----- Rupees in thousand -----					
Effect on statement of financial position						
Surplus on revaluation of fixed assets	268,895	0	(268,895)	260,519	0	(260,519)
Equity	0	268,895	268,895	0	260,519	260,519
Effect on statement of changes in equity						
Capital reserve	0	268,895	268,895	0	260,519	260,519

5. Initial application of standards, amendments or interpretations 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:

- (a) 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.
- (b) 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	July 01, 2018
- IFRS 16, 'Leases'	January 01, 2019
- IFRIC 23, 'Uncertainty over income tax treatments'	January 01, 2019



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.

7. Property and equipment - Operating assets

**Un-audited
June 30,
2018
Rs. in
thousand
180,459**

Book value as at December 31, 2017

Additions made during the period:

- office equipment
- computer equipment
- vehicles

**150
51
54**

255

Book values of assets disposed-off during the period:

- office equipment
- vehicles

**25
27**

52

Book values of assets written-off during the period:

- furniture and fixtures
- vehicles

**3
2**

5

180,657

Depreciation charge for the period

1,758

Book value as at June 30, 2018

178,899

8. Investments in Associates

Bannu Woollen Mills Ltd. (BWM)

- Carrying value as at December 31, 2017
- Share of loss for the period

**1,693
(9)**

1,684

Ghandhara Industries Ltd. (GIL)

- Carrying value as at December 31, 2017
- Share of profit for the period

**237,552
19,693**

257,245

258,929



8.1 Market values of the Company's investments in BWM and GIL as at June 30, 2018 were Rs.445 thousand (December 31, 2017: Rs.492 thousand) and Rs.836.826 million (December 31, 2017: Rs.653.744 million) respectively.

9. Investments in equity securities

	Note	Un-audited June 30, 2018 (Rupees in thousand)	Audited Dec. 31, 2017
Available-for-sale investments	9.1	606	609
Investments at fair value through profit or loss	9.2	145,455	77,392
		146,061	78,001

9.1 Available-for-sale investments

	No. of shares as at June 30, 2018	June, 30, 2018			No. of shares as at Dec. 31, 2017	December 31, 2017		
		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	49	73	888	24	68	92
Unlisted shares								
Nowshera Engineering Works Ltd. *	0	0	0	0	1,106	11	(11)	0
Fawad Textile Mills Ltd. *	0	0	0	0	26,740	268	(268)	0
Mutual fund								
JS Growth Fund	2,867	135	398	533	2,867	135	382	517
		649	(43)	606		928	(319)	609

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

9.2 Investments at fair value through profit or loss

Mutual funds	No. of units	Cost	Un-realised (loss) / gain	Carrying and fair value
June 30, 2018				
		----- (Rupees in thousand) -----		
PICIC Growth Fund	13,500	509	(137)	372
NAFA Islamic Stock Fund	12,729,621	134,691	10,392	145,083
			10,255	145,455
December 31, 2017				
PICIC Growth Fund	13,500	509	(126)	383
NAFA Islamic Stock Fund	6,898,329	64,691	12,318	77,009
			12,192	77,392



10. Investments in debt securities (Held to maturity)

No. of certificates		Face value	Value of certificates	
Un-audited June 30, 2018	Audited Dec. 31, 2017	As at June 30, 2018 and Dec. 31, 2017	Un-audited June 30, 2018	Audited Dec. 31, 2017
------(Rupees in thousand)-----				
Pakistan Investment Bonds - PIBs (including accrued interest)				
7	7	51,500	53,552	53,593

10.1 Profit on PIBs is received bi-annually. Market value of these PIBs as at June 30, 2018 was Rs.50.755 million (December 31, 2017: Rs.50.755 million).

10.2 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 June 30, 2018 (Rupees in thousand)	Audited Dec. 31, 2017
Unsecured and considered good		
Due from insurance contract holders	87,511	87,511
Less: provision for impairment of receivables from insurance contract holders	(87,511)	(87,501)
	0	10
Due from other insurers	110,327	112,634
Due from reinsurers	34,944	34,941
Less: provision for impairment of due from other insurers / reinsurers	(23,735)	(22,571)
	121,536	125,004
	121,536	125,014

11.1 The balances as at June 30, 2018 relating to insurance / reinsurance receivables and payables are although unconfirmed but are considered to be accurately stated by the management.

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

12. Deferred taxation

Deferred tax recognised as at June 30, 2018 has been restricted to Rs.33.191 million (December 31, 2017: Rs.33.191 million) and balance deferred tax asset amounting Rs.33.887 million (December 31, 2017: Rs.57.899 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.

13. Prepayments

Prepaid reinsurance premium ceded	2,357	2,415
Others	1,167	364
	3,524	2,779



14. Cash and bank balances

	Un-audited June 30, 2018	Audited Dec. 31, 2017
	(Rupees in thousand)	
Cash and cash equivalents		
Cash-in-hand	81	0
Policy stamps	1	1
	82	1
Cash at banks		
- Current accounts	2,737	24,126
- Savings accounts	2,826	66,038
	5,563	90,164
Deposits maturing within 12 months		
Term deposit receipts	1,257	1,257
Provision for impairment	(1,257)	(1,257)
	0	0
	5,645	90,165

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 June 30, 2018 and December 31, 2017.

16. Net insurance premium

	For the 2nd Quarter		Cumulative	
	April to June, 2018	April to June, 2017	January to June, 2018	January to June, 2017
	----- (Rupees in thousand) -----			
Written gross premium	8,219	5,710	12,812	7,922
Add: unearned premium reserve opening	6,229	4,610	6,232	7,857
Less: unearned premium reserve closing	3,475	870	3,475	870
Premium earned	10,973	9,450	15,569	14,909
Less: reinsurance premium ceded	4,758	4,032	8,156	5,193
Add: prepaid reinsurance premium opening	3,668	2,113	2,415	3,558
Less: prepaid reinsurance premium closing	2,357	439	2,357	439
Reinsurance expense	6,069	5,706	8,214	8,312
	4,904	3,744	7,355	6,597

17. Net insurance claims expense

Claims paid	2,578	2,248	2,853	5,194
Add: outstanding claims including IBNR closing	63,153	70,467	63,153	70,467
Less: outstanding claims including IBNR opening	64,362	72,076	64,811	78,055
Claims expense	1,369	639	1,195	(2,394)
Less: reinsurance and other recoveries received	1,055	1,323	1,095	3,296
Add: reinsurance and other recoveries in respect of outstanding claims closing	53,383	53,407	53,383	53,407
Less: reinsurance and other recoveries in respect of outstanding claims opening	53,985	54,268	54,317	54,162
Reinsurance and other recoveries revenue	453	462	161	2,541
	916	177	1,034	(4,935)



18. Net commission expense

	For the 2nd Quarter		Cumulative	
	April to June, 2018	April to June, 2017	January to June, 2018	January to June, 2017
	----- (Rupees in thousand) -----			
Commission paid or payable	1,595	1,066	2,432	1,428
Add: deferred commission expense opening	1,008	712	845	1,231
Less: deferred commission expense closing	647	147	647	147
Net commission	1,956	1,631	2,630	2,512
Less: commission received or recoverable	818	1,249	1,334	1,604
Add: unearned reinsurance commission opening	849	818	796	1,448
Less: unearned reinsurance commission closing	505	165	505	165
Commission from reinsurers	1,162	1,902	1,625	2,887
	794	(271)	1,005	(375)

19. Management expenses

Employees' benefit cost	14,631	12,829	24,501	20,758
Travelling	169	335	372	446
Advertisements and business promotion	45	158	45	158
Printing and stationery	216	230	269	259
Depreciation	886	691	1,758	1,851
Rent, rates and taxes	21	1,026	82	1,040
Legal and professional charges - business related	635	809	2,119	2,006
Electricity, gas and water	316	260	554	447
Entertainment	108	136	275	284
Vehicles' running	442	264	1,029	507
Office repairs and maintenance	31	53	284	100
Bank charges	7	8	16	31
Postage, telegrams and telephone	243	240	473	460
Annual supervision fee SECP	25	25	50	50
Provision for doubtful insurance / reinsurance receivables	584	2,294	1,174	2,914
Miscellaneous	110	169	175	254
	18,469	19,527	33,176	31,565

20. Investment income

Income from equity securities (available-for-sale)

- Dividend income	0	21	0	21
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Income from debt securities (held to maturity)

- Return on fixed income securities and deposits	1,236	1,112	2,439	2,212
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Net unrealised (loss) / gain on investments at fair value through profit or loss

	(10,090)	(2,314)	(1,937)	1,715
	(8,854)	(1,181)	502	3,948



21. Other income

	For the 2nd Quarter		Cumulative	
	April to June, 2018	April to June, 2017	January to June, 2018	January to June, 2017
	----- (Rupees in thousand) -----			
Income from financial assets				
Profit on savings accounts	80	12	339	30
Payable balances written-back	537	5,410	1,128	5,708
	617	5,422	1,467	5,738
Income from non-financial assets				
Fronting fee	309	187	471	336
(Loss) / gain on disposal of fixed assets	(18)	0	(2)	837
Sale of scrap	1	34	21	34
Receipt from the Holding Company (note 21.1)	0	12,600	0	12,600
	292	12,821	490	13,807
	909	18,243	1,957	19,545

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	13	0	387	0
Auditors' remuneration	582	318	733	443
Assets written-off	3	0	5	0
Subscription	161	101	322	960
Insurance	218	234	385	468
Office expenses	60	0	127	0
Repair and maintenance of computer equipment	20	0	136	0
Others	32	93	122	321
	1,089	746	2,217	2,192

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 six months ended are as follows:

		June 30, 2018	June 30, 2017
	Nature of transaction	Rupees In thousand	
Janana De Malucho Textile Mills Ltd. (an Associated Company)	Salaries & benefits paid	772	0
Key management personnel	Salaries and other benefits	11,749	9,218



24. Segment Information

Six months period ended June 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)	4,974	6,856	985	355	13,170
Less: Federal excise duty	0	222	111	0	333
Federal insurance fee	0	17	8	0	25
Gross written premium (inclusive of administrative surcharge)	4,974	6,617	866	355	12,812
Gross direct premium	(6)	1,703	765	(4)	2,458
Facultative inward premium	4,980	4,898	82	359	10,319
Administrative surcharge	0	16	19	0	35
	4,974	6,617	866	355	12,812
Insurance premium earned	4,360	6,340	3,949	920	15,569
Insurance premium ceded to reinsurers	3,301	3,829	450	634	8,214
Net insurance premium	1,059	2,511	3,499	286	7,355
Commission income	752	724	0	149	1,625
Net underwriting income	1,811	3,235	3,499	435	8,980
Insurance claims	(676)	1,173	960	(262)	1,195
Insurance claims recovered from reinsurers	(720)	881	0	0	161
Net claims	44	292	960	(262)	1,034
Commission expense	886	1,256	382	106	2,630
Management expenses	12,880	17,134	2,243	919	33,176
Premium deficiency expense	0	0	0	0	0
Net insurance claims and expenses	13,810	18,682	3,585	763	36,840
Underwriting result	(11,999)	(15,447)	(86)	(328)	(27,860)
Net investment income					502
Rental income					434
Other income					1,957
Other expenses					(2,217)
Finance cost					0
Share of profit of Associates - net					19,684
Loss before taxation					(7,500)
As at June 30, 2018 (Un-audited)					
Segment assets	66,903	77,284	27,158	6,577	177,922
Unallocated assets					740,229
					918,151
Segment liabilities	49,911	50,220	11,112	2,533	113,776
Unallocated liabilities					33,689
					147,465



Six months period ended June 30, 2017

	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)	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)	885	5,350	1,427	260	7,922
Gross direct premium	0	803	1,112	0	1,915
Facultative inward premium	885	4,542	290	260	5,977
Administrative surcharge	0	5	25	0	30
Insurance premium earned	885	5,350	1,427	260	7,922
Insurance premium ceded to reinsurers	4,626	5,604	3,202	1,477	14,909
Net insurance premium	3,146	4,089	458	619	8,312
Commission income	1,480	1,515	2,744	858	6,597
Net underwriting income	1,352	1,366	0	169	2,887
Insurance claims	2,832	2,881	2,744	1,027	9,484
Insurance claims recovered from reinsurers	557	1,326	(3,405)	(872)	(2,394)
Net claims	481	1,324	(340)	1,076	2,541
Commission expense	76	2	(3,065)	(1,948)	(4,935)
Management expenses	961	1,133	313	105	2,512
Premium deficiency expense	3,525	21,319	5,684	1,037	31,565
Net insurance claims and expenses	0	0	0	(277)	(277)
Underwriting result	4,562	22,454	2,932	(1,083)	28,865
Net investment income	(1,730)	(19,573)	(188)	2,110	(19,381)
Rental income					3,948
Other income					393
Other expenses					19,545
Finance cost					(2,192)
Share of profit of Associates - net					(45)
Profit before taxation					11,153
As at December 31, 2017 (audited)					13,421
Segment assets	68,382	74,975	27,355	11,879	182,591
Unallocated assets					737,345
					919,936
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 August 25, 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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