



PGI

**The Pakistan General
Insurance Company Limited**

**Half Yearly Report
For the Period Ended
June 30, 2019**



Company Information

Board of Directors

Ch. Mazhar Zahoor
Mrs. Nasira Raees
Mr. Muhammad Haroon
Mr. Sajid Rabbani
Ch. Habibiullah
Mr. Malik Ejaz Nazir
Mr. Shehroz Qammar

Chief Executive Officer

Ch. Mazhar Zahoor

Company Secretary

Ch. Mohsin Ali

Audit Committee

Malik Ejaz Nazir
Muhammad Haroon
Ch. Habibullah

Investment committee

Muhammad Haroon
Malik Ejaz Nazir
Ch. Habibullah
Ch. Mazhar Zahoor
Javed Iqbal Khan

Human Resource Committee

Nasira Raees
Malik Ejaz Nazir
Ch. Habibullah

Underwriting Committee

Ch. Mazhar Zahoor
Zahid Iqbal Zia
Tariq Qureshi

Claims Committee

Nasira Raees
Siddiq Sabir
Zaheer Ahmed

Reinsurance and Coinsurance Committee

Ch. Habibullah
Muhammad Maqsood Peracha
Khawar Munir

Legal Advisors

Mr. Ahmad Ali Ranjha (Advocate High Court)

Auditors

Muniff Ziauddin & Co.
Chartered Accountants

Tax Consultants

Kamran & Co.
Chartered Accountants

Share Registrar

Corplink (Private) Limited

Registered and Head Office

PGI House, 5-A Bank Square
The Mall Lahore

Contacts

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Directors' Review Report to the Shareholders

The Board of Directors of "The Pakistan General Insurance Company Limited" ("the Company") is pleased to present the unaudited but reviewed (limited) condensed interim financial statements for the half year ended June 30, 2019.

The comparative analysis of the six months results at a glance is as under –

	Jun 30 / 2019 Rupees	Jun 30 / 2018 Rupees	Increase / (Decrease) Rupees	% age
Underwriting				
Net premiums revenue	(9,187,488)	7,085,048	(16,272,536)	-229.67%
Underwriting results	(38,719,045)	(42,928,680)	4,209,635	-9.81%
Investments				
In short-term bank placements	-	118,000,000	(118,000,000)	-100.00%
In properties	291,228,660	289,763,392	1,465,268	0.51%
Investment income	1,560,347	4,139,230	(2,578,793)	-62.30%
Profitability / Equity				
Share capital	464,014,500	464,014,500	-	0.00%
Underwriting profits	(38,719,045)	(42,928,680)	4,209,635	-9.81%
(Loss) before tax	(49,725,848)	(55,475,447)	5,749,599	-10.36%

Securities and Exchange Commission of Pakistan (SECP) has passed an order dated June 07, 2017 under section 11(1) (f) and section 12(1) and (4) read with section 63 (1) and section 156 of the Insurance Ordinance, 2000. The Company had filled a writ petition with the Honorable Lahore High Court which is pending adjudication. The legal counsel the Company is of the view that there is every likelihood that the case will be settled in favour of the Company.

The auditors' had highlighted certain issues in their review report. All these issues relate to financial statements for the year ended December 31, 2018 and had been adequately addresses in our last year's annual report.

The Company is conscious of the challenges which are being faced by the economy due to spiraling inflation and rising energy crises have crippled the already affected economy of the country. We are striving hard to sustain our performance under these circumstances. We also hope that the macro economic challenges will be addressed soon to enable conducive environment for the growth of industry.

For and on behalf of the Board

**-sd-
Chairman**

Lahore.
November 14, 2019

INDEPENDENT AUDITOR’S REVIEW REPORT

To the members of the Pakistan General Insurance Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Pakistan General Insurance Company Limited (the Company) as at June 30, 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this 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 financial statements based on our review.

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.

Basis for Adverse Conclusion

- a) As explained in note 3 to the interim financial statements, the operating activities of the Company have ceased and the Company is placed in defaulter segment at the Pakistan stock exchange. The Company is recurring losses and it has also not met the minimum paid up capital and minimum solvency requirements of Insurance Ordinance, 2000 and Insurance Rules, 2017. These conditions indicate existence of material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. These conditions lead us to believe that the management’s use of Going concern assumption is inappropriate and consequently the asset and liabilities should have been stated at their realizable values respectively.
- b) National Accountability Bureau (NAB) accused Ch. Zahoor Ahmed (Ex CEO and Chairman) to cause loss to Pakistan Reinsurance Company Limited (PRCL) to the tune of Rs. 86.2 million, by way of 87 bogus reinsurance claims and has gained illegal pecuniary advantage by receiving the amounts against the said bogus claims. NAB through its order ACR NO. 95/PB/2017 dated December 13, 2017 granted approval of plea bargain of Rs. 86.2 million to Ch. Zahoor Ahmed and also disqualified him for a period of 10 years, to be reckoned from the date he discharges his liability to the matter and transaction in issue, for seeking or from being elected, chosen, appointed or nominated as a member or representative of any public body or any statutory or local authority in Pakistan or in service of Pakistan or any province. However, the said liability of Rs. 86.2 million was paid from the business account of the Company. Had the Company not paid this amount from the business account of the Company

accumulated loss and cash and bank balances of the Company as at December 31, 2017 and December 31, 2018 would have been lower and higher by Rs. 86.2 million respectively.

- c) The amount due from insurance contract holders as disclosed in note 12 to the interim financial statements, amounting to Rs. 132.9 million (2018: Rs. 150.34 million) remains unconfirmed. The Company has claimed recovery of Rs. 17.44 million during the period and booked commission expense of Rs. 6.80 million against these recoveries as disclosed in note 25 to the interim financial statements. In the absence of relevant documentation and supporting records, resultant adjustments and consequential impact thereof, if any, on the interim financial statements remains unascertained.
- d) Advance for purchase of assets amounting to Rs. 13.59 million as disclosed in note 11 to the interim financial statement remains unconfirmed. In the absence of relevant documentation and supporting records, resultant adjustments and consequential impact thereof, if any, on the interim financial statements remains unascertained.
- e) The insurers / reinsurers payables as disclosed in Note 19 to the interim Financial Statements include Rs. 29.2 Million (2018: 29.2 Million) payable to Pakistan Reinsurance Company Limited (PRCL) which remain unconfirmed. The Company is in process of reconciling these balances with PRCL. In the absence of relevant documentation and supporting records, resultant adjustments and consequential impact thereof, if any, on the interim financial statements remains unascertained.

Adverse Conclusion

Our review indicates that, because of the significance of the effects of the matters as described in paragraphs (a) to (e) of the “Basis for Adverse Conclusion” section of our report, this interim financial information does not give a true and fair view of the financial position of the Company as at June 30, 2019, and of its financial performance and its cash flows for the six-month period then ended in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim financial information for the three months period ended June 30, 2019 have not been reviewed as we are required to review only cumulative figures for six-month period ended June 30, 2019.

The engagement partner on the review resulting in this independent auditor’s review report is M Ilyas.

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Chartered Accountants

Place: Lahore

Date: November 14, 2019

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Financial Position
As at June 30, 2019

		June 30, 2019 Un - audited	Dec. 31, 2018 Audited
	NoteRupees.....	
ASSETS			
Property and equipment	6	106,341,105	103,475,280
Investment property	7	291,228,660	298,696,062
Investments			
- Equity securities	8	1,694,449	1,988,203
- Debt securities	9	22,007,835	29,017,960
- Term deposits	10	-	5,000,000
Loans and other receivables	11	24,200,505	24,520,800
Insurance / reinsurance receivables	12	134,434,956	151,875,981
Cash and bank	13	28,026,649	22,564,480
Total assets		607,934,159	637,138,766
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	14	464,014,500	464,014,500
Reserves	15	51,890,089	52,183,843
Accumulated loss		(75,493,155)	(25,824,542)
Total Equity		440,411,434	490,373,801
Surplus on revaluation of fixed assets	16	6,290,916	6,348,151
Liabilities			
Underwriting provisions			
- Outstanding claims including IBNR		41,200,000	41,200,000
Deferred taxation	17	-	-
Short- term borrowings	18	17,240,000	-
Insurance / reinsurance payables	19	45,876,381	41,482,438
Other creditors and accruals	20	29,666,072	30,274,029
Taxation - provision less payments	21	27,249,356	27,460,347
		161,231,809	140,416,814
Total equity and liabilities		607,934,159	637,138,766
Contingencies and commitments	22		

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

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Chairman

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Director

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Director

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Chief Executive Officer

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Chief Financial Officer

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Comprehensive Income [Un-Audited]
For six months period ended June 30, 2019

	Note	For three months period ended		For six months period ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rupees					
Net insurance premium	23	(4,393,944)	(2,801,578)	(9,187,488)	7,085,048
Net insurance claims	24	-	(10,334)	-	6,757,016
Net commission and other acquisition costs	25	(3,288,038)	(14,738,499)	(6,795,681)	(33,261,012)
Insurance claims and acquisition expenses		(3,288,038)	(14,748,833)	(6,795,681)	(26,503,996)
Management expenses		(11,513,929)	(11,521,274)	(22,735,876)	(23,509,732)
Underwriting results		(19,195,911)	(29,071,685)	(38,719,045)	(42,928,680)
Investment income	26	(175,864)	2,069,616	1,560,437	4,139,230
Rental income		332,280	444,228	664,560	888,456
Other income	27	204,136	189	595,717	377
Other expenses		(7,205,930)	(6,820,743)	(13,749,802)	(14,221,789)
		(6,845,378)	(4,306,710)	(10,929,088)	(9,193,726)
Results of operating activities		(26,041,289)	(33,378,395)	(49,648,133)	(52,122,406)
Finance cost	28	(51,338)	(1,693,068)	(77,715)	(3,353,041)
Profit before tax		(26,092,627)	(35,071,463)	(49,725,848)	(55,475,447)
Income tax expenses	29	-	(41,009)	-	(41,009)
Loss after tax		(26,092,627)	(35,112,472)	(49,725,848)	(55,516,456)
Other comprehensive income:					
Items that may be reclassified subsequently to profit and loss:					
Unrealized loss on available-for-sale investments - net of deferred tax		(146,877)	-	(293,754)	-
Other comprehensive loss for the year		(146,877)	-	(293,754)	-
Total comprehensive loss for the period		(26,239,504)	(35,112,472)	(50,019,602)	(55,516,456)
Losses per share	30	(0.56)	(0.76)	(1.07)	(1.20)

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

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Chairman

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Director

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Director

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Chief Executive Officer

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Chief Financial Officer

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Changes in Equity [Un-Audited]
For six months period ended June 30, 2019

	Attributable to equity holders of the Company				Total Equity
	Share Capital	Revenue reserves		Accumulated loss	
General reserves		Unrealized gains / (losses) on revaluation of available for sale investments - net			
	----- Rupees -----				
Balance as at January 01, 2018 [Audited]	464,014,500	50,985,500	956,909	93,959,995	609,916,904
Loss after tax for the six months period ended June 30, 2018	-	-	-	(55,516,456)	(55,516,456)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(55,516,456)	(55,516,456)
Transfer from surplus on revaluation of fixed assets: - on incremental depreciation on fixed assets - net of tax	-	-	-	60,247	60,247
Balance as at June 30, 2018 [Un- Audited]	464,014,500	50,985,500	956,909	38,503,786	554,460,695
Balance as at January 01, 2019 [Audited]	464,014,500	50,985,500	1,198,343	(25,824,542)	490,373,801
Loss after tax for the six months period ended June 30, 2018	-	-	-	(49,725,848)	(49,725,848)
Other comprehensive income for the year	-	-	(293,754)	-	(293,754)
Total comprehensive income for the period	-	-	(293,754)	(49,725,848)	(50,019,602)
Transfer from surplus on revaluation of fixed assets: - on incremental depreciation on fixed assets - net of tax	-	-	-	57,235	57,235
Balance as at June 30, 2019 [Un-Audited]	464,014,500	50,985,500	904,589	(75,493,155)	440,411,434

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

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Chairman

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Director

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Director

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Chief Executive Officer

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Chief Financial Officer

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Cash Flows [Un-Audited]
For six months period ended June 30, 2019

		For six months period ended	
		June 30, 2019	June 30, 2018
Note		-----Rupees-----	
	Operating cash flows		
	a) Underwriting activities		
	Insurance premiums received	17,441,025	58,250,716
	Reinsurance premium paid	(4,793,544)	(12,523,570)
	Claims paid	-	(10,334)
	Commission paid	(6,795,681)	(27,375,659)
	General and management expenses paid	(24,788,960)	(26,025,798)
	Net cash flow from underwriting activities	(18,937,160)	(7,684,645)
	b) Other operating activities		
	Income tax paid	(210,991)	(515,478)
	Loan repayments received	34,600	341,787
	Other operating receipts	2,400	-
	Other operating payments	(607,957)	(1,113,253)
	Net cash flow from other operating activities	(781,948)	(1,286,944)
	Total cash flow from all operating activities	(19,719,108)	(8,971,589)
	Investing activities		
	Profit / return received	1,843,932	4,136,402
	Rentals received	664,560	888,456
	Proceeds from disposal of investments - Term Deposits	5,000,000	-
	Proceeds from disposal of investments	7,000,000	450
	Proceeds from disposal of assets and investment properties	1,680,000	-
	Fixed capital expenditure	(8,169,500)	(1,247,125)
	Total cash (out) flow from investing activities	8,018,992	3,778,183
	Financing activities		
	Finance cost paid	(77,715)	(3,353,041)
	Loan received	17,240,000	(4,668)
	Total cash in / (out) flow from financing activities	17,162,285	(3,357,709)
	Net cash flow from all activities	5,462,169	(8,551,115)
	Cash and cash equivalents at beginning of year	22,564,480	28,750,680
	Cash and cash equivalents at end of year	28,026,649	20,199,565
	Reconciliation to profit and loss account		
	Operating cash flows	(19,719,108)	(8,971,589)
	Depreciation expense	(11,686,594)	(11,873,723)
	Finance cost	(77,715)	(3,353,041)
	Investment income	1,560,437	4,139,230
	Rental income	664,560	888,456
	Other income	595,717	377
	Amortisation expense	(10,125)	-
	Decrease in assets other than cash	(17,478,025)	(80,696,401)
	Increase in liabilities other than borrowings	(3,574,995)	44,350,235
	Profit after taxation	(49,725,848)	(55,516,456)

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

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Chairman

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Director

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Director

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Chief Executive Officer

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Chief Financial Officer

1 Status and nature of operations

The Pakistan General Insurance Company Limited "the Company" was incorporated as a public limited company on July 26, 1947 under the Companies Act, 1913 (now Companies Act, 2017) and was listed on Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges) on July 25, 1995. The Company is engaged in providing general insurance services in spheres of Fire and property damage; Marine, aviation and transport, Motor and Miscellaneous. The registered office and principal place of the Company is located at PGI House, 5-A Bank Square, Lahore, Pakistan.

2 Basis of preparation and statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and the requirements of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the directives issued by SECP. Wherever the requirements of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of the standard, the requirements of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the requirements of the said directives take precedence.

These condensed interim financial statements does not include all the information and disclosures required in the complete set of financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018. Comparative figures for condensed interim statement of financial position are stated from annual audited financial statements of the Company for the year ended December 31, 2018, whereas comparatives for condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and related notes are extracted from condensed interim financial information of the Company for the six months ended 30 June 2018.

2.1 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except that certain financial instruments are carried at fair value, freehold land and buildings are stated at revalued amount and available for sale investments, which are carried at fair value.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to nearest rupees unless otherwise stated.

2.3 Standards, amendments or interpretations

The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial information except the following :

IFRS 16

The Company has adopted IFRS 16 'Leases', issued in January 2016, with the date of initial application on January 01, 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognize a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

The Company has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. The Company recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The adoption of IFRS 16 does not have any impact on these condensed interim financial statements.

IFRS 9

The amendments introduce two approaches for entities that apply IFRS 4 to reduce the impact of deferring effective dates with IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments: an overlay approach and a temporary exemption from applying IFRS 9. The Company has adopted for a temporary exemption from application of IFRS 9.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after January 01, 2018. The temporary exemption is available for annual reporting periods beginning before January 01, 2022 and will expire once IFRS 17 becomes effective.

Insurance and Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2018.

The Pakistan General Insurance Company Limited
Notes to the Condensed Interim Financial Information [Un-Audited]
For the Six Months Period Ended June 30, 2019

3 Going concern assessment

Securities and Exchange Commission of Pakistan ('SECP') has passed an order dated June 07, 2017 under section 11(1) (f) and section 12(1) and (4) read with section 63 (1) and section 156 of the Insurance Ordinance, 2000, directing the Company to cease entering into new contract of insurance from one month from date of direction. The operations of the Company remain ceased from July 7, 2017. The Company had filed a writ petition against the above order with the Honourable Lahore High Court, Lahore which is pending adjudication. The legal counsel is of the opinion that there is every likelihood that the decision of the writ petition will be in favour of the Company. In view of the legal counsel opinion, the management is confident that the company shall remain going concern and the direction to cease entering into new contract shall be revoked by SECP.

4 Summary of significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements as at June 30, 2019 are the same as those adopted in the preparation of the financial statements for the year ended December 31, 2018.

5 Critical accounting estimates and judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements at and for the year ended December 31, 2018.

	Un - audited June 30, 2019	Audited Dec. 31, 2018
-----Rupees-----		
6 Property and equipment		
Book value at beginning of the period / year	103,475,280	115,289,416
Additions during the period / year	8,169,500	1,115,000
Disposal during the period / year	(1,084,483)	(4,230,468)
Depreciation charge for the period / year	(4,219,192)	(8,698,668)
Carrying amount at end of the period / year	<u>106,341,105</u>	<u>103,475,280</u>
6.1 Additions during the period / year		
Office equipment	673,500	65,000
Vehicles	7,496,000	1,050,000
	<u>8,169,500</u>	<u>1,115,000</u>
6.2 Disposal during the period / year		
Land and buildings	-	(2,140,772)
Vehicles	(1,084,483)	(2,089,696)
	<u>(1,084,483)</u>	<u>(4,230,468)</u>
7 Investment property		
Book value at beginning of the period / year	298,696,062	297,193,223
Additions during the period / year	-	16,500,000
Depreciation charge for the period / year	(7,467,402)	(14,997,161)
Carrying amount at end of the period / year	<u>291,228,660</u>	<u>298,696,062</u>
8 Investments - Equity securities		
Available for sale - Investment in quoted equities (carrying value)	1,694,449	1,988,203
Less: unrealized gain on remeasurement of investments as at June 30	1,394,051	1,687,805
Cost of investments	<u>300,398</u>	<u>300,398</u>
Cost of ordinary shares of quoted companies as at June 30, 2019 is Rs. 300,398 (2018: Rs. 300,398)		
9 Investments - Debt securities		
Held to maturity		
- Pakistan Investment Bonds (PIBs)	<u>22,007,835</u>	<u>29,017,960</u>
10 Investments - Term deposits		
Deposits maturing within 12 months	<u>-</u>	<u>5,000,000</u>

The Pakistan General Insurance Company Limited
Notes to the Condensed Interim Financial Information [Un-Audited]
For the Six Months Period Ended June 30, 2019

	Un - audited June 30, 2019		Audited Dec. 31, 2018	
	-----Rupees-----			
11 Loans and other receivables				
- Considered good				
Loans to employees and agents	4,255,800		4,290,400	
Advance for purchase of assets	13,593,500		13,593,500	
Security deposits	5,477,649		5,477,649	
Accrued interest	853,755		1,137,050	
Sundry receivables	19,801		22,201	
	<u>24,200,505</u>		<u>24,520,800</u>	
12 Insurance / reinsurance receivables				
- Unsecured but considered good				
Due from insurance contract holders	132,900,478		150,341,503	
Due from other insurers / reinsurers	1,534,478		1,534,478	
	<u>134,434,956</u>		<u>151,875,981</u>	
13 Cash and bank				
Cash and cash equivalents				
- Cash in hand	87,651		56,878	
- Policy and revenue stamps, bond papers	123,300		123,300	
	<u>210,951</u>		<u>180,178</u>	
Cash with banks				
- On current accounts	27,811,123		22,380,122	
- On saving accounts	4,575		4,180	
	<u>27,815,698</u>		<u>22,384,302</u>	
	<u>28,026,649</u>		<u>22,564,480</u>	
	Un - audited June 30, 2019		Audited Dec. 31, 2018	
	-----Number of shares-----			
14 Ordinary share capital				
14.1 Authorized share capital				
Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
14.2 Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each				
- Fully paid in cash	20,000,000	20,000,000	200,000,000	20,000,000
- Fully paid as bonus shares	26,401,450	26,401,450	264,014,500	26,401,450
	<u>46,401,450</u>	<u>46,401,450</u>	<u>464,014,500</u>	<u>46,401,450</u>
15 Reserves				
Revenue reserves				
General reserve			50,985,500	50,985,500
Revaluation reserve for unrealized (loss) / gain on available-for-sale investments - net			904,589	1,198,343
			<u>51,890,089</u>	<u>52,183,843</u>
16 Surplus on revaluation of fixed assets				
Balance at beginning of the period / year			6,348,151	7,940,969
Less: Realization of surplus on disposal (net of tax)			-	(1,472,325)
Less: Incremental depreciation transferred to un-appropriated profit			(57,235)	(120,493)
Balance at end of the period / year			<u>6,290,916</u>	<u>6,348,151</u>
17 Deferred taxation				
The Company incurred a taxable loss of Rs 55.72 million during the period and the accumulated losses as at June, 30 2019 are of Rs. 270.26 million. Deferred tax asset on such losses is Rs 78.38 million, out of which Rs. 15.91 million deferred tax asset had already been recognised during the year ended December 31, 2018. Considering the uncertainty regarding the timing and extent of future taxable profits against which such remaining benefits can be utilized, the management has adopted a prudent approach and has further recognised deferred tax asset to the extent of available taxable temporary differences.				
18 Short- term borrowings				
This represents interest free loan from Chief Executive Officer to meet the day to day working capital requirements of the Company. The above loan will be re-paid in December, 2019.				

The Pakistan General Insurance Company Limited
Notes to the Condensed Interim Financial Information [Un-Audited]
For the Six Months Period Ended June 30, 2019

	Un - audited June 30, 2019	Audited Dec. 31, 2018
	-----Rupees-----	
19 Insurance / reinsurance payables		
Due to other insurers / reinsurers	45,876,381	41,482,438
20 Other creditors and accruals		
Federal excise duty / sales tax	18,590,570	19,406,034
Federal insurance fee	2,518,832	2,518,832
Accrued expenses	2,854,065	2,660,219
Withholding tax payable	4,650,523	4,650,382
Payable to employees' provident fund	64,460	50,940
Unpaid and unclaimed dividend	657,622	657,622
Others	330,000	330,000
	<u>29,666,072</u>	<u>30,274,029</u>
21 Taxation - provision less payments		
Balance at beginning of the period / year	27,460,347	30,059,279
Less: Paid / deducted during the period / year	(210,991)	(2,598,932)
Balance at end of the period / year	<u>27,249,356</u>	<u>27,460,347</u>

There has been no tax charge for the period ended June 30, 2019 as the Company has incurred taxable losses during the period amounting to Rs. 55.72 million.

22 Contingencies and commitments

There is no change in the status of contingent liabilities and commitments since the end of last annual reporting period December 31, 2018.

	For three months period ended		For six months period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Rupees-----			
23 Net insurance premium				
Written gross premium	-	-	-	-
Add: Unearned premium reserve opening	-	10,238,914	-	30,352,537
Less: Unearned premium reserve closing	-	-	-	-
Premium earned	-	10,238,914	-	30,352,537
Less: Reinsurance premium ceded	4,393,944	5,975,785	9,187,488	12,523,570
Add: Prepaid reinsurance premium opening	-	7,064,707	-	10,743,919
Less: Prepaid reinsurance premium closing	-	-	-	-
Reinsurance expense	4,393,944	13,040,492	9,187,488	23,267,489
	<u>(4,393,944)</u>	<u>(2,801,578)</u>	<u>(9,187,488)</u>	<u>7,085,048</u>
24 Net insurance claims expense				
Claims paid	-	10,334	-	10,334
Add: Outstanding claims including IBNR closing	41,200,000	41,200,000	41,200,000	41,200,000
Less: Outstanding claims including IBNR opening	41,200,000	41,200,000	41,200,000	47,967,350
Claim expenses	-	10,334	-	(6,757,016)
Less: Reinsurance and other recoveries revenue	-	-	-	-
	<u>-</u>	<u>10,334</u>	<u>-</u>	<u>(6,757,016)</u>
25 Net commission and other acquisition costs				
Commission paid or payable	3,288,038	12,725,736	6,795,681	27,375,659
Add: Deferred commission expense opening	-	2,012,763	-	5,885,353
Less: Deferred commission expense closing	-	-	-	-
Net commission expense	3,288,038	14,738,499	6,795,681	33,261,012
Less: Commission received or recoverable from reinsurer	-	-	-	-
	<u>3,288,038</u>	<u>14,738,499</u>	<u>6,795,681</u>	<u>33,261,012</u>

The Pakistan General Insurance Company Limited
Notes to the Condensed Interim Financial Information [Un-Audited]
For the Six Months Period Ended June 30, 2019

	For three months period ended		For six months period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Rupees-----		-----Rupees-----	
26 Investment income				
Income from debt securities				
- Income from debt securities	(175,864)	686,136	1,305,080	1,372,271
- Return on term deposits		1,383,480	255,357	2,766,959
	<u>(175,864)</u>	<u>2,069,616</u>	<u>1,560,437</u>	<u>4,139,230</u>
27 Other income				
Return on bank balances	100	189	200	377
Gain on sale of fixed asset	204,036	-	595,517	-
	<u>204,136</u>	<u>189</u>	<u>595,717</u>	<u>377</u>
28 Finance costs				
Mark-up on short-term borrowings	-	1,613,309	-	3,167,119
Bank charges	51,338	79,759	77,715	185,922
	<u>51,338</u>	<u>1,693,068</u>	<u>77,715</u>	<u>3,353,041</u>
29 Taxation				
Current year	-	-	-	-
Prior year	-	-	-	-
Deferred	-	(41,009)	-	(41,009)
	<u>-</u>	<u>(41,009)</u>	<u>-</u>	<u>(41,009)</u>
30 Losses per share				

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares at the period end as follows:

	For three months period ended		For six months period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Rupees-----		-----Rupees-----	
Loss after tax for the period	(26,092,627)	(35,112,472)	(49,725,848)	(55,516,456)
	----- Number of Shares -----			
Weighted average number of shares of Rs. 10/- each	46,401,450	46,401,450	46,401,450	46,401,450
	-----Rupees-----		-----Rupees-----	
Loss per share - basic	<u>(0.56)</u>	<u>(0.76)</u>	<u>(1.07)</u>	<u>(1.20)</u>

No figure for diluted earnings per share has been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

31 Transactions with related parties

The related parties comprise of directors of the company, key management personnel and post employment benefit plans.

	Un - audited June 30, 2019	Un - audited June 30, 2018
	-----Rupees-----	
Remuneration paid to executives, directors and chief executive officer	2,010,904	2,101,002
Vehicle purchased from an associated company	2,800,000	-
Contribution paid to provident fund	60,220	71,649

32 Segment Reporting

As the Company is under direction from SECP to not enter into new insurance contracts, therefore the Company had not written any premium during the period. In view of the same, segment wise analysis is not reported in these financial statements.

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