



Condensed Interim
Financial Information
For The Six Months Period Ended

**June 30,
2020**

60th

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 service 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 bases 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	Lt. Gen (R) Ali Kuli Khan Khattak	Chairman
	Mr. Gohar Ayub Khan	Chief Executive
	Mr. Raza Kuli Khan Khattak	
	Mr. Ahmed Kuli Khan Khattak	
	Mrs. Shahnaz Sajjad Ahmed	
	Mr. Muhammad Imran Malik	
	Mr. Haroon Ahmed Zubri	
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. Junaidy Shoaib Asad Chartered Accountants	
Legal Adviosor	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. Haroon Ahmed Zuberi	Chairman	Independent
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive
Mr. Muhammad Imran Malik	Member	Independent
Mr. Liaqat Ali Shaukat	Secretary	

ii) Investment Committee

Mr. Haroon Ahmed Zuberi	Chairman	Independent
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive (CEO)
Mr. Muhammad Imran Malik	Member	Independent
Mr. Ashfaq Ahmed	Member/Secretary	Chief Financial Officer

iii) Audit Committee

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Haroon Ahmed Zuberi	Member	Independent
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mrs. Shahnaz Sajjad Ahmed	Member	Non-Executive
Mr. Abdul Waheed Ch.	Secretary	

Management Committees:

iv) Underwriting, Reinsurance & Co-Insurance Committee;

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Gohar Ayub Khan	Member	Executive
Mr. Muhammad Alyas	Member/Secretary	

v) Claims Settlement Committee;

Mr. Haroon Ahmed Zuberi	Chairman	Independent
Mr. Gohar Ayub Khan	Member	Executive
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mr. Amir Raza	Member	
Mr. Abdul Waheed Ch.	Secretary	

vi) Risk Management & Compliance Committee

Mr. Gohar Ayub Khan	Chairman	Executive
Mrs. Shahnaz Sajjad Ahmed	Member	Non-Executive
Mr. Amir Raza	Member	
Mr. Ashfaq Ahmed	Member	
Mr. Muhammad Alyas	Secretary	



DIRECTORS' REVIEW REPORT

We are pleased to present on behalf of Board of Directors an un-audited financials statements of the company for the half year ended on 30th June, 2020.

Financial Performance

The gross written premium of the company has significantly dropped due to lock down in the country, however net premium of the company has increased during the half year ended June 2020. The loss after taxation has enhanced remarkably on account of loss in investment income and loss of associated company.

	2020 ------(Rupees in million)-----	2019
Gross premium	29.132	51.368
Net premium	29.168	24.374
Loss from underwriting business	(25.546)	(21.435)
Net claims expense	9.737	6.070
Management / administrative expenses	41.645	36.999
Capital and reserves	760.324	776.090
Loss before taxation	(60.967)	(31.404)
Loss after taxation	(61.941)	(32.197)
Loss per share	(1.24)	(0.64)

Future Outlook

We are anticipating appreciable enhancement of gross premium in the second half of the current financial year as a result of relaxation announced in lock down. This decision of the government will certainly generate the economic activities in the country which in return surely improve the business volumes in every sector of industry vis-à-vis insurance industry.


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 27, 2020

Place: Lahore


Raza Kuli Khan Khattak
Director


Gohar Ayub Khan
Chief Executive Officer



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

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون، 2020 کو ختم ہونے والے نصف سال کے لئے کمپنی کے غیر آڈٹ شدہ مالی گوشوارے پیش کرتے ہوئے خوشی ہوئی ہے۔

مالیاتی کارکردگی (Financial Performance)

ملک میں لاک ڈاؤن کی وجہ سے کمپنی کے مجموعی تحریری پرنیم میں نمایاں کمی واقع ہوئی ہے تاہم جون 2020 کو ختم ہونے والے نصف سال کے دوران کمپنی کے نیٹ پرنیم میں اضافہ ہوا ہے۔ سرمایہ کاری کی آمدنی میں نقصان اور ایسوی ایس کے حصے کے نقصان کی وجہ سے بعد از ٹیکس نقصان میں نمایاں اضافہ ہوا ہے۔

2020	2019	
رقم ملین میں		
29.132	51.368	- مجموعی پرنیم
29.168	24.374	- نیٹ پرنیم
(25.546)	(21.435)	- اپریٹنگ سرگرمیوں سے نقصان
9.737	6.070	- نیٹ کلیمز اخراجات
41.645	36.999	- مینجمنٹ / انتظامی اخراجات
760.324	776.090	- سرمایہ اور ذخائر
(60.967)	(31.404)	- قبل از ٹیکس نقصان
(61.941)	(32.197)	- بعد از ٹیکس نقصان
(1.24)	(0.64)	- فی شیئر نقصان

مستقبل کا نظریہ (Future Outlook)

ہم لاک ڈاؤن میں اعلان کردہ نرمی کے نتیجے میں رواں مالی سال کے دوسرے نصف حصے میں مجموعی پرنیم میں قابل تعریف اضافے کی توقع کر رہے ہیں۔ حکومت کے اس فیصلے سے یقینی طور پر ملک میں معاشی سرگرمیاں پیدا ہوں گی جس کے نتیجے میں انشورنس انڈسٹری کے ساتھ ہر انڈسٹری کے شعبے میں کاروباری حجم میں یقیناً بہتری آئے گی۔


اعتراف (Acknowledgement)

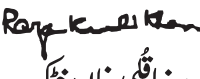
ہم سکیورٹی ریٹز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، ٹیلیٹ بنک آف پاکستان اور دوسری ری انشوررز اور کو انشوررز کی پورے عرصے کے دوران مسلسل مدد اور رہنمائی کے شکرگزار ہیں اور ہم اپنے معزز کلائنٹس کے مسلسل اعتماد پر ان کے بھی شکرگزار ہیں۔

منجانب بورڈ

بتاریخ: اگست، 27، 2020

مقام: لاہور


گورہر ایوب خان
(چیف ایگزیکٹو آفیسر)


رضا خان خٹک
(ڈائریکٹر)



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF UNIVERSAL INSURANCE COMPANY LIMITED ("THE COMPANY")

Report on review of condensed interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Universal Insurance Company Limited (the company)** as at **June 30, 2020** and the related 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 and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for preparation and presentation of these condensed 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 condensed interim financial statements based on our review. The figures of condensed interim statement of profit or loss and the condensed interim statement of other comprehensive income for the three months period ended June 30, 2020 and the related comparative information have not been reviewed as we are required to review only the cumulative figures for the six-month period ended June 30, 2020.

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 condensed 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 condensed interim financial statements as at June 30, 2020 and for the six months period then ended, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements of the company for the year ended December 31, 2019 were audited by another firm of chartered accountants who vide their report dated April 29, 2020 expressed an unmodified opinion thereon.

The engagement partner on the review resulting in the independent auditor's report is Shoaib Ahmad Waseem.

Lahore;
Date: August 27, 2020

JUNAIDY SHOAIB ASAD
CHARTERED ACCOUNTANTS



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

		Un-audited June 30, 2020	Audited Dec 31, 2019
		Rupees in thousand	
Assets	Note		
Property and equipment	7	190,273	191,912
Investment property		26,177	26,177
Investments in Associates	8	234,930	254,919
Investments			
- equity securities	9	112,553	130,736
- debt securities	10	55,141	54,680
Loans and other receivables		35,094	32,844
Insurance / reinsurance receivables	11	113,447	122,692
Reinsurance recoveries against outstanding claims		32,372	26,203
Deferred commission expense		3,108	6,796
Deferred taxation	12	33,191	33,191
Taxation - payments less provisions		8,610	8,766
Prepayments	13	6,574	18,550
Cash and bank balances	14	20,537	46,376
Total Assets		872,007	953,842
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		291,035	291,636
Fair value reserve on available-for-sale investments		232	280
(Accumulated loss) / unappropriated profit		(44,785)	16,356
Total Equity		760,324	822,114
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		41,866	35,375
Unearned premium reserves		20,163	41,338
Premium deficiency reserves		454	-
Unearned reinsurance commission		734	2,594
Long term deposits		92	388
Insurance / reinsurance payables	11.1	37,374	39,627
Unclaimed dividends		555	555
Other creditors and accruals		10,445	11,851
Total Liabilities		111,683	131,728
Contingencies and Commitments	15		
Total Equity and Liabilities		872,007	953,842

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	Gohar Ayub Khan CHIEF EXECUTIVE	Raza Kuli Khan Khattak DIRECTOR	Mrs. Shahnaz Sajjad Ahmed DIRECTOR	Amir Raza PRINCIPAL OFFICER	Ashfaq Ahmed CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR SIX MONTHS PERIOD ENDED JUNE 30, 2020

		For three months period ended		For six months period ended	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		----- (Rupees in thousand) -----			
Net insurance premium	16	16,003	20,518	29,168	24,374
Net insurance claims	17	(9,569)	(5,285)	(9,737)	(6,070)
Premium deficiency		(454)	-	(454)	-
Net commission	18	(3,000)	(4,201)	(5,503)	(4,930)
Insurance claims		(13,023)	(9,486)	(15,694)	(11,000)
Management expenses	19	(22,465)	(20,803)	(39,020)	(34,809)
Underwriting results		(19,485)	(9,771)	(25,546)	(21,435)
Loss on Investments - net	20	21,912	(16,160)	(15,307)	(11,351)
Rental income		263	240	523	476
Other income	21	909	2,026	1,977	2,467
Other expenses	22	(1,378)	(1,269)	(2,625)	(2,190)
Results of operating activities		2,221	(24,934)	(40,978)	(32,033)
Share of (loss) / profit of Associates - net	8	-	629	(19,989)	629
Loss before taxation		2,221	(24,305)	(60,967)	(31,404)
Taxation					
- current		(398)	(457)	(755)	(571)
- deferred		(70)	(126)	(219)	(222)
		(468)	(583)	(974)	(793)
Loss after taxation		1,753	(24,888)	(61,941)	(32,197)
		----- Rupee -----			
Loss per share (after taxation)	26	0.04	(0.50)	(1.24)	(0.64)

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	Gohar Ayub Khan CHIEF EXECUTIVE	Raza Kuli Khan Khattak DIRECTOR	Mrs. Shahnaz Sajjad Ahmed DIRECTOR	Amir Raza PRINCIPAL OFFICER	Ashfaq Ahmed CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- (Rupees in thousand) -----				
Loss for the period after taxation	1,753	(24,888)	(61,941)	(32,197)
Other comprehensive loss				
Unrealised loss on available-for-sale investments	103	(73)	(68)	(43)
Deferred tax asset on remeasurement of available-for-sale investments	(30)	20	20	12
	73	(53)	(48)	(31)
Total comprehensive loss for the period	1,826	(24,941)	(61,989)	(32,228)

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.


 Lt. Gen (R) Ali Kuli Khan Khattak
 CHAIRMAN


 Gohar Ayub Khan
 CHIEF EXECUTIVE


 Raza Kuli Khan Khattak
 DIRECTOR


 Mrs. Shahnaz Sajjad Ahmed
 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, 2020

	Attributable to equity holders of the Company						
	Share capital	Capital Reserves			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, 2018 - audited	500,000	13,824	18	282,051	235	11,981	808,109
Transfer from revaluation surplus on buildings on account of incremental depreciation	-	-	-	(722)	-	722	-
Deferred tax adjustment	-	-	-	209	-	-	209
Miscellaneous items of Associates accounted for under equity method	-	-	-	(218)	-	218	-
Loss for the six months period ended June 30, 2019	-	-	-	-	-	(32,197)	(32,197)
Other comprehensive loss for the six months period ended June 30, 2019	-	-	-	-	(31)	-	(31)
Total comprehensive loss for the six months period ended June 30, 2019	-	-	-	-	(31)	(32,197)	(32,228)
Balance as at June 30, 2019 - un-audited	500,000	13,824	18	281,320	204	(19,276)	776,090
Profit for the six months period ended December 31, 2019	-	-	-	-	-	34,532	34,532
Other comprehensive income / (loss) for the six months period ended December 31, 2019	-	-	-	-	76	(50)	26
Total comprehensive income / (loss) for the six months period ended December 31, 2019	-	-	-	-	76	34,482	34,558
Transfer from revaluation surplus on buildings on account of incremental depreciation	-	-	-	(734)	-	734	-
Deferred tax adjustment	-	-	-	213	-	-	213
Miscellaneous items of Associates accounted for under equity method	-	-	-	10,837	-	416	11,253
Balance as at December 31, 2019 - audited	500,000	13,824	18	291,636	280	16,356	822,114
Transfer from revaluation surplus on buildings on account of incremental depreciation	-	-	-	(688)	-	688	-
Deferred tax adjustment	-	-	-	199	-	-	199
Miscellaneous items of Associates accounted for under equity method	-	-	-	(112)	-	112	-
Loss for the six months period ended June 30, 2020	-	-	-	-	-	(61,941)	(61,941)
Other comprehensive loss for the six months period ended June 30, 2020	-	-	-	-	(48)	-	(48)
Total comprehensive loss for the six months period ended June 30, 2020	-	-	-	-	(48)	(61,941)	(61,989)
Balance as at June 30, 2020 - Un-audited	500,000	13,824	18	291,035	232	(44,785)	760,324

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

 Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Raza Kuli Khan Khattak DIRECTOR	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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CONDENSED INTERIM STATEMENT CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Six months period ended	
	June 30, 2020	June 30, 2019
	Rupees in thousand	
Cashflows from operating activities		
a) Underwriting activities		
Insurance premium received	29,132	51,368
Reinsurance premium paid	(9,039)	(17,699)
Claims paid	(14,627)	(5,658)
Reinsurance and other recoveries received	5,212	2,571
Commission paid	(9,167)	(9,044)
Commission received	955	2,014
Management expenses paid	(32,783)	(29,138)
Net cash outflows from underwriting activities	(30,317)	(5,586)
b) Other operating activities		
Income tax paid	(599)	(387)
Other operating payments	(2,775)	(2,340)
Other operating receipts	192	700
Loans advanced	(1,248)	(341)
Other receipts / (payments) - net	4,478	(5,041)
Net cash inflows / (outflows) from other operating activities	48	(7,409)
Total cash outflows from all operating activities	(30,269)	(12,995)
Cash flows from investing activities		
Profit / return received	4,236	2,624
Rental received	523	476
Payment for investments	(5,794)	-
Proceeds from redemption of investments	5,500	15,000
Fixed capital expenditure	(435)	(87)
Proceeds from sale of fixed assets	400	63
Total cash inflows from investing activities	4,430	18,076
Cash flows from financing activities	-	-
Net cash (outflows) / inflows from all activities	(25,839)	5,081
Cash and cash equivalents at beginning of the period	46,376	26,464
Cash and cash equivalents at end of the period	20,537	31,545



Reconciliation to Condensed Interim Statement of Profit or Loss

	Six months period ended	
	June 30, 2020	June 30, 2019
	Rupees in thousand	
Operating cash flows	(30,269)	(12,995)
Depreciation expense	(1,865)	(1,649)
Provision for doubtful insurance / reinsurance receivables	(1,799)	(1,830)
Gain on disposal of fixed assets	190	26
Decrease in assets other than cash	(14,847)	(2,435)
Decrease / (increase) in liabilities	22,153	(1,722)
	<u>(26,437)</u>	<u>(20,605)</u>
Other adjustments		
Loss on investments	(15,307)	(11,351)
Share of (loss) / profit of associates - net	(19,989)	629
Change in premium deficiency reserve	(454)	-
Rental income	523	476
Provision for leave encashment	(1,872)	(1,566)
Sale of scrap	-	2
Profit on savings accounts	1,595	218
	<u>(35,504)</u>	<u>(11,592)</u>
Loss after taxation	<u>(61,941)</u>	<u>(32,197)</u>

Definition of cash:

Cash comprises of cash in hand, bank balances and other deposits, which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

Cash for the purposes of the Condensed Interim Statement of Cash Flows consists of:




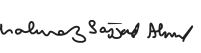


Cash and cash equivalents

Cash-in-hand	150	83
Deposit with State Bank of Pakistan	-	15,000

Current and other accounts

Current accounts	5,270	15,702
Saving accounts	15,117	760
	<u>20,387</u>	<u>16,462</u>
Total cash and cash equivalents	<u>20,537</u>	<u>31,545</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

					
Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	Gohar Ayub Khan CHIEF EXECUTIVE	Raza Kuli Khan Khattak DIRECTOR	Mrs. Shahnaz Sajjad Ahmed 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, 2020

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, 2019: 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.

These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. The figures of the condensed interim statement of profit or loss and statement of other comprehensive income for the quarters ended June 30, 2020 and 2019 have not been reviewed by the statutory auditors of the Company as the auditors have reviewed the cumulative figures for the six months period ended June 30, 2020. 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, 2019.

3. Basis of measurement

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.

4. 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, 2019.



4.1 Insurance and financial risk management

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, 2019.

4.2 Functional and presentational currency

This condensed interim financial information is presented in Pakistani Rupees, which is also the Company's functional currency.

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

5.1 Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on January 01, 2020 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 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs. The amendments do not have any impact on the Company's condensed interim financial statements.

5.2 In addition to above, the following standards, amendments and interpretations to accounting and reporting standards would be effective for the dates mentioned below against the respective standards, amendments and interpretations:

Standards, amendments and interpretations	Effective date (accounting period beginning on or after)
- IFRS 17, Insurance contracts	January 01, 2023
- IFRS 9, Financial instruments	January 01, 2022*

* The management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in note 25 to these condensed interim financial statements.

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, 2019.



7. Property and equipment - Operating assets

Un-audited **Audited**
June 30, **Dec 31,**
2020 **2019**
Rupees in thousand

Opening book value	191,912	191,519
Additions / revaluation made during the period / year:		
- furniture and fixture	16	-
- office equipment	43	87
- computer equipment	23	49
- vehicles	353	3,872
	435	4,008
Book values of assets disposed-off during the period / year:		
- vehicles	(209)	(211)
Depreciation charge for the period / year	(1,865)	(3,404)
Closing book value	190,273	191,912

8. Investments in Associates - Quoted

Bannu Woollen Mills Ltd. (BWM)

Carrying value at beginning of the year	2,610	2,428
8,940 (2019: 8,940) ordinary shares of Rs. 10 each		
Share of loss after taxation	(24)	(35)
Changes in comprehensive loss	-	(1)
share of items directly recognized in equity	-	24
share of surplus on revaluation of property, plant and equipment	-	194
	2,586	2,610

Ghandhara Industries Ltd. (GIL)

Carrying value at beginning of the year	252,309	265,126
2,368,296 (2019: 2,368,296) ordinary shares of Rs. 10 each		
Share of loss after taxation	(19,965)	(23,793)
Changes in comprehensive loss	-	(49)
share of items directly recognized in equity	-	45
share of surplus on revaluation of property, plant and equipment	-	10,980
	232,344	252,309
	234,930	254,919

8.1 Market values of the Company's investments in BWM and GIL as at June 30, 2020 were Rs.292 thousand (December 31, 2019: Rs.311 thousand) and Rs.286.564 million (December 31, 2019: Rs.315.646 million) respectively.



9. Investments in equity securities

		Un-audited June 30, 2020	Audited Dec 31, 2019
	Note	Rupees in thousand	
Available-for-sale investments	9.1	501	569
Investments at fair value through profit or loss	9.2	112,052	130,167
		112,553	130,736

9.1 Available-for-sale investments

	No. of shares / units as at June 30, 2020	June 30, 2020			No. of shares / units as at Dec. 31, 2019	December 31, 2019		
		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)	-	49,000	490	(490)	-
Pakistan National Shipping Corporation	888	24	43	67	888	24	59	83
Mutual fund								
JS Growth Fund	2,968	135	299	434	2,867	135	351	486
		649	(148)	501		649	(80)	569

9.2 Investments at fair value through profit or loss

Mutual funds	No. of units	Cost	Un- realised loss	Carrying and fair value
June 30, 2020		----(Rupees in thousand)----		
HBL Growth and Cash Fund	13,959	520	(298)	222
NBP Islamic Stock Fund	11,817,196	125,036	(13,206)	111,830
			(13,504)	112,052
December 31, 2019				
HBL Growth and Cash Fund	13,609	520	(251)	269
NBP Islamic Stock Fund	11,817,196	125,036	4,862	129,898
			4,611	130,167

10. Investments in debt securities (Held to maturity)

	No. of certificates		Face value	Value of certificates	
	Un-audited June 30, 2020	Audited Dec. 31, 2019		Un-audited June 30, 2020	Audited Dec. 31, 2019
				----- (Rupees in thousand) -----	
Pakistan Investment Bonds - PIBs (including accrued interest)	8	8	54,500	55,141	54,680



10.1 Profit on PIBs is received bi-annually. Market value of these PIBs as at June 30, 2020 was Rs.51.674 million (December 31, 2019: Rs.51.627 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

Unsecured and considered good

Un-audited Audited
June 30, Dec. 31,
2020 2019
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	108,927	116,538
Due from reinsurers	35,020	34,855
Less: provision for impairment of due from other insurers / reinsurers	(30,500)	(28,701)
	113,447	122,692
	113,447	122,692

11.1 The balances as at June 30, 2019 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, 2020 and December 31, 2019.

12. Deferred taxation

Deferred tax recognised as at June 30, 2020 has been restricted to Rs.33.191 million (December 31, 2019: Rs.33.191 million) and balance deferred tax asset amounting Rs. 19.246 million (December 31, 2019: Rs.22.743 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.

Un-audited Audited
June 30, Dec. 31,
2020 2019
Rupees in thousand

13. Prepayments

Prepaid reinsurance premium ceded	5,578	17,678
Others	996	872
	6,574	18,550



	Un-audited June 30, 2020	Audited Dec. 31, 2019
	Rupees in thousand	
14. Cash and bank balances		
Cash and cash equivalents		
Cash-in-hand	150	33
Cash at commercial banks		
- Current accounts	5,270	4,901
- Savings accounts	15,117	41,442
	20,387	46,343
Deposits maturing within 12 months		
Term deposit receipts	855	855
Provision for impairment	(855)	(855)
	-	-
	20,537	46,376

15. Contingencies and commitments

15.1 There has been no significant change in the status of contingencies as disclosed in notes 23.1 to 23.9 to the Company's audited financial statements for the year ended December 31, 2019.

15.2 No commitments were outstanding as at June 30, 2020 and December 31, 2019.

16. Net insurance premium

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in thousand)			
Written gross premium	23,176	43,345	29,132	51,368
Add: unearned premium reserve opening	23,461	13,218	41,338	14,331
Less: unearned premium reserve closing	20,163	19,986	20,163	19,986
Premium earned	26,474	36,577	50,307	45,713
Less: reinsurance premium ceded	4,165	12,052	9,038	17,699
Add: prepaid reinsurance premium opening	11,884	8,696	17,679	8,329
Less: prepaid reinsurance premium closing	5,578	4,689	5,578	4,689
Reinsurance expense	10,471	16,059	21,139	21,339
	16,003	20,518	29,168	24,374

17. Net insurance claims expense

Claims paid	13,344	3,407	14,627	5,658
Add: outstanding claims including IBNR closing	41,866	45,007	41,866	45,007
Less: outstanding claims including IBNR opening	39,286	41,161	35,375	41,365
Claims expense	15,924	7,253	21,118	9,300
Less: reinsurance and other recoveries received	4,511	1,045	5,212	2,571
Add: reinsurance and other recoveries in respect of outstanding claims closing	32,372	35,406	32,372	35,406
Less: reinsurance and other recoveries in respect of outstanding claims opening	30,528	34,483	26,203	34,747
Reinsurance and other recoveries revenue	6,355	1,968	11,381	3,230
	9,569	5,285	9,737	6,070



18. Net commission expense

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in thousand -----			
Commission paid or payable	3,487	7,151	4,630	8,710
Add: deferred commission expense opening	3,980	2,398	6,796	2,436
Less: deferred commission expense closing	3,108	3,082	3,108	3,082
Net commission	4,359	6,467	8,318	8,064
Less: commission received or recoverable	455	1,402	955	2,014
Add: unearned reinsurance commission opening	1,638	1,593	2,594	1,849
Less: unearned reinsurance commission closing	734	729	734	729
Commission from reinsurers	1,359	2,266	2,815	3,134
	3,000	4,201	5,503	4,930

19. Management expenses

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in thousand -----			
Employees' benefit cost	17,412	15,869	29,855	26,136
Travelling	30	410	283	525
Advertisements and business promotion	80	67	95	80
Printing and stationery	129	158	172	197
Depreciation	937	830	1,865	1,649
Rent, rates and taxes	275	53	350	103
Legal and professional charges - business related	528	419	1,124	873
Electricity, gas and water	397	439	765	681
Entertainment	57	199	242	396
Vehicles' running	1,322	898	1,592	1,511
Office repairs and maintenance	51	87	162	142
Bank charges	10	7	24	15
Postage, telegrams and telephone	260	240	501	458
Annual supervision fee SECP	25	25	50	50
Provision for doubtful insurance / reinsurance receivables	881	1,041	1,799	1,830
Miscellaneous	71	61	141	163
	22,465	20,803	39,020	34,809

20. Loss on investments - net

Income from debt securities (held to maturity)

- Return on fixed income securities and deposits	1,385	945	2,808	2,068
Net unrealised loss on investments at fair value through profit or loss	20,527	(17,105)	(18,115)	(13,419)
	21,912	(16,160)	(15,307)	(11,351)



21. Other income

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in thousand -----			
Income from financial assets				
Profit on savings accounts	527	46	1,595	218
Payable balances written-back	-	1,522	-	1,522
	527	1,568	1,595	1,740
Income from non-financial assets				
Fronting fee	192	432	192	699
Gain on disposal of fixed assets	190	26	190	26
	382	458	382	727
	909	2,026	1,977	2,467

22. Other expenses

Legal & professional fees other than business related	175	60	321	365
Auditors' remuneration	477	543	627	693
Donations	58	-	58	-
Subscription	180	185	393	373
Insurance	370	370	774	520
Office expenses	82	82	170	141
Repair and maintenance of computer equipment	25	17	70	34
Others	11	12	212	64
	1,378	1,269	2,625	2,190

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, 2020	June 30, 2019
	Nature of transaction	Rupees In thousand	
Janana De Malucho Textile Mills Ltd. (an Associated Company)	Salaries & benefits - shared expenses charged	980	972
Key management personnel	Salaries and other benefits	16,476	14,540
Key management personnel	Loan for Personal use	2,000	-



24. Segment Information

Six months period ended June 30, 2020

	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)	8,566	2,362	17,706	772	29,406
Less: Federal excise duty	0	164	78	12	254
Federal insurance fee	0	13	6	1	20
Gross written premium (inclusive of administrative surcharge)	8,566	2,185	17,622	759	29,132
Gross direct premium	0	1,242	575	87	1,904
Facultative inward premium	8,566	920	17,027	668	27,181
Administrative surcharge	0	23	20	4	47
Insurance premium earned	21,393	1,374	22,242	5,298	50,307
Insurance premium ceded to reinsurers	17,193	797	391	2,758	21,139
Net insurance premium	4,200	577	21,851	2,540	29,168
Commission income	2,371	102	0	342	2,815
Net underwriting income	6,571	679	21,851	2,882	31,983
Insurance claims	14,047	2,038	3,481	1,552	21,118
Insurance claims recovered from reinsurers	11,667	939	(1,402)	177	11,381
Net claims	2,380	1,099	4,883	1,375	9,737
Commission expense	4,253	277	2,923	865	8,318
Management expenses	11,473	2,927	23,603	1,017	39,020
Premium deficiency expense	2,248	(1,595)	695	(894)	454
Net insurance claims and expenses	20,354	2,708	32,104	2,363	57,529
Underwriting result	(13,783)	(2,029)	(10,253)	519	(25,546)
Net loss on investments					(15,307)
Rental income					523
Other income					1,977
Other expenses					(2,625)
Share of loss of associates - net					(19,989)
Loss before taxation					(60,967)
As at June 30, 2020 (Un-audited)					
Segment assets	88,709	14,606	39,366	11,824	154,505
Unallocated assets					717,502
					872,007
Segment liabilities	60,542	12,742	23,614	3,693	100,591
Unallocated liabilities					11,092
					111,683

Six months period ended June 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)	12,223	12,133	25,467	1,814	51,637
Less: Federal excise duty	0	166	75	9	250
Federal insurance fee	0	13	5	1	19
Gross written premium (inclusive of administrative surcharge)	12,223	11,954	25,387	1,804	51,368
Gross direct premium	-	1,259	479	69	1,807
Facultative inward premium	12,223	10,676	24,892	1,735	49,526
Administrative surcharge	0	19	16	0	35
Insurance premium earned	12,223	11,954	25,387	1,804	51,368
Insurance premium ceded to reinsurers	16,111	12,102	14,851	2,649	45,713
Net insurance premium	12,640	6,587	178	1,934	21,339
Commission income	3,471	5,515	14,673	715	24,374
Net underwriting income	2,016	840	0	278	3,134
Insurance claims	5,487	6,355	14,673	993	27,508
Insurance claims recovered from reinsurers	2,194	1,158	6,076	(128)	9,300
Net claims	1,798	764	604	64	3,230
Commission expense	396	394	5,472	(192)	6,070
Management expenses	3,201	2,417	2,003	443	8,064
Net insurance claims and expenses	8,354	8,006	17,057	1,392	34,809
Underwriting result	11,951	10,817	24,532	1,643	48,943
Net income on investments	(6,464)	(4,462)	(9,859)	(650)	(21,435)
Rental income					(11,351)
Other income					476
Other expenses					2,467
Share of profit of Associates - net					(2,190)
Loss before taxation					629
As at December 31, 2019 (Audited)					(31,404)
Segment assets	89,926	23,796	45,551	14,096	173,369
Unallocated assets					780,473
					953,842
Segment liabilities	63,330	14,467	30,434	10,703	118,934
Unallocated liabilities					12,794
					131,728



25. Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosure, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9.

25.1 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3) Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

30 June 2020											
Particulars	Note	Available for sale	Held to maturity	Other financial assets	Cash and Cash Equivalents	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
.....Rupees in Thousand.....											
Financial assets - measured at FVTOCI											
Equity Share - Qouted		67	-	-	-	-	67	67	-	-	67
Financial assets - measured at FVTPL											
Mutual Funds		112,486	-	-	-	-	112,486	112,486	-	-	112,486
Financial assets - measured at amortized cost											
Debt Securities		-	55,141	-	-	-	55,141	-	-	-	-
Loans and other receivables		-	-	35,094	-	-	35,094	-	-	-	-
Insurance / reinsurance receivables		-	-	113,447	-	-	113,447	-	-	-	-
Reinsurance recoveries against outstanding claims		-	-	32,372	-	-	32,372	-	-	-	-
Prepayments		-	-	6,574	-	-	6,574	-	-	-	-
cash and bank		-	-	-	20,537	-	20,537	-	-	-	-
		112,553	55,141	187,487	20,537	-	375,718	112,553	-	-	112,553
Financial liabilities - measured at amortized cost											
Underwriting provisions:											
Outstanding claims (including IBNR)		-	-	-	-	41,866					
Insurance / reinsurance payables		-	-	-	-	37,374					
other creditors and accruals		-	-	-	-	10,445					
Unclaimed dividends		-	-	-	-	555					
Long term deposits		-	-	-	-	92					
		-	-	-	-	90,332	-	-	-	-	-



31 December 2019											
Particulars	Note	Available for sale	Held to maturity	Other financial assets	Cash and Cash Equivalents	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees in Thousand.....											
Financial assets - measured at FVTOCI											
Equity Share - Quoted		569	-	-	-	-	569	569	-	-	569
Financial assets - measured at FVTPL											
Mutual Funds		130,167	-	-	-	-	130,167	130,167	-	-	130,167
Financial assets - measured at amortized cost											
Debt Securities		-	54,680	-	-	-	54,680	-	-	-	-
Loans and other receivables		-	-	32,844	-	-	32,844	-	-	-	-
Insurance / reinsurance receivables		-	-	122,692	-	-	122,692	-	-	-	-
Reinsurance recoveries against outstanding claims		-	-	26,203	-	-	26,203	-	-	-	-
Prepayments		-	-	18,550	-	-	18,550	-	-	-	-
cash and bank		-	-	-	46,376	-	46,376	-	-	-	-
		130,736	54,680	200,289	46,376	-	432,081	130,736	-	-	130,736
Financial liabilities - measured at amortized cost											
Underwriting provisions:											
Outstanding claims (including IBNR)		-	-	-	-	35,375	35,375	-	-	-	-
Insurance / reinsurance payables		-	-	-	-	39,627	39,627	-	-	-	-
other creditors and accruals		-	-	-	-	11,851	11,851	-	-	-	-
Unclaimed dividends		-	-	-	-	555	555	-	-	-	-
Long term deposits		-	-	-	-	388	388	-	-	-	-
		-	-	-	-	87,796	87,796	-	-	-	-

26. Loss per share

There is no dilutive effect on the basic earnings per share which is based on:

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- (Rupees in thousand) -----			
Loss after taxation for the period	1,753	(24,888)	(61,941)	(32,197)
Weighted average number of shares	50,000	50,000	50,000	50,000
Loss after tax rupees per share	0.04	(0.50)	(1.24)	(0.64)

27. 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 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.

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

28. 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 27, 2020.

Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	Gohar Ayub Khan CHIEF EXECUTIVE	Raza Kuli Khan Khattak DIRECTOR	Mrs. Shahnaz Sajjad Ahmed DIRECTOR	Amir Raza PRINCIPAL OFFICER	Ashfaq Ahmed CHIEF FINANCIAL OFFICER



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