

STANDARD INSURANCE COMPANY LIMITED



HALF YEARLY (UNAUDITED) REPORT 2019



STANDARD INSURANCE COMPANY LIMITED

COMPANY INFORMATION

Board of Directors	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mr. Anwar ur Rehman Mrs. Rukhsana Mansoor Munir Ahmed Mrs. Farzana Ismail Ahmed Mrs. Farhana Sayeed Mr. Saeed ur Rehman (Managing Director & Chief Executive)
Managing Director/CEO	Mr. Saeed ur Rehman
Board Audit Committee	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mr. Anwar ur Rehman
Board Human Resources & Remuneration Committee	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy
Board of Directors	Mrs. Rukhsana Mansoor Munir Ahmed
CFO & Company Secretary	Mr. Muhammad Ishtiaq Khan
Compliance Officer	Mr. Muhammad Ishtiaq Khan
Auditors	Horwath Hussain Chaudhury & Co. Chartered Accountants
Legal Advisor	Rais & Co., (Advocates)
Bankers	National Bank of Pakistan
Registered & Head Office	2nd Floor, Standard Insurance House I.I. Chundrigar Road, Karachi.



STANDARD INSURANCE COMPANY LIMITED

DIRECTORS REPORT

The Director of your Company present the Un-audited Half Yearly Report for the Year 2019 to the Members of the Company and inform you that our Insurance activities have remained suspended but we continue to meet our financial and statutory obligation under the Law.

The Company in its annual general meeting held on May 30, 2018 has resolved to surrender the insurance license and has applied to Securities and Exchange Commission of Pakistan (the 'Commission') for the same. It was also approved in the meeting that the Company will apply for the de-listing from Pakistan Stock Exchange and the same has been applied also. Once these matters are resolved the Company shall seek new lines of business which includes renting out the building owned by Company after making structural improvements.

Let us all pray to Almighty Allah for bestowing His blessings on us and to give us the strength for successfully facing the challenging days ahead.

For the BOARD OF DIRECTORS

Chairman



STANDARD INSURANCE COMPANY LIMITED

To the members of STANDARD INSURANCE COMPANY LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of Standard Insurance Company Limited ("the Company") as at June 30, 2019 and the related condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred as the 'condensed interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information 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 information 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 of adverse conclusion

- I. As disclosed under head 'Insurance/Re-insurance payable' to the financial statement, the Company has recorded a liability of Rs. 4.4 million which are outstanding for a number of years. As part of our audit procedure, we had sent confirmations to the parties but have not received responses. In the absence of any other alternate audit procedures, we were unable to determine whether any adjustments might have been



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found necessary in respect of the related disclosure and balances in the financial statement.

- II. As at the reporting date, the Company has accumulated loss of Rs. 27.418 million. Further, the insurance license has been suspended since the year 2002. The Company has applied for surrendering of license and also for de listing. These circumstances, along with the inability of the Company to meet the minimum solvency requirement and sizeable decline in business activities, indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the financial statements have been prepared on a going concern basis. In our opinion, Management's use of the going concern assumption in the financial statements is inappropriate.

Adverse Conclusion

Because of the significance of matters discussed in the preceding paragraph, the accompanying condensed interim financial information as at June 30, 2019; is not prepared in all material aspects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the quarters ended June 30, 2018 and June 30, 2017 in the condensed interim statement of comprehensive income has not been presented by the management.

HORWATH HUSSAIN CHAUDHURY & Co.
Chartered Accountants

Place: Karachi
Date: 26th August 2019



STANDARD INSURANCE COMPANY LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT June 30, 2019

		Jun 30, 2019	Dec 31, 2018
	Note	-----Rupees-----	
ASSETS			
Property and equipment		112,599	112,599
Investment property	6	15,263,824	16,067,183
Loans and other receivables	7	10,540,442	10,489,942
Taxation		807,523	807,523
Cash and bank		117,328	731,485
Total Assets		<u>26,841,716</u>	<u>28,208,732</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		10,000,000	10,000,000
Accumulated loss		<u>(27,418,847)</u>	<u>(26,680,469)</u>
Total Equity		<u>(17,418,847)</u>	<u>(16,680,469)</u>
Liabilities			
Borrowings - Director		38,448,756	38,977,394
Retirement benefits obligation		605,635	605,635
Insurance / reinsurance payables		4,417,738	4,417,738
Other creditors and accruals		713,214	813,214
Provision for taxation		75,220	75,220
Total Liabilities		<u>44,260,563</u>	<u>44,889,201</u>
Total Equity and Liabilities		<u>26,841,716</u>	<u>28,208,732</u>
Contingencies and commitments	8		

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED JUNE 30, 2019

	Jun 30, 2019	Jun 30, 2018
Note	-----Rupees-----	
Management expenses	(1,781,486)	(394,520)
Underwriting results	<u>(1,781,486)</u>	<u>(394,520)</u>
Rental income	1,099,244	524,768
Results of operating activities	<u>(682,242)</u>	<u>130,248</u>
(Loss)/profit before taxation	<u>(682,242)</u>	<u>130,248</u>
Taxation	(56,136)	-
(Loss)/profit after taxation	<u>(738,378)</u>	<u>130,248</u>
Other comprehensive income:		
Other comprehensive income for the period	-	-
Total comprehensive (loss)/income for the period	<u>(738,378)</u>	<u>130,248</u>
(Loss)/Earning per share - basic and diluted	9 <u>(0.074)</u>	<u>0.013</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED JUNE 30, 2019

	Jun 30, 2019	Jun 30, 2018
	-----Rupees-----	
Operating cash flows		
General management expenses paid	(1,781,486)	(667,220)
Net cash (outflow) from other operating activities	(1,781,486)	(667,220)
Total cash (outflow) from operating activities	(1,781,486)	(667,220)
Investment activities		
Rental income	1,099,244	969,362
other income	-	386,385
Total cash inflow from investing activities	1,099,244	1,355,747
Net cash (outflow) / inflow from all activities	(682,242)	688,527
Cash and cash equivalents at beginning of the period	799,570	49,642
Cash and cash equivalents at end of the period	117,328	738,169
Reconciliation to profit and loss account		
Depreciation / amortisation expense	-	(667,220)
Rental income	1,099,244	-
Decrease in liabilities other than borrowings	(1,781,486)	1,355,747
Profit/(loss) after taxation	(682,242)	688,527

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2019

	Share capital Issued, subscribed and paid-up share capital	Revenue reserves Accumulated loss	Total shareholders' equity
	----- Rupees -----		
Balance as at July 01, 2018	10,000,000	(28,568,793)	(18,568,793)
Net profit for the half year ended December 31, 2018	-	1,888,324	1,888,324
Balance as at December 31, 2018	<u>10,000,000</u>	<u>(26,680,469)</u>	<u>(16,680,469)</u>
Balance as at January 01, 2019	10,000,000	(26,680,469)	(16,680,469)
Net loss for the half year ended June 30, 2019	-	(738,378)	(738,378)
Balance as at June 30, 2019	<u>10,000,000</u>	<u>(27,418,847)</u>	<u>(17,418,847)</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2019

1. STATUS AND NATURE OF BUSINESS

- 1.1. Standard Insurance Company Limited (the Company) was incorporated on December 19, 1967 as a public limited Company under the repealed Companies Act, 1913 (repealed by Companies Ordinance, 1984 and further repealed by Companies Act 2017) and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The registered office of the Company is situated at 2nd Floor, Standard Insurance House, I.I. Chundrigar Road, Karachi.
- 1.2. In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Insurance Rules, 2017, the minimum solvency requirement (i.e. excess of admissible assets over liabilities) is Rs 150 million. The Company is not meeting the minimum solvency requirement as at December 31, 2018.
- 1.3. The license of the Company has been suspended since the year 2000 due to various non-compliances.
- 1.4. The Company in its annual general meeting held on May 30, 2018 has resolved to surrender the insurance license and has applied to Securities and Exchange Commission of Pakistan (the "Commission") for the same. It was also approved in the meeting that the Company will apply for the de-listing from Pakistan Stock Exchange and the same has been applied also. Once these matters are resolved the Company shall seek new lines of business which includes renting out the building owned by Company after making structural improvements.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the six months period ended June 30, 2019 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan - Insurance Rules, 2017 and International Accounting Standard 34 - Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2018.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values. Accrual basis of accounting has been used except for cash flow information.

These are separate condensed interim financial statements of the Company in which investments in subsidiaries are accounted for on the basis of cost of investment rather than on the basis of reported results. Condensed interim financial information has been prepared and presented separately.



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4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information is in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2018.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Certain amendments and interpretations to approved accounting standards became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

		Jun 30, 2019	Jun 30, 2018
	Note	----- Rupees -----	
6. INVESTMENT PROPERTY			
Opening value		16,067,183	16,912,824
Charged for the year		(803,359)	(845,641)
Closing value		<u>15,263,824</u>	<u>16,067,183</u>
Rate of depreciation (%)		<u>5%</u>	<u>5%</u>
7. LOANS AND OTHER RECEIVABLES			
Rent receivable	7.1	9,260,152	9,209,652
Accrued investment income		-	-
Deposit	7.2	1,090,500	1,090,500
Loans to employees		189,790	189,790
		<u>10,540,442</u>	<u>10,489,942</u>

- 7.1** The Company has filed an appeal for the fixation and increment of rent per square feet in the court of District Judge Karachi South against the order (No. 1366,1368/2001, dated 21.10.2010) passed by VII-Rent Controller Karachi South. After hearing the appeal, the court in its judgment has ordered to increase the rent at the rate of Rs. 4 per square feet from August 31, 2001 with a annual increment of 10% after every three years. This amount represents the balance receivable from the tenants upto June 30 2019.



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7.2 The Civil Court in suit No. 508/2004 filed by the Pakistan Re-Insurance Limited against the Company passed a decree for the payment of sum amounting to Rs. 1,195,533. The Company has filed an appeal against the said order and paid Rs. 1,090,500 under protest. The management is confident for the recovery of said amount.

8 CONTINGENCIES AND COMMITMENTS

The status of contingencies remain unchanged as disclosed in the annual financial statements as of December 31, 2018.

9 EARNING / (LOSS) PER SHARE - basic and diluted

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for

	Jun 30, 2 0 1 9	Jun 30, 2 0 1 8
	----- Rupees -----	
Profit after tax for the period	<u>(738,378)</u>	<u>130,248</u>
	--- Number in thousand ---	
Weighted average number of shares	<u>10,000</u>	<u>10,000</u>
	-----Rupees-----	
Basic and diluted (loss) / earning per share	<u>(0.074)</u>	<u>0.013</u>

10 GENERAL

Figures have been rounded off to the nearest thousand rupees.

11 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on 22nd August 2019

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant reclassifications were made during the current period.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer