



alpha
Insurance Company Limited

A subsidiary of State Life Insurance Corporation of Pakistan

FINANCIAL STATEMENTS
(Unaudited)

Quarter Ended March 31, 2017

(Signature)
 Chairman

State Life Insurance Corporation
 100, Park Road, Lahore - 54000
 Tel: 37321111, 37321112, 37321113
 Fax: 37321114, 37321115
 Email: info@slc.com.pk



Insurance Company Limited
A subsidiary of State Life Insurance Corporation of Pakistan

DIRECTORS' REVIEW

The Board of Directors is placing before you the unaudited financial statements of the Company for the first quarter ended 31st March 2017.

Business Overview:

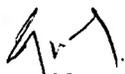
The summarized results for the first quarter are as follows:

| | 31 st March 2017 | 31 st March 2016 |
|-------------------------------------|-----------------------------|-----------------------------|
| Premium Written | 28,592,058 | 29,637,057 |
| Net premium revenue | 27,255,509 | 17,785,857 |
| Underwriting loss | (11,046,787) | (18,236,506) |
| Investment income | 6,693,500 | 4,328,885 |
| Loss before tax | (9,265,756) | (19,555,548) |
| Loss after tax | (6,486,032) | (14,880,400) |
| Profit available for appropriations | 199,636,960 | 206,654,092 |
| Earnings per share | (0.16) | (0.37) |

As you are aware that your company has been facing the issue of decrease in revenue since long due to which we are continuously bearing the losses despite the good investment income. To cater the situation new MD/CEO has been appointed in April 2017 and we trust that his dynamic leadership and vast experience will bring your company into the profitable one.

For and on behalf of the Board

Karachi: May 31st, 2017


Ghufraan Memon
Chairman





ai

Alpha

Insurance Company Limited

A subsidiary of State Life Insurance Corporation of Pakistan

ڈائریکٹرز جائزہ

بورڈ آف ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والی پہلی سہ ماہی کے کمپنی کے غیر آڈٹ شدہ مالیاتی گوشواروں کو پیش کرتے ہیں۔

کاروباری جائزہ

پہلی سہ ماہی کے نتائج کا مالی خلاصہ درج ذیل ہے:

| 2016 مارچ 31 | 2017 مارچ 31 | |
|--------------|--------------|---------------------------------|
| 29,637,057 | 28,592,058 | انڈر رائٹنگ پر بیمہ |
| 17,785,857 | 27,255,509 | نیٹ پر بیمہ ریویو |
| (18,236,506) | (11,046,787) | انڈر رائٹنگ نقصان |
| 4,328,885 | 6,693,500 | سرمایہ کاری کی آمدنی |
| (19,555,548) | (9,265,756) | نقصان قبل از ٹیکس |
| (14,880,400) | (6,486,032) | نقصان بعد از ٹیکس |
| 206,654,092 | 199,636,960 | نفع دستیاب برائے appropriations |
| (0.37) | (0.16) | ارنگ فی شیئر |

جیسا کہ آپ کو معلوم ہے کہ آپ کی کمپنی کو آمدنی میں مسلسل کمی کے مسئلے کا سامنا ہے جس کے باعث اچھی سرمایہ کاری آمدنی کے باوجود ہم مسلسل نقصان برداشت کر رہے ہیں۔ اس صورتحال سے نمٹنے کیلئے اپریل 2017 میں نئے CEO/MD کو مقرر کیا گیا اور ہمیں بھروسہ ہے کہ ان کی متحرک قیادت اور وسیع تجربہ کمپنی کو مسلسل نقصان کی بحرانی کیفیت سے نکال پائے گی۔

برائے و منجانب بورڈ

عبدالغفران
چیئر مین

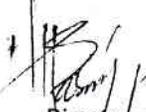
ع

Quaghere

Alpha Insurance Company Limited
 Balance Sheet
 As At March 31, 2017

| | 2017 Rupees | 2016 Rupees |
|---|-----------------------------|-----------------------------|
| SHARE CAPITAL AND RESERVES | | |
| Authorized share capital | <u>500,000,000</u> | <u>500,000,000</u> |
| Issued, subscribed and paid-up capital | 403,600,000 | 403,600,000 |
| Retained earnings | 199,636,960 | 206,122,992 |
| Reserves | 10,175,000 | 10,175,000 |
| Shareholders' equity | 613,411,960 | 619,897,992 |
| LIABILITIES | | |
| Underwriting provisions | | |
| Provision for outstanding claims (including IBNR) | 420,584,289 | 198,988,834 |
| Provision for unearned premium | 59,057,565 | 72,294,491 |
| Premium Deficiency Reserve | 12,667,810 | 19,610,021 |
| Commission income unearned | 5,423,048 | 5,753,868 |
| Total underwriting provisions | 497,732,712 | 296,647,214 |
| Creditors and Accruals | | |
| Amounts due to other insurers / reinsurers | 89,014,160 | 103,075,459 |
| Accrued expenses | 33,487,359 | 34,608,813 |
| Other creditors and accruals | 49,962,091 | 48,293,276 |
| | 172,463,610 | 185,977,548 |
| Unclaimed dividend | 3,011,260 | 3,011,260 |
| Total liabilities | 673,207,582 | 485,636,022 |
| TOTAL EQUITY AND LIABILITIES | <u>1,286,619,542</u> | <u>1,105,534,014</u> |


 Chief Executive


 Director


 Director


 Chairman



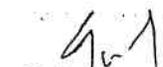
Alpha Insurance Company Limited
 Balance Sheet
 As At March 31, 2017

| | 2017 Rupees | 2016 Rupees |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash and bank deposits | | |
| Cash and other equivalent | 414,424 | 226,505 |
| Current and other accounts | 92,918,260 | 22,094,188 |
| Deposits maturing within 12 months | - | 75,000,000 |
| | <u>93,332,684</u> | <u>97,320,693</u> |
| Investments | 629,731,971 | 636,388,384 |
| Deferred taxation | 33,085,457 | 29,395,718 |
| Other Assets | | |
| Premiums due but unpaid | 52,003,579 | 61,178,663 |
| Amounts due from other insurers/ reinsures | 29,222,515 | 33,966,669 |
| Accrued investment income | 9,427,121 | 19,984,830 |
| Reinsurance recoveries against outstanding claims | 351,880,778 | 137,403,653 |
| Taxation - Payments less provision | 39,269,641 | 37,511,437 |
| Deferred commission expense | 11,369,673 | 13,195,827 |
| Prepayments | 24,915,383 | 25,709,828 |
| Sundry receivables | 5,730,382 | 6,113,761 |
| | <u>523,819,072</u> | <u>335,064,668</u> |
| Fixed assets - tangible and intangible | | |
| Tangible | | |
| Furniture And Fixtures | 4,611,717 | 4,875,092 |
| Office Equipment | 779,947 | 856,090 |
| Computer Equipment | 379,819 | 403,385 |
| Motor Vehicles | 878,875 | 1,229,984 |
| | <u>6,650,358</u> | <u>7,364,551</u> |
| TOTAL ASSETS | <u><u>1,286,619,542</u></u> | <u><u>1,105,534,014</u></u> |


 Chief Executive


 Director


 Director


 Chairman



Alpha Insurance Company Limited
Profit and Loss Account

For the Quarter Ended March 31, 2017

| | Fire and Property | Marine, Aviation and Transport | Motor | Accident and Health | Bond | Other | Total 2017 | Total 2016 |
|--|-------------------|--------------------------------|-------------|---------------------|-----------|-------------|--------------------|---------------------|
| Rupees | | | | | | | | |
| Revenue Account | | | | | | | | |
| Net Premium Revenue | 4,793,289 | 9,062,687 | 7,989,966 | 2,165,885 | (268,169) | 3,511,851 | 27,255,509 | 17,785,857 |
| Net Claims | (14,110,923) | (5,639,772) | (4,705,958) | (1,128,099) | - | 1,363,318 | (24,221,434) | (6,093,059) |
| Premium Deficiency Expense | (2,424,242) | 993,838 | - | 1,732,619 | - | 6,639,996 | 6,942,211 | (6,813,830) |
| Management Expenses | (7,717,841) | (4,230,960) | (2,918,795) | (16,770) | (702,236) | (1,333,580) | (16,920,182) | (20,818,287) |
| Net Commission | (1,858,877) | (887,724) | (763,866) | (108,244) | 17,914 | (502,094) | (4,102,891) | (2,297,187) |
| Underwriting Results | (21,318,594) | (701,931) | (398,653) | 2,645,391 | (952,491) | 9,679,491 | (11,046,787) | (18,236,506) |
| Investment Income | | | | | | | 6,693,500 | 4,328,885 |
| Other Income | | | | | | | 752,470 | 260,699 |
| General and Administrative Expenses | | | | | | | (5,664,939) | (5,908,626) |
| Profit for the period before Taxation | | | | | | | (9,265,756) | (19,555,548) |
| Provision for Taxation | | | | | | | 2,779,724 | 4,675,148 |
| Profit / (Loss) after Tax | | | | | | | <u>(6,486,032)</u> | <u>(14,880,400)</u> |
| Balance at commencement of the year | | | | | | | 206,122,992 | 221,534,492 |
| Profit (Loss) for the period | | | | | | | (6,486,032) | (14,880,400) |
| Balance at end of the period | | | | | | | <u>199,636,960</u> | <u>206,654,092</u> |
| Earnings per share-basic and diluted | | | | | | | <u>(0.16)</u> | <u>(0.37)</u> |

Chief Executive

Director

Director

Chairman

Dunghan

Alpha Insurance Company Limited
Statement of Changes in Equity
For the Quarter Ended March 31, 2017

| | Issued, subscribed and paid-up capital | Capital Reserves Reserve for exceptional losses * | Revenue Reserves | | Total Share holders' equity |
|---|--|---|------------------|-------------------|-----------------------------|
| | | | General reserve | Retained earnings | |
| Balance as at January 01, 2016 | 403,600,000 | 3,355,000 | 6,820,000 | 221,534,492 | 635,309,492 |
| (Rupees) | | | | | |
| Changes in equity for the year ended December 31, 2015. | | | | | |
| Profit after tax for the year | | | | | |
| Re-measurement of post employment benefit obligation (restated) | | | | (15,474,564) | (15,474,564) |
| | | | | 63,064 | 63,064 |
| Balance as at December 31, 2016 | 403,600,000 | 3,355,000 | 6,820,000 | 206,122,992 | 619,897,992 |
| Balance as at January 01, 2017 | 403,600,000 | 3,355,000 | 6,820,000 | 206,122,992 | 619,897,992 |
| Changes in equity for the year ended March 31, 2017 | | | | | |
| Profit / (Loss) after tax for the period | | | | | |
| Bonus share issued (25% of total shares) | | | | | |
| Right Shares issued. | | | | (6,486,032) | (6,486,032) |
| Re-measurement of post employment benefit obligation - net of tax | | | | | |
| Balance as at March 31, 2017 | 403,600,000 | 3,355,000 | 6,820,000 | 199,636,960 | 613,411,960 |

* The reserve for exceptional losses represent amount set aside in prior years to avail the deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of Income Tax Ordinance, 1979, which does not permit the said deduction, the company discontinued the setting aside of amounts thereafter as reserve for exceptional losses set aside up to December 31, 1978


Chief Executive


Director


Director


Chairman

Alpha Insurance Company Limited
Statement of Cash Flows
For the Quarter Ended March 31, 2017

| | 2017 (Rupees) | 2016 (Rupees) |
|--|---------------------|---------------------|
| Operating Cash Flows | | |
| a) Underwriting activities | | |
| Premium received | 37,767,142 | 24,703,584 |
| Reinsurance premiums paid | (27,655,921) | (13,373,389) |
| Claims paid | (41,201,020) | (12,868,072) |
| Reinsurance and other recoveries received | 24,097,916 | 5,159,377 |
| Commissions paid | (5,298,659) | (6,712,915) |
| Commission received | 7,780,590 | 20,074,452 |
| Other underwriting payments | (15,468,239) | (19,794,901) |
| Net cash from / (used in) underwriting activities | (19,978,191) | (2,811,864) |
| b) Other operating activities | | |
| Income tax paid | (2,668,219) | (2,730,461) |
| General management expenses paid | (7,279,172) | (9,315,247) |
| Other operating payments | (2,386,871) | (834,145) |
| Other operating receipts | 4,462,822 | 260,699 |
| Net cash (used in) other operating activities | (7,871,440) | (12,619,154) |
| Total cash (used in) all operating activities | (27,849,631) | (15,431,018) |
| Investment activities | | |
| Profit / return received | 23,578,410 | 26,517,086 |
| Dividends received | 1,048,249 | 527,324 |
| Payments made for investments | (86,435,650) | (39,317,396) |
| Proceeds from disposal of Investment | 85,716,613 | 21,163,271 |
| Fixed capital expenditure | (46,000) | 3 |
| Proceeds from disposal of fixed assets | - | - |
| Total cash (used in) / from investing activities | 23,861,622 | 8,890,288 |
| Financing Activities | | |
| Dividend paid | - | - |
| Issue of Right Shares | - | - |
| Net cash from / (used in) financing activities | - | - |
| Net (decrease) in cash and cash equivalents | (3,988,009) | (6,540,730) |
| Cash at the beginning of the year | 97,320,693 | 33,151,043 |
| Cash at the end of the period | 93,332,684 | 26,610,313 |

P. Maghori

Alpha Insurance Company Limited
Statement of Cash Flows
For the Quarter Ended March 31, 2017

| | 2017 (Rupees) | 2016 (Rupees) |
|--|---------------------------|----------------------------|
| Reconciliation to Profit and Loss account | | |
| Operating Cash flow | (27,849,631) | (15,431,018) |
| Depreciation expense | (760,193) | (830,719) |
| Increase (decrease) in assets other than cash | 199,312,113 | (16,883,899) |
| (Increase) decrease in liabilities | (187,571,560) | 9,162,454 |
| Investment and other income | 6,693,500 | 4,328,885 |
| Deferred tax charge / (reversal) | 3,689,739 | 4,773,897 |
| Profit/(Loss) after taxation | <u>(6,486,032)</u> | <u>(14,880,400)</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. However, cash held with State Bank of Pakistan and margin held by banks have been excluded.

Cash for the purpose of the Statement of Cash Flows consists:

| | | |
|----------------------------|--------------------------|--------------------------|
| Cash and other equivalent | 414,424 | 332,088 |
| Current and other accounts | 92,918,260 | 26,278,225 |
| | <u>93,332,684</u> | <u>26,610,313</u> |


 Chief Executive


 Director


 Director


 Chairman



Alpha Insurance Company Limited
Statement of Premiums
For the Quarter Ended March 31, 2017
 Business Underwritten Inside Pakistan

| Class | Premium Written | Unearned Premium Reserve | | Premiums Earned | Re-insurance Ceded | Prepaid Re-insurance Premium Ceded | | Re-insurance Expense | Net Premium Revenue | |
|-----------------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------|------------------------------------|-------------------|----------------------|---------------------|-------------------|
| | | Opening | Closing | | | Opening | Closing | | 2017 | 2016 |
| Rupees | | | | | | | | | | |
| Direct and Facultative | | | | | | | | | | |
| 1. Fire and Property Damage | 13,041,760 | 32,282,968 | 31,717,715 | 13,607,013 | 8,584,547 | 17,199,278 | 16,970,101 | 8,813,724 | 4,793,289 | 3,919,877 |
| 2. Marine, Aviation and Transport | 7,149,560 | 8,232,202 | 3,908,992 | 11,472,770 | 2,620,900 | 1,228,861 | 1,439,678 | 2,410,083 | 9,062,687 | 3,207,192 |
| 3. Motor | 4,932,238 | 15,738,401 | 11,513,626 | 9,157,013 | 1,081,162 | 2,290,262 | 2,204,377 | 1,167,047 | 7,989,966 | 7,137,948 |
| 4. Accidental and Health | 28,339 | 3,832,611 | 1,695,065 | 2,165,885 | - | - | - | - | 2,165,885 | 1,151,301 |
| 5. Bond | 1,186,652 | 1,863,153 | 2,468,363 | 581,442 | 761,650 | 1,647,806 | 1,559,845 | 849,611 | (268,169) | 554,750 |
| 6. Others | 2,253,509 | 10,345,156 | 7,753,804 | 4,844,861 | 546,363 | 3,048,228 | 2,261,581 | 1,333,010 | 3,511,851 | 1,814,789 |
| Total | 28,592,058 | 72,294,491 | 59,057,565 | 41,828,984 | 13,594,622 | 25,414,435 | 24,435,582 | 14,573,475 | 27,255,509 | 17,785,857 |


 Chief Executive



 Director


 Director


 Chairman

Alpha Insurance Company Limited
 Statement of Claims
 For the Quarter Ended March 31, 2017
 Business Underwritten Inside Pakistan

| Class | Claims Paid | Outstanding Claims | | Claims Expense | Recoveries Receipt Basis | Re-insurance / Other Recoveries | | Recoveries Revenue | Net Claims Expense | | |
|---|-------------------|--------------------|--------------------|--------------------|--------------------------|---------------------------------|--------------------|--------------------|--------------------|------------------|--|
| | | Opening | Closing | | | Opening | Closing | | 2017 | 2016 | |
| Rupees | | | | | | | | | | | |
| For the Quarter Ended March 31, 2017 | | | | | | | | | | | |
| 1. Fire and Property Damage | 1,805,533 | 98,265,862 | 347,403,374 | 250,943,045 | 504,947 | 79,051,821 | 315,378,996 | 236,832,122 | 14,110,923 | (23,944) | |
| 2. Marine, Aviation and Transport | 5,825,701 | 14,133,066 | 15,668,452 | 7,361,087 | 1,713,203 | 9,937,355 | 9,945,467 | 1,721,315 | 5,639,772 | 1,356,129 | |
| 3. Motor | 3,237,200 | 22,092,126 | 24,201,884 | 5,346,958 | - | 1,929,000 | 2,570,000 | 641,000 | 4,705,958 | 2,361,507 | |
| 4. Accidental and Health | 1,481,030 | 352,931 | - | 1,128,099 | - | - | - | - | 1,128,099 | 1,514,308 | |
| 5. Bond | - | - | - | - | - | - | - | - | - | - | |
| 6. Others | 28,851,556 | 64,144,849 | 33,310,579 | (1,982,714) | 21,879,766 | 46,485,477 | 23,986,315 | (619,396) | (1,363,318) | 885,059 | |
| Total | 41,201,020 | 198,988,834 | 420,584,289 | 262,796,475 | 24,097,917 | 137,403,653 | 351,880,777 | 238,575,041 | 24,221,434 | 6,093,059 | |


 Chief Executive


 Director


 Director


 Chairman

Alpha Insurance Company Limited
Statement of Expenses
For the Quarter Ended March 31, 2017
Business Underwritten Inside Pakistan

| Class | Commission Paid/Payable | Deferred Commission Expense | | Commission Expense | Management Expenses | Underwriting Expenses | Commission Income | Net Underwriting Expenses | |
|-----------------------------------|-------------------------|-----------------------------|-------------------|--------------------|---------------------|-----------------------|-------------------|---------------------------|-------------------|
| | | Opening | Closing | | | | | 2017 | 2016 |
| Direct and Facultative | | | | | | | | | |
| 1. Fire and Property Damage | 2,900,536 | 8,722,719 | 7,613,133 | 4,010,122 | 7,717,841 | 11,727,963 | 2,151,245 | 9,576,718 | 9,532,435 |
| 2. Marine, Aviation and Transport | 1,741,183 | 746,938 | 948,501 | 1,539,620 | 4,230,960 | 5,770,580 | 651,896 | 5,118,684 | 5,248,764 |
| 3. Motor | 485,125 | 1,374,870 | 1,096,129 | 763,866 | 2,918,795 | 3,682,661 | - | 3,682,661 | 6,540,809 |
| 4. Accidental and Health | 1,417 | 191,523 | 84,696 | 108,244 | 16,770 | 125,014 | - | 125,014 | 127,947 |
| 5. Bond | 202,197 | 429,584 | 413,037 | 218,744 | 702,236 | 920,980 | 236,658 | 684,322 | 93,321 |
| 6. Others | 313,535 | 1,730,193 | 1,214,177 | 829,551 | 1,333,580 | 2,163,131 | 327,457 | 1,835,674 | 1,572,198 |
| Total | 5,643,993 | 13,195,827 | 11,369,673 | 7,470,147 | 16,920,182 | 24,390,329 | 3,367,256 | 21,023,073 | 23,115,474 |

Rupees


Chief Executive



Director


Director


Chairman

Alpha Insurance Company Limited
Statement of Investment Income
For the Quarter Ended March 31, 2017

| For the Quarter Ended March 31, | |
|---------------------------------|------|
| 2017 | 2016 |

Income from non-trading investment

Loans and receivables

Return on Term Deposit Receipts

316,232

Held to maturity

Return on government securities

13,054,619

13,347,223

Return on Term Finance Certificates

-

1,119,450

Amortisation of discount / (premium)

82,125

387,629

13,452,976

14,854,302

Available for Sale

Dividend income

615,974

527,324

Gain on sales of available for sale investment

-

218,886

615,974

746,210

Provision for impairment in value of investments

Appreciation/(diminution) in value of available for Sale of Investment.

(7,375,450)

(11,271,627)

Total investment income

6,693,500

4,328,885


 Chief Executive


 Director


 Director


 Chairman



Alpha Insurance Company Limited
Notes to the Interim Condensed (UnAudited) Financial Statements
March 31, 2017

1 THE COMPANY AND ITS OPERATIONS

Alpha Insurance Company Limited is a public limited company incorporated in Pakistan in 1951. The registered office of the company is situated at 4th Floor, Building 1-B, State Life Square, off I. I. Chundrigar Road, Karachi. The parent enterprise of the company is State Life Insurance Corporation of Pakistan holding 94% shares of the company. The company is engaged in General Insurance business.

2 BASIS OF PREPARATIONS

These condensed interim financial statements are un-audited and should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2016

3 ACCOUNTING POLICIES

The accounting policies applied in preparation of these financial statements are the same as those applied in preparation of previous annual audited financial statements.

4 DATE OF ISSUE

The Board of Directors has authorised these financial statements for issue on May 31, 2017.

5 GENERAL

Figures have been rounded off to the nearest Rupees.


Chief Executive




Director


Director


Chairman