



FINANCIAL STATEMENTS

(Unaudited)

3rd Quarter ended September 30, 2019

ALPHA INSURANCE COMPANY LTD

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ALPHA INSURANCE COMPANY LTD

Company Information

Board of Directors

Chairman : Ms. Nargis Ghaloo

Directors : Mr. Mushtaq Ahmed Shah

Mr. Farrukh Ahmad Hamidi

Mr. Muhammad Izqar Khan

Mr. Muhammad Rashid

Mr. Mushtaq Ahmad

Mr. Athar Hussain Khokhar

Chief Executive Officer : Mr. Nadeem Bessey

Chief Financial Officer & Company Secretary : Mr. Faraz Ahmed

Registered Officer : 4th Floor, State Life Building No. 1-B,
State Life Square, I.I. Chundrigar Road,
Karachi.

Tel. : 32416041 - 45

Fax : 32419968, 32422478

E-mail : info@alphainsurance.com.pk

Website : www.alphainsurance.com.pk



Directors' Review

alpha

Insurance Company Limited

A subsidiary of State Life Insurance Corporation of Pakistan

We are presenting the unaudited interim condensed financial statements of the Company for nine months ended 30th September 2019.

Business Overview:

The summarized results for Nine months are as follows:

	Quarter ended September 30,		Nine Month ended September 30,	
	2019	2018	2019	2018
	(Rupees)			
Premium Written	35,541,698	21,022,680	82,046,574	61,435,046
Net premium revenue	13,619,612	15,648,720	36,527,324	38,127,240
Management expenses	24,792,399	23,925,011	70,432,127	68,659,433
Underwriting profit / (loss)	(30,598,696)	(6,417,944)	(57,085,713)	(42,981,614)
Net investment income	4,590,899	8,672,368	17,339,844	32,863,378
Other income	2,021,393	275,658	21,362,684	4,098,336
Profit / (loss) before tax	(25,066,519)	1,826,977	(22,618,428)	(9,122,875)
Profit / (loss) after tax	(21,850,923)	2,883,948	(20,107,657)	(9,386,256)
Earning per share (EPS)	(0.44)	0.06	(0.40)	(0.19)

It may be observed that Gross premium increased for the nine month and the quarter as well while net premium has declined as compared to last year. In the current period premium deficiency reserves and unearned premium has significantly increased which adversely impacted the underwriting results of the period. We hope that the reserves will decrease in the next quarter which will give positive impact on underwriting results. The investment income of the company decreased which also adversely impacted the profitability of the company and resulted into loss for the period.

Though the net premium decreased by 4%, underwriting loss increased by 33% and loss after tax increased by 114% but still gross premium increased by 34% which shows better future prospects of the company.

On this occasion the board of directors would like to thank our valued clients/customers, shareholders, the Securities and Exchange Commission of Pakistan, the Management and the staff for their continuous trust, support and hard work.


Nadeem Bessey
Chief Executive Officer

Karachi : Wednesday, November 27, 2019


Muhammad Rashid
Director



Head Office:

Building No. 1-B, State Life Square,
off. I.I. Chundrigar Road, Karachi-74000
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**alpha****Insurance Company Limited**

A subsidiary of State Life Insurance Corporation of Pakistan

ڈائریکٹرز کا جائزہ

30 ستمبر 2019ء کے ختم شدہ نو ماہ کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے آپ کے پیش نظر ہیں۔

بزنس کا جائزہ

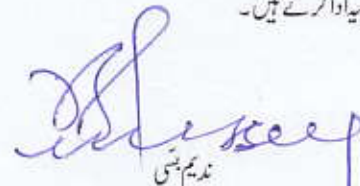
9 ماہ کی مدت کیلئے مختصر آئٹمز مندرجہ ذیل ہیں:

	نوامی اختتام ستمبر 30		سہ ماہی اختتام ستمبر 30		
	2018	2019	2018	2019	
34%	61,435,046	82,046,574	21,022,680	35,541,698	تحریر کردہ پریمیم
-4%	38,127,240	36,527,324	15,648,720	13,619,612	خالص پریمیم آمدنی
3%	68,659,433	70,432,127	23,925,011	24,792,399	ٹیجمنٹ اخراجات
33%	(42,981,614)	(57,085,713)	(6,417,944)	(30,598,696)	انڈر رائٹنگ منافع / (نقصان)
-47%	32,863,378	17,339,844	8,672,368	4,590,899	خالص سرمایہ کاری کی آمدنی
421%	4,098,336	21,362,684	275,658	2,021,393	دیگر آمدنی
148%	(9,122,875)	(22,618,428)	1,826,977	(25,066,519)	منافع / (نقصان) قبل از ٹیکس
114%	(9,386,256)	(20,107,657)	2,883,948	(21,850,923)	منافع / (نقصان) بعد از ٹیکس
	(0.19)	(0.40)	0.06	(0.44)	بنیادی منافع فی شیئر (EPS)

جیسا کہ آپ دیکھ سکتے ہیں کہ نو ماہ نیز سہ ماہی کیلئے مجموعی پریمیم میں اضافہ ہوا۔ جبکہ گزشتہ سال کے مقابلے میں خالص پریمیم میں کمی واقع ہوئی ہے۔ موجودہ مدت میں پریمیم کی کمی کے ذخائر اور غیر بنیادی منافع پریمیم میں نمایاں اضافہ ہوا ہے جس نے اس مدت کے انڈر رائٹنگ نتائج کو منفی متاثر کیا۔ ہم امید کرتے ہیں کہ آئندہ سہ ماہی میں ذخائر کم ہو جائیں گے جو انڈر رائٹنگ نتائج پر مثبت اثر ڈالیں گے۔ کمپنی کی سرمایہ کاری کی آمدنی میں کمی آئی جس نے کمپنی کے منافع پر بھی برا اثر ڈالا اور اس مدت کیلئے نقصان ہوا۔ اگرچہ خالص پریمیم میں 4% کمی واقع ہوئی ہے، انڈر رائٹنگ نقصان میں 33% اضافہ ہوا ہے اور ٹیکس کے بعد نقصان میں 114% اضافہ ہوا ہے لیکن پھر بھی مجموعی پریمیم میں 34% کا اضافہ ہوا ہے جو کمپنی کے مستقبل کے بہتر امکانات کو ظاہر کرتا ہے۔

اس موقع پر ہم آپ کے مسلسل بھروسہ، تعاون اور سخت محنت کیلئے اپنے معزز کلائنٹس / کسٹمرز، شیئرز، ہولڈرز، سیکوریٹیز اینڈ ایجنسیز کی کمیشن آف پاکستان، انتظامیہ اور اسٹاف کا تہہ دل سے شکریہ ادا کرتے ہیں۔


 محمد رشید
 ڈائریکٹر


 ندیم ہاشمی
 چیف ایگزیکٹو آفیسر

کراچی: بدھ 27 نومبر 2019ء


Head Office:


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Alpha Insurance Company Limited
Condensed Interim Statement of Financial Position (Unaudited)
As at September 30, 2019

	Notes	(Unaudited) September 30, 2019	(Audited) December 31, 2018
		(Rupees)	
Assets			
Property and equipment	7	19,676,618	3,865,697
Investments			
Equity securities	8	206,811,135	250,730,242
Debt securities	9	467,464,858	557,302,570
Loans and other receivables	10	7,195,032	16,352,683
Insurance / Reinsurance receivables	11	65,702,993	54,307,940
Reinsurance recoveries against outstanding claims	22	118,978,133	211,643,940
Salvage recoveries accrued		7,882	7,882
Deferred Commission Expense / Acquisition cost	23	7,572,666	5,295,944
Staff retirement benefits		1,410,130	1,410,130
Deferred taxation	12	12,147,089	1,576,152
Taxation - payment less provisions	13	68,827,758	63,293,535
Prepayments	14	15,789,160	18,883,406
Cash and bank	15	77,660,779	31,399,235
Total assets		1,069,244,233	1,216,069,356
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised share capital: [51,000,000 (December 31, 2017: 51,000,000) Ordinary shares of Rs. 10 each]		510,000,000	510,000,000
Issued, subscribed and paid-up capital [50,000,000 (2017: 50,000,000) Ordinary shares of Rs. 10 each]		500,000,000	500,000,000
Reserves		92,068,809	108,889,872
Unappropriated profit		76,604,646	96,712,303
Total equity		668,673,455	705,602,175
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	22	209,516,413	318,692,780
Unearned premium reserves	21	48,147,803	33,943,281
Premium deficiency reserves	16	25,840,644	20,598,586
Unearned reinsurance commission	23	524,915	534,024
Lease Liabilities	17	13,105,823	-
Premium received in advance		1,696,267	7,096,895
Reinsurance / Co-Insurance payables	18	20,829,119	43,008,052
Other creditors and accruals	19	80,909,794	86,593,563
Total liabilities		400,570,778	510,467,181
Total equity and liabilities		1,069,244,233	1,216,069,356
Contingencies and commitments	20		

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chairperson


Director


Director

Alpha Insurance Company Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the Quarter and Nine months period ended September 30, 2019

		Quarter ended September 30,		Nine Month ended September 30,	
	Notes	2019	2018	2019	2018
		(Rupees)			
Net insurance premium	21	13,619,612	15,648,720	36,527,324	38,127,240
Net insurance claims	22	(2,833,300)	(477,506)	(7,359,367)	(15,172,158)
Premium Deficiency	16	(12,658,399)	5,118,980	(5,242,058)	10,983,159
Net commission and other acquisition cost	23	(3,934,210)	(2,783,127)	(10,579,485)	(8,260,422)
Insurance claims and acquisition expenses		(19,425,909)	1,858,347	(23,180,910)	(12,449,421)
Management expenses	24	(24,792,399)	(23,925,011)	(70,432,127)	(68,659,433)
Underwriting results		(30,598,696)	(6,417,944)	(57,085,713)	(42,981,614)
Investment income	25	4,590,899	8,672,368	17,339,844	32,863,378
Other income	26	2,021,393	275,658	21,362,684	4,098,336
Other expenses	27	(575,044)	(703,105)	(2,660,333)	(3,102,975)
		6,037,248	8,244,921	36,042,195	33,858,739
Results of operating activities		(24,561,448)	1,826,977	(21,043,518)	(9,122,875)
Finance cost	17	(505,071)	-	(1,574,910)	-
Profit / (loss) before tax		(25,066,519)	1,826,977	(22,618,428)	(9,122,875)
Provision for taxation - current		(389,620)	(340,214)	(1,189,592)	(928,933)
- deferred		3,605,216	1,397,185	3,700,363	665,552
		3,215,596	1,056,971	2,510,771	(263,381)
Profit / (loss) after tax		(21,850,923)	2,883,948	(20,107,657)	(9,386,256)
Earnings per share	28	(0.44)	0.06	(0.40)	(0.19)

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chairperson


Director


Director



Alpha Insurance Company Limited
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the Quarter and Nine months period ended September 30, 2019

	Quarter ended September 30,		Nine Month ended September 30,	
	2019	2018	2019	2018
	(Rupees)			
Profit / (loss) after taxation	(21,850,923)	2,883,948	(20,107,657)	(9,386,256)
Other comprehensive income for the period				
Items that will be reclassified to profit and loss subsequently				
Unrealised (loss) / gain on revaluation of available-for-sale investment	(307,763)	4,733,672	(23,691,637)	11,242,425
Reclassification adjustment relating to available-for-sale investment gain/(loss) transferred to profit & loss on disposal	-	(6,266)	-	(444,927)
Total unrealized (loss) / gain on available-for-sale investment	(307,763)	4,727,406	(23,691,637)	10,797,498
Deferred tax on available-for-sale investment	89,251	(318,686)	6,870,574	(2,601,468)
	(218,512)	4,408,720	(16,821,063)	8,196,030
Total comprehensive income for the period	(22,069,435)	7,292,668	(36,928,720)	(1,190,226)

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chairperson


Director


Director



Alpha Insurance Company Limited
Condensed Interim Cash Flow Statement (Unaudited)
For the Nine months period ended September 30, 2019

	September 30, 2019	September 30, 2018
	----- (Rupees) -----	
OPERATING ACTIVITIES		
Underwriting activities		
Premiums received	75,580,924	58,357,136
Reinsurance premiums paid	(55,164,524)	(21,310,598)
Claims paid	(98,651,818)	(45,171,420)
Reinsurance and other recoveries received	74,781,892	36,973,632
Commission paid	(17,055,763)	(11,199,869)
Commission received	744,290	368,699
Other underwriting payments	(58,322,603)	(49,831,597)
Net cash (used in) underwriting activities	(78,087,602)	(31,814,017)
Other operating activities		
Income tax paid	(6,723,815)	(14,570,419)
Operating payments	(3,046,674)	(4,347,928)
Operating receipts	256,854	(1,500,700)
Loans advanced	(144,211)	(97,107)
Net cash used in other operating activities	(9,657,846)	(20,516,154)
Net cash used in all operating activities	(87,745,448)	(52,330,171)
INVESTMENT ACTIVITIES		
Profit / return received	50,067,212	37,561,716
Dividends received	5,464,460	5,321,668
Payments made against purchase of investment	(814,295,276)	(141,751,461)
Proceeds from disposal of investments	900,341,405	377,755,823
Fixed capital expenditure	(4,435,137)	(316,107)
Net cash generated from investing activities	137,142,664	278,571,639
FINANCING ACTIVITIES		
Unclaimed dividend paid during the period	(9,810)	-
Operating lease payments	(3,125,862)	-
Net cash used in financing activities	(3,135,672)	-
Net cash flow from all activities	46,261,544	226,241,468
Cash and cash equivalents at the beginning of the period	31,399,235	133,047,960
Cash and cash equivalents at the end of the period	77,660,779	359,289,428

Alpha Insurance Company Limited
Condensed Interim Cash Flow Statement (Unaudited)
For the Nine months period ended September 30, 2019

September 30, September 30,
2019 2018
----- (Rupees) -----

Reconciliation to Profit and Loss account

Operating cash flows	(87,934,449)	(52,330,171)
Depreciation expense	(3,280,990)	(1,402,245)
Increase / (decrease) in assets other than cash	(114,805,025)	(29,131,609)
(Increase) / decrease in liabilities	123,002,226	33,090,969
Other investment income	5,615,960	30,164,853
Other Income	35,742,937	4,098,336
Dividend Income	21,362,684	4,976,393
Profit / (loss) on disposal of investment	-	1,186,112
Adjustment of unrealized gain / (loss) on sale of AFS investments	-	626,658
Deferred tax (expense) / asset recorded during the period		(665,552)
Profit / (Loss) after taxation	(20,296,657)	(9,386,256)

Definition of cash:

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

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

Cash and other equivalents	156,309	301,202
Current and other accounts	77,504,470	28,988,226
Deposits having maturity within 3 months (encashable on demand)	-	330,000,000
Total	77,660,779	359,289,428

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chairperson



Director



Director



Alpha Insurance Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the Nine months period ended September 30, 2019

	Issued, subscribed and paid-up capital	Capital reserve Reserve for exceptional losses *	General reserve	Revenue reserves Revaluation Reserve	Unappropriated profit	Total Share holders' equity
	(Rupees)					
Balance as at January 01, 2018 (restated)	500,000,000	3,355,000	6,820,000	84,829,919	146,047,713	741,052,632
<i>Total comprehensive income for the half year:</i>						
Loss for the Nine month ended September 30, 2018	-	-	-	-	(9,386,256)	(9,386,256)
Other comprehensive income	-	-	-	8,196,030	-	8,196,030
	-	-	-	8,196,030	(9,386,256)	(1,190,226)
Balance as at September 30, 2018	<u>500,000,000</u>	<u>3,355,000</u>	<u>6,820,000</u>	<u>93,025,949</u>	<u>136,661,457</u>	<u>739,862,406</u>
Balance as at January 01, 2019	500,000,000	3,355,000	6,820,000	98,714,872	96,712,303	705,602,175
<i>Total comprehensive income for the half year:</i>						
Loss for the Nine month ended September 30, 2019	-	-	-	-	(20,107,657)	(20,107,657)
Other comprehensive income	-	-	-	(16,821,063)	-	(16,821,063)
	-	-	-	(16,821,063)	(20,107,657)	(36,928,720)
Balance as at September 30, 2019	<u>500,000,000</u>	<u>3,355,000</u>	<u>6,820,000</u>	<u>81,893,809</u>	<u>76,604,646</u>	<u>668,673,455</u>

* The reserve for exceptional losses represents amounts set aside till December 31, 1978 to avail deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of the Repealed Income Tax Ordinance, 1979, which did not permit the said deduction, the Company discontinued the setting aside of amounts thereafter as reserve for exceptional losses.

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chairperson


Director


Director



Alpha Insurance Company Limited
Notes to the Condensed Interim Financial Statements (Unaudited)
For the Nine months period ended September 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited ("the Company") was incorporated in Pakistan on December 24, 1951 under the Indian Companies Act VII of 1913 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on January 23, 1952.

The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi. The Company has 13 (December 31, 2018: 13) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 95.15% (December 31, 2018: 95.15%) shares of the Company.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, and Insurance Accounting Regulations, 2017. Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, 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, Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018.

3 BASIS OF MEASUREMENT

These condensed interim financial statements has been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortised cost as applicable. In addition, obligation in respect of staff retirement benefits is carried at present value.

These condensed interim financial statements has been prepared using the accrual basis of accounting.

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements is presented in Pakistani rupees, which is the Company's functional and presentation currency.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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 and that such estimates and judgments are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

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 annual financial statements as at and for the year ended December 31, 2018.



6 INSURANCE AND FINANCIAL RISK MANAGEMENT

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

7	PROPERTY AND EQUIPMENT		(Un-audited) September 30, 2019	(Audited) December 31, 2018
			(Rupees)	
	Operating assets	7.1	7,218,363	3,865,697
	Right-of-use assets	7.2	12,458,255	-
			<u>19,676,618</u>	<u>3,865,697</u>
7.1	Operating assets			
	Opening book value		3,865,697	5,220,926
	Add: Additions during the period		4,435,137	375,857
	Less: Deletions during the period		-	-
			<u>8,300,834</u>	<u>5,596,783</u>
	Less: Depreciation for the period		(1,082,470)	(1,731,086)
			<u>7,218,364</u>	<u>3,865,697</u>
7.2	Right-of-use assets			
	Balance at 1 January 2019		14,656,775	-
	Depreciation charge for the period		(2,198,520)	-
	Balance at 30 September 2019		<u>12,458,255</u>	<u>-</u>

8 INVESTMENTS IN EQUITY SECURITIES - Available for sale

	September 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	(Rupees)			(Rupees)		
Listed equity securities	125,868,299	(36,604,869)	89,263,430	125,868,299	(16,377,399)	109,490,900
Surplus on revaluation	-	-	117,547,705	-	-	141,239,342
	<u>125,868,299</u>	<u>(36,604,869)</u>	<u>206,811,135</u>	<u>125,868,299</u>	<u>(16,377,399)</u>	<u>250,730,242</u>

9 INVESTMENTS IN DEBT SECURITIES - Held to maturity

	Note	September 30, 20189 (Unaudited)			31 December 2018 (Audited)		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
		(Rupees)			(Rupees)		
Government securities							
- Pakistan investment b	9.1	370,529,158	-	370,529,158	308,310,941	-	308,310,941
- Treasury bills	9.2	96,935,700	-	96,935,700	248,991,629	-	248,991,629
		<u>467,464,858</u>	<u>-</u>	<u>467,464,858</u>	<u>557,302,570</u>	<u>-</u>	<u>557,302,570</u>

9.1 Pakistan Investment Bonds carry profit at rates ranging from 7% to 9.50%.

9.2 Treasury Bills carries profit rate of 13.74%.

	September 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	(Rupees)	
10 LOANS AND OTHER RECEIVABLES - Considered good		
Accrued Investment Income	2,851,709	12,075,868
Security Deposit	1,932,910	1,932,910
Advance against commission to agents	49,999	49,999
Loans To Employees	460,362	316,151
Receivable From Related Party (State life insurance corporation)	1,558,728	1,558,728
Other Receivables	341,324	419,027
	<u>7,195,032</u>	<u>16,352,683</u>
11 INSURANCE / REINSURANCE RECEIVABLES		
- Unsecured and considered good		
Due from insurance contract holders	97,309,456	96,244,434
Less: provision for impairment of receivables from insurance contract holders	(78,210,719)	(78,695,201)
	<u>19,098,737</u>	<u>17,549,233</u>
Due from other insurers / reinsurers	89,209,918	87,309,222
Less: provision for impairment of due from other insurers / reinsurers	(42,605,662)	(50,550,515)
	<u>46,604,256</u>	<u>36,758,707</u>
	<u>65,702,993</u>	<u>54,307,940</u>
12 DEFERRED TAXATION		
Deferred Debits arising in respect of :		
Accelerated tax depreciation on fixed assets	1,727,974	1,636,867
Lease liabilities	3,800,689	-
Provision against premium due but unpaid	22,681,109	22,821,608
Provision for diminution in value of investment	10,615,412	4,749,446
Provision against amount due from other insurers / reinsurers	12,355,642	14,659,649
	-	-
Deferred Credits arising in respect of :		
Right-of-use assets	(3,612,894)	-
Provision for employees' benefits plan	(264,418)	(264,418)
Unrealized gain/(loss) on revaluation of AFS	(35,156,425)	(42,027,000)
	<u>12,147,089</u>	<u>1,576,152</u>
13 TAXATION - Payment less provision		
Opening Balance	63,293,535	47,184,173
Tax paid including deducted at source	6,723,815	17,319,138
Provision for taxation	(1,189,592)	(1,209,776)
Closing Balance	<u>68,827,758</u>	<u>63,293,535</u>
14 PREPAYMENTS		
Prepaid reinsurance premium ceded	15,529,134	18,695,490
Prepaid rent	153,751	187,916
Prepaid miscellaneous expenses	106,275	-
	<u>15,789,160</u>	<u>18,883,406</u>
15 CASH AND BANK DEPOSITS		
Cash and other equivalents		
- cash in hand	94,066	50,000
- stamps in hand	62,243	144,630
Current and other accounts		
- current accounts	(3,224,941)	1,383,745
- saving accounts	80,729,411	29,820,860
	<u>77,660,779</u>	<u>31,399,235</u>

16	PREMIUM DEFICIENCY RESERVES	September 30, 2019 (Un-audited)	December 31, 2018 (Audited)
		----- (Rupees) -----	
	Opening balance	20,598,586	24,043,486
	Provision for the period appreciation/(reduction)	5,242,058	(3,444,900)
	Closing balance	<u>25,840,644</u>	<u>20,598,586</u>

17 Lease Liabilities

Lease liabilities included in the statement of financial position	13,105,823	-
Current	716,823	-
Non current	12,389,000	-

Finance cost on lease liabilities for the months months ended 30 September 2019 was Rs 1.57 million (30 September 2018: Nil). Total cash outflow for leases was Rs 3.13 million.

18	REINSURANCE / CO-INSURANCE PAYABLES	September 30, 2019 (Un-audited)	December 31, 2018 (Audited)
		----- (Rupees) -----	
	Due to other insurers / reinsurers	15,877,199	37,796,132
	Cash margins against performance bonds	4,951,920	5,211,920
		<u>20,829,119</u>	<u>43,008,052</u>

19 OTHER CREDITORS AND ACCRUALS

Agents Commission Payable	37,018,735	40,464,892
Federal Excise Duty	16,619,378	17,094,738
Federal Insurance Fee	-	-
Workers' Welfare Fund	2,197,746	2,197,746
Salaries & Wages Payable	833,161	1,134,747
Accrued Expenses	2,599,341	2,932,290
Compensated absences	2,570,094	2,570,094
Income Tax Liabilities	379,403	172,798
Other Tax Payables	59,829	1,118
Unpaid and Unclaimed Dividend	3,001,450	3,011,260
Accounts payable for goods & services	662,126	1,889,277
Guarantee payable to the Court against claims	10,982,992	10,982,992
Other creditors & accruals	3,985,539	4,141,611
	<u>80,909,794</u>	<u>86,593,563</u>

20 CONTINGENCIES AND COMMITMENTS

The status of contingencies and commitments remain unchanged as disclosed in the financial statement as of December 31, 2018 and June 30, 2019.

21 NET INSURANCE PREMIUM

	Quarterly ended September 30,		Nine Months ended September 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
Written Gross Premium	35,541,698	21,022,680	82,046,574	61,435,046
Add: Unearned premium reserve opening	36,021,253	37,401,821	33,943,281	44,053,707
Less: Unearned premium reserve closing	(48,147,803)	(31,572,605)	(48,147,803)	(31,572,605)
Premium earned	23,415,148	26,851,896	67,842,052	73,916,148
Less: Reinsurance premium ceded	9,598,347	10,136,645	28,148,372	32,881,628
Add: Prepaid reinsurance premium opening	15,726,323	17,563,280	18,695,490	19,424,029
Less: Prepaid reinsurance premium closing	(15,529,134)	(16,496,749)	(15,529,134)	(16,496,749)
Reinsurance expense	9,795,536	11,203,176	31,314,728	35,788,908
	<u>13,619,612</u>	<u>15,648,720</u>	<u>36,527,324</u>	<u>38,127,240</u>

22 NET INSURANCE CLAIMS EXPENSE

Claims paid	6,723,013	9,407,593	98,651,819	45,171,420
Add: Outstanding claims including IBNR closing	209,516,413	423,268,969	209,516,413	423,268,969
Less: Outstanding claims including IBNR opening	(210,654,731)	(427,017,691)	(318,692,780)	(430,990,074)
Claim expense	5,584,695	5,658,871	(10,524,548)	37,450,315
Less: Reinsurance and other recoveries received	2,772,922	7,674,343	74,781,892	36,973,632
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	118,978,133	311,096,725	118,978,133	311,096,725
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	(118,999,660)	(313,589,703)	(211,643,940)	(325,792,200)
Reinsurance and other recoveries revenue	2,751,395	5,181,365	(17,883,915)	22,278,157
	<u>2,833,300</u>	<u>477,506</u>	<u>7,359,367</u>	<u>15,172,158</u>

23 NET COMMISSION / ACQUISITION COST

Commission paid or payable	6,821,081	3,415,208	13,609,606	10,111,375
Add: Deferred commission expense opening	4,973,323	5,231,218	5,295,944	7,168,520
Less: Deferred commission expense closing	(7,572,666)	(5,249,830)	(7,572,666)	(5,249,830)
Net Commission	4,221,738	3,396,596	11,332,884	12,030,065
Less: Commission received or recoverable	309,527	19,588	744,290	368,699
Add: Unearned reinsurance commission opening	502,916	843,026	534,024	3,650,089
Less: Unearned reinsurance commission closing	(524,915)	(249,145)	(524,915)	(249,145)
Commission from reinsurance	287,528	613,469	753,399	3,769,643
	<u>3,934,210</u>	<u>2,783,127</u>	<u>10,579,485</u>	<u>8,260,422</u>

24 MANAGEMENT EXPENSES

Employees benefit cost	24.1	12,308,183	9,602,371	36,577,836	29,724,714
Travel expense		660,776	736,982	1,676,292	1,404,651
Advertisement & sales promotion		188,873	18,000	1,421,898	165,370
Printing and stationery		118,323	325,873	695,856	659,388
Depreciation expense		1,194,924	392,714	3,280,990	1,402,245
Rent, rates and taxes		513,114	1,620,704	1,761,622	5,020,940
Legal and professional charges - business related		1,842,903	1,073,250	3,705,188	3,672,054
Electricity, gas and water		720,192	682,111	1,368,172	1,535,687
Entertainment		212,639	121,275	618,544	457,534
Vehicle running expenses		1,819,661	1,554,313	4,635,295	3,679,389
Office repair and maintenance		189,077	164,620	363,159	1,288,077
Bank charges		47,666	15,890	188,228	44,553
Postages, telegrams and telephone		516,563	407,809	1,406,910	1,147,749
Annual supervision fee SECP		-	417,082	106,278	556,430
Reinsurance Balance Written-off (Net)		-	-	19,347,737	-
Bad and doubtful debts		4,028,289	6,359,546	(8,429,335)	16,651,682
Co-insurance service charges		216,871	349,297	907,824	640,402
Insurance charges		74,250	-	398,255	354,139
Miscellaneous		140,095	83,172	401,378	254,429
		<u>24,792,399</u>	<u>23,925,011</u>	<u>70,432,127</u>	<u>68,659,433</u>

24.1 Employee benefit cost	Quarterly ended September 30,		Nine Months ended September 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
	(Rupees)		(Rupees)	
Salaries, allowance and other benefits	12,058,587	9,373,926	35,889,058	29,025,044
Charges for post employment benefit	249,596	228,445	688,778	699,670
	<u>12,308,183</u>	<u>9,602,371</u>	<u>36,577,836</u>	<u>29,724,714</u>
25 INVESTMENT INCOME				
Income from equity securities - available for sale				
Dividend income	952,708	824,916	5,615,960	4,976,393
Gain on sales of investment	-	-	-	1,186,112
Income from debt securities - held to maturity				
Return on government securities	12,336,674	6,423,921	35,742,937	24,873,346
Return on term finance certificates	-	-	-	-
Amortization of (discount) / premium on government securities / term finance certificates	(1,235,443)	(1,247,624)	(3,791,583)	(4,236,278)
	<u>12,053,939</u>	<u>6,001,213</u>	<u>37,567,314</u>	<u>26,797,573</u>
Income from term deposits				
Return on term deposits	-	5,191,233	-	5,291,507
Realised gains on investments				
- Equity securities	-	-	-	626,658
Total investment income	<u>12,053,939</u>	<u>11,192,446</u>	<u>37,567,314</u>	<u>32,715,738</u>
Less: (Impairment) / Reversal in value of available for sale securities- equity securities	(7,463,040)	(2,520,078)	(20,227,470)	147,640
Net investment income	<u>4,590,899</u>	<u>8,672,368</u>	<u>17,339,844</u>	<u>32,863,378</u>
26 OTHER INCOME				
Income from financial assets				
Return on bank balances	2,021,393	273,658	4,948,616	4,064,338
Income from non-financial assets				
Exchange gain	-	-	256,854	-
Miscellaneous income / (loss)	-	2,000	6,000	34,000
Liabilities written back	-	-	16,151,214	-
	<u>2,021,393</u>	<u>275,658</u>	<u>21,362,684</u>	<u>4,098,336</u>
27 OTHER EXPENSES				
Auditors' remuneration	112,870	236,505	500,359	567,175
Directors' Fees	420,000	460,000	1,740,000	2,380,000
Directors Training and Development	-	-	290,000	-
Fees & Subscription	42,174	6,600	129,974	155,800
	<u>575,044</u>	<u>703,105</u>	<u>2,660,333</u>	<u>3,102,975</u>
28 EARNINGS PER SHARE				
Profit after tax for the period	(21,850,923)	2,883,948	(20,107,657)	(9,386,256)
	(Number of Shares)		(Number of Shares)	
Weighted average number of ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
Basic earnings per share (Rupees)	(0.44)	0.06	(0.40)	(0.19)

29 SEGMENT INFORMATION

The class wise revenues and results are as follows:

Nine months ended September 30, 2019 (Unaudited)

September 30, 2019	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes	2019 Aggregate
(Rupees)							
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	31,122,009	12,861,389	26,237,972	10,289,688	597,140	11,694,674	92,802,872
Less : Federal excise duty / Sales Tax	3,738,880	1,314,926	2,837,759	-	68,572	1,440,539	9,400,676
Federal insurance fee	266,665	108,749	207,432	1,741	5,189	99,862	689,638
Others	40,264	422,388	149,991	6,966	4,730	41,645	665,984
Gross written premium (inclusive of administrative surcharge)	27,076,200	11,015,326	23,042,790	10,280,981	518,649	10,112,628	82,046,574
Gross direct premium	26,706,719	10,637,862	22,344,637	10,278,981	498,927	9,922,799	80,389,925
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	369,481	377,464	698,153	2,000	19,722	189,829	1,656,649
	27,076,200	11,015,326	23,042,790	10,280,981	518,649	10,112,628	82,046,574
Insurance premium earned	19,725,196	9,614,710	18,475,737	7,785,354	1,106,766	11,134,289	67,842,052
Reinsurance expense	(17,471,633)	(6,819,754)	(2,257,700)	-	(642,059)	(4,123,582)	(31,314,728)
Net insurance premium	2,253,563	2,794,956	16,218,037	7,785,354	464,707	7,010,707	36,527,324
Net commission	263,047	(6,832)	42,146	-	183,226	271,812	753,399
Net Underwriting income	2,516,610	2,788,124	16,260,183	7,785,354	647,933	7,282,519	37,280,723
Insurance claims	22,958,602	901,931	(6,276,478)	(6,217,217)	-	(842,290)	10,524,548
Insurance claims recovered from reinsurers	(18,683,968)	515,180	374,200	-	-	(89,327)	(17,883,915)
Net claims	4,274,634	1,417,111	(5,902,278)	(6,217,217)	-	(931,617)	(7,359,367)
Commission expense	(4,618,009)	(2,034,823)	(2,012,929)	(389,258)	(327,908)	(1,949,957)	(11,332,884)
Management expenses	(23,305,687)	(9,481,380)	(19,833,952)	(8,849,297)	(446,424)	(8,704,388)	(70,621,128)
Premium deficiency expense	(7,176,171)	(437,693)	(1,598,469)	2,846,931	639,942	683,402	(5,242,058)
Net insurance claims and expenses	(30,825,233)	(10,536,785)	(29,347,628)	(12,808,841)	(134,390)	(10,902,560)	(94,555,437)
Underwriting result	(28,308,623)	(7,748,661)	(13,087,445)	(5,023,487)	513,543	(3,620,041)	(57,274,714)
Investment income							17,339,844
Other income							21,362,684
Other expenses							(2,660,333)
							36,042,195
Results of operating activities							(21,232,519)
Segment Assets	72,430,308	27,468,715	47,985,551	17,678,060	8,605,842	31,220,177	205,388,653
Unallocated Assets							863,666,580
	72,430,308	27,468,715	47,985,551	17,678,060	8,605,842	31,220,177	1,069,055,233
Segment liabilities	211,147,049	16,772,884	35,992,332	13,888,065	7,982,029	9,762,571	295,544,930
Unallocated liabilities							105,025,848
	211,147,049	16,772,884	35,992,332	13,888,065	7,982,029	9,762,571	400,570,778

Nine months ended September 30, 2018 (Unaudited)

September 30, 2018	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes	2018 Aggregate
(Rupees)							
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	20,677,947	9,568,690	16,578,606	8,609,986	3,627,778	10,677,967	69,740,974
Less : Federal excise duty / Sales Tax	2,396,126	873,871	2,041,447	-	433,800	1,390,190	7,135,434
Federal insurance fee	167,880	81,796	142,742	2,889	31,418	91,982	518,707
Others	45,113	433,490	99,453	11,556	20,830	41,345	651,787
Gross written premium (inclusive of administrative surcharge)	18,068,828	8,179,533	14,294,964	8,595,541	3,141,730	9,154,450	61,435,046
Gross direct premium	8,369,689	2,135,188	5,748,469	286,900	756,122	3,250,614	20,546,982
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	115,566	79,435	200,242	2,000	27,321	51,134	475,698
	8,485,255	2,214,623	5,948,711	288,900	783,443	3,301,748	21,022,680
Insurance premium earned	13,963,821	2,653,558	5,628,516	444,714	753,242	3,408,048	26,851,899
Reinsurance expense	(5,834,460)	(3,070,236)	(801,973)	-	(285,284)	(1,211,226)	(11,203,179)
Net insurance premium	8,129,361	(416,678)	4,826,543	444,714	467,958	2,196,822	15,648,720
Net commission	434,071	(709)	5,771	-	80,363	93,973	613,469
Net Underwriting income	8,563,432	(417,387)	4,832,314	444,714	548,321	2,290,795	16,262,189
Insurance claims	1,443,278	106,703	(4,806,203)	(2,112,760)	-	(289,887)	(5,658,869)
Insurance claims recovered from reinsurers	1,169,970	22,954	3,411,781	-	-	576,659	5,181,364
Net claims	2,613,248	129,657	(1,394,422)	(2,112,760)	-	286,772	(477,505)
Commission expense	(1,628,729)	(609,352)	(609,817)	(22,211)	(140,741)	(385,746)	(3,396,596)
Management expenses	(9,656,705)	(2,520,368)	(6,769,973)	(328,785)	(891,603)	(3,757,577)	(23,925,011)
Premium deficiency expense	5,033,932	46,653	-	67,810	(31,263)	1,848	5,118,980
Net insurance claims and expenses	(3,638,254)	(2,953,410)	(8,774,212)	(2,395,946)	(1,063,607)	(3,854,703)	(22,680,132)
Underwriting result	4,925,178	(3,370,797)	(3,941,898)	(1,951,232)	(515,286)	(1,563,908)	(6,417,943)
Investment income							32,863,378
Other income							4,098,336
other expenses							(3,102,975)
							33,858,739
Results of operating activities							27,440,796

December 31, 2018 (Audited)

Decemebtr 31, 2018	Fire & property	Marine, aviation & transport	Motor	Accident and Health	Bond	Other classes	2018 Aggregate
(Rupees)							
Segment Assets	101,465,833	39,612,525	67,006,802	25,025,359	12,702,260	44,138,418	289,951,197
Unallocated Assets							926,118,159
	101,465,833	39,612,525	67,006,802	25,025,359	12,702,260	44,138,418	1,216,069,356
Segment liabilities	318,395,996	23,330,623	35,963,628	16,898,731	10,887,577	18,397,063	423,873,618
Unallocated liabilities							86,593,563
	318,395,996	23,330,623	35,963,628	16,898,731	10,887,577	18,397,063	510,467,181

30 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017.

31 DATE OF AUTHORIZATION

This condensed interim financial statements was authorized for issue on 27-11-2019 by the Board of Directors of the Company.



Chief Executive Officer



Chairperson



Director



Director

