



PGI

**The Pakistan General
Insurance Company Limited**

**Half Yearly Report
For the Period Ended
June 30, 2020**



Company Information

Board of Directors

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

Chief Executive Officer

Ch. Mazhar Zahoor

Company Secretary

Ch. Mohsin Ali

Audit Committee

Malik Ejaz Nazir
Muhammad Haroon
Ch. Habibullah

Investment committee

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

Human Resource Committee

Nasira Raees
Malik Ejaz Nazir
Ch. Habibullah

Underwriting Committee

Ch. Mazhar Zahoor
Zahid Iqbal Zia
Tariq Qureshi

Claims Committee

Nasira Raees
Siddiq Sabir
Zaheer Ahmed

Reinsurance and Coinsurance Committee

Ch. Habibullah
Muhammad Maqsood Peracha
Khawar Munir

Legal Advisors

Mr. Ahmad Ali Ranjah (Advocate High Court)

Auditors

Muniff Ziauddin & Co.
Chartered Accountants

Tax Consultants

Kamran & Co.
Chartered Accountants

Share Registrar

Corplink (Private) Limited

Registered and Head Office

PGI House, 5-A Bank Square
The Mall Lahore

Contacts

Tel.:	+92(42)3732-4404	+92(42)3722-3244
Fax.:	+92(42)3723-0895	+92(42)3723-0634
Email:	info@pgi.com.pk	
Web:	www.pgi.com.pk	

Directors' Review Report to the Shareholders

The Board of Directors of "The Pakistan General Insurance Company Limited" ("the Company") is pleased to present the unaudited but reviewed (limited) condensed interim financial statements for the half year ended June 30, 2020.

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

	Jun 30 / 2020 Rupees	Jun 30 / 2020 Rupees	Increase / (Decrease) Rupees	% age
Underwriting				
Net premiums revenue	-	(9,187,488)	(9,187,488)	-100.00%
Underwriting results	(20,324,225)	(38,719,045)	18,394,820	-47.51%
Investments				
In properties	262,470,436	291,228,660	(28,758,224)	-9.87%
Investment income	2,262,419	1,560,347	701,982	44.99%
Profitability / Equity				
Share capital	464,014,500	464,014,500	-	0.00%
Underwriting losses	(20,324,225)	(38,719,045)	18,394,820	-47.51%
(Loss) before tax	(10,160,078)	(49,725,848)	39,565,770	-79.57%

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

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

For and on behalf of the Board

**-sd-
Chairperson**

Lahore.
August 28, 2020

دی پاکستان جنرل انشورنس کمپنی لمیٹڈ کے ڈائریکٹرز کمپنی کے چھ ماہ کے غیر اڈٹ شدہ مالیاتی حساب 30 جون 2020 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔
6 ماہ کے نتائج کا تقابلی جائزہ درج ذیل ہے۔

	Jun 30 / 2020 Rupees	Jun 30 / 2020 Rupees	Increase / (Decrease) Rupees	% age
Underwriting				
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(Loss) before tax	(10,160,078)	(49,725,848)	39,565,770	-79.57%

انشورنس آرڈیننس 2000 کے تحت آئی سی سی پی نے نے ایک آرڈر ایشو کیا ہے جس کے خلاف کمپنی نے نظرثانی کی درخواست دائر کر رکھی ہے معاملہ ابھی زیر التوا ہے تاہم قانونی ٹیم کی رائے حاصل کرنے کے بعد بادی النظر میں مینیجمنٹ سمجھتی ہے کہ معاملے کا حتمی فیصلہ کمپنی کے حق میں جاری ہوگا

کمپنی ان چیلنجز سے بخوبی آگاہ ہے جو کہ معیشت کو درپیش ہیں افراط زر اور توانائی کے بڑھتے ہوئے بحران کی صورت میں ملکی معیشت کو پہلے ہی متاثر کر چکے ہیں ہم امید رکھتے ہیں کہ مائیکرو اور معاشی چیلنجز پر مستقبل قریب میں قابو پا لیا جائے گا جس سے انڈسٹری کی پیداوار کے لیے حوصلہ افزاء صورتحال پیدا ہو جائے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

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چیئرمین

لاہور 28 اگست 2020

INDEPENDENT AUDITOR’S REVIEW REPORT

To the members of the Pakistan General Insurance Company

Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Pakistan General Insurance Company Limited (the Company) as at June 30, 2020 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim financial statement of comprehensive income for the three months period ended June 30, 2020 have not been reviewed as we are required to review only cumulative figures for 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 interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

- a) Securities and Exchange Commission of Pakistan (SECP) vide its order dated June 07, 2017 under section 11(1) (f) and section 12(1) and (4) read with section 63 (1) and section 156 of the Insurance Ordinance, 2000, restricted the Company from entering into new contracts of insurance after July 07, 2017 and the Company is placed in defaulter segment at the Pakistan stock exchange. The Company is recurring losses and it has also not met the minimum paid up capital and minimum solvency requirements of Insurance Ordinance, 2000 and Insurance Rules, 2017. These conditions indicate existence of material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. These conditions lead us to believe that the management’s use of going concern assumption is inappropriate and consequently the asset and liabilities should have been stated at their realizable values respectively.
- b) National Accountability Bureau (NAB) accused Ch. Zahoor Ahmed (Ex CEO and Chairman) to cause loss to Pakistan Reinsurance Company Limited (PRCL) to the tune of Rs. 86.2 million, by way of 87 bogus reinsurance claims and has gained illegal pecuniary advantage by receiving the amounts

|The Pakistan General Insurance Company Limited

against the said bogus claims. NAB through its order ACR NO. 95/PB/2017 dated December 13, 2017 granted approval of plea bargain of Rs. 86.2 million to Ch. Zahoor Ahmed and also disqualified him for a period of 10 years, to be reckoned from the date he discharges his liability to the matter and transaction in issue, for seeking or from being elected, chosen, appointed or nominated as a member or representative of any public body or any statutory or local authority in Pakistan or in service of Pakistan or any province. However, the said liability of Rs. 86.2 million was paid from the business account of the Company and the Company has not booked this amount as receivable from Ch. Zahoor Ahmed. Had the Company not paid this amount from the business account of the Company or booked it as receivable from Ch. Zahoor Ahmed, accumulated loss and cash and bank balances of the Company as at June 30, 2020 and prior years would have been lower and higher by Rs. 86.2 million respectively.

- c) The amount due from insurance contract holders as disclosed in note 11 to the interim financial statements, amounting to Rs. 103.92 million (2019: Rs. 116.05 million) remains unconfirmed. The Company has claimed recovery of Rs. 10.62 million during the period and booked commission expense of Rs. 2.07 million against these recoveries as disclosed in note 24 to the interim financial statements. In the absence of relevant documentation and supporting records, resultant adjustments and consequential impact thereof, if any, on the interim financial statements remains unascertained.
- d) The insurers / reinsurers payables as disclosed in Note 19 to the interim Financial Statements include Rs. 29.2 million (2019: 29.2 million) payable to Pakistan Reinsurance Company Limited (PRCL) which remain unconfirmed. The Company is in process of reconciling these balances with PRCL. In the absence of relevant documentation and supporting records, resultant adjustments and consequential impact thereof, if any, on the interim financial statements remains unascertained.

Adverse Conclusion

Our review indicates that, because of the significance of the effects of the matters as described in paragraphs (a) to (d) of the “Basis for Adverse Conclusion” section of our report, this interim financial information does not give a true and fair view of the financial position of the Company as at June 30, 2020, and of its financial performance and its cash flows for the six-month period then ended in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

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

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Chartered Accountants
Place: Lahore
Date: August 28, 2020

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Financial Position
As at June 30, 2020

		June 30, 2020 Un - audited	Dec. 31, 2019 Audited
	NoteRupees.....	
ASSETS			
Property and equipment	5	98,873,379	101,809,348
Investment property	6	262,470,436	267,554,347
Investments			
- Equity securities	7	1,091,417	1,622,005
- Debt securities	8	44,737,819	44,737,819
- Term deposits	9	-	-
Loans and other receivables	10	10,268,933	10,788,433
Insurance / reinsurance receivables	11	103,924,231	116,085,669
Taxation - provision less payments	20	720,896	412,865
Cash and bank	12	2,693,958	6,378,619
Total assets		524,781,069	549,389,105
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	13	464,014,500	464,014,500
Reserves	14	51,452,129	51,982,717
Accumulated loss		(55,346,040)	(45,240,335)
Total Equity		460,120,589	470,756,882
Surplus on revaluation of fixed assets	15	6,179,309	6,233,682
Liabilities			
Underwriting provisions			
- Outstanding claims including IBNR		-	-
Deferred taxation	16	-	-
Short- term borrowings	17	-	-
Insurance / reinsurance payables	18	29,246,553	42,712,699
Other creditors and accruals	19	29,234,618	29,685,842
		58,481,171	72,398,541
Total equity and liabilities		524,781,069	549,389,105
Contingencies and commitments	21		

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

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Chairman

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Director

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Director

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Chief Executive Officer

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Chief Financial Officer

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Comprehensive Income [Un-Audited]
For six months period ended June 30, 2020

	Note	For three months period ended		For six months period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Rupees					
Net insurance premium	22	-	(4,393,944)	-	(9,187,488)
Net insurance claims	23	-	-	-	-
Net commission and other acquisition costs	24	(560,301)	(3,288,038)	(2,070,665)	(6,795,681)
Insurance claims and acquisition expenses		(560,301)	(3,288,038)	(2,070,665)	(6,795,681)
Management expenses		(8,594,628)	(11,513,929)	(18,253,560)	(22,735,876)
Underwriting results		(9,154,929)	(19,195,911)	(20,324,225)	(38,719,045)
Investment income	25	1,400,294	(175,864)	2,262,419	1,560,437
Rental income		760,230	332,280	1,520,460	664,560
Other income	26	515,579	204,136	13,981,725	595,717
Other expenses		(2,179,612)	(7,205,930)	(7,567,416)	(13,749,802)
		496,491	(6,845,378)	10,197,188	(10,929,088)
Results of operating activities		(8,658,438)	(26,041,289)	(10,127,037)	(49,648,133)
Finance cost	27	(12,672)	(51,338)	(33,041)	(77,715)
Profit before tax		(8,671,110)	(26,092,627)	(10,160,078)	(49,725,848)
Income tax expenses	28	-	-	-	-
Loss after tax		(8,671,110)	(26,092,627)	(10,160,078)	(49,725,848)
Other comprehensive income:					
Items that may be reclassified subsequently to profit and loss:					
Unrealized loss on available-for-sale investments - net of deferred tax		(265,294)	(146,877)	(530,588)	(293,754)
Other comprehensive loss for the year		(265,294)	(146,877)	(530,588)	(293,754)
Total comprehensive loss for the period		(8,936,404)	(26,239,504)	(10,690,666)	(50,019,602)
Losses per share	29	(0.19)	(0.56)	(0.22)	(1.07)

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

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Chairman

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Director

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Director

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Chief Executive Officer

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Chief Financial Officer

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Changes in Equity [Un-Audited]
For six months period ended June 30, 2020

	Attributable to equity holders of the Company				Total Equity
	Share Capital	Revenue reserves		Accumulated loss	
General reserves		Unrealized gains / (losses) on revaluation of available for sale investments - net			
	----- Rupees -----				
Balance as at January 01, 2019 [Audited]	464,014,500	50,985,500	1,198,343	(25,824,542)	490,373,801
Loss after tax for the six months period ended June 30, 2019	-	-	-	(49,725,848)	(49,725,848)
Other comprehensive loss for the period	-	-	(293,754)	-	(293,754)
Total comprehensive loss for the period	-	-	(293,754)	(49,725,848)	(50,019,602)
Transfer from surplus on revaluation of fixed assets: - on incremental depreciation on fixed assets - net of tax	-	-	-	57,235	57,235
Balance as at June 30, 2019 [Un- Audited]	464,014,500	50,985,500	904,589	(75,493,155)	440,411,434
Balance as at January 01, 2020 [Audited]	464,014,500	50,985,500	997,217	(45,240,335)	470,756,882
Loss after tax for the six months period ended June 30, 2020	-	-	-	(10,160,078)	(10,160,078)
Other comprehensive loss for the period	-	-	(530,588)	-	(530,588)
Total comprehensive income for the period	-	-	(530,588)	(10,160,078)	(10,690,666)
Transfer from surplus on revaluation of fixed assets: - on incremental depreciation on fixed assets - net of tax	-	-	-	54,373	54,373
Balance as at June 30, 2019 [Un-Audited]	464,014,500	50,985,500	466,629	(55,346,040)	460,120,589

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

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Chairman

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Director

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Director

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Chief Executive Officer

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Chief Financial Officer

The Pakistan General Insurance Company Limited
Condensed Interim Statement of Cash Flows [Un-Audited]
For six months period ended June 30, 2020

		For six months period ended	
		June 30, 2020	June 30, 2019
Note		-----Rupees-----	
	Operating cash flows		
	a) Underwriting activities		
	Insurance premiums received	10,626,960	17,441,025
	Reinsurance premium paid	-	(4,793,544)
	Commission paid	(2,070,666)	(6,795,681)
	General and management expenses paid	(14,080,236)	(24,788,960)
	Net cash flow from underwriting activities	(5,523,942)	(18,937,160)
	b) Other operating activities		
	Income tax paid	(308,031)	(210,991)
	Loan repayments received	-	34,600
	Other operating receipts	-	2,400
	Other operating payments	(129,926)	(607,957)
	Net cash flow from other operating activities	(437,957)	(781,948)
	Total cash flow from all operating activities	(5,961,899)	(19,719,108)
	Investing activities		
	Profit / return received	2,262,419	1,843,932
	Rentals received	1,520,460	664,560
	Proceedst from disposal of investments - Term Deposits	-	5,000,000
	Proceeds from disposal of investments	-	7,000,000
	Proceeds from disposal of assets	3,648,000	1,680,000
	Fixed capital expenditure	(5,640,100)	(8,169,500)
	Total cash (out) flow from investing activities	1,790,779	8,018,992
	Financing activities		
	Finance cost paid	(33,041)	(77,715)
	Loan repayments received	519,500	17,240,000
	Total cash in / (out) flow from financing activities	486,459	17,162,285
	Net cash flow from all activities	(3,684,661)	5,462,169
	Cash and cash equivalents at beginning of year	6,378,619	22,564,480
	Cash and cash equivalents at end of year	2,693,958	28,026,649
	Reconciliation to profit and loss account		
	Operating cash flows	(5,961,899)	(19,719,108)
	Depreciation expense	(10,527,558)	(11,686,594)
	Bad debts	(1,534,478)	-
	Finance cost	(33,041)	(77,715)
	Investment income	2,262,419	1,560,437
	Rental income	1,520,460	664,560
	Other income	13,981,725	595,717
	Ammortisation expense	-	(10,125)
	Decrease in assets other than cash	(10,626,960)	(17,478,025)
	Decrease / (Increase) in liabilities other than borrowings	759,254	(3,574,995)
	Profit after taxation	(10,160,078)	(49,725,848)

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

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Chairman

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Director

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Director

-sd-
Chief Executive Officer

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Chief Financial Officer

1 Status and nature of operations

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

2 Basis of preparation and statement of compliance

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

These condensed interim financial statements does not include all the information and disclosures required in the complete set of financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019. Comparative figures for condensed interim statement of financial position are stated from annual audited financial statements of the Company for the year ended December 31, 2019, whereas comparatives for condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and related notes are extracted from condensed interim financial information of the Company for the six months ended 30 June 2019.

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, amendments or interpretations

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

IFRS 9

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

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

Insurance and Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2019.

3 Summary of significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements as at June 30, 2020 are the same as those adopted in the preparation of the financial statements for the year ended December 31, 2019.

4 Critical accounting estimates and judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements at and for the year ended December 31, 2019.

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

	Un - audited June 30, 2020	Audited Dec. 31, 2019
	-----Rupees-----	
5 Property and equipment		
Book value at beginning of the period / year	101,809,348	103,475,280
Additions during the period / year	3,994,000	27,145,510
Disposal during the period / year	(3,132,421)	(20,090,849)
Depreciation charge for the period / year	(3,797,548)	(8,720,593)
Carrying amount at end of the period / year	<u>98,873,379</u>	<u>101,809,348</u>
5.1 Additions during the period / year		
Furniture and fixtures	-	715,000
Office equipment	44,000	1,902,600
Vehicles	3,950,000	24,527,910
	<u>3,994,000</u>	<u>27,145,510</u>
5.2 Disposal during the period / year		
Land and buildings	-	-
Vehicles	(3,132,421)	(20,090,849)
	<u>(3,132,421)</u>	<u>(20,090,849)</u>
6 Investment property		
Book value at beginning of the period / year	267,554,347	298,696,062
Additions during the period / year	1,646,100	21,500,000
Disposal during the period / year	-	(37,947,305)
Depreciation charge for the period / year	(6,730,011)	(14,694,410)
Carrying amount at end of the period / year	<u>262,470,436</u>	<u>267,554,347</u>
7 Investments - Equity securities		
Available for sale - Investment in quoted equities (carrying value)	1,091,417	1,622,005
Less: unrealized gain on remeasurement of investments as at June 30	873,942	1,404,530
Cost of investments	<u>217,475</u>	<u>217,475</u>
Cost of ordinary shares of quoted companies as at June 30, 2020 is Rs. 300,398 (2019: Rs. 217,475)		
8 Investments - Debt securities		
Held to maturity		
- Pakistan Investment Bonds (PIBs)	<u>44,737,819</u>	<u>44,737,819</u>
9 Investments - Term deposits		
Deposits maturing within 12 months	<u>-</u>	<u>-</u>
10 Loans and other receivables		
- Considered good		
Loans to employees and agents	3,745,100	4,264,600
Security deposits	5,477,649	5,477,649
Accrued interest	1,032,597	1,032,597
Sundry receivables	13,587	13,587
	<u>10,268,933</u>	<u>10,788,433</u>
11 Insurance / reinsurance receivables		
- Unsecured but considered good		
Due from insurance contract holders	103,924,231	114,551,191
Due from other insurers / reinsurers	-	1,534,478
	<u>103,924,231</u>	<u>116,085,669</u>
12 Cash and bank		
Cash and cash equivalents		
- Cash in hand	77,540	63,137
- Banking instrument (Call deposit receipt)	-	3,000,000
- Policy and revenue stamps, bond papers	123,300	123,300
	<u>200,840</u>	<u>3,186,437</u>
Cash with banks		
- On current accounts	146,556	845,884
- On saving accounts	5,055	4,791
- With State Bank of Pakistan	2,341,507	2,341,507
	<u>2,493,118</u>	<u>3,192,182</u>
	<u>2,693,958</u>	<u>6,378,619</u>

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

	June 30, 2020	Dec. 31, 2019	Un - audited June 30, 2020	Audited Dec. 31, 2019
	-----Number of shares-----		-----Rupees-----	
13 Ordinary share capital				
13.1 Authorized share capital				
Ordinary shares of Rs. 10 each	50,000,000	50,000,000	500,000,000	500,000,000
13.2 Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each				
- Fully paid in cash	20,000,000	20,000,000	200,000,000	20,000,000
- Fully paid as bonus shares	26,401,450	26,401,450	264,014,500	26,401,450
	46,401,450	46,401,450	464,014,500	46,401,450
14 Reserves				
Revenue reserves				
General reserve			50,985,500	50,985,500
Revaluation reserve for unrealized (loss) / gain on available-for-sale investments - net			466,629	997,217
			51,452,129	51,982,717
15 Surplus on revaluation of fixed assets				
Balance at beginning of the period / year			6,233,682	6,348,151
Less: Realization of surplus on disposal (net of tax)			-	-
Less: Incremental depreciation transferred to un-appropriated profit			(54,373)	(114,469)
Balance at end of the period / year			6,179,309	6,233,682
16 Deferred taxation				
The Company incurred a taxable loss of Rs 49.01 million during the period and the accumulated losses as at June, 30 2020 are of Rs. 348.16 million. Deferred tax asset on such losses is Rs 100.38 million, out of which Rs. 32.85 million deferred tax asset had already been recognised in prior years. Considering the uncertainty regarding the timing and extent of future taxable profits against which such remaining benefits can be utilized, the management has adopted a prudent approach and has further recognised deferred tax asset to the extent of available taxable temporary differences.				
17 Short- term borrowings				
Last year the Company had obtained an interest free loan amounting Rs. 20 million from the Chief Executive Officer to meet the day to day working capital requirements of the Company. The entire loan was re-paid in December , 2019.				
			Un - audited June 30, 2020	Audited Dec. 31, 2019
			-----Rupees-----	
18 Insurance / reinsurance payables				
Due to other insurers / reinsurers			29,246,553	42,712,699
19 Other creditors and accruals				
Government levies and taxes payable			24,746,005	24,950,731
Accrued expenses			3,320,972	3,642,269
Payable to employees' provident fund			180,020	105,220
Unpaid and unclaimed dividend			657,622	657,622
Others			330,000	330,000
			29,234,619	29,685,842
20 Taxation - provision less payments				
Balance at beginning of the period / year			(412,865)	27,460,347
Add: Charge for -				
Current year			-	-
Prior period taxation			-	(27,460,347)
				(27,460,347)
Less: Paid / deducted during the period / year			(308,031)	(412,865)
Balance at end of the period / year			(720,896)	(412,865)

There has been no tax charge for the period ended June 30, 2020 as the Company has incurred taxable losses during the period amounting to Rs. 49.01 million.

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Notes to the Condensed Interim Financial Information [Un-Audited]
For the Six Months Period Ended June 30, 2019

21 Contingencies and commitments

There is no change in the status of contingent liabilities and commitments since the end of last annual reporting period December 31, 2019 except the following:

Securities and Exchange Commission of Pakistan ('SECP') has passed an order dated June 07, 2017 under section 11(1) (f) and section 12(1) and (4) read with section 63 (1) and section 156 of the Insurance Ordinance, 2000, directing the Company to cease entering into new contracts of insurance from one month from date of direction. The operations of the Company remain ceased from July 7, 2017. The Company has filed a petition against the order issued by SECP before the Honorable Lahore High Court, Lahore (the Court) however, the said petition has been dismissed by the Court.

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees-----		-----Rupees-----	
22 Net insurance premium				
Written gross premium	-	-	-	-
Add: Unearned premium reserve opening	-	-	-	-
Less: Unearned premium reserve closing	-	-	-	-
Premium earned	-	-	-	-
Less: Reinsurance premium ceded	-	4,393,944	-	9,187,488
Add: Prepaid reinsurance premium opening	-	-	-	-
Less: Prepaid reinsurance premium closing	-	-	-	-
Reinsurance expense	-	4,393,944	-	9,187,488
	-	(4,393,944)	-	(9,187,488)
23 Net insurance claims expense				
Claims paid	-	-	-	-
Add: Outstanding claims including IBNR closing	-	41,200,000	-	41,200,000
Less: Outstanding claims including IBNR opening	-	41,200,000	-	41,200,000
Claim expenses	-	-	-	-
Less: Reinsurance and other recoveries revenue	-	-	-	-
	-	-	-	-
24 Net commission and other acquisition costs				
Commission paid or payable	560,301	3,288,038	2,070,665	6,795,681
Add: Deferred commission expense opening	-	-	-	-
Less: Deferred commission expense closing	-	-	-	-
Net commission expense	560,301	3,288,038	2,070,665	6,795,681
Less: Commission received or recoverable from reinsurer	-	-	-	-
	560,301	3,288,038	2,070,665	6,795,681
25 Investment income				
Income from debt securities				
- Income from debt securities	1,400,294	(175,864)	2,262,419	1,305,080
- Return on term deposits	-	-	-	255,357
	1,400,294	(175,864)	2,262,419	1,560,437
26 Other income				
Return on bank balances	-	100	-	200
Liabilities no more payable	-	-	13,466,146	-
Gain on sale of fixed asset	515,579	204,036	515,579	595,517
	515,579	204,136	13,981,725	595,717
27 Finance costs				
Mark-up on short-term borrowings	-	-	-	-
Bank charges	12,672	51,338	33,041	77,715
	12,672	51,338	33,041	77,715
28 Taxation				
Current year	-	-	-	-
Prior year	-	-	-	-
Deferred	-	-	-	-
	-	-	-	-

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Notes to the Condensed Interim Financial Information [Un-Audited]
For the Six Months Period Ended June 30, 2019

29 Losses per share

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

	For three months period ended		For six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees-----		-----Rupees-----	
Loss after tax for the period	(8,671,110)	(26,092,627)	(10,160,078)	(49,725,848)
	----- Number of Shares -----			
Weighted average number of shares of Rs. 10/- each	46,401,450	46,401,450	46,401,450	46,401,450
	-----Rupees-----		-----Rupees-----	
Loss per share - basic	<u>(0.19)</u>	<u>(0.56)</u>	<u>(0.22)</u>	<u>(1.07)</u>

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

30 Transactions with related parties

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

	Un - audited June 30, 2020	Un - audited June 30, 2019
	-----Rupees-----	
Remuneration paid to executives, directors and chief executive officer	2,010,904	2,010,904
Vehicle purchased from an associated company	-	2,800,000
Contribution paid to provident fund	53,950	60,220

31 Segment Reporting

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

32 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in active market for identical instrument.
Level 2: Valuation techniques based on observable inputs either directly or indirectly (i.e. derived from prices).
Level 3: Valuation techniques using significant unobservable inputs.

	Level 1	Level 2	Level 3	Un - audited June 30, 2020	Audited Dec. 31, 2019
	----- Rupees -----				
Available for sale investments	1,091,417	-	-	1,091,417	1,622,005
Held to maturity					
- Government securities	-	44,737,819	-	44,737,819	44,737,819
	<u>1,091,417</u>	<u>44,737,819</u>	<u>-</u>	<u>45,829,236</u>	<u>46,359,824</u>

33 Impact of COVID-19

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown.

General economic activities in Pakistan also slowed down during the year. The operations of the Company were not materially effected from COVID-19 as the primary operations of the Company are already closed.

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

34 Corresponding figures

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

35 Date of authorization of issue

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on August 28, 2020.

-sd-
Chairman

-sd-
Director

-sd-
Director

-sd-
Chief Executive Officer

-sd-
Chief Financial Officer

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