



TIC TRAFCO
Insurance
Company Ltd.
Secure Tomorrow, **Today**

3rd Quarter 2018
Condensed Interim Financial Statements
(Un-audited)

Trafco
Insurance Company
Limited

Company Information

Chairman **Mr.Tahir Malik**

Chief Executive Mr. Muhammad Nawaz Shahid

Directors Mrs. Saboohi Tahir
Mr. Asif Malik
Mr. Kashif Malik
Mrs. Mahnoor Asif
Mrs.Sadia Atif
Ms. Sundus Malik

Chief Operating Officer Mr. Usman Arif

Audit Committee	Mr. Asif Malik	Chairman
	Mrs. Sadia Atif	Member
	Ms. Sundus Malik	Member
	Mr. Usman Arif	Member
	Mr. Abdul Rehman	Secretary

Company Secretary/C.F.O **Mr.Khurram Javed (ACMA)**

Management at Head Office	Mr. Majid Ali	Manager-Reinsurance
	Mr. Zafar Iqbal	Manager Claims
	Mr. Emmanuel Gulzar	Deputy Manager Underwriting

Auditors **Horwath Hussain Chaudhury & Co**
Chartered Accountants

Legal Advisor **Mr. Shahzad Bashir**
Advocate High Court

**Registered &
Head Office** Trafco House-1-C-1, Canal Bank Road,
Canal Park, Gulberg II, Lahore,
Phones: 92-42-111-872-326, 92-42-111-811-911
Fax: 92-42-35871172, Email- info@trafcoinsurance.com.pk

Vision Statement

Elevate the Company as an organization of scrupulous, prudent values and virtues along with professionalism and skills.

Mission Statement

To develop the status of our company as law abiding moderate and consistently going-on Insurance concern carrying the interests and risks of shareholders as well as valued clientele by a breasting with the requirements of state's law and gradual but timely fulfillment and implantations of them.

Directors' Report to the Shareholders

On behalf of your directors' it is my pleasure to present you condensed interim financial statement and the Directors' report for the Nine Months of the Year 2018.

Your Company has underwritten premium of **Rs. 25,841,751/-** during the Nine Months of the Year, 2018. The directors are thankful to the Insurance Division of Security Exchange Commission of Pakistan, PRCL and Banks for their support and cooperation. Thanks are also due to our esteemed and valued clients for their continued patronage.

Acknowledgement

The above results would not have been possible without the dedication & day and night efforts of officers, staff and field force of your company. Your directors record their appreciation and thanks to all of them for their hard work and dedication.

Chairman

TRAFICO INSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2018

		Unaudited	Audited
		30-09-2018	31-12-2017
	Note	Rupees	Rupees
ASSETS			
Property and equipment	16	83,698,665	83,977,839
Intangible assets		8,775,000	5,625,000
Loans and other receivables		34,420,808	33,203,137
Reinsurance receivables		(361,486)	500,983
Reinsurance recoveries against outstanding claims		-	-
Deferred commission expense and acquisition costs		599,693	1,980,552
Taxation - Advance Tax		-	-
Prepayments		2,241,145	3,572,244
Cash and bank		8,073	4,103,251
Total Assets		<u>129,381,898</u>	<u>132,963,006</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		200,000,000	200,000,000
Accumulated loss		(116,433,931)	(115,359,556)
Total Equity		83,566,069	84,640,444
Surplus on Revaluation of Property and Equipme		7,181,560	7,181,560
LIABILITIES			
Underwriting Provisions			
- Outstanding claims including IBNR	6	3,138,269	8,636,014
- Unearned premium reserves	8	16,609,179	14,194,857
- Unearned reinsurance commission	10	116,069	82,807
Deferred taxation		597,047	597,047
Borrowings		3,206,668	3,206,668
Premium received in advance		223,406	-
Reinsurance payable		330,245	330,245
Other creditors and accruals		14,021,290	13,887,878
Taxation - provision less payment		392,096	205,486
Total Liabilities		38,634,269	41,141,002
Total Equity and Liabilities		<u>129,381,898</u>	<u>132,963,006</u>
Contingencies and Commitments	7		-

The annexed notes 1-20 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIREC

DIRECTOR

CHAIRMAN

TRAFCO INSURANCE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		3rd Quarter 30-09-2018	3rd Quarter 30-09-2017	Upto 30-09-2018	Upto 30-09-2017
	Note			Rupees	Rupees
Net insurance premium	8	6,068,964	10,102,791	19,482,351	28,729,314
Net insurance claims	9	(1,538,341)	(4,980,066)	(10,786,760)	(17,093,080)
Net commission and other acquisition costs	10	(456,402)	(757,970)	(1,762,019)	(2,247,155)
Insurance claims and acquisition expenses		(1,994,743)	(5,738,036)	(12,548,779)	(19,340,235)
Management expenses	11	(2,524,963)	(1,818,645)	(7,305,574)	(6,295,733)
Underwriting Results		1,549,258	2,546,110	(372,002)	3,093,346
Other income	13	3,471	-	13,630	8,045
Other expenses	14	(29,825)	(959,156)	(479,775)	(2,768,098)
Results of Operating Activities		1,522,904	1,586,954	(838,147)	333,293
Finance costs	15	(580)	-	(41,404)	-
Loss before Taxation		1,522,324	1,586,954	(879,551)	333,293
Income tax expense		(60,690)	(507,825)	(194,824)	(106,654)
Loss for the Period		1,461,634	1,079,129	(1,074,375)	226,639
Other Comprehensive Income for the Period		-	-	-	-
Total Comprehensive Loss for the Period		1,461,634	1,079,129	(1,074,375)	226,639
Loss (after tax) per share- Rupees		0.073	0.054	(0.054)	0.011

The annexed notes 1-20 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHAIRMAN

TRAFCO INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	30-09-2018	31-12-2017
	Rupees	Rupees
Operating Cash Flows		
a) Underwriting activities		
Insurance premiums received	26,065,157	35,885,433
Reinsurance premiums paid	(1,751,510)	(7,410,483)
Claims paid	(17,825,887)	(28,350,069)
Reinsurance and other recoveries received	1,541,382	6,068,347
Commissions paid	(492,136)	(2,911,091)
Commissions received	144,239	165,056
General management expenses paid	(7,128,958)	(7,120,858)
Net Cash flow from underwriting activities	552,287	(3,673,665)
b) Other operating activities		
Other operating receipts / (payments)	(1,217,671)	12,242,360
Income tax paid	(8,214)	(169,165)
Other income	13,630	
Loan recovered / (paid)	-	40,000
Net cash flow from other operating activities	(1,212,255)	12,113,195
Total Cash flow from all Operating Activities	(659,968)	8,439,530
Investment Activities		
Fixed capital expenditure	(243,805)	(1,228,720)
Intangibles	(3,150,000)	(3,775,000)
Proceeds from disposal of property and equipment	-	156,000
Total Cash flow from Investing Activities	(3,393,806)	(4,847,720)
Financing Activities		
Loans repaid - net	-	(4,007,106)
Financial charges paid	(41,404)	(77,938)
Total Cash flow from Financing Activities	(41,404)	(4,085,044)
Net Cash (Outflow) / Inflow from all Activities	(4,095,178)	(493,234)
Cash and cash equivalent at the beginning of the year	4,103,251	4,596,485
Cash and Cash Equivalent at the End of the Year	8,073.20	4,103,251
Reconciliation to Profit and Loss Account		
Operating cash flows	(659,968)	8,439,530
Depreciation expense	(522,979)	(835,806)
Financial charges expense	(41,404)	(77,938)
Gain on disposal of property and equipment	-	14,050
Other Income	13,630	2,507,012
Taxation	43,905	(257,337)
Deferred taxation	(39,983)	(39,983)
(Decrease) / increase in assets other than cash	(2,356,756)	(13,813,412)
Decrease / (increase) in liabilities other than running finance	2,489,181	2,524,345
Loss after Taxation	(1,074,375)	(1,539,539)

The annexed notes 1-20 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHAIRMAN

TRAFCO INSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED SEPT 30, 2018

	Attributable to Equity Holders of the Company			
	Note	Share Capital Rupees	Accumulated Loss Rupees	Total Rupees
Balance as at December 31, 2015 as per previously reported		200,000,000	(100,563,911)	99,436,089
Effect of changing of accounting policy		-	(599,474)	(599,474)
Balance as at December 31, 2015 - as restated		200,000,000	(101,163,385)	98,836,615
Total comprehensive loss for the year		-	(12,656,632)	(12,656,632)
Balance as at December 31, 2016- as restated		200,000,000	(113,820,017)	86,179,983
Balance as at December 31, 2016 as per previously reported		200,000,000	(113,262,953)	86,737,047
Effect of changing of accounting policy		-	(557,064)	(557,064)
Balance as at December 31, 2016 - as restated		200,000,000	(113,820,017)	86,179,983
Total comprehensive loss for the year		-	(1,539,539)	(1,539,539)
Balance as at December 31, 2017		200,000,000	(115,359,556)	84,640,444
Total comprehensive loss for the Quarter			(157,285)	(157,285)
Balance as at March 31, 2018		200,000,000	(115,516,841)	84,483,159
Total comprehensive loss for the Quarter			(2,378,724)	(2,378,724)
Balance as at June 30, 2018		200,000,000	(117,895,565)	82,104,435
Total comprehensive loss for the Quarter			1,461,634	
Balance as at September 30, 2018		200,000,000	(116,433,931)	82,104,435

The annexed notes 1-20 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHAIRMAN

Notes to the Condensed Interim Financial Statements For the Period Ended September 30, 2018

1 STATUS AND NATURE OF BUSINESS

The Trafco Insurance Company Limited was incorporated in Pakistan as a Public Limited Company in 1979 and is engaged in General Insurance business since 1979. Its registered office is situated at Trafco House-1-C-1, Canal Bank Road, Canal Park, Gurlberg II, Lahore.

2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for certain assets which are measured at revalued amount.

3 STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000 the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1 Accounting policies and estimates adopted for the preparation of these condensed interim financial report are the same as those applied in preparation of the financial statements for the year ended 31 December 2017.
- 4.2 Previous period's figures have been re-arranged where necessary to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

5 AUTHORIZED SHARE CAPITAL

Unaudited September 30, 2018	Audited Dec 31, 2017	Unaudited September 30, 2018	Audited Dec 31, 2017
No. of Shares		Rupees	
70,000,000	70,000,000	700,000,000	700,000,000
Ordinary Share of Rs. 10/- each			
<u>70,000,000</u>	<u>70,000,000</u>	<u>700,000,000</u>	<u>700,000,000</u>

		Upto Period ended	
		Unaudited	Audited
		30-09-2018	31-12-2017
		Rupees	Rupees
6	<u>PROVISION FOR OUTSTANDING CLAIMS (INCLUDING IBNR)</u>	<u>3,138,269</u>	<u>8,636,014</u>
7	<u>CONTINGENCIES AND COMMITMENTS</u>		
7.1	Contingencies	-	-
	There has been no change since December 31, 2017		
8	<u>Net Insurance Premium</u>	Unaudited	Audited
		30-09-2018	31-12-2017
		Rupees	Rupees
	Written gross premium	25,841,751	35,909,275
	Add: Unearned premium reserves opening	14,194,857	20,960,140
	Less: Unearned premium reserves closing	(16,609,179)	(14,194,857)
	Premium earned	23,427,429	42,674,558
Less:	Reinsurance premium ceded	2,613,979	5,153,926
	Add: Prepaid reinsurance premium opening	3,572,244	3,627,798
	Less: Prepaid reinsurance premium closing	(2,241,145)	(3,572,244)
	Reinsurance expense	3,945,078	5,209,480
		19,482,351	37,465,078
9	<u>Net Insurance Claims Expense</u>	Unaudited	Audited
		30-09-2018	31-12-2017
		Rupees	Rupees
	Claim paid	17,825,887	28,350,069
	Claims written back	-	1,880,000
	Add: Outstanding claims including IBNR closing	3,138,269	8,636,014
	Less: Outstanding claims including IBNR opening	(8,636,014)	(9,966,981)
	Claims expense	12,328,142	28,899,102
Less:	Reinsurance and other recoveries received	1,541,382	6,028,347
	Claims written off	-	40,000
	Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment closing	-	-
	Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment opening	-	-
	Reinsurance and other recoveries revenue	-	(1,731,500)
		1,541,382	4,336,847
		10,786,760	24,562,255

Note

		Unaudited	Audited
		30-09-2018	31-12-2017
		Rupees	Rupees
10	<u>Net Commission Expense and Acquisition Costs</u>		
	Commission paid / payable	492,136	2,911,091
	Add: Deferred commission expense opening	1,980,552	2,211,483
	Less: Deferred commission expense closing	(599,693)	(1,980,552)
	Net commission	1,872,995	3,142,022
Less:	Commission received / recoverable	144,239	165,056
	Add: Unearned reinsurance commission opening	82,807	63,368
	Less: Unearned reinsurance commission closing	(116,069)	(82,807)
	Commission from reinsurers	110,977	145,617
		1,762,018	2,996,405
11	<u>Management Expenses</u>		
		Unaudited	Audited
		30-09-2018	31-12-2017
		Rupees	Rupees
	Employee benefit cost	5,809,274	9,678,189
	Travelling expenses	51,698	297,524
	Advertisements and sales promotion	397,968	119,000
	Printing and stationery	241,657	450,567
	Depreciation	522,979	835,806
	Rent, rates and taxes	-	190,000
	Electricity, gas and water	-	227,409
	Entertainment	34,434	410,946
	Office repairs and maintenance	12,920	527,803
	Postage, telegrams and telephone	97,326	338,365
	Annual supervision fee SECP	-	100,000
	Website Hosting	21,924	-
	Inspection cost	31,310	37,115
	Miscellaneous	84,084	34,387
		7,305,574	13,247,111
12	<u>Employee benefit cost</u>		
	Salaries, allowance and other benefits	5,809,274	9,678,189

Note

12

16

		Unaudited 30-09-2018 Rupees	Audited 31-12-2017 Rupees		
13 Other Income					
Liabilities written back		-	2,507,012		
Gain on disposal of property and equipment		-	14,050		
Miscellaneous		13,630	-		
		<u>13,630</u>	<u>2,521,062</u>		
		Unaudited 30-09-2018 Rupees	Audited 31-12-2017 Rupees		
14 Other Expenses					
Legal and professional other than business related		171,025	147,050		
Auditors' remuneration		8,750	175,000		
Director Fuel Expenses		300,000	-		
Donations		-	22,600		
		<u>479,775</u>	<u>344,650</u>		
		Unaudited 30-09-2018 Rupees	Audited 31-12-2017 Rupees		
15 Finance Cost					
Bank charges		41,404	77,938		
		Unaudited September 30, 2018	Audited Dec 31, 2017		
16 FIXED ASSETS - Tangible					
OWNED ASSETS:		Rupees			
Opening Book Value		83,977,839	83,726,875		
Additions during the year	16.1	243,805	1,228,720		
Revaluation Surplus for the Period		-	-		
		<u>84,221,644</u>	<u>84,955,595</u>		
Book value of fixed assets disposed off during the period		-	(156,000)		
Depreciation charged during the period		(522,979)	(821,756)		
Closing Book value		<u>83,698,665</u>	<u>83,977,839</u>		
		30/09/2018	31/12/2017	31/12/2017	
16.1 Particulars		<u>Additions</u>	<u>Disposals</u>	<u>Additions</u>	<u>Disposals</u>
		Rupees			
Furniture & Fixtures		-	-	826,000	-
Office Equipment		-	-	242,000	106,000
Electrical appliances		170,912	-	-	-
Computer and accessories		72,893	-	160,720	50,000
		<u>243,805</u>	-	<u>1,228,720</u>	<u>156,000</u>

		Unaudited Nine months ended 30 Sept. 2018 Rupees	Unaudited Nine months ended 30 Sept. 2017 Rupees
17	<u>TRANSACTIONS WITH RELATED PARTIES</u>		
	Transactions with related parties are as follows:		
	<u>Relation</u>		
	<u>Transactions</u>		
	Key Management Personnel:		
	Director	1,850,000	1,350,000
	Executives	3,097,442	3,385,000
	Associates		
	Trafco Tracking (Pvt.) Ltd	3,295,807	21,472,043
	Trafco Logistic (Pvt.) Ltd	(106,716)	(178,669)

18 EVENTS AFTER BALANCE SHEET

There are no events after balance sheet date causing any adjustment or disclosure in the condensed interim financial information.

19 DATE OF AUTHORIZATION

These financial statements have been authorised for issue by the board of Directors on 25 October 2018.

20 GENERAL

Figures in the financial statements have been rounded off to the nearest rupee.

Chief Executive Officer

Director

Director

Chairman

List of Branches

Lahore

Trafco House,
2nd Floor, 1-C-1, Canal Bank Road, Canal Park,
Gulberg-II, Lahore.
UAN- 92-42-111-872-326, Fax- 92-42-5871166

FAISALABAD

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MULTAN

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Fax- 92-61-6520585

Rawalpindi

Flat no. 06, 1st Floor, Rajpot Plaza,
Chaklala Airport Service Road, Rawalpindi
Ph: 92-51-5591215, 5591202, Fax-92-51-5591206

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