Quarterly Report

September 2013

TPL Direct Insurance

A TPL Holdings Company

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COMPANY INFORMATION

Board of Directors

Jameel Yusuf	Chairman
Ali Jameel	Director
Saad Nissar	Director / CEO
Syed Kazim Hasan	Director / CFO
Adil Matcheswalla	Director
Syed Nadir Shah	Director
Mustafa Ali	Director

Chief Executive Officer
Saad Nissar

Chief Financial Officer
Syed Kazim Hasan

Company Secretary
Syed Kazim Hasan

Audit Committee

Syed Nadir Shah	Chairman
Adil Matcheswalla	Member
Ali Jameel	Member
Mohammad Abbas	Secretary

Human Resources & Remuneration Committee

Adil Matcheswalla	Chairman
Syed Nadir Shah	Member
Ali Jameel	Member
Mustafa Ali	Member & Secretary

Finance & Investment Committee

Ali Jameel	Chairman
Mustafa Ali	Member
Syed Kazim Hasan	Member & Secretary

Underwriting Committee

Saad Nissar	Chairman
Syed Kazim Hasan	Member
Farrukh Aamir Beg	Member & Secretary

Claims Committee

Saad Nissar	Chairman
Syed Kazim Hasan	Member
Naveed Ahsan	Member & Secretary

Co-Insurance & Re-Insurance Committee

Saad Nissar	Chairman
Syed Kazim Hasan	Member
Farrukh Aamir Beg	Member
Kamran Hanif	Member & Secretary

Bankers
Habib Metropolitan Bank Limited
Bank Al Habib Limited
Dubai Islamic Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
Faysal Bank Limited
Sindh Bank Limited
NIB Bank Limited

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor
Lari & Co.
Maritime & Insurance Advocates

Share Registrar
THK Associates (Pvt) Ltd
Ground Floor, State Life Building-3
Dr. Ziauddin Ahmed Road,
Karachi-75530, Pakistan
Tel: (021) 35689021, 35686658
UAN: 111-000-322
Fax: (021) 35655595

Registered Office
39-K, Block 6, P.E.C.H.S
Karachi, Pakistan
Tel: (021) 34390300-5
Fax: (021) 34529429

Web Presence
www.tplinsurance.com

Contact
UAN: 111-000-301
Tel: (021) 34322555 & 34315895
Fax: (021) 34322515

GEOGRAPHICAL PRESENCE

Head Office

Karachi
172-B, 2nd Floor, Najeeb Centre, Block 2,
P.E.C.H.S., Karachi-75400.
UAN: (021) 111-000-301
Fax: (021) 34322515

Branch Offices

Lahore
51-M, Denim Road, Quaid-e-Azam,
Industrial Estate, Kot Lakhpat,
Lahore.
UAN: (042) 111-000-300
Fax: (042) 35157233

Islamabad
Plot # 211, Street # 07,
I-9/2, Industrial Area,
Islamabad.
UAN: (051) 111-000-300
Fax: (051) 4443793-5

Faisalabad
63-X,101, Main Susan Rd,
Madina Town,
Faisalabad.
UAN: (041) 111-000-300
Fax: (041) 8723406

Multan
House # 5, Suraj Miani Road,
Chongi#1, Opp Ashraf Cardic Clinic,
Multan.
UAN: (061) 111-000-300
Fax: (061) 6212196

Gujranwala
Opp. Jail Town, Chand Da Qila
By Pass, G.T. Road,
Gujranwala.
Tel: (055) 3257333
Fax: (055) 3252022

Hyderabad
A-8/9, District Council
Complex Cantt,
Hyderabad.
Tel: (022) 2728676
Fax: (022) 2783154

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the unaudited condensed interim financial statements for the nine months ended 30th September 2013.

Fiscal Year 2013 demonstrated mixed trends with a GDP growth of 3.59%, SBP slashing down discount rate to 9% and KSE 100 index growth at a whopping 52% with an average turnover of 125 million. However, first quarter of fiscal year 2014 has showed downward trend with KSE -100 index losing 1.48% and 4.94% in August and September 2013 respectively. SBP has revised the discount rate upward by 50 bps to 9.5% and has maintained the CPI inflation to single digits. Foreign reserves held by State Bank of Pakistan dropped to USD 9.9bn against USD 11bn at the beginning of the quarter resulting in depreciation of Pak Rupee against USD with further payments to IMF looming before December 2013.

Our results for the nine months ended 30th September 2013 closed on a satisfactory note. Gross premium for the quarter increased to Rs. 233.8 million from Rs. 154.7 million of the corresponding period, achieving a healthy growth of 52% and cementing our position despite troubled motor industry outlook. Claims ratio for the nine months ended 30th September 2013 is recorded at 45%, which is higher than 41% ratio of the corresponding period of last year. However, management expenses for the period remained under strict control and were maintained at 26% of the gross premium against 32% of last year. Consequently, our pre-tax profit for the nine months has registered an improvement by 25% to Rs. 59.4 million from Rs. 47.4 million during corresponding period of last financial year.

Company's motor premium constitutes about 97% of the total premium portfolio. Despite challenging environment in the motor industry and unavoidable delay in the licensing of Window Takaful Operations, the motor premium has shown growth in the three quarters. This growth can be ascribed to our aggressive marketing and strengthening of the distribution network across Pakistan. Branches now share about 35% of the total gross premium. Management is actively evaluating and directing its efforts towards other retail business products to strengthen the product mix of the Company. The company has successfully launched its health insurance product which contributed 11.5% of the total premium in the month of September 2013. The Company has also launched Home Insurance and Banc assurance insurance products and is planning to launch Micro Insurance products across Pakistan in the upcoming quarter.

We would like to thank all our stakeholders, business partners, Securities and Exchange Commission of Pakistan and staff for their continued support.

For and on behalf of the Board of Directors

Saad Nissar
Chief Executive Officer

Condensed Interim Balance Sheet

As at 30 September 2013

	Note	30 September 2013 (Unaudited)	31 December 2012 (Audited)
		(Rupees)	
Share capital and reserves			
Authorized share capital		500,000,000	500,000,000
Issued, subscribed and paid-up share capital		452,312,959	452,312,959
Accumulated losses		(24,996,381)	(65,008,628)
Total equity		427,316,578	387,304,331
Underwriting provisions			
Provision for outstanding claims (including IBNR)		98,653,054	76,688,782
Provision for unearned premium		424,494,121	328,152,419
Total underwriting provisions		523,147,175	404,841,201
Deferred liability			
Deferred tax liability		13,762,184	3,395,516
Creditors and accruals			
Premiums received in advance		2,188,650	2,286,909
Amounts due to other insurers / reinsurers		17,910,826	10,635,340
Accrued expenses		8,224,479	2,603,352
Other creditors and accruals		15,973,186	32,004,339
		44,297,141	47,529,940
Borrowings			
Short term running finance	6	7,245,959	-
Total liabilities		588,452,459	455,766,657
Total equity and liabilities		1,015,769,037	843,070,988

Condensed Interim Balance Sheet

As at 30 September 2013

	Note	30 September 2013 (Unaudited)	31 December 2012 (Audited)
		(Rupees)	
Cash and bank deposits			
Cash and other equivalent		167,469	155,268
Current and other accounts		14,650,104	17,613,862
		14,817,573	17,769,130
Loans to employees - secured and considered goods		385,908	1,017,635
Investments	7	152,394,633	149,271,805
Current assets - others			
Premiums due but unpaid - unsecured		93,965,630	47,156,812
Amounts due from other insurers / reinsurers - unsecured		20,693	1,501,499
Accrued investment income		4,609,668	2,132,643
Reinsurance recoveries against outstanding claims		863,000	784,100
Salvage recoveries outstanding		11,725,000	10,434,399
Taxation - payments less provision		2,129,369	4,781,265
Deferred commission expense		49,545,536	32,555,234
Advances, deposits and prepayments	8	355,234,793	279,853,654
Loan to Associated Company		100,000,000	100,000,000
Sundry receivables		72,087,315	27,766,339
		690,181,004	506,965,945
Fixed assets			
Tangible and intangible assets	9		
Furniture and fixtures		1,861,161	1,998,341
Office equipment		3,899,227	5,202,761
Motor vehicles		8,555,273	8,688,751
Tracking devices		139,221,070	102,319,964
Computer equipment		2,207,292	1,825,707
Capital work-in-progress		2,245,596	47,889,930
Intangible		300	121,019
		157,989,919	168,046,473
Total assets		1,015,769,037	843,070,988

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar	Ali Jameel	Syed Kazim Hasan	Jameel Yusuf
Chief Executive	Director	Director	Chairman

Condensed Interim Profit and Loss Account (Unaudited)

For the three months and nine months ended 30 September 2013

	Note	Three months period ended 30 September			
		Motor	Miscellaneous	Aggregate 2013	Aggregate 2012
		(Rupees)			
Revenue account					
Net premium revenue		189,341,551	1,674,630	191,016,181	162,676,917
Net claims		(99,584,816)	(10,000)	(99,594,816)	(76,270,218)
Expenses		(45,891,799)	(12,544,859)	(58,436,658)	(67,343,573)
Net commission		(18,986,912)	(839,209)	(19,826,121)	(16,731,374)
Underwriting result		24,878,024	(11,719,438)	13,158,586	2,331,752
Investment income				1,435,091	1,576,088
Other income				17,047,026	14,798,863
General and administration expenses				(22,533,874)	(15,421,783)
Financial charges				(126,944)	(387,120)
				(4,178,701)	566,048
Profit before tax				8,979,885	2,897,800
Provision for taxation - current				(3,171,826)	(813,384)
- prior				-	-
- deferred				946,863	(314,230)
				(2,224,963)	(1,127,614)
Profit after tax				6,754,922	1,770,186

	Nine months period ended 30 September			
	Motor	Miscellaneous	Aggregate 2013	Aggregate 2012
	(Rupees)			
Revenue account				
Net premium revenue	533,330,553	4,279,825	537,610,378	450,326,217
Net claims	(242,373,715)	124,919	(242,248,796)	(183,437,100)
Expenses	(155,552,816)	(13,305,185)	(168,858,001)	(173,562,722)
Net commission	(51,644,137)	(2,167,325)	(53,811,462)	(44,929,010)
Underwriting result	83,759,885	(11,067,766)	72,692,119	48,397,385
Investment income			4,525,800	5,509,724
Other income			47,861,578	59,473,470
General and administration expenses			(65,286,321)	(65,035,551)
Financial charges			(380,680)	(949,875)
			(13,279,623)	(1,002,232)
Profit before tax			59,412,496	47,395,153
Provision for taxation - current			(9,050,007)	(2,320,401)
- prior			-	(147,057)
- deferred			(10,350,242)	(13,862,185)
			(19,400,249)	(16,329,643)
Profit after tax			40,012,247	31,065,510
Profit and loss appropriation account				
Balance at commencement of the year			(65,008,628)	(84,660,744)
Profit after tax for the period			40,012,247	31,065,510
Dividend			-	(23,000,000)
Balance of unappropriated loss at end of the nine months			(24,996,381)	(76,595,234)
Earnings per share	11		0.87	0.68

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar	Ali Jameel	Syed Kazim Hasan	Jameel Yusuf
Chief Executive	Director	Director	Chairman

Condensed Interim Statement of Cash Flow (Unaudited)

For the three months and nine months ended 30 September 2013

	30 September 2013	30 September 2012
	(Rupees)	
Operating activities		
(a) Underwriting activities		
Premiums received	593,811,159	520,154,634
Reinsurance premiums paid	(1,990,136)	(6,303,695)
Claims paid	(319,556,601)	(216,741,177)
Reinsurance and other recoveries	97,902,576	55,862,175
Commission paid	(70,801,764)	(50,065,126)
Net cash inflow from underwriting activities	299,365,234	302,906,811
(b) Other operating activities		
Income tax	(6,398,111)	(3,483,169)
General management expenses paid	(281,739,360)	(292,041,084)
Loans advanced	(325,000)	(1,603,728)
Loans repayments received	956,727	802,288
Net cash inflow from other operating activities	(287,505,744)	(296,325,693)
Total cash generated from all operating activities	11,859,490	6,581,118
Investment activities		
Profit / return received	5,977,579	2,102,470
Payments for investments	(3,036,632)	(1,000,000)
Proceeds from disposal of investments	-	10,831,500
Fixed capital expenditure	(28,161,480)	(23,626,610)
Proceeds from disposal of fixed assets	3,544,207	6,448,060
Total cash (used in) / inflow from investing activities	(21,676,326)	(5,244,580)
Financing activities		
Financial charges paid	(380,680)	(589,418)
Dividend Paid	-	(23,000,000)
Payments on finance leases	-	(1,568,320)
Total cash used in financing activities	(380,680)	(25,157,738)
Net cash generated from / (used in) all activities	(10,197,516)	(23,821,200)
Cash and cash equivalent at beginning of the period	17,769,130	22,064,820
Cash and cash equivalent at end of the period	7,571,614	(1,756,380)

Condensed Interim Statement of Cash Flow (Unaudited)

For the three months and nine months ended 30 September 2013

	30 September 2013	30 September 2012
	(Rupees)	
Reconciliation to profit and loss account		
Operating cash flows	11,859,490	6,581,118
Depreciation / amortization expense	(36,443,723)	(36,030,543)
Impairment on investment	-	(4,000,000)
Profit on disposal of fixed assets	2,555,059	3,831,458
Profit on disposal of investments	-	831,500
Increase in assets other than cash	180,106,307	130,076,269
Increase in liabilities other than short term running finance	(109,222,868)	(61,106,166)
	48,854,265	40,183,636
Other adjustments		
Financial charges	(380,680)	(949,875)
Income tax paid	6,398,111	3,483,169
Profit / return on investments	4,477,025	4,648,224
Share of profit from associate	28,775	-
Dividends received	35,000	30,000
Provision for taxation	(19,400,249)	(16,329,644)
	(8,842,018)	(9,118,126)
Profit after taxation	40,012,247	31,065,510

Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances 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		
Cash in hand	167,469	173,447
Current and other accounts	14,650,104	18,047,577
	14,817,573	18,221,024
Short Term Running Finance	(7,245,959)	(19,977,404)
	7,571,614	(1,756,380)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar	Ali Jameel	Syed Kazim Hasan	Jameel Yusuf
Chief Executive	Director	Director	Chairman

Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months ended 30 September 2013

	Share capital		
	Issued, subscribed and paid-up	Accumulated Losses	Total
	(Rupees)		
Balance as at 1 January 2012	452,312,959	(84,716,290)	367,596,669
Transactions with owners recorded directly in equity			
Dividend	-	(23,000,000)	(23,000,000)
Total comprehensive income			
Profit for the nine months period ended 30 September 2012	-	31,065,510	31,065,510
Balance as at 30 September 2012	452,312,959	(76,650,780)	375,662,179
Total comprehensive income			
Profit for the three months ended 31 December 2012	-	11,642,152	11,642,152
Balance as at 31 December 2012	452,312,959	(65,008,628)	387,304,331
Total comprehensive income			
Profit for the nine months period ended 30 September 2013	-	40,012,247	40,012,247
Balance as at 30 September 2013	**452,312,959**	**(24,996,381)**	**427,316,578**

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar	Ali Jameel	Syed Kazim Hasan	Jameel Yusuf
Chief Executive	Director	Director	Chairman

Condensed Interim Statement of Premium (Unaudited)

For the three months period and nine months period ended 30 September 2013

Business underwritten inside Pakistan

			Three months period ended 30 September									
			Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid Re-insurance premium ceded		Re-insurance expense	Net premium revenue 2013	Net premium revenue 2012
				Opening	Closing			Opening	Closing			
			(Rupees)									
		Class										
Direct and facultative	1	Motor business	221,022,891	381,728,362	411,190,752	191,560,501	(223,129)	2,442,079	-	2,218,950	189,341,551	161,400,324
	2	Miscellaneous	12,811,714	2,375,785	13,303,369	1,884,130	(205,321)	414,821	-	209,500	1,674,630	1,276,593
		Total	233,834,605	384,104,147	424,494,121	193,444,631	(428,450)	2,856,900	-	2,428,450	191,016,181	162,676,917

			Nine months period ended 30 September									
			Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid Re-insurance premium ceded		Re-insurance expense	Net premium revenue 2013	Net premium revenue 2012
				Opening	Closing			Opening	Closing			
			(Rupees)									
		Class										
Direct and facultative	1	Motor business	623,634,243	325,548,091	411,190,752	537,991,582	4,661,029	-	-	4,661,029	533,330,553	440,607,738
	2	Miscellaneous	15,603,187	2,604,328	13,303,369	4,904,146	624,321	-	-	624,321	4,279,825	9,718,479
		Total	639,237,430	328,152,419	424,494,121	542,895,728	5,285,350	-	-	5,285,350	537,610,378	450,326,217

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar Chief Executive	Ali Jameel Director	Syed Kazim Hasan Director	Jameel Yusuf Chairman

Condensed Interim Statement of Claims (Unaudited)

For the three months period and nine months period ended 30 September 2013

Business underwritten inside Pakistan

Three months period ended 30 September

	Class	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries in respect of outstanding claims Closing	Re-insurance and other recoveries revenue	Net claims expense 2013	Net claims expense 2012
		(Rupees)									
Direct and facultative	1 Fire and property damage	-	1,194,000	1,194,000	-	-	119,400	119,400	-	-	-
	2 Motor Business	101,860,395	67,946,415	97,459,054	131,373,034	25,819,618	6,500,000	12,468,600	31,788,218	99,584,816	73,170,332
	3 Miscellaneous	10,000	-	-	10,000	-	-	-	-	10,000	3,099,886
	Total	101,870,395	69,140,415	98,653,054	131,383,034	25,819,618	6,619,400	12,588,000	31,788,218	99,594,816	76,270,218

Nine months period ended 30 September

	Class	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries in respect of outstanding claims Closing	Re-insurance and other recoveries revenue	Net claims expense 2013	Net claims expense 2012
		(Rupees)									
Direct and facultative	1 Fire and property damage	-	1,194,000	1,194,000	-	-	119,400	119,400	-	-	-
	2 Motor Business	319,456,520	75,269,782	97,459,054	341,645,792	97,902,576	11,099,099	12,468,600	99,272,077	242,373,715	180,805,625
	3 Miscellaneous	100,081	225,000	-	(124,919)	-	-	-	-	(124,919)	2,631,475
	Total	319,556,601	76,688,782	98,653,054	341,520,873	97,902,576	11,218,499	12,588,000	99,272,077	242,248,796	183,437,100

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar Chief Executive	Ali Jameel Director	Syed Kazim Hasan Director	Jameel Yusuf Chairman

Condensed Interim Statement of Expenses (Unaudited)

For the three months period and nine months period ended 30 September 2013

Business underwritten inside Pakistan

		Three months period ended 30 September								
		Commissions paid or payable	Deferred Commission Opening	Deferred Commission Closing	Net commission expense	Other management expenses	Underwriting expense	*Commissions from reinsurers	Net underwriting expense 2013	Net underwriting expense 2012
		(Rupees)								
	Class									
Direct and facultative	1 Motor	25,857,496	38,036,260	44,906,844	18,986,912	45,891,799	64,878,711	-	64,878,711	78,031,742
	2 Miscellaneous	4,117,707	1,360,194	4,638,692	839,209	12,544,859	13,384,068	-	13,384,068	6,043,205
	Total	29,975,203	39,396,454	49,545,536	19,826,121	58,436,658	78,262,779	-	78,262,779	84,074,947

		Nine months period ended 30 September								
		Commissions paid or payable	Deferred Commission Opening	Deferred Commission Closing	Net commission expense	Other management expenses	Underwriting expense	*Commissions from reinsurers	Net underwriting expense 2013	Net underwriting expense 2012
		(Rupees)								
	Class									
Direct and facultative	1 Motor	65,222,931	31,328,050	44,906,844	51,644,137	155,552,816	207,196,953	-	207,196,953	206,734,435
	2 Miscellaneous	5,578,833	1,227,184	4,638,692	2,167,325	13,305,185	15,472,510	-	15,472,510	11,757,297
	Total	70,801,764	32,555,234	49,545,536	53,811,462	168,858,001	222,669,463	-	222,669,463	218,491,732

* Commission from reinsurers is arrived at after taking the impact of the opening and closing balances of unearned commission.

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar Chief Executive	Ali Jameel Director	Syed Kazim Hasan Director	Jameel Yusuf Chairman

Condensed Interim Statement of Investment Income (Unaudited)

For the three months period and nine months period ended 30 September 2013

	Three months period ended 30 September		Nine months period ended 30 September	
	2013	2012	2013	2012
	(Rupees)		(Rupees)	
Income from non-trading investments				
Held-to-maturity				
Return on Government Securities	1,442,579	1,576,088	4,477,025	4,648,224
Available-for-sale				
Dividend income	-	-	35,000	30,000
Gain on sale of non-trading investments (available-for-sale investments)	-	-	-	831,500
	1,442,579	1,576,088	4,512,025	5,509,724
Share of profit / (loss) on investment in associated company	-	-	28,775	-
Brokerage expense	(7,488)	-	(15,000)	-
Net investment income	1,435,091	1,576,088	4,525,800	5,509,724

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Saad Nissar	Ali Jameel	Syed Kazim Hasan	Jameel Yusuf
Chief Executive	Director	Director	Chairman

Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine months period ended 30 September 2013

1. STATUS AND NATURE OF BUSINESS

TPL Direct Insurance Limited (the Company) was incorporated in Pakistan in 1992 as a public limited Company under the Companies Ordinance, 1984 to carry on general insurance business. The Company is a subsidiary of TPL Trakker Limited (the holding Company) which holds 67.39% of its ordinary shares. The principal office of the Company is located at 172-B, 2nd Floor, Najeeb Centre, Block 2, P.E.C.H.S, Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine months period ended 30 September 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2002, have been followed.

The disclosures made in this condensed interim financial information has been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan vide Circular No. 7 of 2003 and International Accounting Standard (IAS) 34, "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2012.

The Securities and Exchange Commission of Pakistan (SECP) has allowed the insurance companies to defer the application of International Accounting Standards (IAS) - 39 "Financial Instruments: Recognition and Measurement" in respect of valuation of "available for sale investments". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of this condensed interim financial information.

This condensed interim financial information has been presented in Pakistani Rupees, which is also the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company as at and for the year ended 31 December 2012.

4. ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of 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.

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 31 December 2012.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements as at and for the year ended 31 December 2012.

6. SHORT TERM RUNNING FINANCE

The Company has a running finance facility aggregating to Rs. 25 million from bank (2012: Rs. 25 million) at a mark up rate of 3 months KIBOR plus 2.1% per annum (2012: 3 months KIBOR plus 2.1% per annum). This arrangement is secured against charge on C-Track units of the Company to the extent of Rs.34 million with a margin of 25%, first charge over book debts, receivables of the Company and personal guarantee of the Directors of the Company. As at the period end the Company has utilized Rs.7.246 million (2012: Rs. NIL). At the period end, the mark-up rate charged by the bank ranged at 11.50% (2012: 12.30%) per annum.

			30 September 2013 (Unaudited)	31 December 2012 (Audited)
7.	INVESTMENTS		(Rupees)	
	Associated Company			
	- TPL Properties (Private) Limited	*7.1*	99,585,969	99,557,194
	Others			
	- Available-for-sale	*7.2*	4,470,379	1,433,747
	- Held-to-maturity	*7.3*	48,338,285	48,280,864
			152,394,633	149,271,805
7.1	Investment at the beginning of the period		99,557,194	99,944,454
	Share of profit / (loss)		28,775	(387,260)
	Investment at the end of the period		99,585,969	99,557,194

7.1.1 The Company holds 10 million shares (9.09%) [2012: 10 million shares (9.09%)] shares in TPL Properties (Private) Limited (an Associated Company) and is considered as an associate by virtue of common directorship. The Company has accounted for Investment in Associated Company on Equity Method based on its Financial Statements for the year ended 30 June 2013.

7.2 Available-for-sale

7.2.1 Ordinary shares of quoted companies

Number of shares				
30 September 2013	31 December 2012	**Name of Investee Company**		
129,000	129,000	Business Industrial Insurance Company Limited	251,260	251,260
7,731	3,875	Bank of Punjab Limited	357,727	321,095
10,000	10,000	The Hub Power Company Limited	357,000	357,000
13,750	13,750	Bank of Khyber	162,975	162,975
100,000	100,000	Next Capital Limited	1,000,000	1,000,000
16,000	16,000	Summit Bank Limited	514,675	514,675
3,200	-	Summit Bank Limited - Preference Shares	-	-
			2,643,637	2,607,005

7.2.2 Mutual Fund Units

Number of units				
30 September 2013	31 December 2012			
5,854	5,854	First Habib Stock Fund	500,000	500,000
30,293	-	Faysal Financial Sector Opportunity Fund	3,000,000	-
			3,500,000	500,000
		Provision for impairment in value of available-for-sale investments	(1,673,258)	(1,673,258)
			4,470,379	1,433,747

7.2.2.1 The aggregate market value of the available for sale investment is Rs. 4.891 million (31 December 2012: Rs. 1.805 million).

7.3 Held-to-maturity - Pakistan Investment Bonds (PIBs)

This represents ten years Pakistan Investment Bonds having face value of Rs. 50 million (market value of Rs. 48.27 million) [31 December 2012: Rs. 50 million (market value of Rs. 51.547 million)]. These carry mark-up of 12% (31 December 2012: 12%) per annum and will mature between 3 September 2019 to 18 August 2021. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance 2000 and circular No. 15 of 2008 dated 7 July 2008 issued by the Securities and Exchange Commission of Pakistan.

8. ADVANCES, DEPOSITS AND PREPAYMENTS

		30 September 2013 (Unaudited)	31 December 2012 (Audited)
		(Rupees)	
Advance			
- to holding company	*8.1*	295,906,882	234,211,844
Deposits			
- for medical and travel assistance		1,942,392	1,942,392
Prepaid			
- rent	*8.2*	20,500,000	-
- annual monitoring and other charges		34,938,400	42,973,852
- fee for medical and travel assistance		123,108	573,996
- insurance premiums		170,559	150,000
- reinsurance premium ceded		1,428,452	-
- others		225,000	1,570
		355,234,793	279,853,654

8.1 This represents advance against purchase of C-Track units and annual monitoring fees. A Special Resolution of the shareholders authorizing the Company to extend advances upto Rs. 300 million was passed in Annual General Meeting of the Company held on 18 April 2013. The above balance carries interest at the rate of 14% per annum (2012: 14.02% per annum) and is secured against personal guarantees of two Directors of the holding Company.

8.2 This represent amount paid by the company in respect of rent for the office space located at Center Point, Korangi, Karachi. The company signed an agreement with TPL Properties (Private) Limited according to which the rent shall be charged from the commencement of possession with the company. The Company is in the process of shifting its office to Centre Point.

9. FIXED ASSETS

		30 September 2013 (Unaudited)	31 December 2012 (Audited)
		(Rupees)	
Opening written down value		168,046,473	254,281,557
Additions and transfers during the period / year - at cost			
- Office equipments		492,500	6,467,280
- Motor vehicles		2,688,601	12,261,570
- Equipments	*9.1*	69,329,517	51,676,166
- Computer equipments		1,211,290	1,514,797
- Furniture and fixtures		83,800	1,209,285
- Capital work-in-progress		20,242,000	53,312,500
		94,047,708	126,441,598
Written down value of disposals during the period / year		(1,774,311)	(2,627,602)
Depreciation / amortization for the period / year		(36,443,723)	(47,879,994)
		(38,218,034)	(50,507,596)
Transfer from Capital work in progress during the period / year		(65,886,228)	(162,169,086)
Closing written down value		157,989,919	168,046,473

9.1 The equipments are installed by the Company in the vehicles which are currently in the possession of the insured. These devices are also encumbered against short term running finance facility obtained from a bank amounting to Rs. 34 million which has been partially utilized during the period.

10. TRANSACTIONS WITH RELATED PARTIES

10.1 The related parties and associated undertakings comprise TPL Trakker Limited being the Holding Company, TRG Pakistan Limited, Trakker Middle East, Digicore International (Private) Limited, Trakker Energy (Private) Limited, Habib Asset Management Limited, TPL Security Services (Private) Limited, TPL Financial Consultancy (Private) Limited, Virtual World (Private) Limited, TPL Properties (Private) Limited, TPL Holdings (Pvt) Limited, Genco Holdings (Pvt) Limited, Port Investments (Pvt) Limited, Meskay & Famtee Trading (Pvt) Limited, Princely Jets Private Limited, Centerpoint Management Services (Pvt) Limited, Razzaque Razno Trading (Private) Limited, JS Bank Limited, Fauji Akber Portia Marine Terminals (Private) Limited, Speed (Private) Limited, Employee Provident Fund, directors and their related concerns and key management personnel. The balances with / due from and transactions with related parties and associated undertakings, other than remuneration and benefits to the key management personnel under the terms of their employment and those which have been specifically disclosed elsewhere in this interim financial information are as follows:

	(Unaudited)			
	Three months period ended		Nine months period ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	(Rupees)		(Rupees)	
10.2 Movement of transactions with related parties				
TPL Trakker Limited - (Holding Company)				
Opening balance - including sundry receivables	279,045,226	235,378,225	241,828,292	181,451,222
Reimbursement of expenses incurred on behalf of the Company	(4,507,071)	(4,644,199)	(14,061,346)	(16,059,057)
Expenses incurred by the Company on behalf of the Holding	1,571,775	1,205,960	3,345,456	16,539,439
Receivable from Holding Company in respect of sale of C-Track units installed in vehicles which were snatched	541,800	1,083,600	954,600	1,083,600
Advance paid for purchase of equipment	-	-	(23,200,000)	(15,442,500)
Cost of services provided to the Company	(36,214,758)	(23,750,431)	(70,768,104)	(61,720,853)
Advance given during the period	96,129,000	77,000,000	188,579,000	197,301,064
Payments received during the period	(15,000,000)	(15,000,000)	(17,750,000)	(58,200,000)
Interest charged to the Holding Company	11,574,909	9,476,349	29,793,634	26,944,649
Equipment removal / transfer charges	(1,782,759)	(4,127,464)	(7,363,410)	(9,275,524)
Claim Compensation received		-		14,000,000
Closing balance - including sundry receivables	331,358,122	276,622,040	331,358,122	276,622,040
TPL Properties (Private) Limited- common directorship				
Opening balance	120,500,000	100,000,000	101,000,000	-
Advance converted into loan (Rs. 100,000,000)	-	-	-	100,000,000
Mark-up charged during the period	4,000,000	4,000,000	12,000,000	12,000,000
Mark-up received during the period	-	-	(9,000,000)	(8,000,000)
Prepaid rent paid against office space	-	-	20,500,000	-
Closing balance - including markup on loan to Associate Company	124,500,000	104,000,000	124,500,000	104,000,000
Virtual World (Private) Limited - common directorship				
Opening accrued outsourcing expenses	423,500	(2,387,000)	693,000	269,500
Services received during the period	1,386,000	2,348,500	3,773,000	1,732,500
Payments made during the period	(885,500)	(577,500)	(3,542,000)	(3,041,500)
Closing accrued outsourcing expenses	924,000	(616,000)	924,000	(1,039,500)
EVAC Pakistan (Private) Limited - Subsidiary company				
Opening balance	-	-	-	10,133,390
Road side assistance charges paid	-	-	-	(2,400,000)
Interest charged on advances to Subsidiary Company	-	-	-	694,559
Advance received from the Subsidiary Company	-	-	-	(2,000,000)
Expenses incurred on behalf of the Company	-	-	-	(302,851)
Advances given to the Subsidiary Company	-	-	-	3,800,000
Assets transferred to the Company	-	-	-	(13,756,452)
Gain on disposal of Subsidiary Company	-	-	-	3,831,354
Closing balance	-	-	-	-
TPL Direct Insurance Limited Employees Provident Fund				
Opening balance	490,238	(58,740)	389,798	419,452
Charge for the period	1,538,032	1,523,008	4,423,408	3,504,518
Contribution made during the period	(2,045,242)	(1,090,506)	(4,830,178)	(3,550,208)
Closing balance	(16,972)	373,762	(16,972)	373,762

10.2.1 Remuneration to the key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

11. EARNING PER SHARE - basic and diluted

	(Unaudited) Three months period ended		(Unaudited) Nine months period ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	(Rupees)		(Rupees)	
Profit after tax for the period	6,754,922	1,770,186	40,012,247	31,065,510
	(Number of shares)		(Number of shares)	
Weighted average number of shares of Rs. 10 each	46,000,000	46,000,000	46,000,000	46,000,000
	(Rupees)		(Rupees)	
Profit per share	0.15	0.04	0.87	0.68

11.1 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.

12. OPERATING SEGMENTS

Class and business wise revenue and results have been disclosed in the condensed interim statement of premiums and condensed interim profit and loss account respectively, prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 and IFRS 8 - "Operating Segments". As the Company mainly deals in the Motor business, therefore the information regarding the segment assets and liabilities have not been presented in this condensed interim financial information.

13. AUTHORISATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Company on 21 October 2013.

Saad Nissar	Ali Jameel	Syed Kazim Hasan	Jameel Yusuf
Chief Executive	Director	Director	Chairman

TPL Direct Insurance Ltd.
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