

Half Yearly Report
June 2013



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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

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the unaudited condensed interim financial statements for the half year ended 30th June 2013.

Fiscal Year 2013 demonstrated mixed trends with a GDP growth of 3.59% and SBP slashing down discount rate to 9.5% from 12.0% in June 2012, infusing optimism for economic growth, industrialization and trade expansion ahead. Further, the year closed on a positive note where KSE 100 index returns grew at a whopping 52% with an average turnover of 125 million. The major reasons for investor's confidence were interest rate cuts, healthy corporate profitability and election of investor friendly government with a resolve to manage the circular debt issue. However, foreign reserves depleted from USD 14.6 billion in June 2012 to USD 10.2 billion and Pak Rupee depreciated by 5.3% in fiscal year 2013 mainly due to pressures from scheduled repayments to IMF.

Our results for the half year ended 30th June 2013 closed on a positive note. Gross premium increased to Rs. 405 million from Rs. 387 million of the corresponding period, cementing our position despite troubled motor industry outlook. Claims ratio is recorded at 41%, which is slightly higher than the corresponding period of last year due to disturbed law and order conditions. Expenses remained under strict control and were maintained at 27% of the gross premium. Consequently, our pre-tax profit for the half year has registered an improvement by 14% to Rs. 50.4 million from Rs. 44.2 million during corresponding period of last financial year.

Company's motor premium constitutes about 98% 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 first two 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. Further, efforts are being directed towards other retail business products to strengthen the product mix of the Company. The Company has already launched Home Insurance and Bancassurance products and is set to launch its Health Insurance and Micro Insurance products across Pakistan in the upcoming quarter.

We would like to thank all our stakeholders, business partners and staff for their continued support.

For and on behalf of the Board of Directors



Saad Nissar
CEO

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying:

1. Condensed interim balance sheet;
2. Condensed interim profit and loss account;
3. Condensed interim statement of changes in equity;
4. Condensed interim statement of cash flows;
5. Condensed interim statement of premiums;
6. Condensed interim statement of claims;
7. Condensed interim statement of expenses;
8. Condensed interim statement of investment income;

of TPL Direct Insurance Limited as at 30 June 2013 together with notes forming part thereof for the six months period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditors of the Entity". A review of condensed interim financial information 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 30 June 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matters

The figure for three months period ended 30 June 2013 and 30 June 2012 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 23 August 2013

Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.

Chartered Accountant

Mazhar Saleem

Condensed Interim Balance Sheet

As at 30 June 2013

	Note	(Unaudited) 30 June 2013	(Audited) 31 December 2012
(Rupees)			
Share capital and reserves			
Authorized share capital		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital		452,312,959	452,312,959
Accumulated losses		<u>(31,751,303)</u>	<u>(65,008,628)</u>
Total equity		420,561,656	387,304,331
Underwriting provisions			
Provision for outstanding claims (including IBNR)		69,140,415	76,688,782
Provision for unearned premium		<u>384,104,147</u>	<u>328,152,419</u>
Total underwriting provisions		<u>453,244,562</u>	<u>404,841,201</u>
Deferred liability			
Deferred tax liability	6	14,692,621	3,395,516
Creditors and accruals			
Premiums received in advance		2,171,778	2,286,909
Amounts due to other insurers / reinsurers		14,487,001	10,635,340
Accrued expenses		1,831,732	2,603,352
Other creditors and accruals		<u>25,737,917</u>	<u>32,004,339</u>
		<u>44,228,428</u>	<u>47,529,940</u>
Total liabilities		512,165,611	455,766,657
CONTINGENCIES			
	7		
Total equity and liabilities		<u>932,727,267</u>	<u>843,070,988</u>

Condensed Interim Balance Sheet


As at 30 June 2013

	Note	(Unaudited) 30 June 2013	(Audited) 31 December 2012
(Rupees)			
Cash and bank deposits	8		
Cash and other equivalent		270,041	155,268
Current and other accounts		51,805,486	17,613,862
		<u>52,075,527</u>	<u>17,769,130</u>
Loans to employees - secured and considered good		367,572	1,017,635
Investments	9	149,394,633	149,271,805
Current assets - others			
Premiums due but unpaid - unsecured		57,886,915	47,156,812
Amounts due from other insurers / reinsurers - unsecured	10	20,693	1,501,499
Reinsurance recoveries against outstanding claims		784,100	784,100
Salvage recoveries outstanding		5,835,300	10,434,399
Accrued investment income		2,104,736	2,132,643
Taxation - payments less provision		1,932,551	4,781,265
Deferred commission expense		39,396,454	32,555,234
Advances, deposits and prepayments	11	328,090,335	279,853,654
Loan to Associated Company		100,000,000	100,000,000
Sundry receivables	12	31,381,109	27,766,339
		<u>567,432,193</u>	<u>506,965,945</u>
Fixed assets			
Tangible and intangible	13		
Furniture and fixtures		1,851,966	1,998,341
Office equipment		4,089,954	5,202,761
Motor vehicles		6,475,000	8,688,751
Tracking devices		137,571,951	102,319,964
Computer equipment		1,877,471	1,825,707
Capital work-in-progress		11,590,700	47,889,930
Intangible		300	121,019
		<u>163,457,342</u>	<u>168,046,473</u>
Total assets		<u><u>932,727,267</u></u>	<u><u>843,070,988</u></u>

The annexed notes 1 to 20 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 Profit and Loss Account (Unaudited)

For the three months period and six months period ended 30 June 2013


Note	Three months period ended 30 June			
	Motor	Miscellaneous	Aggregate 2013	Aggregate 2012 Restated
	------(Rupees)-----			
Revenue account				
Net premium revenue	177,242,247	1,431,276	178,673,523	151,806,452
Net claims	(81,353,836)	54,919	(81,298,917)	(42,231,782)
Expenses	(47,851,836)	(299,978)	(48,151,814)	(61,969,715)
Net commission	(14,933,929)	(694,388)	(15,628,317)	(15,081,661)
Underwriting result	33,102,646	491,829	33,594,475	32,523,294
Investment income			1,628,008	2,188,033
Other income			14,874,441	32,479,305
General and administration expenses			(22,209,678)	(39,231,382)
Financial charges			(80,605)	(301,952)
			(5,787,834)	(4,865,996)
Profit before tax			27,806,641	27,657,298
Provision for taxation				
- current			(45,922)	(1,507,017)
- prior			-	(147,057)
- deferred			(11,297,105)	(10,104,373)
			(11,343,027)	(11,758,447)
Profit after tax			16,463,614	15,898,851

	Six months period ended 30 June			
	Motor	Miscellaneous	Aggregate 2013	Aggregate 2012 Restated
	------(Rupees)-----			
Revenue account				
Net premium revenue	343,989,002	2,605,195	346,594,197	287,649,300
Net claims	(142,788,899)	134,919	(142,653,980)	(107,166,882)
Expenses	(109,661,017)	(760,326)	(110,421,343)	(106,219,149)
Net commission	(32,657,225)	(1,328,116)	(33,985,341)	(28,197,636)
Underwriting result	58,881,861	651,672	59,533,533	46,065,633
Investment income			3,090,709	3,648,801
Other income			30,814,552	44,674,607
General and administration expenses			(42,752,447)	(49,613,768)
Financial charges			(253,736)	(562,755)
			(9,100,922)	(1,853,115)
Profit before tax			50,432,611	44,212,518
Provision for taxation				
- current			(5,878,181)	(1,507,017)
- prior			-	(147,057)
- deferred			(11,297,105)	(13,547,955)
			(17,175,286)	(15,202,029)
Profit after tax			33,257,325	29,010,489
Profit and loss appropriation account				
Balance at commencement of the year			(65,008,628)	(84,716,290)
Profit after tax for the period			33,257,325	29,010,489
Dividend			-	(23,000,000)
Balance of unappropriated loss at end of the six months			(31,751,303)	(78,705,801)
Earnings per share			0.72	0.63

The annexed notes 1 to 20 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 Cash Flow (Unaudited)

For the six months period ended 30 June 2013

	30 June 2013	30 June 2012
	(Rupees)	
Operating activities		
(a) Underwriting activities		
Premiums received	399,890,058	364,419,005
Reinsurance premiums paid	(3,713,970)	(2,767,060)
Claims paid	(217,686,206)	(139,310,969)
Reinsurance and other recoveries	72,082,958	35,204,243
Commission paid	(44,829,838)	(38,144,021)
Net cash inflow from underwriting activities	<u>205,743,002</u>	<u>219,401,198</u>
(b) Other operating activities		
Income tax	(3,029,467)	(366,188)
General management expenses paid	(173,723,636)	(190,235,676)
Loans advanced	(145,000)	(1,275,728)
Loans repayments received	795,063	392,882
Net cash inflow from other operating activities	<u>(176,103,040)</u>	<u>(191,484,710)</u>
Total cash generated from all operating activities	29,639,962	27,916,488
Investment activities		
Profit / return received	3,018,475	3,003,367
Payments for investments	(36,632)	(1,000,000)
Proceeds from disposal of investments	-	10,831,500
Fixed capital expenditure	(1,085,884)	(23,226,765)
Proceeds from disposal of fixed assets	3,024,212	6,051,360
Total cash generated used in investing activities	4,920,171	(4,340,538)
Financing activities		
Financial charges paid	(253,736)	(744,648)
Dividend paid	-	(23,000,000)
Payments on finance leases	-	(1,568,320)
Total cash used in financing activities	(253,736)	(25,312,968)
Net cash generated from / (used in) all activities	34,306,397	(1,737,018)
Cash and cash equivalent at beginning of the period	17,769,130	22,064,820
Cash and cash equivalent at end of the period	<u>52,075,527</u>	<u>20,327,802</u>

Condensed Interim Statement of Cash Flow (Unaudited)

For the six months period ended 30 June 2013

	30 June 2013	30 June 2012 <i>Restated</i>
		(Rupees)
Reconciliation to profit and loss account		
Operating cash flows	29,639,962	27,916,488
Depreciation / amortization expense	(23,867,389)	(24,038,885)
Impairment on investment	-	(4,000,000)
Profit on disposal of fixed assets	2,001,749	3,482,458
Profit on disposal of investments	-	831,500
Increase in assets other than cash	82,692,806	83,532,171
Increase in liabilities	(45,873,469)	(46,131,948)
	<u>44,593,659</u>	<u>41,591,784</u>
Other adjustments		
Financial charges	(253,736)	(562,755)
Income tax paid	3,029,467	366,188
Profit / return on investments	2,999,446	3,072,136
Share of loss from associate	28,775	(284,835)
Dividends received	35,000	30,000
Provision for taxation	(17,175,286)	(15,202,029)
	<u>(11,336,334)</u>	<u>(12,581,295)</u>
Profit after taxation	<u><u>33,257,325</u></u>	<u><u>29,010,489</u></u>

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	270,041	87,537
Current and other accounts	51,805,486	20,240,265
	<u><u>52,075,527</u></u>	<u><u>20,327,802</u></u>

The annexed notes 1 to 20 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 Changes in Equity (Unaudited)

For the six month period ended 30 June 2013


	Note	Share capital	Accumulated Losses	Total
		Issued, subscribed and paid-up		
(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 six months period ended 30 June 2012 as restated	3.1	-	29,010,489	29,010,489
Balance as at 30 June 2012 as restated		<u>452,312,959</u>	<u>(78,705,801)</u>	<u>373,607,158</u>
Balance as at 1 January 2013		452,312,959	(65,008,628)	387,304,331
Total comprehensive income				
Profit for the six months period ended 30 June 2013		-	33,257,325	33,257,325
Balance as at 30 June 2013		<u>452,312,959</u>	<u>(31,751,303)</u>	<u>420,561,656</u>

The annexed notes 1 to 20 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 Premium (Unaudited)

For the three months period and six months period ended 30 June 2013

Business underwritten inside Pakistan

Class	Three months period ended 30 June										
	Premiums written		Unearned premium reserve		Premiums earned		Re-insurance ceded		Prepaid Re-insurance premium ceded		Net premium revenue 2012
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	
	(Rupees)										
1 Motor business	225,429,050	334,763,295	381,728,362	178,463,983	3,663,815	-	2,442,079	1,221,736	177,242,247	148,831,259	
2 Miscellaneous	1,471,839	2,541,936	2,375,785	1,637,990	621,535	-	414,821	206,714	1,431,276	2,975,193	
Total	226,900,889	337,305,231	384,104,147	180,101,973	4,285,350	-	2,856,900	1,428,450	178,673,523	151,806,452	

Class	Six months period ended 30 June										
	Premiums written		Unearned premium reserve		Premiums earned		Re-insurance ceded		Prepaid Re-insurance premium ceded		Net premium revenue 2012
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	
	(Rupees)										
1 Motor business	402,611,352	325,548,091	381,728,362	346,431,081	4,884,158	-	2,442,079	2,442,079	343,989,002	279,207,414	
2 Miscellaneous	2,791,473	2,604,328	2,375,785	3,020,016	829,642	-	414,821	414,821	2,605,195	8,441,886	
Total	405,402,825	328,152,419	384,104,147	349,451,097	5,713,800	-	2,856,900	2,856,900	346,594,197	287,649,300	

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 Saad Nissar
 Chief Executive


 Syed Kazim Hasan
 Director


 Jameel Yusuf
 Chairman

Condensed Interim Statement of Claims (Unaudited)
For the three months period and six months period ended 30 June 2013

Business underwritten inside Pakistan

Class	Three months period ended 30 June										
	Claims paid		Outstanding claims		Claims expense	Re-insurance recoveries and other recoveries received		Reinsurance and other recoveries in respect of outstanding claims		Net claims expense 2012	
	Opening	Closing	Opening	Closing		Opening	Closing	Opening	Closing		Net claims expense 2013
Direct and facultative											
1 Fire and property damage	-	1,194,000	1,194,000	-	-	119,400	119,400	-	-	-	-
2 Motor Business	110,527,426	62,875,692	67,946,415	115,598,149	42,779,352	15,035,039	6,500,000	34,244,313	81,353,836	42,724,782	81,353,836
3 Miscellaneous	70,081	125,000	-	(54,919)	-	-	-	-	(54,919)	(493,000)	(54,919)
Total	110,597,507	64,194,692	69,140,415	115,543,230	42,779,352	15,154,439	6,619,400	34,244,313	81,298,917	42,231,782	81,298,917
	Six months period ended 30 June										
Class	Claims paid		Outstanding claims		Claims expense	Re-insurance recoveries and other recoveries received		Reinsurance and other recoveries in respect of outstanding claims		Net claims expense 2012	
	Opening	Closing	Opening	Closing		Opening	Closing	Opening	Closing		Net claims expense 2013
Direct and facultative											
1 Fire and property damage	-	1,194,000	1,194,000	-	-	119,400	119,400	-	-	-	-
2 Motor Business	217,596,125	75,269,782	67,946,415	210,272,758	72,082,958	11,099,099	6,500,000	67,483,859	142,788,899	107,635,293	142,788,899
3 Miscellaneous	90,081	225,000	-	(134,919)	-	-	-	-	(134,919)	(468,411)	(134,919)
Total	217,686,206	76,688,782	69,140,415	210,137,839	72,082,958	11,218,499	6,619,400	67,483,859	142,653,980	107,166,882	142,653,980

The annexed notes 1 to 20 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 six months period ended 30 June 2013

Business underwritten inside Pakistan

Class	Three months period ended 30 June							Net underwriting expense 2012
	Commissions paid or payable	Deferred Commission Opening	Commission Closing	Net commission expense	Other management expenses	Underwriting expense	* Commissions from reinsurers	
1 Motor	22,757,128	30,213,061	38,036,260	14,933,929	47,851,836	62,785,765	-	62,785,765
2 Miscellaneous	759,660	1,294,922	1,360,194	694,388	299,978	994,366	-	994,366
Total	23,516,788	31,507,983	39,396,454	15,628,317	48,151,814	63,780,131	-	63,780,131
Class	Six months period ended 30 June							Net underwriting expense 2012
	Commissions paid or payable	Deferred Commission Opening	Commission Closing	Net commission expense	Other management expenses	Underwriting expense	* Commissions from reinsurers	
1 Motor	39,365,435	31,328,050	38,036,260	32,657,225	109,661,017	142,318,242	-	142,318,242
2 Miscellaneous	1,461,126	1,227,184	1,360,194	1,328,116	760,326	2,088,442	-	2,088,442
Total	40,826,561	32,555,234	39,396,454	33,985,341	110,421,343	144,406,684	-	144,406,684

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

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Ali Jameel
Director



Syed Kazim Hasan
Director



Jameel Yusuf
Chairman

Condensed Interim Statement of Investment Income (Unaudited)

For the three months period and six months period ended 30 June 2013


	Note	Three months period ended 30 June		Six months period ended 30 June	
		2013	2012 <i>Restated</i>	2013	2012 <i>Restated</i>
(Rupees)					
Income from non-trading investments					
<i>Held-to-maturity</i>					
Return on Government Securities		1,586,132	1,499,155	3,034,446	3,072,136
<i>Available-for-sale</i>					
Dividend income		35,000	30,000	35,000	30,000
Gain on sale of non-trading investments (available-for-sale investments)		-	831,500	-	831,500
		1,621,132	2,360,655	3,069,446	3,933,636
Share of profit / (loss) on investment in associated company	3.1	14,388	(172,622)	28,775	(284,835)
Brokerage expense		(7,512)	-	(7,512)	-
Net investment income		1,628,008	2,188,033	3,090,709	3,648,801

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 Saad Nissar
 Chief Executive


 Ali Jameel
 Director


 Syed Kazim Hasan
 Director


 Jameel Yusuf
 Chairman

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 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 six months period ended 30 June 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. 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.

- 3.1** As more fully explained in notes to the accounts to the financial statements for the year ended 31 December 2012, the Company was previously accounting for investment in associates in its separate financial statements at cost. In the consolidated financial statements investment in associates were accounted for using equity method. The Company, during the later half of the year ended 31 December 2012, relinquished control over its subsidiary, EVAC Pakistan (Private) Limited by transferring its assets in the name of the Company and consequently is not required to prepare consolidated financial statements. Accordingly, the Company changed its accounting policy and investment in associates are now being accounted for under the equity method.

The new policy of the Company is in line with the requirements of IAS- 28, Investment in associates, which specifies that the investment in associates should be accounted for using the equity method for all companies which are not preparing consolidated financial statements.

This change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS - 8, " Accounting Policies, Changes in Accounting Estimates and Error", and accordingly the comparative figures were restated in the financial statements for the year ended 31 December 2012. As the investment was relinquished during the last six months of the year ended 31 December 2012 therefore the comparative figures relating to condensed interim financial information for the six months period ended 30 June 2012 have been restated and the effects of the change in accounting policy on the prior period condensed interim financial information have been summarized below.

	30 June 2012		
	Previously reported	As restated	Restatement
Profit after tax	29,295,324	29,010,489	(284,835)
Earning per share	0.64	0.63	(0.01)

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 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. DEFERRED TAX LIABILITY	(Unaudited)	(Audited)
	30 June	31 December
	2013	2012
	(Rupees)	
Deductable temporary differences		
Unused tax losses	-	5,504,908
Provision for bad debts	<u>936,494</u>	<u>964,038</u>
	936,494	6,468,946
Taxable temporary differences		
Accelerated depreciation	<u>(15,629,115)</u>	<u>(9,864,462)</u>
	<u>(14,692,621)</u>	<u>(3,395,516)</u>

7. CONTINGENCIES

Section 113(2)(c) of the Income Tax Ordinance 2001, was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum Tax. Therefore, where there is no tax payable due to brought forward tax losses or otherwise minimum tax could not be carried forward for adjustment with future tax liability. As at 30 June 2013, minimum tax amounting to Rs. 12.829 million has not been recorded as tax expense.

The management in consultation with its tax advisor's considers that certain strong grounds are available whereby the aforesaid decision can be challenged in a Larger Bench of the SHC or the Supreme Court of Pakistan. A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by the relevant company which is pending for hearing. In view of above, the Company is confident that the ultimate outcome in this regard would be favorable. Hence no provision in this respect has been made in this condensed interim financial information.

8. CASH AND BANK DEPOSITS

Cash and other equivalents

Stamps in hand	7,450	33,030
Cash in hand	<u>262,591</u>	<u>122,238</u>
	270,041	155,268

Current and other accounts

Current Accounts	39,716,586	10,121,455
Profit and loss saving accounts	<u>12,088,900</u>	<u>7,492,407</u>
	51,805,486	17,613,862
	<u>52,075,527</u>	<u>17,769,130</u>

8.1 These accounts carry mark-up at a rate between 6% to 9% (2012: 6% to 7.5%) per annum.

9. INVESTMENTS		(Unaudited) 30 June 2013	(Audited) 31 December 2012
		(Rupees)	
Associated Company			
- TPL Properties (Private) Limited	9.1	99,585,969	99,557,194
Others			
- Available-for-sale	9.2	1,470,379	1,433,747
- Held-to-maturity	9.3	48,338,285	48,280,864
		<u>149,394,633</u>	<u>149,271,805</u>
9.1 Investment at the beginning of the period		99,557,194	99,944,454
Share of loss		28,775	(387,260)
Investment at the end of the period		<u>99,585,969</u>	<u>99,557,194</u>

9.2 Available-for-sale

9.2.1 Ordinary shares of quoted companies

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

9.2.2 Mutual Funds Units

Number of Units			
30 June 2013	31 December 2012		
5,854	5,854	First Habib Stock Fund	500,000
			3,107,005
		Provision for impairment in the value of investments	(1,673,258)
			<u>1,433,747</u>

The aggregate market value of the above investments is Rs. 2.078 million (31 December 2012: Rs. 1.805 million).

9.3 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. 53.476 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.

10. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - unsecured	(Unaudited)	(Audited)
	30 June	31 December
	2013	2012
	(Rupees)	
Considered good		
- Premium due from Co-insurers	20,693	398,182
- Local reinsurers	-	1,103,317
Considered doubtful - Local reinsurers	2,754,393	2,754,393
	<u>2,775,086</u>	<u>4,255,892</u>
Provision against local reinsurers	10.1	
	<u>(2,754,393)</u>	<u>(2,754,393)</u>
	<u>20,693</u>	<u>1,501,499</u>

10.1 Provision against local reinsurers

Balance as on January 1,	2,754,393	550,000
Charge for the year	-	2,204,393
Balance as on June 30,	<u>2,754,393</u>	<u>2,754,393</u>

11. ADVANCES, DEPOSITS AND PREPAYMENTS

Advance		
- to holding company	11.1	
	260,593,986	234,211,844
Deposits		
- for medical and travel assistance	5,742,392	1,942,392
Prepaid		
- rent	11.2	
- annual monitoring and other charges	20,500,000	-
- reinsurance premium ceded	37,571,280	42,973,852
- fee for medical and travel assistance	2,856,900	-
- insurance premiums	825,777	573,996
- Others	-	150,000
	<u>-</u>	<u>1,570</u>
	<u>328,090,335</u>	<u>279,853,654</u>

11.1 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.

11.2 This represent amount paid by the company in respect of rent for the office space located at Center Point, 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.

12. SUNDRY RECEIVABLE

Margin deposit placed against purchase of shares - unsecured	12.1	11,232,600	12,432,600
Receivable from the holding company	12.2	18,451,240	7,616,448
Federal Excise Duty - net		-	5,156,527
Accrued markup on loan to Associated Company		-	1,000,000
Others		1,697,269	1,560,764
		<u>31,381,109</u>	<u>27,766,339</u>

- 12.1** This represents a margin deposit with a brokerage house for trading of shares. The above balance is interest free and is repayable on demand. The same is also free of charge, encumbrance and lien. The management considers that this amount will either be adjusted against future trading of shares or will be recovered.
- 12.2** This represents amount receivable from the holding company against various expenses paid by the Company on behalf of the holding company.

13. FIXED ASSETS	(Unaudited)	(Audited)
	30 June	31 December
	2013	2012
	(Rupees)	
Opening written down value	168,046,473	254,281,557
Additions and transfers during the period / year - at cost		
- Office equipments	414,500	6,467,280
- Motor vehicles	88,600	12,261,570
- Equipments	56,299,229	51,676,166
- Computer equipments	582,784	1,514,797
- Furniture and fixtures	-	1,209,285
- Capital work-in-progress	20,000,000	53,312,500
	<u>77,385,113</u>	<u>126,441,598</u>
Written down value of disposals during the period / year	(1,807,626)	(2,627,602)
Depreciation / amortization for the period / year	(23,867,389)	(47,879,994)
	<u>(25,675,015)</u>	<u>(50,507,596)</u>
Transfer from Leased assets and Capital work in progress during the period / year	(56,299,229)	(162,169,086)
Closing written down value	<u><u>163,457,342</u></u>	<u><u>168,046,473</u></u>

- 13.1** 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 not been utilized during the period / year.

14. OTHER INCOME	(Unaudited)	
	Six months period ended	
	30 June	30 June
	2013	2012
	(Rupees)	
Interest charged to holding Company	18,218,725	17,468,300
Interest charged to subsidiary Company	-	694,559
Interest charged to associated Company	8,000,000	8,000,000
Reversal of default surcharge on FED	-	10,351,850
Gain on transfer of assets from subsidiary Company	-	3,831,354
Gain on sale of fixed assets	2,001,749	3,482,458
Others	2,594,078	846,086
	<u><u>30,814,552</u></u>	<u><u>44,674,607</u></u>

15. TRANSACTIONS WITH RELATED PARTIES

- 15.1 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 Insurance Company Limited, Habib Asset Management Limited, Trakker Energy (Private) Limited, TPL Security Services (Private) Limited, TPL Financial Consultancy (Private) Limited, Trakker Management Services (Private) Limited, Virtual World (Private) Limited, TPL Properties (Private) Limited, Razaque Razno Trading (Private) Limited, JS Global Capital Limited, Fauji Akber Portia Marine Terminals (Private) Limited, Speed (Private) Limited, PICIC Insurance Limited, Sind Gas (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		Six months period ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	(Rupees)		(Rupees)	
15.2 Movement of transactions with related parties				
<i>TPL Trakker Limited - (Holding Company)</i>				
Opening balance - including sundry receivables	241,523,775	247,051,223	241,828,292	181,451,222
Reimbursement of expenses incurred on behalf of the Company	(4,627,084)	(6,614,274)	(9,554,275)	(11,414,858)
Expenses incurred by the Company on behalf of the Holding	1,347,737	13,856,562	1,773,681	15,333,479
Receivable from Holding Company in respect of sale of C-Track units installed in vehicles which were snatched	412,800	(335,400)	412,800	-
Advance paid for purchase of equipment	-	15,442,500	(23,200,000)	15,442,500
Cost of services provided to the Company	(14,538,428)	(22,921,693)	(34,553,346)	(37,970,422)
Advance given during the period	51,750,000	43,031,064	92,450,000	120,301,064
Payments received during the period	(2,750,000)	(27,000,000)	(2,750,000)	(29,200,000)
Interest charged to the Holding Company	9,215,067	6,378,592	18,218,725	17,468,300
Equipment removal / transfer charges	(3,288,641)	(2,625,349)	(5,580,651)	(5,148,060)
Claim Compensation received	-	14,000,000	-	14,000,000
Closing balance - including sundry receivables	<u>279,045,226</u>	<u>280,263,225</u>	<u>279,045,226</u>	<u>280,263,225</u>
<i>TPL Properties (Private) Limited- common directorship</i>				
Opening balance	125,500,000	104,500,000	101,000,000	-
Advance converted into loan (Rs. 100,000,000)	-	-	-	100,000,000
Mark-up charged during the period	4,000,000	4,500,000	8,000,000	9,000,000
Mark-up received during the period	(9,000,000)	(8,000,000)	(9,000,000)	(8,000,000)
Prepaid rent paid against office space	-	-	20,500,000	-
Closing balance - including markup on loan to Associate Company	<u>120,500,000</u>	<u>101,000,000</u>	<u>120,500,000</u>	<u>101,000,000</u>
<i>Virtual World (Private) Limited - common directorship</i>				
Opening accrued outsourcing expenses	1,155,000	5,390,000	693,000	269,500
Services received during the period	1,232,000	(616,000)	2,387,000	308,000
Payments made during the period	(1,963,500)	(2,387,000)	(2,656,500)	(2,964,500)
Closing accrued outsourcing expenses	<u>423,500</u>	<u>2,387,000</u>	<u>423,500</u>	<u>2,387,000</u>
<i>EVAC Pakistan (Private) Limited - Subsidiary company</i>				
Opening balance	-	9,231,877	-	10,133,390
Road side assistance charges paid	-	(1,200,000)	-	(2,400,000)
Interest charged on advances to Subsidiary Company	-	338,315	-	694,559
Advance received from the Subsidiary Company	-	-	-	(2,000,000)
Expenses incurred on behalf of the Company	-	(245,094)	-	(302,851)
Advances given to the Subsidiary Company	-	1,800,000	-	3,800,000
Assets transferred to the Company	-	(13,756,452)	-	(13,756,452)
Gain on disposal of Subsidiary Company	-	3,831,354	-	3,831,354
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>TPL Direct Insurance Limited Employees Provident Fund</i>				
Opening balance	538,056	478,196	389,798	419,452
Charge the period	1,476,338	630,990	2,885,376	1,981,510
Contribution made during the period	(1,524,156)	(1,167,926)	(2,784,936)	(2,459,702)
Closing balance	<u>490,238</u>	<u>(58,740)</u>	<u>490,238</u>	<u>(58,740)</u>

- 15.2.1 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.

16. EARNING PER SHARE - basic and diluted

	(Unaudited) Three months period ended		(Unaudited) Six months period ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	(Rupees)		(Rupees)	
	<i>Restated</i>		<i>Restated</i>	
Profit after tax for the period	<u>16,463,614</u>	<u>15,898,851</u>	<u>33,257,325</u>	<u>29,010,489</u>
	(Number of shares)		(Number of shares)	
Weighted average number of shares of Rs. 10 each	<u>46,000,000</u>	<u>46,000,000</u>	<u>46,000,000</u>	<u>46,000,000</u>
	(Rupees)		(Rupees)	
Profit per share	<u>0.36</u>	<u>0.35</u>	<u>0.72</u>	<u>0.63</u>

16.1 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.

17. 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.

18. GENERAL

Figures of the condensed interim profit and loss account, statement of comprehensive income, statement of premium, statement of claims, statement of expenses and statement of investment income for the three months period ended 30 June 2013 and 30 June 2012 have not been subjected to limited scope review by the auditors.

19. RECLASSIFICATION

Following reclassifications have been made in these financial statements in order to give better and more appropriate presentation:

	From	To	31 December 2012 (Rupees)
Salvage recoveries outstanding	Reinsurance recoveries against outstanding claims	Salvage recoveries outstanding	11,218,499

20. AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 23 August 2013.



 Saad Nissar
 Chief Executive



 Ali Jameel
 Director



 Syed Kazim Hasan
 Director



 Jameel Yusuf
 Chairman

TPL Direct Insurance Ltd.
172-B, 2nd Floor, Najeeb Centre,
Block 2, P.E.C.H.S, Karachi-75400